

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-53-06

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

**A Submission by Terasen Gas (Whistler) Inc.
for Review of its 2005 Resource Plan Update**

and

**An Application by Terasen Gas (Whistler) Inc.
for a Certificate of Public Convenience and Necessity to convert its propane grid system
to natural gas and approval to enter into a Natural Gas Transportation Service
Agreement with Terasen Gas (Vancouver Island) Inc.**

and

**An Application by Terasen Gas (Vancouver Island) Inc.
for a Certificate of Public Convenience and Necessity
for a natural gas pipeline lateral from Squamish to Whistler**

BEFORE: A.J. Pullman, Panel Chair and Commissioner
R.J. Milbourne, Commissioner
P.E. Vivian, Commissioner May 19, 2006

O R D E R

WHEREAS:

- A. On December 12, 2005, Terasen Gas (Whistler) Inc. ("TGW") filed with the Commission its 2005 Resource Plan Update ("the Resource Plan") that provides an assessment of the current and future energy requirements at the Resort Municipality of Whistler ("RMOW") and concludes that the existing propane grid system should be converted to natural gas; and
- B. On December 16, 2005, TGW filed with the Commission its application for a Certificate of Public Convenience and Necessity ("CPCN") to convert its system to natural gas and for approval to enter into a long-term natural gas transportation agreement with Terasen Gas (Vancouver Island) Inc. ("TGVI"). In the application, TGW also requests approval to make a capital contribution to TGVI and to add the contribution to rate base, to amortize the net book value of the propane facilities and to recover pipeline study costs incurred prior to 2004 ("the TGW Application"); and

- C. Also, on December 16, 2005, TGVI filed with the Commission its application for a CPCN for construction of a natural gas pipeline lateral to connect RMOW to the TGVI transmission system at Squamish and to enter into a Transportation Service Agreement with TGW (“the TGVI Application”). The Resource Plan Application, the TGW Application and the TGVI Application will be referred to collectively as the “Applications”; and
- D. Order No. G-23-06 dated January 26, 2006 determined that the Applications would be examined through a Written Hearing Process, and set out the Regulatory Timetable; and
- E. The Commission has considered the Applications and the evidence and submissions presented to it and has determined that a Certificate of Public Convenience and Necessity should be issued provided the conditions in this Order are met.

NOW THEREFORE pursuant to Sections 45, 46, 64 and 71 of the Act, the Commission finds that the issue of a CPCN for TGW to convert its system to natural gas and for TGVI to construct a natural gas pipeline lateral to connect Whistler with its high pressure transmission system at Squamish will be in the public interest providing that the following conditions precedent are met:

1. TGW files within 10 days of the date of this Order, a statement regarding its willingness to accept a CPCN for the conversion of its propane system to natural gas that includes, as a condition, the mechanism to limit customer exposure to capital cost overruns that is described in Section 6.0 of the Decision that accompanies this Order.
2. TGVI files within 10 days of the date of this Order, a statement regarding its willingness to accept a CPCN for the construction of a natural gas pipeline lateral to connect Whistler and Squamish that includes, as a condition, the mechanism to limit customer exposure to capital cost overruns that is described in Section 6.0 of the Decision that accompanies this Order, together with the calculations required thereunder.
3. The Companies file, within 10 days of the date of this Order, a TSA revised in the following clauses: Contract Demand, Interruptible Tolls, and Termination as described in Section 7.0 of the Decision.
4. The Companies file, within 10 days of the date of this Order, a Contribution Agreement revised in the following manner: the timing and the methodology of the calculation of the amount of the contribution as described in Section 7.0 of the Decision.

The Commission also orders that:

1. TGW’s application under Section 71 to discontinue propane service to Whistler when natural gas service is fully in place is hereby approved.
2. TGW’s application to amortize the net book value of the propane facilities is approved.
3. TGW’s application to amortize the pipeline study costs incurred prior to 2004 is approved.

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4. TGW's application to include the capital contribution amount to rate base at the time natural gas service commences and amortize it over 50 years is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of May 2006.

BY ORDER

A.J. Pullman
Panel Chair and Commissioner