

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-82-03

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**An Application by Terasen Gas Inc.
for Approval of Gas Commodity Charges
effective January 1, 2004
for the Lower Mainland, Inland and Columbia Service Areas**

BEFORE: L.F. Kelsey, Commissioner) December 11, 2003

O R D E R

WHEREAS:

- A. On November 28, 2003, Terasen Gas Inc. ("Terasen Gas") applied for delivery margin-related rates that would increase annual bills for typical residential consumers by about 1.5 percent; and
- B. On December 5, 2003, Terasen Gas filed its Fourth Quarter 2003 Report on the Gas Cost Reconciliation Account ("GCRA") for the Lower Mainland, Inland and Columbia service areas using December 4, 2003 forward gas market prices. Based on forecast gas costs for 2004 Terasen Gas requested approval of reductions in the range of \$0.50 to \$0.60 per gigajoule in its Gas Cost Recovery Charges effective January 1, 2004; and
- C. Terasen Gas projects a \$6.1 million after-tax credit in the GCRA at the end of 2003 and requested approval to reduce GCRA Riders to zero as of January 1, 2004. Terasen Gas states that the projected credit balance in the GCRA is relatively small and will provide some shielding against gas price volatility in 2004; and
- D. The reduction to Gas Cost Recovery Charges and the elimination of GCRA Riders for Terasen Gas will cause typical residential annual bills to decrease by approximately 9 percent. Annual bills for typical commercial customers will go down by about 10 percent.

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NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The flow-through reductions to Gas Cost Recovery Charges and GCRA Riders proposed in Terasen Gas' December 5, 2003 application are approved effective January 1, 2004.
2. The Core Market Administration charge of \$1,584,000 is accepted for Terasen Gas for the purpose of forecasting gas costs for 2004, and the Commission will determine the approved Core Market Administration budget based on further filings by Terasen Gas.
3. The Commission requires Terasen Gas to provide a draft customer notice for review by staff in advance of release to the public.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of December 2003.

BY ORDER

Original signed by:

Len F. Kelsey
Commissioner