



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-90-09**

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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 (Vancouver Island) Inc.
for Approval of 2010 and 2011 Revenue Requirements, Rates, Cost of Service, Rate Design and
Revenue Deficiency Deferral Account Balance as at December 31, 2008**

BEFORE: A.W.K. Anderson, Panel Chair/Commissioner
D.A. Cote, Commissioner
M.R. Harle, Commissioner

July 20, 2009

O R D E R

WHEREAS:

- A. On June 29, 2009, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed an application for approval of interim and permanent delivery rates effective January 1, 2010 (the "Application") pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (the "Act") and the Special Direction to the British Columbia Utilities Commission ("Commission") issued pursuant to Order in Council 1510 ("Special Direction"), requesting (a) no change in 2009 sales service rates and (b) a reduction in rates for firm transportation service, other than for those customers who have specified rates in their transportation service agreements, in the amount of 4.75 percent; and
- B. TGVI proposes that the rates established for 2010 should also remain in place for 2011; and
- C. TGVI also applied pursuant to sections 59 to 61 of the Act and section 2.10(a)(i) of the Special Direction for interim and permanent approval of TGVI's forecast cost of service for 2010 and 2011, subject to the need to recover any Accumulated Revenue Deficiency in the Revenue Deficiency Deferral Account after December 31, 2009 and any changes in TGVI's return on equity; and
- D. TGVI also applied pursuant to section 2.10(f) of the Special Direction for approval of the December 31, 2008 year end balance in the Revenue Deficiency Deferral Account in the amount of \$7,149,210, and for approval other items identified in the Special Direction; and

**BRITISH COLUMBIA
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NUMBER** G-90-09

- E. TGVI sought other approvals in the Application, including orders pursuant to sections 59 to 61 of the Act, approving Tariff changes effective January 1, 2010 for Compression and Refueling and Transportation Services for Natural Gas Vehicles, and economic models for evaluating biogas projects and alternative energy extensions for geo-exchange, solar thermal and district energy systems to complement its core natural gas business; and
- F. TGVI proposed a written hearing process to address the Application but indicates it is open to a Negotiated Settlement process; and
- G. On July 2, 2009 the Commission issued Order G-84-09, which provided for a Workshop on July 13, 2009 and a first Procedural Conference on July 15, 2009 to hear submissions on the appropriate regulatory process and TGVI's proposed preliminary regulatory timetable attached to that order; and
- H. On July 9, 2009 the Commission issued Letter L-50-09 regarding the Terasen Gas 2010-2011 Revenue Requirements application of Terasen Gas Inc. ("TGI"). The letter advised TGI and Registered Intervenors to make submissions at the first Procedural Conference on July 15, 2009, on whether the proposed Alternative Energy Solutions should be reviewed in the Revenue Requirements proceeding or in a separate review process. The letter also stated that TGI and Registered Intervenors should present submissions at the first Procedural Conference on July 15, 2009 on whether a second Procedural Conference should be scheduled. TGVI is making similar Alternative Energy Solution proposals in its Application; and
- I. TGVI held a Workshop to review the Application on Monday, July 13, 2009 at the Terasen Gas Building, 1111 West Georgia Street, Georgia Meeting Room on the Main Floor Vancouver, BC; and
- J. A Procedural Conference was held on Wednesday, July 15, 2009 at the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC at which:
 - (i) TGVI stated that it believes that Alternative Energy Solutions included in TGVI's Application should be reviewed as part of the Revenue Requirements proceeding; and
 - (ii) TGVI stated that it recognizes the overlap and desire for streamlining the Application process with the TGI 2010-2011 Revenue Requirements Application; however, TGVI expressed concerns that efforts to streamline the process may further complicate the Application process; and
 - (iii) BC Hydro proposed that the regulatory timetable should provide for the submission of Intervenor Evidence; and

- (iv) Several of the Intervenor expressed concerns about determining a regulatory review process prior to reviewing TGV's responses to the Information Requests and requested that submissions relating to the review process be made at a second Procedural Conference on September 25, 2009.
- K. The Commission has considered the Submissions received at the first Procedural Conference, and concludes that a Regulatory Timetable establishing a second Procedural Conference following TGV's responses to the second round of Information Requests is required as set forth in Appendix A attached to this Order.

