



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

and

A Filing by BC Gas Utility Ltd.  
Quarterly Reports on Gas Supply Costs and  
Application for Approval of Increases to Natural Gas Commodity Rates

**BEFORE:** P. Ostergaard, Chair )  
P.G. Bradley, Commissioner )  
R.D. Deane, Commissioner ) March 20, 2003  
K.L. Hall, Commissioner )  
R.H. Hobbs, Commissioner )

**O R D E R**

**WHEREAS:**

- A. The Commission, by Letter No. L-5-01, required BC Gas Utility Ltd. ("BC Gas") to report to the Commission each calendar quarter on its expected natural gas costs for the next 12 months pursuant to Guidelines attached to the letter. BC Gas is expected to apply to the Commission for changes to its natural gas rates if the forecast cost of gas purchases for the following 12 months and the outstanding Gas Cost Reconciliation Account ("GCRA") balance differs from forecast gas commodity revenue by more than 5 percent; and
- B. On March 14, 2002, BC Gas filed three First Quarter 2003 Reports ("the Reports") pursuant to Letter No. L-5-01:
- For the Lower Mainland, Inland and Columbia service areas, the Reports identified that forecasted revenue would be approximately 75 percent of gas costs, and indicated a gas commodity charge for residential customers in the Lower Mainland of \$8.87/GJ. BC Gas reported that an increase in the commodity charge to \$8.87/GJ would result in burner-tip rates being very close to the equivalent cost of British Columbia Hydro and Power Authority's electricity rates. BC Gas requested a commodity rate increase that would cause the commodity charge for residential customers in the Lower Mainland to increase by \$1.699/GJ to \$8.30 per GJ, an increase of approximately 16 percent in a typical residential annual bill, in order to remain price competitive with electricity; and

- For the Fort Nelson Division, BC Gas reported that existing Fort Nelson rates will provide a revenue to cost ratio of 59 percent. In order to avoid severe rate shock, BC Gas proposed that natural gas rates increase by \$1.67/GJ, an amount similar to that for Lower Mainland residential customers. The Fort Nelson burner-tip increase would result in a 30.3 percent increase to the annual bill of a typical residential customer; and
- For the Revelstoke propane grid system, no change to propane rates was requested; and

C. The Commission has reviewed the Reports and finds that an Order is required.

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

1. The Commission approves for BC Gas the changes to Gas Cost Recovery Charges for Lower Mainland, Inland, Columbia and Fort Nelson customers that were proposed in BC Gas' March 14, 2002 filings, effective April 1, 2003.
2. BC Gas, by way of a bill insert or customer notice, is to provide all affected customers with notification of the commodity rate increase. BC Gas is to provide the Commission with a draft copy of the customer notice in advance of its distribution to customers.
3. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with terms of this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 31<sup>st</sup> day of March 2003.

BY ORDER

*Original signed by:*

Robert H. Hobbs  
Commissioner