



**LETTER NO. L-79-05**

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Log No. 10705

**VIA E-MAIL**

September 22, 2005

**TGVI – 2006-07RR Exhibit A-3**

To: Terasen Gas (Vancouver Island) Inc. and  
2006 – 2007 Revenue Requirements Registered Intervenors

Re: Terasen Gas (Vancouver Island) Inc. ("TGVI")  
Application for Approval of  
Forecast Rates and Revenue Requirements for years 2006 and 2007  
and Revenue Deficiency Deferral Account balance as at December 31, 2004

A Procedural Conference was held on the TGVI 2006 – 2007 Revenue Requirements Application ("Application") on September 20, 2005, pursuant to Commission Order No. G-77-05. The Commission Panel heard the views on the scope, process and timetable for the review of the TGVI Application from TGVI, British Columbia Hydro and Power Authority ("BC Hydro"), B.C. Old Age Pensioners' Organization et al. ("BCOAPO"), and Vancouver Island Gas Joint Venture ("the Parties"). This letter addresses the issues raised in the Procedural Conference and establishes the enclosed Regulatory Agenda and Timetable.

All the Parties supported the use of a negotiated settlement process ("NSP") for the review of the Application to be held in Vancouver and the draft regulatory timetable from Exhibit A-2. TGVI advised the Parties at the Procedural Conference that an update to the Application will be filed shortly and that extending the deadline for Commission information requests to September 28, 2005 would be acceptable. The Parties addressed BC Hydro's August 10, 2005 letter of comment (Exhibit E-2) which contained points (a) to (e), in regards to the scope and process for reviewing the TGVI Application.

The Commission acknowledges that points (a) and (b) relate to ongoing discussions outside of the NSP on new BC Hydro transportation service, peaking service and other related agreements. The Parties accepted that the NSP may include points (c) to (e) and the updated Application may resolve point (e). The Commission Panel makes no decision on the scope of the NSP and makes no decision with whether or not the TGVI Application is more than a Revenue Requirements Application. However, participants are encouraged to reach a settlement that does not include points (c) to (e) if a settlement including points (c) to (e) cannot be reached.

If an agreement is reached between TGVI and BC Hydro on these new transportation service agreements then TGVI should file the agreement as soon as possible and no later than October 20, 2005, with a copy to the registered intervenors. If an agreement is not reached between TGVI and BC Hydro then the Commission Panel will establish a separate process in this proceeding to resolve BC Hydro's points (a) and (b) on which there is continued disagreement between TGVI and BC Hydro. The separate process may also include points (c) to (e) depending on the outcome of the NSP.

NSP participants to the TGV Application settlement discussions are to confirm to the Commission Secretary by October 17, 2005 that they agree and will comply with the confidentiality agreement as set out in Section VI of the Commission's Negotiated Settlement Process: Policy, Procedures and Guidelines dated January 2001.

Yours truly,

*Original signed by:*

Robert J. Pellatt

DC/dlf  
Attachment

**REGULATORY AGENDA AND TIMETABLE**

Terasen Gas (Vancouver Island) Inc.  
Application for Approval of  
Forecast Rates and Revenue Requirements for the years 2006 and 2007  
and Revenue Deficiency Deferral Account balance as at December 31, 2004

**ACTION**

**DATES (2005)**

Filing of Commission Information Requests to TGVI	Wednesday, September 28
Budget estimates for Participant Assistance submitted	Thursday, September 29
Filing of Intervenor Information Requests	Friday, September 30
TGVI Responses to Information Requests	Wednesday, October 12
Confirmation re: Confidentiality Agreement	Monday, October 17
Filing of agreements, if any, between TGVI and BC Hydro	Thursday, October 20
Filing of Confidential Information by Participants for the Participants in the NSP	Thursday, October 20
Revenue Requirements Negotiation Sessions commence	Wednesday, October 26
Procedural Conference	Monday, November 21

**Time and Location of NSP:**

Time: 9:00 a.m.  
Location: Commission Hearing Room  
Sixth Floor  
900 Howe Street  
Vancouver, B.C. V6Z 2N3

**Time and Location of Procedural Conference:**

Time: 9:00 a.m.  
Location: Homer Street Hearing Room  
Third Floor  
855 Homer Street  
Vancouver, B.C. V6B 5S2