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VANCOUVER, BC V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-23-11**

TELEPHONE: (604) 660-4700  
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**IN THE MATTER OF**  
**the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**  
  
**and**

**Application by Terasen Gas Inc. (TGI)**  
**and Terasen Gas (Vancouver Island) Inc. (TGVI) (collectively Terasen Gas)**  
**for Approval of the Price Risk Management Plan Effective April 2011–October 2014**

**BEFORE:** D.A. Cote, Panel Chair/ Commissioner  
L.A. O'Hara, Commissioner  
N.E. MacMurchy, Commissioner  
  
February 22, 2011

**O R D E R**

**WHEREAS:**

- A. On July 22, 2010, the British Columbia Utilities Commission (Commission), by Orders E-23-10 and E-24-10 denied the 2010 Price Risk Management Plans submitted by Terasen Gas Inc. (TGI) and Terasen Gas (Vancouver Island) Inc. (TGVI) respectively. In letters which accompanied the Orders, the Commission directed TGI and TGVI, in consultation with Commission staff, to conduct a review of the PRMP's primary objectives in the context of the *Clean Energy Act* and increased domestic natural gas supply;
- B. On January 27, 2011, Terasen Gas filed with the Commission on a confidential basis the "Review of the Price Risk Management Objectives and Hedging Strategy" providing the results of the Terasen Gas' review of the of the PRMP objectives and the recommendations of its consultant, RiskCentrix, LLC for an enhanced hedging strategy;
- C. On January 27, 2011, Terasen Gas also filed with the Commission on a confidential basis the "Price Risk Management Plan Effective April 2011–October 2014" (2011 PRMP or Application) for approval of the objectives and key elements of the 2011 PRMP which include measures for programmatic, defensive, and value hedging as well as basis swaps to hedge price exposure at the Sumas trading hub;
- D. The Commission has reviewed the Application and has concluded that prior to making a determination on the need for a hedging program, a written process is necessary to review the objectives of the 2011 PRMP;

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- E. On February 18, 2011, Terasen Gas filed redacted copies of the 2011 PRMP and Review of the Price Risk Management Objectives and Hedging Strategy suitable for public review.

**NOW THEREFORE** the Commission orders as follows:

1. The 2011 PRMP objectives outlined in the Application will be examined by a Written Public Hearing process and the Regulatory Timetable attached as Appendix A has been established.
2. Terasen Gas at its discretion and over the course of these proceedings may, on an interim basis, implement those measures related to hedging and Sumas basis swaps as outlined in the 2011 PRMP. In addition, Terasen Gas may execute also on an interim basis fixed price swaps equal to 1 percent of its remaining hedge able volume on a weekly basis as outlined in the 2011 PRMP where market prices are at or below the 4.25/GJ hedging price target.
3. Persons wishing to participate as Interveners or as Interested Parties, as described in Appendix B, should register with the Commission by Friday, March 4, 2011.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 22<sup>nd</sup> day of February 2011.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner

Attachments

**Terasen Gas Inc. (TGI) and Terasen Gas (Vancouver Island) Inc. (TGVI)**  
**(collectively Terasen Gas)**

An Application for Approval of the Price risk Management Plan  
Effective April 2011–October 2014

**REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATES (2011)</b>
Intervener and Interested Party Registration	Friday, March 4
Commission Information Request No. 1	Friday, March 11
Intervener Information Request No. 1	Wednesday, March 16
Participant Assistance/Cost Award Budgets	Friday, March 18
TGI Response to Commission and Intervener Information Request No. 1	Friday, March 25
Commission Information Request No. 2	Friday, April 1
Intervener Information Request No. 2	Friday, April 1
TGI Response to Commission and Intervener Information Request No. 2	Friday, April 8
TGI Written Final Submission	Tuesday, April 26
Intervener Written Final Submission	Tuesday, May 3
TGI Written Reply Submission	Tuesday, May 10



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**NOTICE OF WRITTEN PUBLIC HEARING PROCESS**

**THE APPLICATION**

On January 27, 2011, Terasen Gas applied to the British Columbia Utilities Commission (the Commission) for Approval of the Price Risk Management Plan Effective April 2011–October 2014, contemporaneously Terasen Gas filed the Review of Price Risk Management Review of Objectives and Hedging Strategy; all on a confidential basis. On February 18, 2011, at the request of the Commission, Terasen Gas filed the redacted public versions- TGI-TGVI PRMP Review Report and TGI PRMP 2011–2014.

On an annual basis, Terasen Gas Inc. (TGI) and Terasen Gas (Vancouver Island) Inc. (TGVI), file separate Price Risk Management Plans (PRMP) which seek approval for gas commodity hedging plans for the next three years, or in TGVI's case, for the next five years.

On May 13, 2010, TGI and TGVI submitted their respective Price Risk Management Plans to the Commission for review and acceptance. On July 22, 2010, the Commission issued Order E-23-10 relating to the TGI 2010-2013 PRMP and Order E-24-10 relating to the TGVI 2010–2015 PRMP. The Orders denied the PRMPs, directing TGI and TGVI to immediately suspend all related market activities. TGI and TGVI were directed to conduct a review of the PRMPs' primary objectives in the context of the *Clean Energy Act* and increased domestic natural gas supply. As a result of discussions with Commission staff following the Orders, TGI and TGVI also agreed to examine the cost/benefit value of the hedging program for customers as part of the review. The review resulted in the subject Application.

**THE REGULATORY PROCESS**

The Commission has established a Written Public Hearing and Regulatory Timetable for the regulatory review of the Application. The Regulatory Timetable can be viewed on the Commission's web site at [www.bcuc.com](http://www.bcuc.com).

## INTERVENTION

Persons who expect to actively participate in the Terasen Gas proceeding should register as Interveners 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. Intervenor will each receive a copy of the Application, 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. Interested Parties will receive a copy of the Executive Summary in the Application, and all Orders and Decisions issued.

Intervenor and Interested Parties should register in writing, **no later than Friday, March 4, 2011**. 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.

## PUBLIC INSPECTION OF THE DOCUMENTS

The redacted version of the Application and supporting materials will be available for inspection at the following locations:

**British Columbia Utilities Commission**  
Sixth Floor, 900 Howe Street  
Vancouver, BC V6Z 2N3  
Telephone: 1-800-663-1385  
Website: [www.bcuc.com](http://www.bcuc.com)

**Terasen Gas Office**  
16705 Fraser Highway  
Surrey, BC V6N 0E8  
Website: [www.terasengas.com](http://www.terasengas.com)

For further information, please contact Ms. Erica Hamilton, Commission Secretary, or Mr. Mark Thomas, P.Eng., Director, Emerging Technologies & Innovation as follows:

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

BC Toll Free: 1-800-663-1385  
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