

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-121-06

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**and**

**Terasen Gas Inc.  
2006 Annual Review and Mid-Term Assessment Review**

**BEFORE:** L.F. Kelsey, Commissioner September 29, 2006

**O R D E R**

**WHEREAS:**

- A. On September 15, 2006 Terasen Gas Inc. ("Terasen Gas", "the Company") proposed a regulatory timetable for its 2006 Annual Review and Mid-Term Assessment Review that included the filing of the Annual Review and Mid-Term Assessment Review Materials by October 16, 2006, an Annual Review and Mid-Term Assessment Review on November 15 and a Commission Decision by December 8, 2006; and
- B. Commission Order No. G-51-03 approved for Terasen Gas, the Settlement Agreement for a 2004-2007 Multi-Year Performance-Based Rate Plan ("PBR"); and
- C. The terms of the Settlement Agreement for the 2004-2007 PBR (the "Settlement") for Terasen Gas included an expanded annual review to provide considerable information on its current and future year activities, along with statistics on its quality of service provided and its compliance with the code of conduct and transfer pricing policy. At each annual review, the Company will update its forecast of customer additions, use per account and industrial revenues. The impact on revenues resulting from the updated forecasts will be flowed through in delivery rates in the following year. The settlement also provides for the flow through of the impacts of changes approved by BCUC orders and exogenous factors; and
- D. The terms of the Settlement also requires Terasen Gas to hold a Mid-Term Assessment Review prior to the end of the third year (2006) of the 2004-2007 PBR. The terms of reference of the Mid-Term Assessment Review are two fold:
  - “(1) If any one (or more) particular element of the PBR Plan appears to be inducing unintended outcomes or results in deterioration of service quality, then the parties will jointly address that element and mediate a cure.
  - (2) To determine if the results of operating under the PBR Plan have resulted in financial distress and, if so, to mediate a cure.”

Based on the language included in the Settlement, the Company is of the view that the Annual Review and Mid-Term Assessment Review should be held concurrently; and

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- E. The proposed Terasen Gas timetable for the 2006 Annual Review and Mid-Term Assessment Review is based on the 2005 Annual Review process; and
- F. The Company has also considered the timetable for the Terasen Gas (Vancouver Island) Inc. 2006 Settlement Update Meeting, recognizing that many Terasen Gas Annual Review and Mid-Term Assessment Review stakeholders will be involved in both processes; and
- G. The Commission has reviewed the Terasen Gas submission and considers that establishment of a regulatory timetable for the 2006 Annual Review and Mid-Term Assessment Review is warranted.

**NOW THEREFORE** the Commission orders as follows:

- 1. The Commission will hold the 2006 Annual Review of Terasen Gas' 2007 Revenue Requirement and Mid-Term Assessment Review Material commencing at 9:00 a.m. on Wednesday, November 15, 2006 in the Commission Hearing Room, 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, B.C.
- 2. No later than Monday, October 16, 2006, Terasen Gas is to provide interested parties and the Commission with advance information regarding the projections and forecasts to be presented at the Annual Review and Mid-Term Assessment Review. Terasen Gas is to provide copies of the Preliminary 2007 Revenue Requirement Material to all parties who participated in the 2004-2007 Negotiated Settlement process and the 2005 Annual Review.
- 3. Those persons wishing to participate in the Terasen Gas 2006 Annual Review and Mid-Term Assessment Review are to advise the Commission Secretary in writing of their intention to do so, no later than Friday, November 3, 2006.
- 4. The deadlines for information requests and responses on the 2006 Annual Review and Mid-Term Assessment Review Material are set out in the Regulatory Timetable attached as Appendix A to this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 2<sup>nd</sup> day of October, 2006.

BY ORDER

*Original signed by*

L.F. Kelsey  
Commissioner

Attachment



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**Terasen Gas Inc.**  
**2006 Annual Review and Mid-Term Assessment Review**

**REGULATORY TIMETABLE**

<u>Action</u>	<u>Date 2006</u>
Terasen Gas Inc. ("Terasen Gas") files its 2006 Annual Review and Mid-Term Assessment Review Material	Monday, October 16
Information Requests issued to Terasen Gas	Wednesday, October 25
Participants to advise the Commission Secretary of their interest in attending the 2006 Annual Review and Mid-Term Assessment Review	Friday, November 3
Terasen Gas' response to Information Requests	Monday, November 6
Terasen Gas 2006 Annual Review and Mid-Term Assessment Review	Wednesday, November 15
Intervenor Comments filed	Friday, November 24
Terasen Gas Reply Comments	Friday, December 1
Anticipated Commission Decision	Friday, December 8

**Location and time of 2006 Annual Review and Mid-Term Assessment Review:**

Date: Wednesday, November 15, 2006  
Time: 9:00 a.m.  
Location: Commission Hearing Room  
12<sup>th</sup> Floor - 1125 Howe Street  
Vancouver, B.C.