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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-14-04

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

**and**

**An Application by Terasen Gas (Whistler) Inc.  
for Approval of its 2004 and 2005 Revenue Requirements**

**BEFORE:** L.A. Boychuk, Panel Chair )  
Commissioner ) February 3, 2004  
R.H. Hobbs, Commissioner )  
L.F. Kelsey, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On October 28, 2003, Terasen Gas (Whistler) Inc. ("Terasen Whistler") applied to the British Columbia Utilities Commission ("the Commission") for approval of its 2004 and 2005 Revenue Requirements ("the Application") to recover projected revenue deficiencies of \$1,090,100 and \$847,900 for 2004 and 2005 respectively; and
- B. For 2004 the Application proposes to increase the Basic Charge per month from \$7.50 to \$10.00, to increase the propane commodity charge from \$12.522/GJ to \$13.930/GJ, and to decrease Rider 'A' from \$2.493/GJ to \$0.376/GJ, all effective January 1, 2004; and
- C. For 2005 the Application proposes to decrease the propane commodity charge to \$13.540/GJ and to decrease Rider 'A' to zero, both effective January 1, 2005; and
- D. The Commission, by Order No. G-77-03, established a Negotiated Settlement Process; and
- E. The Negotiated Settlement Process was held on January 8, 2004 and a proposed Settlement Agreement regarding the Application was agreed to by Terasen Whistler, Intervenor, and Commission staff; and
- F. The Commission has reviewed the proposed Settlement Agreement and considers that approval is in the public interest; and
- G. All participants have reviewed and approved the proposed Settlement.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-14-04

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

1. The Commission approves for Terasen Whistler the Settlement Agreement attached as Appendix A, which includes:
  - a. A basic monthly charge of \$7.50 for 2004 and 2005
  - b. Effective January 1, 2004:
    - Propane commodity charge increase from \$12.522 to \$14.225
    - Rider 'A' rate decrease from \$2.493/GJ to \$0.376/GJ
  - c. Effective January 1, 2005:
    - Propane commodity charge decrease from \$14.225 to \$13.855
    - Rider 'A' rate decrease from \$0.376 to zero
2. Terasen Whistler is to refund any overpayment in rates with interest calculated at the prime rate of the principal bank with which it conducts its business. Terasen Whistler is to inform all customers of the final rates and refund by way of a customer notice.
3. Terasen Whistler is to file a permanent Gas Tariff Rate Schedule in accordance with the terms of the Settlement Agreement and this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 12<sup>th</sup> day of February 2004.

**BY ORDER**

*Original signed by:*

Lori Ann Boychuk  
Panel Chair and Commissioner

Attachment

WILLIAM J. GRANT  
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~~CONFIDENTIAL~~

Log No. 4255  
Order No. G-77-03

January 15, 2004

To: Participants

Re: Terasen Gas Whistler  
Negotiated Settlement  
2004/2005 Revenue Requirement Application

Enclosed is a draft of the proposed Negotiated Settlement Agreement with respect to Terasen Gas Whistler 2004/2005 Revenue Requirements filed October 28, 2003. The enclosed proposed document remains confidential until it is submitted to the British Columbia Utilities Commission for consideration. I, therefore, ask that you provide to me a communication of endorsement for the proposal by Friday, January 23, 2004. At that time, the Settlement Agreement will be made public and provided to the Commission and all interested parties.

It is recognized by all the parties that the agreement represents a package proposal within which there has been give and take by all parties. No issues are to be severed from the proposed settlement without allowing signatories the opportunity to address other related issues in the package.

In accordance with the NSP Guidelines, the right of parties to dissent from a proposed agreement is explicitly recognized by the Commission. If a party dissents, it can submit a written argument to the Commission panel. If the Commission panel is of the view that the dissent is reasonable and material, it may request written rebuttal argument or, where the settlement review process is to occur at an oral hearing, request argument at the oral hearing. If the dissent is determined to be reasonable and material, the dissenting party retains the right to present evidence and to cross-examine, or to rebut the evidence of others if there is a written hearing.

Yours truly,

A handwritten signature in dark ink, appearing to be "WJ Grant".

William J. Grant

FK/rt  
Enclosure

**CENTRA GAS WHISTLER INC.  
2004/5 Revenue Requirements Application  
Negotiated Settlement Agreement**

**~~CONFIDENTIAL~~**

Terasen Gas Whistler Inc (Terasen Gas or the Company) filed its 2004/5 Revenue Requirement and Rate Application (the Application) on October 28, 2003 with the British Columbia Utilities Commission (the Commission or the BCUC). The Application sought approval of its forecast 2004 and 2005 revenue requirements, and to amend its schedule of rates on a permanent basis effective January 1, 2004.

Commission Order G-77-03 established a regulatory timetable with which to review the Application, establishing an Information Request and negotiated settlement process. Commission Order G-77-03 also approved as interim the existing rates in Whistler until such time as the review process determined that a rate change to the existing tariff rates was required. Notices of the negotiated settlement process were published in the Whistler Pique and the Question on November 27, 2003 and November 28, 2003 respectively. On December 5, 2003, the Commission issued its information request SR1. Terasen Gas responded to SR1 on December 19, 2003, providing responses to the BCUC and Intervenors. No other information requests were received.

A settlement conference was held in Whistler on January 8, 2003 at the Whistler Coast Hotel, commencing at 10:00 AM. In attendance were Commission Staff, representatives of the RMOW, Intrawest Corporation, and Terasen Gas, all of whom participated in the settlement discussions. At the conference a Negotiated Settlement was reached by all parties, establishing proposed final rates effective January 1, 2004 for Whistler rate payers being served from the propane distribution grid. The proposed rates are \$7.50 per month fixed monthly charge plus a commodity rate of \$14.602/GJ, consisting of a commodity sales rate of \$14.225/GJ and Rider A of \$0.376/GJ. The agreed proposed 2004 final rates result in a 2.6% decrease to customers over existing 2003 approved rates as shown on the attached schedules that form part of this negotiated settlement package. Final rates for 2005 are \$7.50 per month fixed monthly charge, plus a commodity rate of \$13.855/GJ, resulting in a further decrease of 4.8% over final 2004 rates.

