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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-112-06

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

**and**

**Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc.,  
Terasen Gas (Squamish) Inc. and Terasen Gas (Whistler) Inc.  
Request for Approval of Relocation of OSC Compliance Documentation Data**

**BEFORE:** A.J. Pullman, Commissioner September 13, 2006

**O R D E R**

**WHEREAS:**

- A. On August 17, 2005, Kinder Morgan, Inc. ("KMI") and 0731297 B.C. Ltd. applied for the acquisition of common shares of Terasen Inc. On November 10, 2005 the Commission issued its Decision ("KMI Decision") accompanied by Order No. G-116-05 approving the KMI acquisition subject to the conditions contained in the KMI Decision; and
- B. By letter dated April 20, 2006, the Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc., Terasen Gas (Whistler) Inc., and Terasen Gas (Squamish) Inc. (collectively the "Terasen Utilities") sought clarification of conditions issued by the Commission in the KMI Decision; and
- C. The Commission responded to the clarification request by issuing Letter No. L-30-06 which clarified the intentions of the KMI Decision in regards to functions, data, and governance. The Commission also concurrently issued Order No. G-75-06 which ordered that the location of data and servers providing service to the Terasen Utilities was to be restricted to Canada and that any proposal to locate data and servers providing services to the Terasen Utilities (including data and servers providing back-up services) outside Canada will require the Commission's approval; and
- D. On August 21, 2006 the Terasen Utilities applied to the Commission for approval to maintain their process and control documentation required for Ontario Securities Commission ("OSC") compliance on KMI's licensed software and to allow Terasen Inc. Internal Audit staff to store electronic document files on a shared server owned by KMI and located in Houston, Texas ("the Application"); and
- E. The Commission issued an Information Request on August 31, 2006, to which the Terasen Utilities responded on September 8, 2006; and

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- F. The Terasen Utilities state that the process and control documentation will continue to be owned by them and that the data to be stored and maintained within the software and server will consist of business process and control documentation information and will not include any employee or customer personal information; and
- G. The Terasen Utilities state that there will be no incremental costs to them for using KMI's licensed software and server. They estimate that to develop their own OSC compliance documentation software would cost \$150,000 for licensing and implementation (excluding the cost of a server) and that ongoing maintenance would cost \$30,000 per year. In addition they indicate that as a result of synergies obtained through coordination with Terasen Inc.'s and KMI's Internal Audit departments, anticipated on-going costs of OSC compliance will be reduced to \$400,000 in 2007 from the \$600,000 included in the 2006 revenue requirement for the Terasen Utilities and that these savings will benefit their customers; and
- H. The Commission has reviewed the Application and finds that approval is warranted.

**NOW THEREFORE** pursuant to Section 23(1) and 54(9) of the Utilities Commission Act, the Commission orders as follows:

1. The Application to maintain Terasen Utilities' process and control documentation required for OSC compliance purposes on KMI's licensed software and to allow Terasen Inc. Internal Audit staff to store electronic document files on a shared server owned by KMI and located in Houston, Texas is approved.
2. The Terasen Utilities seek Commission approval prior to any change in the Application's stated use of the OSC compliance documentation.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 14<sup>th</sup> day of September 2006.

**BY ORDER**

*Original signed by*

A.J. Pullman  
Commissioner