

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-44-04

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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 Gas Commodity Charges
effective May 1, 2004
for the Lower Mainland, Inland and Columbia Service Areas**

BEFORE: L.F. Kelsey, Commissioner) April 22, 2004
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On April 8, 2004, pursuant to Commission Order No. G-25-04, Terasen Gas Inc. ("Terasen Gas") filed a quarterly report on Commodity Cost Reconciliation Account ("CCRA") and Midstream Cost Reconciliation Account ("MCRA") balances and gas commodity charges effective May 1, 2004 that was based on March 25, 2004 forward gas prices; and
- B. On April 19, 2004, Terasen Gas replaced the April 8th filing with a report that provided information using forward gas prices from March 25, 2004 and April 15, 2004; and
- C. In its April 19th filing, Terasen Gas requested that no changes be made to gas commodity charges effective May 1, 2004. If the Commission determines that an increase to Commodity Cost Recovery Charges is required, Terasen Gas recommended that offsetting reductions be made to Midstream Cost Recovery Charges so that the combined rates do not change during the transitional period while the Commercial Commodity Unbundling program is being implemented; and
- D. Forward gas prices are extremely volatile, and as of April 19, 2004 are approximately midway between the forward gas prices of March 25, 2004 and April 15, 2004. Using April 19, 2004 forward gas prices, Terasen Gas projects that the ratio of Commodity Cost Recovery Charge revenue to commodity costs for the following 12 months will be outside the plus or minus 5 percent no-rate-change band in the Guidelines that were established by Commission Letter No. L-5-01; and
- E. Commission Order No. G-25-04 approved the Terasen Gas request that any balance in the CCRA at October 31, 2004 will be transferred to the MCRA; and
- F. Using April 19, 2004 forward gas prices, Terasen Gas forecasts that the combined CCRA and MCRA balance at December 31, 2004 will be debit of \$14 million; and

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G. The Commission concludes that increases to Commodity Cost Recovery Charges and offsetting reductions to Midstream Cost Recovery Charges 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 will increase to the levels determined using April 19, 2004 forward gas prices, effective May 1, 2004.
2. Midstream Cost Recovery Charges will reduce by offsetting amounts effective May 1, 2004, so that the total of the Commodity Cost Recovery Charges and the Midstream Cost Recovery Charge for each rate class will continue to be equal to the Gas Cost Recovery Charge that was effective January 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 22nd day of April 2004.

BY ORDER

Original signed by:

Len F. Kelsey
Commissioner