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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-146-07**

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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 Continuity**

BEFORE: L.F. Kelsey, Commissioner
 P.E. Vivian, Commissioner November 29, 2007

O R D E R

WHEREAS:

- A. On November 16, 2007 Terasen Gas (Whistler) Inc. ("Terasen Whistler", the "Company") applied to the British Columbia Utilities Commission ("the Commission") for the continuity and approval of deferral account balances and accounting thereof for 2008 ("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. Commission Order No. G-172-06 approved for Terasen Whistler the continuation of the January 1, 2005 rates and the Rider A adjustment mechanisms 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; and
- D. The Application requests the approval of 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 Cost of Gas-Rate Rider deferral account, the Property Tax deferral account, the Gas Cost Reconciliation deferral account, the Sales Margin Differential deferral account, the Deferred Return on Equity variance account;
 - Approval of its forecast deferral account additions for 2008; and
- E. 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

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- F. 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
- G. Commission Order No. G-172-06 also recommended that Terasen Whistler participate in a Terasen Gas Inc. ("Terasen Gas"), Terasen Gas (Vancouver Island) Inc. and Commission Staff working group (the "Working Group") that would recommend a consistent Operating and Maintenance ("O&M") reporting format for all three companies. Terasen Whistler joined the Working Group; and
- H. On September 20, 2007, the Commission issued a letter detailing the Working Group's progress and the O&M reporting format recommendation. The Commission letter also requested Intervenor comments by September 27, 2007. In the Application, Terasen Gas states that it is not aware of any submissions by Intervenors. Terasen Whistler requests Commission approval of the Working Group's O&M reporting format recommendation; and
- I. In anticipation of a 2007 revenue requirement application that would deal with the appropriate capital structure and Return on Equity ("ROE") for Terasen Whistler, the Company incurred costs of approximately \$17,675 (\$11,840 after tax) for consulting. The Application requests approval for the deferral of the consulting costs and proposes to deal with the disposition of the costs in Terasen Whistler's anticipated 2008 revenue requirement application for 2009 and 2010; and
- J. Commission Letter No. L-67-07, dated September 13, 2007 acknowledged the receipt of Terasen Whistler's 2007 Third Quarter Gas Cost Report and accepted the Company's recommendation that customer rates would remain unchanged and no change be made to Rider A as of October 1, 2007; and
- K. The Commission has reviewed the Application and considers that approval 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, 2008 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 2008 activity compared to 2007 as established in Order No. G-14-04 and continued by Order No. G-172-06.
2. The amounts accumulated in the Gas Cost Reconciliation and Cost of Gas-Rate Rider deferral accounts are reviewed as part of Terasen Whistler's 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.
3. The Commission approves the O&M reporting format recommended by the Working Group.

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4. The Commission approves the establishment of a non-rate base, non-interest bearing deferral account for the estimated \$17,675 (\$11,840 after tax) of consulting costs regarding Terasen Whistler's capital structure and ROE. These costs may be included in Terasen Whistler's next ROE application, subject to a test for prudence and demonstrated benefits.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of November 2007.

BY ORDER

Original signed by

L.F. Kelsey,
Commissioner