This settlement agreement includes the following items and adjustments to the Application:

Item 1: OM&A

Net Direct OM&A (Gross Expenses less capitalization of OM&A) agreed to at the Settlement Conference for 2004 and 2005 is to be \$576,600 and \$588,700 respectively. Included in the calculation of net Direct OM&A is the allocation of \$60,000 (representing 50% of the gross direct costs associated with the Manager for wages, benefits and vehicle expenses) to the Squamish Gas service territory. The following table shows the calculation of allowed net Direct OM&A:

	<u>2004</u>	<u>2005</u>
Gross OM&A as Filed	\$738,400	\$756,900
<b>Less:</b> Allocation to Squamish	60,000	60,000
General Reduction	<u>12,400</u>	<u>16,400</u>
Gross OM&A Agreed to	<u>\$666,000</u>	<u>\$680,500</u>
 OM&A Capitalization as Filed	 \$107,400	 \$109,800
<b>Less:</b> Allocation to Squamish	<u>18,000</u>	<u>18,000</u>
OM&A Capitalization as Agreed	<u>\$ 89,400</u>	<u>\$ 91,800</u>
Net Direct OM&A	<u>\$576,600</u>	<u>\$588,700</u>

Item 2: Commodity Cost of Propane

Terasen Gas expressed its concern that the cost of propane should be increased above that forecast in its application due to recent projections of higher costs. For 2004, Participants agree that the commodity cost of propane will be between \$9.700/GJ as filed (exclusive of the gas management fee) and up to a maximum of \$10.000/GJ, such that the overall rate decrease at a minimum will be as filed in the Application of a 2.2% decrease. Based on all changes agreed to at the Settlement Conference, Commodity Cost of Propane for 2004 will be set at \$10.00/GJ for rate setting purposes. For 2005, the Commodity Cost of Propane for rate setting purposes will be \$9.801/GJ. Differences between the actual propane costs and the agreed cost of propane will continue to be recorded in the Gas Cost Reconciliation Deferral Account. Terasen Gas will continue to review the cost of propane quarterly, and file applications for changes to Rider A as needed, while considering the desirability of rate stability. Terasen Gas will file its quarterly reviews on an unbundled format, clearly identifying the components of the rate (fixed monthly charge, delivery charge, Rider A).

Participants agree to Terasen Gas's Unaccounted for propane (UAF) rate of 3.496% for 2004 and 2005. Although this amount is still over 3%, Terasen has not fully identified the root cause of its UAF, and will not investigate further until the outcome of the long-term supply study is completed, and a recommendation for either continued propane use in Whistler or a natural gas pipeline is accepted. If it is determined that the appropriate course of action is to continue to expand the propane distribution system to meet future load growth, Terasen Gas will undertake further study into its UAF.

Item 3: Rider A

Participants to the Settlement Conference agree that Rider A should be set to \$0.376/GJ for 2004. Assuming no further additions to the Cost of Propane deferral account based on the above agreed Commodity Cost of Propane, Rider A will be reduced to zero in 2005. Rider A will continue to be reviewed in the quarterly commodity cost reviews, and subject to periodic changes based on the outcomes of the quarterly review.

Item 4: Basic Monthly Charge

Participants to the Settlement Conference agree that the proposed increase in the Basic Monthly Charge from \$7.50 to \$10.00 is not consistent with the intent of the Commission Order G-74-01, and is therefore not allowed. The Basic Monthly Charge will be \$7.50/month in both 2004 and 2005.

Item 5: Deferral Accounts

The participants to the Settlement Conference agree that the forecast balance of the Margin Deferral Account of \$80,300 (\$51,000 after tax) be amortized over a 1 year period in 2004. The Margin Deferral mechanism will continue in effect throughout the settlement period.

The forecast balance of the Demand Side Management Study Deferral Account of \$45,000 (28,600 after tax) will be amortized over a two year period commencing in 2004.

Participants agree that the 2004/5 Regulatory Costs of \$20,000 (\$13,100 after tax) should be amortized over the two year settlement period commencing in 2004.

Item 6: Continuation of Recording Variances

The participants to the Settlement Conference agree that Terasen Gas will continue to record variances between actual and forecast values in deferral accounts for Property Taxes and Interest Costs. Participants agree to fixing \$8 Million of floating rate debt as per the Application through a medium term loan arrangement with Terasen Inc, and agree that Terasen will apply to the BCUC for approval of an appropriate interest rate. For rate setting purposes, Terasen Gas will use 5.1% for the \$8 million term loan and 4.0% for the remaining floating rate debt portion of debt capital for both 2004 and 2005. To the extent that the actual interest rates are different from those used for rate setting, the difference will be recorded in the Interest Rate Variance Deferral Account.

Item 7: Return on Equity

Participants agree that the Commission's automated adjustment mechanism for return on common equity results in a ROE for Terasen Gas in 2004 of 9.75% at 60 bps above the benchmark utility. For rate setting purposes, Terasen Gas will continue to use 9.75% in 2005, with differences between actual and forecast ROE being recorded in a deferral account, the disposition of which will be determined in the next revenue requirements application.

Item 8: Period of the Application

Participants to the Settlement Conference agree that the appropriate settlement period is two (2) years. This period will allow Terasen Gas to explore synergies with Squamish Gas. Commodity reviews will continue on a quarterly basis in the format agreed above over the settlement period.

Item 9: Long-term Supply Study

Terasen Gas will continue to evaluate the best means of providing a long-term supply solution to the demand growth in Whistler. The study will evaluate both the continuation and expansion of the existing propane system and a natural gas pipeline, and will include input and participation of stakeholders in the evaluation.

Item 10: Demand Side Management Study

If the final version of the Demand Side Management Study indicates that there is a safety issue with the installation of some residential propane fireplaces, Terasen Gas will issue a bill message warning customers of the

potential safety hazard. With respect to commercial audits recommended by the Study, Participants agree that Terasen Gas can provide preliminary information on commercial audits, but most of the cost of audit recommendations is to be borne by those customers requesting an audit.

Item 11: Load Forecast

Participants to the Settlement Conference agree that the appropriate forecast energy sales volumes for 2004 and 2005 rate setting are 723,958 GJ and 763,633 GJ respectively.

Item 12: Cost of Relocation of Facilities

The participants agree that Terasen Gas should ensure that its propane facilities are routed or located in a manner that minimizes the likelihood of relocations being required in the near term.

The Company and the participants agree to hold confidential the discussions held on January 8, 2004, until agreed to by the participants and released publicly by Commission staff. Agreement to this settlement is on a without prejudice basis. Any position taken or statement made during discussions, by the participants or the Company, will not be made public or restrict in any way, positions taken in future proceedings concerning other applications.



**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**S 7.1**  
**Revised ROE 9.75%**

**REVENUE DEFICIENCY AND POTENTIAL RATE INCREASE**

<u>LINE</u>		<u>2004 Forecast</u>	<u>2005 Forecast</u>	<u>Reference</u>
	<b>PROPOSED RATES EFFECTIVE JANUARY 1</b>			
1	Basic Charge / Month	\$ 7.50	\$ 7.50	
2	Variable Sales Rate / GJ	\$ 14.225	\$ 13.855	
3	Rider 'A' Rate / GJ	\$ 0.376	\$ -	
4	Rate Base	\$ 16,777.0	\$ 16,788.4	S 9.1
5	Earned Return @ Existing Rates	154.3	370.0	S 8.1
6	Existing Rate of Return on Rate Base	0.92%	2.20%	S 8.1
7	Proposed Rate of Return on Rate Base	6.54%	6.54%	S 14.1
8	Proposed Earned Return after Tax	<u>\$ 1,096.7</u>	<u>\$ 1,097.4</u>	S 14.1
9	Income Tax Expense at Existing Rates	-	-	S 19.1
10	Income Tax Expense at Proposed Rates	290.4	290.8	S 19.2
11	Revenue Deficiency/(Surplus) Before Tax	<u>\$ 1,232.8</u>	<u>\$ 1,018.2</u>	S 7.2
12	Average # of Customers	2,257	2,305	S 15.1
13	Sales Volumes (GJ)	723,958	763,633	S 15.1
14	2003 Cost of Gas	\$ 6,271.5		S 7.2
15	2003 Sales Volume (GJ)	699,173		S 15.1
16	2003 Average Cost of Gas	\$ 8.970		
17	Forecast Cost of Gas	\$ 7,525.9	\$ 7,780.0	S 7.2
18	Forecast Average Cost of Gas	\$ 10.395	\$ 10.188	
19	Change in Sales Rate for Cost of Gas	\$ 1,426	\$ 1,218	
20	Change in Revenue	<u>\$ 1,032.1</u>	<u>\$ 930.3</u>	
21	Current Fixed Month Charge	\$ 7.50	\$ 7.50	
22	Proposed Fixed Month Charge	7.50	7.50	
23	Change in Fixed Monthly Charge	<u>\$ -</u>	<u>\$ -</u>	
24	Change in Revenue	<u>\$ -</u>	<u>\$ -</u>	
25	Revenue Deficiency / (Surplus)	\$ 1,232.8	\$ 1,018.2	
26	Less: Change in Revenue for Cost of Gas	1,032.1	930.3	
27	Less: Change in Revenue for Fixed Monthly Charge	-	-	
28	Residual Deficiency / (Surplus)	<u>\$ 200.7</u>	<u>\$ 87.9</u>	
29	Change in Sales Rate for Residual Deficiency / (Surplus)	<u>\$ 0.277</u>	<u>\$ 0.115</u>	
30	Current Sales Rate	\$ 12.522	\$ 12.522	
31	Add: Change for Cost of Gas	1.426	1.218	
32	Add: Change for Residual to Balance to Total Revenue Deficiency / (Surplus)	0.277	0.115	
33	Proposed Sales Rate	<u>\$ 14.225</u>	<u>\$ 13.855</u>	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**\$ 7.2**  
**Revised ROE 9.75%**

**REVENUE REQUIREMENT**

<u>LINE</u>		<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Reference</b>
		<b>Actual Normalized</b>	<b>Outlook</b>	<b>Forecast</b>	<b>Forecast</b>	
1	Cost of Sales	\$ 5,483.9	\$ 6,271.5	\$ 7,525.9	\$ 7,780.0	\$ 16.1
2	Total Operating Expenses	752.6	819.9	797.1	813.4	\$ 17.1
3	Total Depreciation	438.3	466.1	475.7	490.8	\$ 10.6 / \$ 10.7
4	Total Amortization	(178.2)	(161.5)	34.6	24.9	\$ 13.1 - \$ 13.3
5	Total Municipal Taxes	271.5	288.5	270.8	284.7	\$ 19.7 / \$ 19.8
6	Total Income Taxes Expense @ Proposed Rates	267.4	251.2	324.0	320.2	\$ 19.2 / \$ 19.6
7	Projected / Proposed Return on Rate Base	1,321.8	1,114.9	1,096.7	1,097.4	\$ 14.1
8	Total Revenue Requirement	<u>\$ 8,357.3</u>	<u>\$ 9,050.6</u>	<u>\$ 10,524.8</u>	<u>\$ 10,811.4</u>	
<b>Reconciliation of Revenue Requirement</b>						
9	Total Propane Sales Revenue @ Existing Rates	\$ 8,211.9	\$ 8,951.8	\$ 9,269.1	\$ 9,769.3	\$ 15.4
10	Total Other Revenue	145.5	98.8	22.9	23.9	\$ 15.7
11	Total Revenue @ Existing Rates	8,357.4	9,050.6	9,292.0	9,793.2	
12	Revenue Deficiency / (Surplus)	<u>(0.1)</u>	<u>(0.0)</u>	<u>1,232.8</u>	<u>1,018.2</u>	
13	Total Revenue Requirement	<u>\$ 8,357.3</u>	<u>\$ 9,050.6</u>	<u>\$ 10,524.8</u>	<u>\$ 10,811.4</u>	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**S 8.1**

**UTILITY INCOME**

<u>LINE</u>	<u>2002 Actual / Normalized</u>	<u>2003 Outlook</u>	<u>2004 Forecast</u>	<u>2005 Forecast</u>	<u>Reference</u>
1 Energy Sales - GJ - Normalized Actuals	690,869	699,173	723,958	763,633	S 15.1
True up to Negotiated Settlement					
Energy Sales - GJ - Negotiated Settlement					
2 Propane Sales Revenue @ Existing Rates	\$ 8,211.9	\$ 8,951.8	\$ 9,269.1	\$ 9,769.3	S 15.4
3 Cost of Sales	5,483.9	6,271.5	7,525.9	7,780.0	S 16.1
4 Gross Margin	2,728.0	2,680.3	1,743.2	1,989.3	
Margin Deferral - per Negotiated Settlement	124.8	80.3	-	-	S 13.1 / S 15.7
5 Other Revenue @ Existing Rates	20.7	18.5	22.9	23.9	S 15.7
6 Net Utility Revenue	<u>\$ 2,873.5</u>	<u>\$ 2,779.1</u>	<u>\$ 1,766.1</u>	<u>\$ 2,013.2</u>	
7 Expenses					
8 Direct Operating and Maintenance	\$ 540.0	\$ 603.7	\$ 576.6	\$ 588.7	S 17.1
9 Shared Service Cost Allocation	212.6	216.2	220.5	224.7	S 17.1
10 Municipal Taxes	271.5	288.5	270.8	284.7	S 19.7 - S 19.8
11 Depreciation	438.3	466.1	475.7	490.8	S 10.6 - S 10.7
Amortization - Deferred Charges					
12 Interest Rate Differential 2001	(8.4)	(20.9)			S 13.1
13 Interest Rate Differential 2002	-	(218.6)			S 13.1
Interest Rate Differential 2003			(38.3)		S 13.2
14 Property Tax Differential	-	(15.6)	(3.1)		S 13.1 / S 13.2
Gas Cost Reconciliation Account	(185.6)				S 13.1
15 BC Rail Strike - Freight	5.1				S 13.1
16 Sales Margin Differential	-	76.8	51.0		S 13.1 / S 13.2
17 2002 Whistler Application	11.7				S 13.1
18 B.C. Capital Tax Differential	(5.1)				S 13.1
19 2003 Whistler Application		12.7			S 13.1
20 2004 / 05 Whistler Application			6.6	6.5	S 13.2
21 Demand Side Management			14.3	14.3	S 13.2
20 Banner CIS Development Costs	4.1	4.1	4.1	4.1	S 13.3
22 Total Expenses	<u>1,284.2</u>	<u>1,413.0</u>	<u>1,578.2</u>	<u>1,613.8</u>	
23 Utility Income Before Income Taxes	1,589.3	1,366.1	187.9	399.4	
24 Total Tax Expense	267.4	251.2	33.6	29.4	S 19.1 & S 19.6
25 Net Utility Income	<u>\$ 1,321.9</u>	<u>\$ 1,114.9</u>	<u>\$ 154.3</u>	<u>\$ 370.0</u>	
26 Mid - Year Rate Base	<u>\$ 16,782.9</u>	<u>\$ 16,950.7</u>	<u>\$ 16,777.0</u>	<u>\$ 16,788.4</u>	S 9.1
27 Earned Return Percentage on Mid-Year Rate Base	7.88%	6.58%	0.92%	2.20%	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**S 9.1**

**RATE BASE**

Line		2002 Actual Normalized	2003 Outlook	2004 Forecast	2005 Forecast	Reference
<b>GROSS PLANT IN SERVICE</b>						
1	Beginning of Year	\$ 16,708.4	\$ 17,879.0	\$ 18,343.6	\$ 18,795.5	S 10.2 - S 10.5
2	End of Year	17,879.0	18,343.6	18,795.5	19,210.8	S 10.2 - S 10.5
3	Average Mid-Year Balance	17,293.7	18,111.3	18,569.6	19,003.2	
4	Adjustment for deferred balances added to GPIS as at January 1	314.1	-	-	-	
5	Adjusted Average Balance	17,607.8	18,111.3	18,569.6	19,003.2	
<b>ACCUMULATED DEPRECIATION</b>						
6	Beginning of Year	(1,810.9)	(2,217.2)	(2,652.5)	(3,100.4)	S 10.6 / S 10.7
7	End of Year	(2,217.2)	(2,652.5)	(3,100)	(3,537.6)	S 10.6 / S 10.7
8	Average Mid-Year Balance	(2,014.1)	(2,434.9)	(2,876.5)	(3,319.0)	
9	NET MID-YEAR PLANT IN SERVICE	15,593.8	15,676.5	15,693.1	15,684.2	
10	MID-YEAR ALLOCATED COMMON PLANT	104.3	104.3	104.3	104.3	
11	WORKING CAPITAL	1,084.8	1,169.9	979.6	999.9	S 12.1
12	MID-YEAR RATE BASE	\$ 16,782.9	\$ 16,950.7	\$ 16,777.0	\$ 16,788.4	
<div style="display: flex; justify-content: space-between;"> <div>2002 Approved System Expansion Capital Expend.</div> <div>2003 Approved System Expansion Capital Expend.</div> <div>2004 Approved System Expansion Capital Expend.</div> <div>2005 Approved System Expansion Capital Expend.</div> </div>						
13	Total Actual Expenditures:	\$ 628.2	\$ -	\$ -	\$ -	
14	Included in Mid Year Gross Plant in Service	314.1	-	-	-	
15	Adjustment to Rate Base for January 1 inclusion in GPIS	\$ 314.1	\$ -	\$ -	\$ -	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**S 12.1**

**WORKING CAPITAL**

<u>LINE</u>	<u>2002 Actual Normalized</u>	<u>2003 Outlook</u>	<u>2004 Forecast</u>	<u>2005 Forecast</u>	<u>Reference</u>
1 Cash Working Capital	\$ 101.6	\$ 109.6	\$ 98.6	\$ 100.6	S 12.2
2 Inventory - Materials & Services	37.1	32.9	36.4	37.8	S 12.3 / S 12.4
3 Propane Inventory & Fort Saskatchewan Storage	690.1	926.7	772.7	876.3	S 12.3 / S 12.4
4 Refundable Contributions	(19.6)	(52.5)	(25.6)	(2.5)	S 12.3 / S 12.4
5 Customer Security Deposits	(18.9)	(12.1)	(12.1)	(12.1)	S 12.3 / S 12.4
6 Allowance for Doubtful Accounts - BOY	21.7	26.0	20.0	26.0	
7 Allowance for Doubtful Accounts - EOY	(26.0)	(20.0)	(26.0)	(26.0)	
8 Employee Withholdings	(3.4)	(3.5)	(3.4)	(3.5)	S 12.3 / S 12.4
7 Sub-Total	782.6	1,007.1	860.6	996.6	
8 Mid-Year Deferred Items (After Tax)					
9 Interest Rate Differential 2001	(25.1)	(10.5)			S 13.1
10 Interest Rate Differential 2002	(109.3)	(109.3)	-	-	S 13.1
11 Interest Rate Differential 2003		(19.2)	(19.2)		S 13.1 / S 13.2
12 Property Tax Differential	(7.8)	(9.3)	(1.5)	-	S 13.1 / S 13.2
13 Gas Cost Reconciliation Account	401.4	228.9	89.4	-	S 13.1 / S 13.2
14 BC Rail Strike - Freight	2.6				S 13.1
15 Sales Margin Differential	38.4	63.9	25.5	-	S 13.1 / S 13.2
16 2002 Whistler Application	4.8				S 13.1
17 2003 Whistler Application		4.0			S 13.1
18 Deferred Whistler Application '04 / '05			3.3	3.3	S 13.2
19 Demand Side Management		14.3	21.5		S 13.1 / S 13.2
20 B.C. Capital Tax Differential	(2.8)				S 13.1
21					
22 Total Deferred Items	302.2	162.8	119.0	3.3	S 13.1 / S 13.2
23 Total Working Capital Requirements	\$ 1,084.8	\$ 1,169.9	\$ 979.6	\$ 999.9	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**\$ 12.2**

**CASH WORKING CAPITAL**

<u>LINE</u>	<u>Net Lag</u>	<u>2002 Actual Normalized</u>	<u>2003 Outlook</u>	<u>2004 Forecast</u>	<u>2005 Forecast</u>	<u>Reference</u>
<b>AMOUNT PAID / ACCRUED</b>						
1 Cost of Gas	1.5	\$ 5,483.9	\$ 6,271.5	\$ 7,525.9	\$ 7,780.0	\$ 16.1
2 OM&A	29.1	752.6	819.9	797.1	813.4	\$ 17.1
3 Municipal Taxes	41.5	246.2	283.6	270.8	284.7	\$ 19.7 / \$ 19.8
4 Provincial Sales Tax (PST)	(20.3)	387.0	505.8	519.1	553.3	
5 Income Tax and Large Corporation Tax	20.1	249.0	251.2	33.6	29.4	\$ 19.1 / .2 & .6
6 BC Capital Tax	(31.6)	18.4	-	-	-	\$ 19.6
7 Goods and Services Tax (GST)	0.3	655.2	633.5	650.4	685.5	
<b>AMOUNT REQUIRED (Total adjusted for lead/lag days)</b>						
8 Cost of Gas		\$ 22.5	\$ 25.8	\$ 30.9	\$ 32.0	
9 OM&A		60.0	65.4	63.5	64.8	
10 Municipal Taxes		28.0	32.2	30.8	32.4	
11 Provincial Sales Tax (PST)		(21.5)	(28.1)	(28.9)	(30.8)	
12 Income Taxes		13.7	13.8	1.8	1.6	
13 BC Capital Tax		(1.6)	-	-	-	
14 Goods and Services Tax (GST)		0.5	0.5	0.5	0.6	
15 Total Cash Working Capital		<u>\$ 101.6</u>	<u>\$ 109.6</u>	<u>\$ 98.6</u>	<u>\$ 100.6</u>	

\$ 13.2

TERASEN GAS (WHISTLER) INC.  
2004 / 05 REVENUE REQUIREMENT APPLICATION  
RATE BASE  
DEFERRED COSTS - SUMMARY  
(After Tax)

**2004 FORECAST**

Line	Deferred Item	2003 Ending Balance	Adjustment	Forecast 2004 Gross Additions/ (Deductions)	Less Taxes	2004 Net Additions	2004 Amortization Expense	2004 Amortization Other	2004 Ending Balance	2004 Mid-Year Balance
1	Deferred Whistler Application '04 / '05	\$ -		\$ 20.0	\$ (6.9)	\$ 13.1	\$ 6.6		\$ 6.5	\$ 3.3
2		0.0			-	-	-		-	-
3	Property Tax Differential	(3.1)			-	-	(3.1)		0.0	(1.5)
3	Gas Cost Reconciliation Account	178.8		(273.0)	94.2	(178.8)	-		0.0	89.4
4	Sales Margin Differential	51.0			-	-	51.0		-	25.5
5	Interest Rate Differential 2003	(38.3)			-	-	(38.3)		-	(19.2)
6	Demand Side Management	28.6					14.3		14.3	21.5
7	Total Deferred Items	\$ 217.0	\$ -	\$ (253.0)	\$ 87.3	\$ (165.7)	\$ 30.5	\$ -	\$ 20.8	\$ 119.0

**2005 FORECAST**

Line	Deferred Item	2004 Ending Balance	Adjustment	Forecast 2005 Gross Additions/ (Deductions)	Less Taxes	2005 Net Additions	2005 Amortization Expense	2005 Amortization Other	2005 Ending Balance	2005 Mid-Year Balance
1	Deferred Whistler Application '04 / '05	\$ 6.5		\$ -	\$ -	\$ -	\$ 6.5		\$ -	\$ 3.3
2	Property Tax Differential	0.0			-	-	-		0.0	-
3	Gas Cost Reconciliation Account	0.0			-	-	-		0.0	-
4	Sales Margin Differential	0.0			-	-	-		0.0	-
	Demand Side Management	14.3			-	-	14.3		0.0	7.2
5	Total Deferred Items	\$ 20.8	\$ -	\$ -	\$ -	\$ -	\$ 20.8	\$ -	\$ 0.0	\$ 10.5

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**\$ 14.1**  
**Revised ROE 9.75%**

**COST OF CAPITAL**

Line		Capitalization		Embedded Cost	Cost Component	Earned Return	Annual Annual Interest Cost
<b>2005 Forecast @ Proposed</b>							
1	Long Term Debt	8,000.0	47.65%	5.100%	2.43%	\$ 408.0	\$ 408.0
2	Short Term Debt	2,912.4	17.35%	4.000%	0.69%	116.5	116.5
3	Equity	5,875.9	35.00%	9.750%	3.41%	572.9	
4	Mid-Year Rate Base	\$ 16,788.4	100.00%		6.54%	\$ 1,097.4	\$ 524.5
<b>2005 Forecast @ Existing</b>							
5	Long Term Debt	8,000.0	47.65%	5.100%	2.43%	\$ 408.0	\$ 408.0
6	Short Term Debt	2,912.4	17.35%	4.000%	0.69%	116.5	116.5
7	Equity	5,875.9	35.00%	-2.629%	-0.92%	(154.5)	
8	Mid-Year Rate Base	\$ 16,788.4	100.00%		2.20%	\$ 370.0	\$ 524.5
<b>2004 Forecast @ Proposed</b>							
9	Long Term Debt	\$ 8,000.0	47.68%	5.100%	2.43%	\$ 408.0	\$ 408.0
10	Short Term Debt	2,905.1	17.32%	4.000%	0.69%	116.2	116.2
11	Equity	5,872.0	35.00%	9.750%	3.41%	572.5	
12	Mid-Year Rate Base	\$ 16,777.0	100.00%		6.54%	\$ 1,096.7	\$ 524.2
<b>2004 Forecast @ Existing</b>							
13	Long Term Debt	\$ 8,000.0	47.68%	5.100%	2.43%	\$ 408.0	\$ 408.0
14	Short Term Debt	2,905.1	17.32%	4.00%	0.69%	116.2	116.2
15	Equity	5,872.0	35.00%	-6.299%	-2.20%	(369.9)	
16	Mid-Year Rate Base	\$ 16,777.0	100.00%		0.92%	\$ 154.3	\$ 524.2
<b>2003 Outlook</b>							
17	Debt	\$ 11,017.9	65.00%	4.700%	3.06%	\$ 517.8	\$ 517.8
18	Equity	5,932.7	35.00%	10.064%	3.52%	597.1	
19	Mid-Year Rate Base	\$ 16,950.7	100.00%		6.58%	\$ 1,114.9	\$ 517.8
<b>2002 Actual Normalized</b>							
20	Debt	\$ 10,908.9	65.00%	6.585%	4.28%	\$ 718.3	\$ 718.3
21	Equity	5,874.0	35.00%	10.274%	3.60%	603.5	
22	Mid-Year Rate Base	\$ 16,782.9	100.00%		7.88%	\$ 1,321.8	\$ 718.3





TERASEN GAS (WHISTLER) INC.  
2004 / 05 REVENUE REQUIREMENT APPLICATION

\$ 153

ENERGY SALES - GJ 2004

Forecast

LINE		Forecast												TOTAL
		JAN	FEB.	MAR	APR	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	
RESIDENTIAL														
1	No. of Customers	1,919	1,920	1,921	1,919	1,916	1,916	1,915	1,915	1,919	1,925	1,932	1,939	1,924
2	Use per Customer - GJ	13.67	11.75	11.19	7.94	4.97	3.31	2.30	2.31	3.39	6.13	9.67	13.60	90.24
3	TOTAL RESIDENTIAL - GJ	26,235	22,555	21,501	15,228	9,524	6,347	4,402	4,424	6,468	11,808	18,692	26,367	173,591
COMMERCIAL														
4	No. of Customers	311	311	311	311	311	311	311	311	312	314	319	323	314
5	Use per Customer - GJ	122.70	109.19	105.18	79.89	54.66	40.86	39.60	39.71	41.40	60.62	88.78	119.05	981.64
6	TOTAL COMMERCIAL -GJ	38,159	33,957	32,711	24,847	16,999	12,709	12,315	12,349	12,918	19,034	28,321	38,453	282,772
LARGE COMMERCIAL														
7	No. of Customers	20	20	20	20	20	20	20	20	20	20	20	20	20
8	Use per Customer - GJ	1,537.2	1,376.20	1,333.25	1,128.45	954.20	812.25	705.55	705.55	813.35	1,131.30	1,345.50	1,539.00	13,379.75
9	TOTAL LARGE COMMERCIAL - GJ	30,743	27,524	26,665	22,529	19,084	16,245	14,111	14,111	16,267	22,526	26,910	30,780	267,585
10	TOTAL ENERGY SALES - GJ	95,137	84,046	80,877	62,604	45,607	35,301	30,828	30,884	35,683	53,468	73,923	95,600	724,958

TERASEN GAS (WHISTLER) INC.  
2004 / 05 REVENUE REQUIREMENT APPLICATION

ENERGY SALES - GJ 2005

Forecast

LINE		Forecast												TOTAL
		JAN	FEB.	MAR	APR	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	
RESIDENTIAL														
1	No. of Customers	1,939	1,940	1,941	1,941	1,942	1,944	1,945	1,947	1,953	1,960	1,967	2,018	1,959
2	Use per Customer - GJ	13.76	11.83	11.26	7.98	4.99	3.32	2.30	2.31	3.38	6.12	9.63	13.48	90.36
3	TOTAL RESIDENTIAL - GJ	26,675	22,944	21,862	15,485	9,695	6,454	4,479	4,500	6,608	12,000	19,128	27,265	177,023
COMMERCIAL														
4	No. of Customers	323	324	324	324	324	324	324	324	325	327	331	335	326
5	Use per Customer - GJ	122.19	109.58	105.55	80.16	54.83	40.98	39.68	39.78	41.52	60.83	88.43	118.59	902.13
6	TOTAL COMMERCIAL - GJ	39,467	35,505	34,199	25,972	17,765	13,277	12,855	12,880	13,465	19,893	29,270	39,727	294,315
LARGE COMMERCIAL														
7	No. of Customers	20	20	20	20	20	20	20	20	20	20	20	20	20
8	Use per Customer - GJ	1,746.2	1,544.80	1,491.05	1,232.25	1,016.65	839.05	705.55	705.55	840.50	1,238.35	1,506.35	1,748.50	14,614.75
9	TOTAL LARGE COMMERCIAL - GJ	34,923	30,896	29,821	24,645	20,333	16,781	14,111	14,111	16,810	24,767	30,127	34,970	282,256
10	TOTAL ENERGY SALES - GJ	101,065	89,345	85,882	66,102	47,763	36,512	31,445	31,501	36,913	56,680	78,523	101,902	763,633

TERASEN GAS (WHISTLER) INC.  
2004 / 05 REVENUE REQUIREMENT APPLICATION

\$ 16.3

COST OF GAS - 2004 FORECAST

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total
1 Sales Volumes (GJ)	95,137	84,046	80,877	62,604	45,607	35,301	30,828	30,884	35,683	53,468	73,923	95,600	723,958
2 UAF	3,446	3,045	2,930	2,288	1,652	1,279	1,117	1,119	1,293	1,937	2,678	3,463	26,227
3 Purchase Volumes (GJ)	98,583	87,091	83,807	64,872	47,259	36,580	31,945	32,003	36,976	55,405	76,601	99,063	750,185
4 Forecast Unit Cost of Gas	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
5 Forecast Cost of Gas (\$)	\$ 985.8	\$ 870.9	\$ 838.1	\$ 648.7	\$ 472.6	\$ 365.8	\$ 319.5	\$ 319.9	\$ 369.8	\$ 554.1	\$ 766.0	\$ 990.6	\$ 7,501.8
6 Gas Supply O&M (\$)	3.2	1.8	1.8	1.9	1.8	1.6	2.9	1.9	1.8	1.7	1.8	1.9	24.1
7 Total Cost of Gas (\$)	\$ 989.0	\$ 872.7	\$ 839.9	\$ 650.6	\$ 474.4	\$ 367.4	\$ 322.4	\$ 321.8	\$ 371.6	\$ 555.8	\$ 767.8	\$ 992.5	\$ 7,525.9
8 Less Cost of Propane Incurred													7,525.9
9 Rider A Recovery													(272.1)
10 Gas Cost Variance Addition													\$ -
11 Sales Volumes (GJ)	95,137	84,046	80,877	62,604	45,607	35,301	30,828	30,884	35,683	53,468	73,923	95,600	723,958
12 Rider A Rate / GJ	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376	\$0.376
13 Gas Cost Variance Account Recovery	\$ 35.8	\$ 31.6	\$ 30.4	\$ 23.5	\$ 17.1	\$ 13.3	\$ 11.6	\$ 11.6	\$ 13.4	\$ 20.1	\$ 27.8	\$ 35.9	\$ 272.1

COST OF GAS - 2005 FORECAST

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Total
1 Sales Volumes (GJ)	101,065	89,245	85,882	66,102	47,783	36,512	31,445	31,501	36,913	56,660	78,523	101,902	763,633
2 UAF	3,661	3,237	3,111	2,395	1,731	1,323	1,139	1,141	1,337	2,053	2,845	3,692	27,665
3 Purchase Volumes (GJ)	104,726	92,582	88,993	68,497	49,514	37,835	32,584	32,642	38,250	58,713	81,368	105,594	791,298
4 Forecast Unit Cost of Gas	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801	\$ 9,801
5 Forecast Cost of Gas (\$)	\$ 1,026.4	\$ 907.4	\$ 872.2	\$ 671.3	\$ 485.3	\$ 370.8	\$ 319.4	\$ 319.9	\$ 374.9	\$ 575.4	\$ 797.5	\$ 1,034.9	\$ 7,755.4
6 Gas Supply O&M (\$) (allocated from Centra BC at prev year + CPI)	1.9%	3.3	1.8	1.8	1.9	1.7	3.0	1.9	1.8	1.8	1.9	1.9	24.6
7 Total Cost of Gas (\$)	\$ 1,029.7	\$ 909.2	\$ 874.0	\$ 673.2	\$ 487.1	\$ 372.5	\$ 322.4	\$ 321.8	\$ 376.7	\$ 577.2	\$ 799.4	\$ 1,036.8	\$ 7,780.0

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**\$ 17.1**

**DIRECT & ALLOCATED COMMON OPERATING & MAINTENANCE EXPENSES - SUMMARY**

<u>LINE</u>		<u>2002</u> <u>Actual</u> <u>Normalized</u>	<u>2003</u> <u>Outlook</u>	<u>2004</u> <u>Actual</u>	<u>2005</u> <u>Forecast</u>	<u>Reference</u>
	<b>GROSS DIRECT EXPENSES</b>					
	Operations					
1	Manufactured Gas Production	\$ 184.6	\$ 201.1	\$ 211.0	\$ 217.1	\$17.2
2	Transmission	-	0.2	0.5	0.5	\$17.2
3	Distribution	285.6	304.2	269.2	277.9	\$17.2
4	General Operation	7.3	16.9	17.5	17.9	\$17.2
5	Total Operations	477.5	522.4	498.2	513.4	
6	General and Administration					
7	Sales Promotion	-	-	-	-	\$17.3
8	Customer Accounting	26.5	27.4	29.3	29.9	\$17.3
9	Administration and General	92.7	108.3	114.6	116.6	\$17.3
10	Total General and Administration	119.2	135.7	143.9	146.5	
11	Maintenance					
12	Manufactured Gas Production	19.5	31.2	20.1	20.5	\$17.4
13	Transmission	-	2.2	4.9	5.0	\$17.4
14	Distribution	10.1	7.1	11.3	11.5	\$17.4
15	Total Maintenance	29.6	40.5	36.3	37.0	
16	Gross Direct Expenses	626.3	698.6	678.4	696.9	
17	Negotiated Settlement Reduction	-		12.4	16.4	
18	Total Gross Direct Expenses	626.3	698.6	666.0	680.5	
17	LESS: Direct Capitalization	86.3	94.9	89.4	91.8	
18	Total Net Direct Expenses	540.0	603.7	576.6	588.7	
19	Total Net Allocated Common Expenses	212.6	216.2	220.5	224.7	
20	TOTAL NET O & M	\$ 752.6	\$ 819.9	\$ 797.1	\$ 813.4	
21	Average Number of Customers	2,076	2,194	2,257	2,305	\$15.1
22	Average Direct Cost per Customer	\$ 260	\$ 275	\$ 255	\$ 255	
23	Average Allocated Common Costs per Customer	\$ 102	\$ 99	\$ 98	\$ 97	
24	Average Total O&M Cost per Customer	\$ 363	\$ 374	\$ 353	\$ 353	

**TERASEN GAS (WHISTLER) INC.**  
**2004 / 05 REVENUE REQUIREMENT APPLICATION**

**\$ 19.2**  
**Revised ROE 9.75%**

**INCOME TAXES @ PROPOSED RATES**

<u>Line</u>	<u>2004 Forecast Existing</u>	<u>2005 Forecast Proposed</u>	<u>Reference</u>
1 Proposed Earned Return After Tax	\$ 1,096.7	\$ 1,097.4	\$ 14.1
2 Less Financial Expenses	524.2	524.5	\$ 14.1
3 Accounting Income After Tax	572.5	572.9	
ADD:			
4 Depreciation	475.7	490.8	\$ 10.6 / \$ 10.7
5 Amortization of Deferreds (Tax Adjusted):			
6 Interest Rate Differential 2001	-	-	\$ 13.1
7 Interest Rate Differential 2002	-	-	\$ 13.1
8 Interest Rate Differential 2003	(38.3)	-	\$ 13.2
9 Property Tax Differential	(3.1)	-	\$ 13.1 / \$ 13.2
10 Gas Cost Reconciliation Account	-	-	\$ 13.1
11 BC Rail Strike - freight	-	-	\$ 13.1
12 Sales Margin Differential	51.0	-	\$ 13.2
13 2004 / 05 Whistler Application	6.6	6.5	\$ 13.2
14 B.C. Capital Tax Differential	-	-	\$ 13.1
15 Demand Side Management	14.3	14.3	\$ 13.2
16 Banner CIS Development Costs	4.1	4.1	\$ 13.3
17 Meals and Entertainment	2.0	2.0	
18 Large Corporations Tax	33.6	29.4	\$ 19.6
19 Total Additions	545.9	547.1	
DEDUCT:			
20 Capital Cost Allowance	520.0	520.9	\$ 19.3 - \$ 19.5
21 CCA Loss Carryforward Taken			
22 Admin. O/H Capitalized - current year	45.0	45.0	\$ 19.3 - \$ 19.5
23 CEC	2.0	2.1	\$ 19.3 - \$ 19.5
24 AFUDC			
Deferred Debits/(Credits):			
25 Regulatory Costs	-	-	
26 South Plant Trucking	-	-	
27 Interest Rate Differential	-	-	
28 Freight Start Up	-	-	
29 Rider A	-	-	
30 Earnings/Rider Adjustment	-	-	
31 Gas Cost Differential	-	-	
32 Banner CIS Development Costs	-	-	
Total Deductions	567.0	568.0	
33 Taxable Income After Tax	\$ 551.4	\$ 552.0	
34 Tax Gross Up (1 minus effective tax rate)	65.50%	65.50%	
35 Taxable Income	\$ 841.8	\$ 842.7	
	<u>Forecast 2004</u>	<u>Forecast 2005</u>	
36 Gross Federal Tax	28.00%	28.00%	\$ 235.7 \$ 236.0
37 Reduction to Federal Tax	7.00%	7.00%	58.9 59.0
38 Net Federal Tax	21.00%	21.00%	176.8 177.0
39 Federal Surcharge on Gross Federal Tax	4.00%	4.00%	9.4 9.4
40 Provincial Tax	13.50%	13.50%	113.6 113.8
41 Income Tax Expense			299.8 300.2
42 Federal Surcharge Reduced by LCT			(9.4) (9.4)
43 Income Tax Expense			\$ 290.4 \$ 290.8
44 Effective Tax Rate			34.50% 34.50%

Terasen Gas Whistler Inc.  
2004 / 5 Revenue Requirements Application  
Questions from Intervenors for Proposed Negotiated Settlement  
On January 8, 2004

Item 5- I thought all deferral accounts were to be written off over 2 years, but the draft show the margin deferral account over 1 year?

The IR #1 response from TGW demonstrated that a 3 year rolling average would attract more carrying charges and contribute to a higher amortization amount. The Commission staff agreed that a one year write off was in the best interests of customers and intervenors did not object during the negotiations.

Item 3- I thought that rider A was agreed at \$0.376 not 0.377, not a deal breaker but a point of clarification.

As per the 2004/2005 Revenue Requirements application filed by Terasen Gas Whistler the rider 'A' rate was \$0.376 not \$0.377. The correct rate of \$0.376 will be noted on the proposed settlement to the Commission.

Item 2- it is disappointing to see Terasen us the maximum of \$10.00 for rate setting purposes when there was a distinct desire by the intervenors and BCUC to use \$9.70. This is compounded by the fact that we, as intervenors, agreed on a rate in April 2003 and then in July 2003 the rider A was allowed to increase 4 fold and now it decreases 6 fold! The reason we set up the deferral account was to strive for rate stability particularly when the propane commodity cost goes on a roller coaster ride. Now with the low balance in the account I would like to see it used, if necessary, it could have been used instead of increasing the rider increase in July, if could be used here instead of increasing from \$12.522 to \$14.225. While this is my preference I will accept the settlement subject to the BCUC concurrence of the above clarifications and the \$14.225 as this actual number was not agreed on just the % reduction

The Commission staff did indicate the commodity rate confirmed the day before the Negotiated Settlement was about \$9.70 to \$9.73. The proposed rate from TGW of \$10.50 at the Negotiated Settlement was indicated to be too high. The Commission staff would prefer TGW to use the commodity cost in the range of \$9.70 to \$10.00 but would allow TGW to raise the commodity cost up to a ceiling of \$10 if necessary to offset the revenue requirements from the monthly fixed rate remaining at \$7.50 and to recognize the potential of higher propane costs. The combined sales rate and the Rider 'A' must provide a decrease in the overall rate of 2.3% as per the 2004/5 Revenue Requirements application to zero percent in 2004. There is to be no rate increase.

Based on this agreement TGW has adjusted the rate as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Sales rate	\$12.522	\$14.225	\$13.855
Rider 'A'	\$ 2.493	\$ 0.376	\$ 00
Total Combined Rate	\$15.015	\$14.601	\$13.855

The commodity portion of the rate decreases by 2.75% and the bill of a typical residential customer will be 2.6% less than in the application. With the higher propane costs there is a better ability to avoid a rate increase if propane prices spike and there will be lower rates in future if propane prices stay in the range of \$9.70 / GJ.

Terasen Whistler

Page 1 of 1

**Kwok, Fong Y BCUC:EX**

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**From:** Ken Derpak (WB) [kderpak@intrawest.com]  
**Sent:** Friday, January 23, 2004 9:16 AM  
**To:** Grant, Bill J BCUC:EX; Joe Paul (jpaul@whistler.ca)  
**Cc:** Kwok, Fong Y BCUC:EX; McKinlay, Barry BCUC:EX; Thomson (Thomson)  
**Subject:** RE: Terasen Whistler  
**Importance:** High

agreed, thanks

-----Original Message-----

**From:** Grant, Bill J BCUC:EX [mailto:bill.grant@bcuc.com]  
**Sent:** Thursday, January 22, 2004 10:12 AM  
**To:** Ken Derpak (WB); Joe Paul (jpaul@whistler.ca)  
**Cc:** Kwok, Fong Y BCUC:EX; McKinlay, Barry BCUC:EX; Thomson (Thomson)  
**Subject:** Terasen Whistler

<<Intervenors Comment.doc>>

Hi Ken and Joe. The attachment explains the questions raised by Ken and endorsed by Joe. Since the use of the \$10/GJ for propane still results in a larger decrease in rates compared to that applied for by Terasen, they have used that rate. The higher rate will help avoid an increase if current high propane costs prevail, and, in any event, the deferral account trues the forecast costs up to actual costs afterwards.

If you agree with these explanations, I would appreciate a response to that effect so that I can make the settlement public. Thanks.

1/23/2004



BCUC Log # 5081

RECEIVED

JAN 20 2004

Routing \_\_\_\_\_

1675 Douglas Street, PO Box 3777  
Victoria, B.C. V8W 3V3  
Tel: (250) 480-4300  
Fax: (250) 480-4459  
www.terasen.com

January 20, 2004

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Mr. William J. Grant, Executive Director

Dear Mr. Grant,

Re: Terasen Gas Whistler Inc Negotiated Settlement  
2004/05 Revenue Requirement Application

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Terasen Gas has reviewed the proposed Negotiated Settlement and is satisfied that it reflects the spirit and intent of the negotiations held January 8, 2004. Therefore, Terasen Gas recommends that the Negotiated Settlement package be accepted, and the resulting rates made final.

Yours truly,

TERASEN GAS (VANCOUVER ISLAND) INC.

A handwritten signature in black ink, appearing to read 'Geoffrey Higgins'.

Geoffrey Higgins  
Manager, Regulatory Affairs

cc: Ken Derpak  
Joe Paul  
Scott Thomson

FW: Terasen Gas Whistler Negotiated Settlement

Page 1 of 2

**Kwok, Fong Y BCUC:EX**

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**From:** Ken Derpak (WB) [kderpak@intrawest.com]  
**Sent:** Saturday, January 17, 2004 12:23 PM  
**To:** Kwok, Fong Y BCUC:EX  
**Cc:** 'llandry@whistler.ca'  
**Subject:** RE: Terasen Gas Whistler Negotiated Settlement

Thank you, I did receive the draft settlement via fax. I have the following comments:  
items 1,4,6,7,8,9,10,11 and 12 are accepted as presented in the draft.  
item 5- I thought all deferral accounts were to be written off over 2 years, but the draft show the margin deferral account over 1 year?  
item 3- I thought that rider A was agreed at \$0.376 not 0.377, not a deal breaker but a point of clarification.  
item 2- it is disappointing to see Terasen us the maximum of \$10.00 for rate setting purposes when there was a distinct desire by the intervenors and BCUC to use \$9.70. This is compounded by the fact that we, as intervenors, agreed on a rate in April 2003 and then in July 2003 the rider A was allowed to increase 4 fold and now it decreases 6 fold! The reason we set up the deferral account was to strive for rate stability particularly when the propane commodity cost goes on a roller coaster ride. Now with the low balance in the account I would like to see it used, if necessary, it could have been used instead of increasing the rider increase in July, if could be used here instead of increasing from \$12.522 to \$14.225. While this is my preference I will accept the settlement subject to the BCUC concurrence of the above clarifications and the \$14.225 as this actual number was not agreed on just the % reduction.  
thanks

-----Original Message-----

**From:** Kwok, Fong Y BCUC:EX [mailto:Fong.Kwok@bcuc.com]  
**Sent:** Friday, January 16, 2004 11:49 AM  
**To:** Ken Derpak (WB)  
**Subject:** FW: Terasen Gas Whistler Negotiated Settlement

-----Original Message-----

**From:** Kwok, Fong Y BCUC:EX  
**Sent:** Friday, January 16, 2004 11:47 AM  
**To:** 'kderpak@intrawest.com'  
**Cc:** Tomen, Rose BCUC:EX  
**Subject:** Terasen Gas Whistler Negotiated Settlement

Ken:

The BC Utilities Commission would like to forward to you a draft copy of the proposed Negotiated Settlement Agreement with respect to Terasen Gas Whistler 2004/2005 Revenue Requirement application. We would like your endorsement of this proposed settlement by Friday, January 23. To expedite this process, please provide your fax number to rose.tomen@bcuc.com

**Fong Kwok**  
Rates and Regulatory Affairs  
B.C. Utilities Commission  
6th Fl - 900 Howe St.

1/21/2004



Page 1 of 1

**Kwok, Fong Y BCUC:EX**

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**From:** Joe Paul [jpaul@whistler.ca]  
**Sent:** Tuesday, January 20, 2004 2:28 PM  
**To:** Kwok, Fong Y BCUC:EX  
**Cc:** kderpak@inrawest.com  
**Subject:** Terasen Gas Whistler Negotiated Settlement

I have had an opportunity to review the proposed negotiated settlement information faxed to me and the response sent to you by Mr. Derpak of Whistler/Blackcomb.

I have reviewed the information and I agree with Mr. Derpak's comments entirely.

I will accept the proposed settlement subject to the clarifications requested by Mr. Derpak.  
Thanks

Joe Paul  
Manager Development Services/  
Approving Officer  
Phone: (604) 935-8193  
Fax: (604) 935-8179



1/21/2004