



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-19-06

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

and

**An Application by Cal-Gas Inc.
for Approval of a Certificate of Public Convenience and Necessity
for an Expansion of the Propane Grid System at the Kicking Horse Mountain Resort**

BEFORE: L.F. Kelsey, Commissioner
L.A. Zaozirny, Commissioner October 26, 2006

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. By Order No. C-16-01 dated November 12, 2001, the Commission approved for Cal-Gas Inc. ("Cal-Gas") a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate underground propane grid systems at Kicking Horse Mountain Resort (the "Resort") near Golden, British Columbia; and
- B. Order No. C-16-01 also approved an unsigned agreement between Cal-Gas and Kicking Horse Mountain Resort Limited Partnership [now Kicking Horse Mountain Development Corporation ("KHMD")], a Rate Schedule and a Special Rate Schedule as the Terms and Conditions of Service and Rate Schedules at the Resort; and
- C. By letter dated September 1, 2006, Cal-Gas applied for Commission approval of a CPCN for an expansion of the existing propane grid system at the Resort to serve several additional phases of the development of the Resort, and requested that the CPCN refer to the service area as the Resort so as to include future development phases ("the Application"); and
- D. On October 10, 2006, Cal-Gas responded to a Commission Information Request, and filed a signed copy of the Agreement between Cal-Gas and KHMD dated October 1, 2001 and an Amendment dated June 6, 2003 that extended the term of the Agreement to October 1, 2011 (collectively, "the Amended Agreement"); and
- E. The Amended Agreement states that the variable propane rate to be charged to customers will be a market rate determined on a monthly basis as the weighted monthly average of the Shell Jumping Pound refinery price for propane plus six and one-half cents per litre; and
- F. In the Information Request response dated October 10, 2006, Cal-Gas requested approval of the Amended Agreement as the propane tariff for the Resort; and
- G. Cal-Gas accepts responsibility as a public utility pursuant to the Utilities Commission Act, while it is the owner of the propane grid system at the Resort; and
- H. The Commission has reviewed the Application and the supporting documentation and has determined that the construction and operation of an expansion of the propane grid system at the Resort by Cal-Gas is necessary and properly conserves the public interest.

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NOW THEREFORE pursuant to Sections 45, 46, 59 and 61 of the Utilities Commission Act, the Commission orders as follows:

1. The Commission issues a Certificate of Public Convenience and Necessity for the construction and operation of an underground propane grid system to serve the Kicking Horse Mountain Resort, with Cal-Gas being responsible for obtaining all other necessary licences, permits and agency approvals, pursuant to the September 1, 2006 application.
2. The Commission approves the Amended Agreement, along with the Rate Schedule and Special Rate Schedule that currently are pages 14, 15 and 16 of the tariff for the Resort, as the Terms and Conditions of Service and Rate Schedules for the Resort, subject to Cal-Gas filing an amended Rate Schedule that accords with the terms of the Amended Agreement and this Order.
3. Cal-Gas will file any further amendments to the Amended Agreement for approval by the Commission as a change to the tariff for the Resort.
4. Cal-Gas will maintain separate accounts for the propane grid system at the Resort and will file Annual Reports and financial statements which summarize the results of utility operations within 60 days of its fiscal year-end, in a form to be developed in consultation with Commission staff. Each Annual Report will include a statement of monthly variable propane rates that were the pre-tax propane charges that were billed to customers.
5. The propane charges for consumers will be the monthly average posted propane price from the Shell Jumping Pound refinery plus gross margin of \$0.065 per liter. The gross margin of \$0.065 per liter is to remain in place until justification can be provided by Cal-Gas that an amendment is required and the Commission approves the rate change.
6. Cal-Gas will provide a copy of this Order to all customers at the Resort.
7. Cal-Gas will provide a copy of this Order and the 24-hour emergency contact number to each new customer, and will maintain a copy of its approved Terms and Conditions of Service and Rate Schedules for inspection by customers.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of October 2006.

BY ORDER

Original signed by

L.F. Kelsey
Commissioner