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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-87-04

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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 (Vancouver Island) Inc.
for Approval of a GCVA Rate Rider for Each Rate Class effective October 1, 2004**

BEFORE:

L.F. Kelsey, Commissioner
K.L. Hall, Commissioner

September 16, 2004

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-2-03, approved a Negotiated Settlement for Terasen Gas (Vancouver Island) Inc. ("TGVI") (formerly known as Centra Gas British Columbia Inc.) on its 2003 to 2005 Forecast Revenue Requirements. The Utility was to provide to the Commission and the Registered Intervenors with quarterly reports on actual and forecast gas costs to be used for determining future customer rates; and
- B. Commission Order No. G-42-03, which approved the Centra Gas British Columbia Inc. September 2002 rate design application, accepted the soft-cap mechanism that compared the current natural gas rate level to the efficiency adjusted comparable electrical rate or the fuel oil price in order to set rate levels for each customer class; and
- C. Pursuant to the above-noted Orders TGVI filed its 2004 Third Quarter Report dated September 14, 2004 ("the Report"), which requested approval to establish Gas Cost Variance Account ("GCVA") riders for each of the sales rate classes, effective October 1, 2004; and
- D. The effect of the new GCVA riders would result in rate increases to all customer classes in the range of 6 percent to 14.10 percent as noted in the following table, subject to specific customer consumption characteristics; and

Rate Classes	RGS-1	AGS	SCS-1	SCS-2	LCS-1	LCS-2	LCS-3	HLF	ILF
Estimated Burner – Tip Increase (%)	6.00%	10.80%	5.80%	6.70%	9.40%	10.10%	10.90%	11.40%	14.10%

- E. The Commission has reviewed the Report and finds that the GCVA Rate Riders should be approved.

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NOW THEREFORE the Commission orders as follows:

1. The Commission approves for TGVI the establishment of GCVA Rate Riders, effective October 1, 2004, based on the following:

Rate Classes	RGS-1	AGS	SCS-1	SCS-2	LCS-1	LCS-2	LCS-3	HLF	ILF
GCVA Rider (\$/GJ)	\$ 0.866	\$ 0.930	\$ 0.879	\$ 0.903	\$ 0.920	\$ 0.933	\$ 0.939	\$ 0.945	\$ 0.935

2. TGVI is to file with the Commission permanent GCVA rate riders for each rate class in accordance with this Order and to notify all affected customers of the rate increase in a timely fashion.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of September 2004.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner