

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-53-09

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

An Application by
Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGVI") and
Terasen Gas (Whistler) Inc. ("TGW") (collectively the "Terasen Utilities")
for Return on Equity and Capital Structure

BEFORE: A.J. Pullman, Panel Chair
D.A. Cote, Commissioner May 21, 2009
M.R. Harle, Commissioner

O R D E R

WHEREAS:

- A. By letter dated May 15, 2009, the Terasen Utilities filed with the British Columbia Utilities Commission (the "Commission") pursuant to sections 59 and 60 of the *Utilities Commission Act*, an application for Return on Equity and Capital Structure (the "Application"); and
- B. The Terasen Utilities are applying for an increased return on Return on Equity ("ROE") for rate setting purposes, and that the so determined ROE for TGI be used in establishing the ROE of TGVI and TGW used for rate-setting. The Application requests that the revised ROE be effective from July 1, 2009; and
- C. Specifically, the Terasen Utilities request that the Commission eliminate the use of an ROE automatic adjustment mechanism; that the ROE for TGI be set at 11.0 percent and that this ROE be used as the benchmark of generic ROE ("Benchmark ROE"), with the company specific ROE for TGVI continuing to be set at a 70 basis point premium over the Benchmark ROE and the company specific ROE for TGW continuing to be set at a 50 basis point premium over the Benchmark ROE; and that the Commission alter and increase the common equity component of the capital structure of TGI to 40 percent for rate-setting purposes; and
- D. The Terasen Utilities request that the Commission set their current rates as interim, effective July 1, 2009, until such time as permanent rates are established; and
- E. The Commission has reviewed the application letter and considers that a Procedural Conference is required to determine the appropriate regulatory process and timing for further review of the Application.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-53-09

NOW THEREFORE the Commission orders as follows:

1. A Procedural Conference regarding the regulatory process for the review of the Application will be held on Tuesday, June 9, 2009, commencing at 9:00 a.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.

The Procedural Conference will address matters such as:

- a. steps and timetable associated with the regulatory review process; and
 - b. other matters that will assist the Commission to efficiently review the Application.
2. The Terasen Utilities are to publish, as soon as possible, in display-ad format, the Notice attached as Appendix B to this Order, in the Vancouver Sun, the Province, the Victoria Times Colonist and such other appropriate local news publications as may properly provide adequate notice to customers served in the affected service area.
 3. The Application, together with any supporting materials, will be made available for inspection at the TGI Office, 16705 Fraser Highway, Surrey, BC, V4N 0E8 and at the Commission Office, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3, and will also be made available on the TGI and Commission websites.
 4. Intervenor or Interested Parties should register with the Commission, in writing or electronic submission, by Monday, June 8, 2009, and advise whether they intend to attend the Procedural Conference. Intervenor should specifically state the nature of their interest in the Application and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review process. A Preliminary Regulatory Timetable is attached as Appendix A to the Order.

DATED at the City of Vancouver, In the Province of British Columbia, this 21st day of May 2009.

BY ORDER

Original signed by:

Anthony J. Pullman
Panel Chair

Attachments

PRELIMINARY REGULATORY TIMETABLE

An Application by
Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGVI") and
Terasen Gas (Whistler) Inc. ("TGW") (collectively the "Terasen Utilities")
for Return on Equity and Capital Structure

| ACTION | DATE (2009) |
|---|---|
| Intervenor/Interested Party Registration | Monday, June 8 |
| Procedural Conference | Tuesday, June 9 |
| BCUC Information Request No. 1 to Terasen Utilities | Monday, June 29 |
| Intervenor Information Requests No. 1 to Terasen Utilities | Monday, July 6 |
| Filing of Participant Assistance/Cost Award Budgets | Tuesday, July 7 |
| TGI Response to Information Requests No. 1 from BCUC and Intervenor | Monday, July 20 |
| BCUC and Intervenor Information Requests No. 2 to Terasen Utilities | Friday, July 31 |
| Terasen Utilities Response to Information Requests No. 2 from BCUC and Intervenor | Friday, August 14 |
| Intervenor Evidence, if any | Thursday, August 20 |
| Information Requests No. 1 on Intervenor Evidence from all Parties | Thursday, September 3 |
| Intervenor Response to Information Requests | Tuesday, September 15 |
| Oral Hearing (proposed) | Monday, September 21 to Friday, September 25 |



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.b cuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

**An Application by
Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGV") and
Terasen Gas (Whistler) Inc. ("TGW") (collectively the "Terasen Utilities")
for Return on Equity and Capital Structure**

| | |
|------------------|---|
| Date: | Tuesday, June 9, 2009 |
| Time: | 9:00 a.m. |
| Location: | BC Utilities Commission Hearing Room 12 th Floor, 1125 Howe Street Vancouver, B.C. |

**NOTICE OF PROCEDURAL CONFERENCE
AND
NOTICE OF APPLICATION AND WRITTEN PUBLIC HEARING**

THE APPLICATION

On May 15, 2009, the Terasen Utilities applied to the British Columbia Utilities Commission (the "Commission") for an order or orders to revise rates of the Terasen Utilities.

- TGI requests that the Commission allow the Company a common equity component of 40 percent in its capital structure, and the Terasen Utilities request that the Commission set a return on equity of 11 percent for TGI, which 11 percent return will also be the Benchmark ROE to be used in establishing the allowed return on equity of TGV and TGW.
- Terasen Utilities request that the 11 percent allowed return on equity for TGI be used as the Benchmark ROE and take effect as of July 1, 2009. It is requested that the common equity component of 40 percent in the capital structure of TGI take effect as of January 1, 2010.
- TGV requests that the increase in the ROE determined be treated as an increase in TGV's cost of service effective July 1, 2009 which will, pursuant to the Special Direction for TGV, be an adjustment to the 2009 Deficiency or surplus and be reflected in the Revenue Deficiency Deferral Account balance.

THE REGULATORY PROCESS

The Commission has established a Procedural Conference and Preliminary Regulatory Timetable for the regulatory review of the Application. The Preliminary Regulatory Timetable can be viewed on the Commission's web site at www.bcuc.com.

The Commission will hold a Procedural Conference regarding the further regulatory process for the review of the Application on Tuesday, June 9, 2009 commencing at 9:00 a.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.

INTERVENTION

Persons who expect to actively participate in the Terasen Utilities proceeding should register as Intervenor with the Commission, and should identify the issues that they intend to pursue as well as the nature and extent of their anticipated involvement in the review process indicating whether they plan to attend the Procedural Conference. Intervenor will receive email notice of all correspondence, filed documentation and should provide an e-mail address, if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties.

Intervenor and Interested Parties should register in writing, no later than Monday, June 8, 2009. Notification by mail, courier delivery, fax or email is acceptable.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's web site.

The deadline for filing budgets for participation funding/cost awards is Tuesday, July 7, 2009.

PUBLIC INSPECTION OF THE DOCUMENTS

The Application and supporting material, including Commission correspondence, will be made available for inspection at the Terasen Gas Inc. Office, 16705 Fraser Highway, Surrey, B.C., V4N 0E8 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

The Application will also be available for viewing on the Terasen Gas website at www.terasengas.com and on the Commission's website at www.bcuc.com.

For further information, please contact Ms. Erica Hamilton, Commission Secretary, as follows:

Telephone: (604) 660-4700
Facsimile: (604) 660-1102

BC Toll Free: 1-800-663-1385
E-mail: Commission.Secretary@bcuc.com

