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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-1-10

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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 Inc.
for a Certificate of Public Convenience and Necessity
for the Customer Care Enhancement Project
Insourcing of Customer Care Services and Implementation of a New Customer Information System

BEFORE: A.A. Rhodes, Panel Chair/Commissioner
D.A. Cote, Commissioner February 26, 2010
R.J. Milbourne, Commissioner

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On June 2, 2009, Terasen Gas Inc. (Terasen Gas) filed an application for a Certificate of Public Convenience and Necessity pursuant to section 45 of the *Utilities Commission Act* (the Act), for its Customer Care Enhancement Project (Project) (the original Application); and
- B. The Project involves insourcing of key components of customer care services and the implementation of a new customer information system (CIS) under the control of Terasen Gas; and
- C. In the original Application Terasen Gas estimated the total Project implementation costs to be \$155 million including an allowance for funds used during construction (AFUDC); and
- D. The original Application also sought approval for the creation of a non-rate base deferral account attracting AFUDC and approval to record incremental operating and maintenance (O&M) costs associated with the Project and incurred prior to the Project implementation date of January 1, 2012 for the purposes of permitting cost recovery; and
- E. Approval for the creation of a rate base deferral account into which the accumulated amount in the non-rate base deferral account will be transferred, effective the Project implementation date, for the purpose of recovering costs through customer rates pursuant to sections 59-61 of the Act was also sought; and
- F. On June 4, 2009, the British Columbia Utilities Commission (the Commission) issued Order G-68-09, which provided for, among other things, a Procedural Conference to be held on June 23, 2009; and
- G. On June 10, 2009, the Commission issued Letter L-38-09 advising of its concerns relating to the completeness of the original Application, and stating that the parties should be prepared to discuss this issue at the June 23, 2009 Procedural Conference; and
- H. By letter dated June 15, 2009 Terasen Gas acknowledged the deficiency in its original Application and filed an addendum containing a number of financial schedules; and

- I. Following the Procedural Conference on June 23, 2009, the Commission issued Order G-79-09 wherein it provided a Regulatory Timetable that included a second Procedural Conference following the filing of the Evidentiary Update/Amended Application on August 28, 2009 and a further Workshop; and
- J. On August 28, 2009, Terasen Gas amended the original Application to provide additional information. The total Project implementation costs were revised to \$122 million including AFUDC; and
- K. On September 9, 2009, Terasen Gas held a Workshop with respect to the amended Application (hereinafter the Application); and
- L. A second Procedural Conference was held on September 11, 2009, following which the Commission issued Order G-107-09; and
- M. Two rounds of Information Requests directed to Terasen Gas and one round of Information Requests relating to Intervener evidence proceeded as set out in Order G-107-09; and
- N. On November 13, 2009, the Commission received submissions from Terasen Gas and Interveners on the appropriate regulatory review process to be followed for the further review of the Application; and
- O. On November 16, 2009, the Commission issued Order G-134-09 establishing a Written Hearing process and a Revised Regulatory Timetable which provided for a third round of Information Requests; and
- P. In its responses to the third round of Information Requests filed on November 27, 2009, Terasen Gas updated the total Project implementation costs including AFUDC to \$115.5 million; and
- Q. The Final Submissions of Terasen Gas and the Interveners and the Reply Submission of Terasen Gas were filed in accordance with Commission Order G-134-09; and
- R. On January 18, 2010, the Commission issued Letter L-6-10 requiring an Oral Phase of Argument; and
- S. The Oral Phase of Argument took place on February 1, 2010; and
- T. The Commission Panel considered the Application, the evidence and the submissions of the parties and issued Order G-23-10 on February 16, 2010 with Reasons to follow. The Commission Panel determined that the implementation of the Project was not in the public interest unless Terasen Gas agreed, as required by paragraph 2 of Order G-23-10, to file a statement confirming its acceptance of the following as a term of the Certificate of Public Convenience and Necessity for the Project:

if the final cost of the Project is more than 10% greater or more than 10% less than \$115.5 million including AFUDC, the additional costs or savings outside that +/- 10% band will be shared equally as between Terasen Gas and its ratepayers,

within 10 days of the date of the Order; and

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- U. Pursuant to paragraph 3 of Order G-23-10 the Commission directed Terasen Gas to file Quarterly Progress Reports and a Final Report on the Project and a copy of the resolution of the Board of Directors of Terasen Gas approving the Project in the event that a Certificate of Public Convenience and Necessity is granted; and
- V. On February 26, 2010, Terasen Gas filed a statement confirming its acceptance of the term required by paragraph 2 of Order G-23-10 as set out above; and
- W. Based on the letter of acceptance received from Terasen Gas the Commission Panel has determined that the Project is in the public interest and that a CPCN should be issued.

NOW THEREFORE pursuant to sections 45 and 46 of the Act, the Commission determines, with Reasons for Decision to follow:

1. The Application for a Certificate of Public Convenience and Necessity for the Project is granted with the term required by paragraph 2 of Commission Order G-23-10 and accepted by Terasen Gas.
2. Terasen Gas is directed to:
 - (i) file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project; and
 - (ii) file with the Commission a copy of the resolution of the Board of Directors of Terasen Gas approving the Project prior to the commencement of work on the Project.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of February, 2010.

BY ORDER

Original signed by:

A.A. Rhodes
Panel Chair/Commissioner

