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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-83-03

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

and

**An Application by Sun Peaks Utilities Co., Ltd.
for Approval of a Propane Supply Contract Extension and
Commodity Rate Changes Effective January 5, 2004**

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

O R D E R

WHEREAS:

- A. On November 28, 2003, Sun Peaks Utilities Co., Ltd. ("SPUCL") filed for Commission approval a Modification Agreement dated August 31, 2003 (the "Modification Agreement") extending the Propane Supply Agreement (the "Propane Supply Agreement") between MP Energy Partnership and Terasen Utility Services Inc. dated August 31, 2001 for the supply of liquid propane to SPUCL; and
- B. The Modification Agreement extended the end of the term of the Propane Supply Agreement from August 31, 2003 to March 31, 2004, established a fixed price for a quantity of propane to be consumed in a period commencing November 7, 2003 and provided that a variable market price will be paid for propane during the rest of the term of the Propane Supply Agreement; and
- C. In its November 28, 2003 filing, SPUCL forecasts that the cost of propane in 2004 will be higher than the current Gas Commodity Charge – Propane of \$8.53/GJ, and requested that the increase be flowed through to customers causing this charge to increase to \$9.92/GJ effective January 5, 2004; and
- D. In its November 28, 2003 filing, SPUCL projects that the Gas Cost Reconciliation Account ("GCRA") will have a debit balance of \$137,000 at the end of 2003 and requested, in order to flow through this balance over a two year period of 2004 and 2005, that the Gas Commodity Charge – GCRA increase from \$0.83/GJ to \$0.89/GJ effective January 5, 2004; and

**BRITISH COLUMBIA
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2

- E. The requested rate increase will increase residential and commercial annual bills by approximately 8 to 10 percent; and
- F. By letter dated December 6, 2003, SPUCL filed a revised Modification Agreement dated August 31, 2003 that revises the Modification Agreement so as to also set out a Transportation Charge for the extension period to March 31, 2004 (the "Revised Modification Agreement"); and
- G. SPUCL has informed all customers of the proposed rate increase in its October and November 2003 Newsletters.

NOW THEREFORE, pursuant to Sections 71 and 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission accepts for filing the Revised Modification Agreement.
2. A Gas Commodity Charge – Propane of \$9.92/GJ is approved effective January 5, 2004.
3. A Gas Commodity Charge – GCRA of \$0.89/GJ is approved effective January 5, 2004.
4. The Commission will hold SPUCL's November 28, 2003 submissions confidential.
5. SPUCL is to advise all customers of the Commission approval given by this order.

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