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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER E-24-10**

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

and

**A Filing by Terasen Gas (Vancouver Island) Inc.
2010 Price Risk Management Plan
(November 2010 – October 2015)**

BEFORE: L.F. Kelsey, Commissioner
D. A. Cote, Commissioner

July 22, 2010

ORDER

WHEREAS:

- A. On May 13, 2010, Terasen Gas (Vancouver Island) Inc. (TGV) filed its Price Risk Management Plan (PRMP) Application for the period November 2010 to October 2015 with the British Columbia Utilities Commission (the Commission); and
- B. The 2010 PRMP is based on objectives similar to those presented in the 2009 PRMP and they form the basis of the Application. They are identified as follows:
 - Remain competitive with alternate fuel sources primarily electricity including mitigation of loss of royalty revenue after 2011.
 - Moderate impacts of commodity price volatility on customer rates.
 - Reduce the risk of regional price disconnects; and
- C. On April 28, 2010 Bill 17, the Clean Energy Act, received First Reading, and on June 3, 2010, the Clean Energy Act received Royal Assent. The Clean Energy Act prescribes significant additions to British Columbia's electricity generation and transmission infrastructure, which will impact the cost of electricity to British Columbians; and
- D. The North American natural gas market supply and demand market fundamentals have changed significantly since 2008, such that there is greater domestic natural gas supply certainty; and
- E. On June 14, 2010, the Commission issued Information Request No. 1 to TGV requesting a response by June 25, 2010; and

- F. On July 8, 2010, the Commission issued Information Request No. 2 to TGI requesting a response by July 15, 2010; and
- G. The Commission has reviewed the Application and the responses to the Information Requests and is of the view that a review of the PRMP's primary objectives in the context of the Clean Energy Act and increased domestic natural gas supply is warranted.

NOW THEREFORE pursuant to section 71 of the *Utilities Commission Act* and the Commission's Energy Supply Contract Rules, the Commission orders as follows:

1. The Application for the 2010 PRMP is denied.
2. TGI is directed to immediately suspend all market related activities associated with the PRMP.
3. TGI is directed to conduct a review of the PRMP's primary objectives in the context of the Clean Energy Act and increased domestic natural gas supply.
4. The aforementioned review will be done in consultation with Commission Staff.
5. Any requisite follow-up actions and subsequent regulatory process will be determined following consultation with Commission Staff.

DATED at the City of Vancouver, In the Province of British Columbia, this 22nd day of July 2010.

BY ORDER

Original signed by:

D. A. Cote
Commissioner