

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-36-09**

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

**and**

**Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc.  
Energy Efficiency and Conservation Programs Application**

**BEFORE:** A.W.K. Anderson, Commissioner April 16, 2009  
A.A. Rhodes, Commissioner

**O R D E R**

**WHEREAS:**

- A. On May 28, 2008 Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc. (collectively "Terasen") filed an application for approval of various concepts and expenditures in support of an expanded energy efficiency and conservation ("EEC") strategy, and to capitalize incremental EEC expenditures by charging the expenditures to a regulatory asset deferral account and amortising the balance over 20 years (the "Application"); and
- B. On June 3, 2008 the British Columbia Utilities Commission ("Commission") issued a letter requesting that interested parties register and file comments on Terasen's proposed timetable before June 11, 2008; and
- C. By Order G-102-08 dated June 19, 2008, the Commission issued a Preliminary Regulatory Timetable which included two rounds of Commission Information Requests and one round of Intervenor Information Requests, and requested comments from all parties on further process for reviewing the Application; and
- D. In response to Order G-102-08, the Commission received replies from Terasen and the following Intervenor: B.C. Ministry of Energy Mines and Petroleum Resources ("MEMPR"), British Columbia Hydro and Power Authority ("BC Hydro"), B.C. Sustainable Energy Association and the Sierra Club of British Columbia ("BCSEA-SCBC"), the Commercial Energy Consumers Association of British Columbia ("CEC"), B.C. Old Age Pensioners' Organization et al. ("BCOAPO"); and
- E. Following its review of comments from Terasen and Intervenor, the Commission issued Letter L-39-08 dated September 8, 2008 ordering a second round of Intervenor Information Requests; and

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- F. By Order G-130-08 dated September 18, 2008 the Commission established a Written Hearing Process and Regulatory Timetable for its review of the Application; and
- G. The Written Hearing Process concluded on December 5, 2008 with the filing of Terasen's reply submission; and
- H. The Commission has reviewed and considered the evidence and submissions of Terasen and Registered Intervenor.

**NOW THEREFORE** pursuant to section 44.2 of the Utilities Commission Act, and subject to the specific determinations, qualifications and directions set out in the Decision issued concurrently with this Order, the Commission orders as follows:

- 1. The following proposed expenditures are accepted:
  - (a) \$31.077 million for the combined Residential Energy Efficiency and Commercial Energy Efficiency programs;
  - (b) Expenditures for programs or initiatives directed at fuel switching away from fossil fuels with a higher carbon content than that of natural gas to natural gas;
  - (c) \$6.918 million for the Conservation Education and Outreach program;
  - (d) \$3 million for Joint Initiatives; and
  - (e) \$0.5 million for Conservation Potential Review.
- 2. Expenditures in the sum of \$3 million for Innovative Technologies, Natural Gas Vehicles and Measurement and \$1.5 million for Trade Relations are rejected.
- 3. The proposed portfolio approach is accepted.
- 4. The Total Resource Cost test is accepted as the appropriate test for cost effectiveness.

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5. The proposal to exclude the free rider factor from benefit-cost analyses is rejected.
6. The proposal for Attribution of Regulatory Changes is rejected.
7. The proposal to include carbon tax reductions in computing benefit-cost analyses is accepted.
8. Terasen is to commence the planning process for development of an Industrial EEC program and file a report with the Commission within 90 days of the date of the Decision.
9. The proposal for accountability mechanisms is accepted and Terasen is to file an annual report on its EEC activities as described in the Commission's Decision.
10. Subject to paragraph 11 below, the proposal to capitalise the approved EEC expenditure to a regulatory deferral account and to amortise the deferral account balances is accepted.
11. The proposal to amortise EEC expenditures over a 20 year period is rejected. Terasen is directed to base its amortisation of approved EEC expenditures over periods not to exceed 10 years.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 16<sup>th</sup> day of April 2009.

BY ORDER

*Original signed by:*

A.W.K. Anderson  
Commissioner