



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

and

An Application by Squamish Gas Co. Ltd.
for Approval to Increase Natural Gas Customer Rates

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner) December 19, 2002
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On December 16, 2002, Squamish Gas Co. Ltd. ("Squamish Gas") applied to the Commission for approval to increase its natural gas Large General Service ("LGS") customer rates, Competitive Range Rates ("CRR") and Apartment Customer Rates ("ACR-1"), effective January 1, 2003 ("the Application") under the terms of the Vancouver Island Natural Gas Pipeline Act; and
- B. Pursuant to Section 5.01(d) of the Squamish Rate Stabilization Agreement between the Province and Squamish Gas ("Squamish RSA"), the Squamish Gas natural gas rates are set based on the competitive fuel price. The Squamish RSA ends at the later of December 31, 2001 or when the balance in the Squamish Rate Stabilization Fund is repaid. The fund balance at December 31, 2002 is in a deficit position; and
- C. Under the Squamish RSA rates are set at the lesser of the Competitive Fuel Oil Price less a stated discount on Schedule "A" or 67 percent of the British Columbia Hydro and Power Authority ("B.C. Hydro") trailing block rate for residential service. At existing B.C. Hydro rates, the maximum rate that could be charged to natural gas customers is \$10.74 per gigajoule; and
- D. The stated discount per year in Schedule "A" of the Squamish RSA is identified for ten years ending December 31, 2001. On January 22, 2002 Squamish Gas requested the concurrence of the Ministry of Energy and Mines that the competitive fuel rate setting mechanism continue beyond December 31, 2001 and that stated discounts would no longer be applicable. The Ministry has not responded to the Squamish Gas letter; and

- E. The Application requested Commission approval to implement in 2003 the rate setting approach set out in the January 22, 2002 letter to the Ministry; and
- F. The Commission has reviewed the Squamish Gas application and finds that approval is required.

NOW THEREFORE the Commission orders as follows:

1. The Commission will accept Squamish Gas rate applications based on the rate setting mechanism in the Squamish RSA with the stated discounts in Schedule "A" no longer being applicable effective January 1, 2003.
2. The Commission approves for Squamish Gas increases in rates to LGS, CRR and ACR-1 customers effective January 1, 2003 as follows:

	Jan. 1/03		
	<u>Current Rate</u>	<u>New Rate</u>	<u>Percentage Change</u>
	(\$/GJ)	(\$/GJ)	Increase
LGS-1	8.56	9.78	14.25%
LGS-11	8.56	9.78	14.25%
LGS-2	8.07	9.21	14.13%
LGS-12	8.07	9.21	14.13%
LGS-3	7.57	8.64	14.13%
LGS-13	7.57	8.64	14.13%
CRR-Top	7.57	8.64	14.13%
CRR-Bottom	6.21	7.08	14.01%
Minimum Use			
ACR-1 (200)	9.47	9.83	3.80%
ACR-1 (600)	8.77	9.05	3.19%
ACR-1 (2000)	8.77	9.05	3.19%
ACR-1 (6000)	8.77	9.05	3.19%

3. Squamish Gas is to inform all affected customers of the January 1, 2003 rate changes by way of a customer notice included in the next billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of December 2002.

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-98-02

3

BY ORDER

Original signed by:

Peter Ostergaard
Chair