NOW THEREFORE the Commission orders as follows:

1. A second Procedural Conference regarding the regulatory review process will be held on Friday, September 25, 2009, commencing at the later of i) the completion of the Terasen Gas Inc. second Procedural Conference commencing at 9:00am on the same date and at the same location; and ii) 10:30 am. The second Procedural Conference will be held in the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC.

The second Procedural Conference will address matters which will include, but will not be limited to, the following:

- a. identification of additional principle issues, if any, arising from or related to the Application
- b. process options for review of the Application, including,
 - i. oral public hearing
 - ii. negotiated settlement process
 - iii. written hearing
 - iv. or, as appropriate, some combination of the above
- c. timetable subsequent to the second Procedural Conference,
- d. interim rates, and
- e. other matters that will assist the Commission to efficiently review all aspects of the Application.

After the second Procedural Conference, the Commission will issue a further procedural order and a revised regulatory agenda, if required, for the review of the Application.

2. The proposed Alternative Energy Solutions included in TGV's Application will be reviewed as part of the Revenue Requirements proceedings.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
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4

3. Information Requests made to TGVl on the Application which are consistent with Information Requests made with respect to the TGI 2010-2011 Revenue Requirements Application shall be cross-referenced numerically to that application.
4. Pursuant to section 89 of the Act all interim sales service rates and rates for transportation service, other than for those customers who have specified rates in their transportation service agreements, as proposed in the Application for 2010 are not approved at this time. The Commission will receive submissions on the proposed interim rates at the second Procedural Conference on September 25, 2009.
5. The creation of a Revenue Surplus Deferral Account for the purposes of capturing any 2010 and 2011 revenue surplus in excess of the cost of service is not approved on an interim basis. The Commission will receive submissions on the proposed interim Revenue Surplus Deferral Account at the second Procedural Conference. The permanent need for and the disposition of any balance in the Revenue Surplus Deferral Account is to be addressed in this proceeding.
6. Deadlines for Information Requests from the Commission and Registered Intervenors and responses to the Information Requests by TGVl will occur according to the Regulatory Timetable attached as Appendix A to this Order.
7. The Application together with any supporting materials will be made available for inspection at the TGVl Office, 16705 Fraser Highway, Surrey, BC, V4N 0E8, at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3 and will also be available on the TGVl website and the Commission's website.

DATED at the City of Vancouver, In the Province of British Columbia, this 20th day of July 2009.

BY ORDER

Original signed by:

A.W.K. Anderson
Panel Chair/Commissioner

Attachment



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REGULATORY TIMETABLE

| <u>ACTION</u> | <u>DATE (2009/2010)</u> |
|----------------------------------------------------------------|------------------------------------------------|
| Commission Information Request No. 1 | Thursday, July 30 |
| Intervenor Information Request No. 1 | Thursday, August 6 |
| TGVI Response to Information Requests No. 1 | Friday, August 28 |
| Commission Information Request No. 2 | Thursday, September 10 |
| Intervenor Information Request No. 2 | Thursday, September 10 |
| TGVI Response to Information Requests No. 2 | Tuesday, September 22 |
| Procedural Conference No. 2 | Friday, September 25 |
| Intervenor Evidence | Friday, October 2 |
| Information Requests on Intervenor Evidence | Friday, October 9 |
| Responses to Information Requests on Intervenor Evidence | Friday, October 16 |
| TGVI Rebuttal Evidence | Friday, October 23 |
| Negotiated Settlement Process or Hearing (Proposed Date Range) | Thursday, November 12 to Thursday, December 10 |
| TGVI Final Argument Submissions | Thursday, December 24 |
| Intervenor Final Argument Submissions | Friday, January 15, 2010 |
| TGVI Reply Argument Submissions | Friday, January 22, 2010 |
| Anticipated BCUC Decision | Friday, February 26, 2010 |