



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

and

An Application by BC Gas Utility Ltd.
for Approval of Market-Based Commodity Prices for Rate Schedules 7, 10 and 14
for the 1999/2000 Gas Contract Year

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner)
B.L. Clemenhagen, Commissioner) September 23, 1999
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On September 13 and 16, 1999, BC Gas Utility Ltd. ("BC Gas") applied to the Commission for approval of fixed and indexed Market-Based Commodity Pricing for Rate Schedule 7 – General Interruptible Service, Index-Based Commodity Pricing for Rate Schedule 10 – Large Volume Interruptible Sales, and Market-Based Commodity Pricing for Rate Schedule 14 – Term and Spot Gas Sales, for the gas contract year commencing November 1, 1999; and
- B. The filed amendments to Rate Schedule 7 provide fixed pricing based on current forward expectations for the Sumas index price converted to Canadian dollars; and
- C. The index pricing for Rate Schedules 7 and 10 is based on the Sumas monthly index for deliveries to Northwest Pipeline Corporation as published in Inside FERC's Gas Market Report and converted to Canadian dollars; and
- D. The filed commodity pricing strategy for Rate Schedule 14 is in the form of a Rate 14 contract containing a number of optional pricing arrangements. BC Gas has structured the Rate Schedule 14 prices as a gas commodity charge at the upstream point of delivery to the Westcoast Energy Inc. ("WEI") system, plus the cost of delivery on WEI; and
- E. BC Gas has included in Rate Schedule 14 a Gas Management Fee to cover the cost of administering price conversion options and the cost of nominating and gas balancing services; and

F. The Commission has considered the applications and is satisfied that the pricing arrangements for Rate Schedules 7, 10 and 14 should be approved.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for BC Gas, Market-Based Commodity Pricing for Interruptible Service, Rate Schedules 7 and 10, commencing November 1, 1999, as filed in the September 13, 1999 BC Gas application as follows:

<u>Rate Category</u>	<u>Winter (Nov. 1 - Mar. 31)</u>	<u>Summer (Apr. 1 - Oct. 31)</u>
Schedule 7, fixed	\$3.71/GJ	\$2.83/GJ
Schedule 7, monthly index	Sumas Index - 3%	Sumas Index
Schedule 7, daily index	not available	not available
Schedule 10, fixed	not available	not available
Schedule 10, monthly index	Sumas Index - 5%	Sumas Index

2. BC Gas is directed to restructure Rate Schedule 10 so as to locate the point-of-sale at the inlet of the WEI system, similar to the structure of Rate Schedule 14.
3. The Market-Based Commodity Pricing for Rate Schedule 14, as filed in the September 16, 1999 application, for the gas contract year commencing November 1, 1999, is approved except that the Gas Management Fee will be \$0.02 to \$0.08/GJ, in addition to the cost to BC Gas of executing any price conversion arrangements for the customer.
4. The Commission's approval of Rate Schedule 14 is conditional upon BC Gas recovering the cost of gas sold under this Rate Schedule.
5. The Commission directs BC Gas to submit on a quarterly basis and within 60 days from the end of the calendar quarter, a report of all Rate Schedule 14 transactions in a form to be developed in consultation with Commission staff.
6. The Commission will accept for BC Gas, subject to timely filing, Gas Tariff Rate Schedules in accordance with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of September 1999.

BY ORDER

Original signed by:

Peter Ostergaard
Chair