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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-172-06

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

and

**An Application by Terasen Gas (Whistler) Inc.
for Deferral Account Treatment Clarification**

BEFORE: L.F. Kelsey, Commissioner
L.A. Zaozirny, Commissioner December 21, 2006

O R D E R

WHEREAS:

- A. On December 7, 2006, Terasen Gas (Whistler) Inc. ("Terasen Whistler") applied to the British Columbia Utilities Commission ("the Commission") for confirmation and approval of deferral account balances and accounting treatment thereof during years where no Revenue Requirements Application was filed and no subsequent order issued ("the Application"); and
- B. By Order No. G-14-04, the Commission approved a Terasen Whistler 2004 and 2005 Settlement Agreement ("Settlement Agreement") which set rates for those two years and established the treatment of various deferral accounts over the term of the Settlement Agreement; and
- C. The Application also requests approval for the continuation of the current rates and Rider A adjustment mechanism as established by Order No. G-14-04 and prior Orders as well as the continuation of deferral accounts specifically:
 - Continuation of the Interest Rate Differential deferral account, the Gas Cost Reconciliation deferral account, the Property Tax deferral account, the Cost of Gas-Rate Rider deferral account, the Sales Margin Differential deferral account, the Deferred Return on Equity variance account
 - Approval of its forecast deferral account additions for 2006 and 2007
 - Earned Return as forecast for 2006 and 2007 subject to approval of deferral account treatment proposed; and
- D. The Application also proposes to continue recording variances to these deferral accounts, the disposition of which would be determined in a future revenue requirements application; and
- E. Amounts accumulated in the Gas Cost Reconciliation and Cost of Gas-Rate rider deferral accounts are reflected in the Rider A adjustment mechanism filed with the Commission on a quarterly basis as part of Terasen Whistler's quarterly gas cost reporting and as a result of changes to the forecast cost of gas; and

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- F. The Application also requests approval for Terasen Whistler to depart from using a portion of the Uniform System of Accounts for recording its Operating and Maintenance (“O&M”) expenses in Accounts No. 600 to 999 commencing January 1, 2006 in a manner consistent with that used by Terasen Gas Inc. (“TGI”) and Terasen Gas (Vancouver Island) Inc. (“TGVI”); and
- G. By Order No. G-39-98, the Commission approved for BC Gas Utility Ltd. (now TGI) a departure from recording and reporting O&M for Accounts No. 600 to 999; and
- H. By Order No. G-126-05, the Commission approved a 2006 and 2007 Negotiated Settlement for TGVI which established a TGVI and Commission staff working group to study a TGVI proposal to depart from using a portion of the Uniform System of Accounts for recording its O&M expense in Accounts No. 600 to 999 (“TGVI and Commission staff Working Group”). The TGVI and Commission staff Working Group was required to review appropriate reporting requirements and submitted a progress report to the 2006 TGVI Settlement Update Meeting; and
- I. Commission Order No. G-168-06 dated December 15, 2006 approved a Rate Rider A of \$4.494/GJ effective January 1, 2007 and confirmed that the General Service Rate of \$13.855/GJ would remain unchanged; and
- J. Terasen Whistler currently recovers its delivery charge and commodity charge in a bundled rate while TGI has separate rates for its delivery charges and commodity charges; and
- K. The Commission has reviewed the Application and considers that approval, in part, is warranted.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves for Terasen Whistler the continuation of the current rates and the Rider A adjustment mechanism effective January 1, 2007 and the recording of variances in the Interest Rate Differential deferral account, the Property Tax deferral account, the Sales Margin Differential deferral account and the Deferred Return on Equity variance account for 2007 activity compared to 2005 approved as established in Order No. G-14-04.
- 2. The Commission denies the Terasen Whistler request to record the 2006 variances, on a retroactive basis, in the Interest Rate Differential deferral account, the Property Tax deferral account, the Sales Margin Differential deferral account and the Deferred Return on Equity variance account.
- 3. The Commission denies the Terasen Whistler request to depart from using a portion of the Uniform System of Accounts for recording its O&M expense in Accounts No. 600 to 999. Terasen Whistler is to consider participating in the TGVI and Commission staff Working Group.

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4. The amounts accumulated in the Gas Cost Reconciliation and Cost of Gas-Rate Rider deferral accounts are reviewed as part of the Terasen Whistler quarterly gas cost reporting and amortization of these amounts are approved by related Orders. Accordingly, no approval of the treatment of the Gas Cost Reconciliation and Cost of Gas-Rate Rider deferral accounts is required at this time.
5. In its next revenue requirements application, Terasen Whistler is to consider changing from its current bundled rates to an unbundled rate structure.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of December 2006.

BY ORDER

Original signed by

L.F. Kelsey
Commission