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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-59-04

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

and

**A Filing by Terasen Gas Inc.
regarding Natural Gas and Propane Commodity Charges
effective July 1, 2004
for the Lower Mainland, Inland, Columbia and Revelstoke Service Areas**

BEFORE: L.F. Kelsey, Commissioner)
K.L. Hall, Commissioner) June 17, 2004

O R D E R

WHEREAS:

- A. On June 7, 2004, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas") filed a 2004 Second Quarter Report on Commodity Cost Reconciliation Account ("CCRA") and Midstream Cost Reconciliation Account ("MCRA") balances and gas commodity charges effective July 1, 2004 that was based on May 31, 2004 forward gas prices; and
- B. On June 9, 2004, Terasen Gas replaced the June 7 filing with a Revised 2004 Second Quarter Report that provided information using forward gas prices from June 7, 2004 (the "Revised 2004 Second Quarter Report"); and
- C. The Revised 2004 Second Quarter Report forecast that commodity cost recoveries at current rates would be 92.9 percent of costs for the next 12 months, and requested an increase in Commodity Cost Recovery Charges for natural gas customers effective July 1, 2004; and
- D. The requested rate increase would increase the Commodity Cost Recovery Charges for residential customers by \$0.487 per gigajoule to \$7.005 per gigajoule, a 7.5 percent increase. The annual bill for a typical residential customer will increase by approximately 4.3 percent; and
- E. Terasen Gas proposed no changes to the Midstream Cost Recovery Charges. Terasen Gas projects that the MCRA will have a \$13 million deficit balance as of November 1, 2004 and a \$1 million credit balance as of January 1, 2005 when Midstream Cost Recovery Charges will be reset; and
- F. On June 8, 2004, Terasen Gas filed a 2004 Second Quarter Report on the status of the Revelstoke Propane Cost Deferral Account, which forecast that propane commodity revenue at current rates will be 90.7 percent of costs over the next 12 months; and
- G. To recover the forecast increase in the propane cost and a projected \$76,455 debit balance in the Revelstoke Propane Cost Deferral Account at June 30, 2004, Terasen Gas requested an increase in the propane reference

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prices from \$0.2358 per litre to \$0.2600 per litre and a corresponding increase of \$0.973 per gigajoule in Revelstoke customer rates, effective July 1, 2004; and

- H. The requested rate change will increase the annual bill of a typical residential customer in Revelstoke by approximately 6.7 percent; and
- I. The Commission concludes that the requested increases to Commodity Cost Recovery Charges for natural gas customers and the requested changes to Revelstoke propane rates should be approved.

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

1. Commodity Cost Recovery Charges for natural gas customers will increase effective July 1, 2004 to the amounts set out in Terasen Gas' Revised 2004 Second Quarter Report that were determined using June 7, 2004 forward gas prices.
2. The propane reference price for the Revelstoke Propane Cost Deferral Account will increase from \$0.2358 per litre to \$0.2600 per litre and rates for Revelstoke propane customer rates will increase by \$0.973 per gigajoule, effective July 1, 2004.
3. Terasen Gas will notify all customers that are affected by these rate changes in a timely fashion.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of June 2004.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner