



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 )  
R.D. Deane, Commissioner )  
K.L. Hall, Commissioner ) September 26, 2001  
N.F. Nicholls, Commissioner )  
E.J. Rowbotham, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On September 11, 2001, BC Gas Utility Ltd. ("BC Gas") filed with the Commission its Third Quarter Report on its future gas acquisition costs and gas costs decrease effective October 1, 2001, pursuant to Commission Letter No. L-5-01; and
- B. The Guidelines contained in Letter No. L-5-01 require BC Gas to file quarterly reports outlining the costs of current and expected future gas purchases and to request a change in customer rates if the difference between expected revenues and expected gas costs is more than 5 percent, to take effect at the beginning of the next calendar quarter; and
- C. BC Gas' Third Quarter Report identified that there were reduced gas cost recovery charges arising from lower forward prices and gas supply costs for October 2001 to September 2002 and requested a rate decrease, effective October 1, 2001, pursuant to the Guidelines. BC Gas indicated that the Gas Cost Recovery Account ("GCRA") debit balance increased in 2001 and that an increase in GCRA Riders was needed to recover the deficit. BC Gas also requested reductions in the income tax refund rate rider (Rider 2), to extend the payback of the income tax refund to September 2003. The resulting overall effect of the rate changes would reduce the annual bill of a typical residential customer by 10 percent and the annual bills of commercial and general service customers by 11 to 13 percent; and
- D. On September 24, 2001, BC Gas provided information on the Fort Nelson Division gas costs and revenue, which indicated that applying the Letter No. L-5-01 Guidelines would result in a rate reduction of \$0.62/GJ for Fort Nelson customers; and

E. The Commission has reviewed the filing and other evidence and has determined that rates should be decreased to BC Gas customers, as set out in BC Gas' filings, except that the requested reduction to the income tax refund rider should not be approved, as the term of the income tax refund rider was agreed to as part of the 2001 Revenue Requirements Negotiated Settlement.

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

1. The Commission approves for BC Gas' Lower Mainland, Inland and Columbia Divisions changes to Gas Cost Recovery Charges and GCRA Riders as set out in BC Gas' September 11, 2001 filing.
2. The Commission denies BC Gas' request to change the income tax refund rate rider (Rider 2).
3. The Commission approves for BC Gas' Fort Nelson Division a gas cost rate reduction of \$0.62/GJ, effective October 1, 2001.
4. BC Gas is to advise all affected customers of the approved rate changes effective October 1, 2001, 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 27<sup>th</sup> day of September 2001.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair