



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

and

BC Gas Utility Ltd.  
Application to Reduce the Gas Commodity Component of Rates

**BEFORE:** P. Ostergaard, Chair )  
P.G. Bradley, Commissioner )  
K.L. Hall, Commissioner ) December 19, 2001  
N.F. Nicholls, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On December 11, 2001, pursuant to Commission Letter No. L-5-01, BC Gas Utility Ltd. ("BC Gas") filed with the Commission its Fourth Quarter 2001 Report on future gas acquisition costs and expected revenue, and requested decreases in gas commodity charges effective January 1, 2002 (the "Application"); and
- B. The Guidelines contained in Letter No. L-5-01 require BC Gas to file quarterly reports on current and expected Gas Cost Reconciliation Account ("GCRA") balances and expected gas purchase costs and revenue, and to request a change in customer rates if the difference between expected revenues and expected gas costs over the following 12 months is more than 5 percent, to take effect at the beginning of the next calendar quarter; and
- C. The Application identified lower forward market prices and reduced gas supply costs for 2002 and requested a Gas Cost Recovery Charge rate decrease effective January 1, 2002. The Application also indicated that the GCRA debit balance is projected to decrease over the period from September to December 2001, and requested a reduction to GCRA riders; and
- D. On December 18, 2001, BC Gas responded to a Commission Staff Information Request and revised the Application with respect to GCRA balances and proposed GCRA riders for 2002. The resulting overall effect of the proposed rate changes would reduce gas commodity charges by about 11 percent. The annual bill of a typical residential customer would be reduced by approximately 7 percent and the annual bills of commercial and general service customers would be reduced by about 8 percent; and

- E. The GCRA had a debit balance of \$143 million at the end of 2000 and \$93 million of this amount is projected to remain at the end of 2001. The proposed GCRA Riders would repay \$53 million of the amount in 2002. If the GCRA Riders were adjusted so as to repay one-half of the remaining end-of-2000 debit balance, this would result in a 0.4 percent larger rate reduction for customers; and
- E. The Commission has reviewed the filings and other evidence and has determined that rates should be decreased for BC Gas customers as set out in BC Gas' Application, as revised on December 18, 2001, except that the requested GCRA riders should be adjusted to be consistent with the intention to repay the end-of-2000 GCRA debit balance over three years.

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

1. The Commission approves for BC Gas' Lower Mainland, Inland and Columbia Divisions changes to the Gas Cost Recovery Charges as set out in BC Gas' December 11, 2001 Application, effective January 1, 2002.
2. The Commission approves for BC Gas' Lower Mainland, Inland and Columbia Divisions changes to GCRA Riders as set out in the December 18, 2001 revision to the Application, except that the Riders should be reduced so as to recover in 2002 the debit balance that accumulated in the GCRA in 2001 plus one-half of the \$93 million end-of-2000 GCRA debit balance that is forecast to remain at the end of 2001, effective January 1, 2002.
3. BC Gas is to advise all affected customers of the approved rate changes effective January 1, 2002, by way of a customer notice. BC Gas is to provide the Commission staff with copies of any draft advertisements, bill inserts, or bill messages describing the rate decreases prior to release.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 20<sup>th</sup> day of December 2001.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair