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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-117-06

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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 Corporate Services Functions**

**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. ("TI"). 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. ("TGI"), 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 would require the Commission's approval; and
- D. The Terasen Utilities on August 21, 2006 applied to the Commission for approval of the continuing appointment of Joseph Listengart as General Counsel and Secretary and for changes in the area of Internal Audit within the Corporate Centre ("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 objectives of the Legal group have not changed and the number of department staff physically located within the province of British Columbia has remained the same with the exception that the position of General Counsel, Chief Risk Officer & Corporate Secretary will not be replaced within TI, and the duties and roles left open will be assumed by corporate officers within KMI. Joseph Listengart of KMI has been appointed General Counsel and Secretary of TI as well as TGI; and
- G. The Corporate Centre Services Contract between TI and TGI identifies the Internal Audit services to be provided. The objectives of the Internal Audit department have not changed and the number of department staff physically located at the Surrey, B.C. location has remained the same, at a head count of three persons, although the TI Internal Audit staff now report to the Manager, Internal Audit (Houston, Texas) who in turn reports to the VP Internal Audit Services (Houston, Texas) who then reports to the Audit Committee of TI and TGI. The Terasen Utilities maintain that requirements can be cost effectively met with a shared executive level resource at KMI rather than replacing the Director of Internal Audit position at TI; 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 Application for approval of the continuing appointment of Joseph Listengart as General Counsel and Secretary and for changes in the area of Internal Audit within the Corporate Centre is approved.

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

BY ORDER

*Original signed by*

A.J. Pullman  
Commissioner