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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-135-06**

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

and

**Application by Terasen Energy Services Inc.
for Approval of a Certificate of Public Convenience and Necessity
for a Propane Gas Distribution System for Gateway Lakeview Estates
and
Approval of a Rate Tariff and General Terms and Conditions of Service and Deferral Accounts**

BEFORE: L.A. Zaozirny, Commissioner

October 31, 2006

O R D E R

WHEREAS:

- A. On September 6, 2006, Terasen Energy Services Inc. ("TES") applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") for construction of an underground propane gas distribution system for Gateway Lakeview Estates located at Lee Creek, British Columbia (the "Project") and for approval of a proposed Gas Tariff Rate and General Terms and Conditions of Service and approval of a revenue deficiency deferral account, a propane gas deferral account and an outsource billing and meter costs deferral account (the "Application"); and
- B. The Project is proposed to serve the new "The Falls" resort community ("Resort") located on the North Shore of Shuswap Lake at Lee Creek which is being developed by Gateway Lakeview Estates Inc. ("Gateway") and which will include approximately 345 homes and 105 mobile homes on completion of Phases 1 and 2; and
- C. TES states that there is no existing natural gas service in the area and Gateway has chosen to have an underground propane vapour grid system and as such Resort residents will not have the option of using either oil or bottled propane for their space heating needs; and
- D. The Project consists of a single 30,000 US Gallon tank for bulk propane storage, a vaporization facility, underground gas distribution mains, gas service lines and customer meter sets with a total storage facility and distribution plant capital cost estimate of \$425,000; and
- E. TES and Gateway have entered into a "Gateway/TES propane utility agreement" and Gateway will provide both right of way to TES and a refundable capital contribution of \$188,700 plus GST to offset costs; and
- F. TES is a newly formed multi-utility wholly-owned subsidiary of Terasen Inc. which is a wholly-owned subsidiary of Kinder Morgan, Inc.; and

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- G. TES operates existing propane grid systems at Sun Peaks and Furry Creek and its affiliates Terasen Gas (Whistler) Inc. and Terasen Gas Inc. ("TGI") operate Commission regulated propane grid systems at Whistler and Revelstoke, respectively; and
- H. TES and TGI are in the process of creating a shared service agreement between the parties to include the arrangement that the operation of the propane plant and distribution plant, and the financial accounting and administration will be contracted to TGI; and
- I. Meter reading and billing services are being negotiated with Corix Multi Utility Services Inc., a former subsidiary of Terasen Inc. (formerly Terasen Utility Services Inc.); and
- J. TES proposes to finance the rate base with 50% debt at 6% (before tax) and 50% common equity at 15% return, for an average return on rate base of 10.5%; and
- K. By Order No. G-119-06, the Commission established a Written Hearing Process to review the Application, required the publishing of a Notice of Written Hearing Process and indicated that further details regarding the Regulatory Timetable would be provided at a later date; and
- L. On October 23, 2006, TES responded to an Information Request from the Commission; and
- M. The Commission determines that a Regulatory Timetable for the written public hearing process to review the Application should be established.

NOW THEREFORE the Commission orders as follows:

- 1. Parties who have registered as Intervenors or Interested Parties and any others with an interest in the matter will make written submissions on the Application to the Commission, with a copy to TES, by Friday, November 10, 2006.
- 2. TES will file a written reply to the submissions on the Application by Wednesday, November 15, 2006.
- 3. TES will make its October 23, 2006 filing and this Order available at Gateway's Resort Sales Centre, and will provide copies to all individuals who have purchased or are in the process of purchasing homes at the Resort.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of October 2006.

BY ORDER

Original signed by:

L.A. Zaozirny
Commissioner