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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-86-04

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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 a Propane Cost Increase to Rider A
effective October 1, 2004**

BEFORE: L.F. Kelsey, Commissioner
K.L. Hall, Commissioner September 16, 2004

O R D E R

WHEREAS:

- A. Commission Order No. G-14-04 approved a Settlement Agreement for the 2004 and 2005 Revenue Requirements of Terasen Gas (Whistler) Inc. ("Terasen Whistler"); and
- B. The Settlement Agreement established a Propane Commodity Charge of \$14.225 per gigajoule for 2004, which included a Commodity Cost of Propane of \$10.00 per gigajoule. The Propane Commodity Charge and Commodity Cost of Propane in the Settlement Agreement for 2005 are \$13.855 and \$9.801 per gigajoule, respectively; and
- C. The Settlement Agreement also included a Rider A of \$0.376 per gigajoule to recover in 2004 the projected debit balance at the end of 2003 in the Gas Cost Variance Account ("GCVA") of \$178,800 after tax. The actual after-tax GCVA debit balance at the end of 2003 was \$326,696, and the projected balance at the end of September 2004 is \$343,000; and
- D. The Settlement Agreement stated that Terasen Whistler will continue to review the cost of propane quarterly, and will file applications for changes to Rider A as needed; and
- E. Commission Order No. G-62-04 approved a \$1.118 per gigajoule increase in Rider A to \$1.494 per gigajoule effective July 1, 2004; and
- F. On September 8, 2004, Terasen Whistler requested a Rider A increase of \$1.616 per gigajoule to \$3.110 per gigajoule effective October 1, 2004 ("the Application"). The rate increase would increase the annual bill for a typical residential customer by approximately 9.7 percent; and
- G. The requested rate increase consists of \$0.916 per gigajoule due to higher forecast propane prices for the next 12 months, and \$0.700 per gigajoule due to the projected GCVA balance at the end of September 2004 which in part is based on the actual GCVA balance at the end of 2003 that was higher than the forecast balance that was used in the Settlement Agreement; and

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- H. The projected cost of propane is based on an average price at Edmonton for the October 2004 to September 2005 period of \$252 per cubic meter. This forecast can be compared to the corresponding forecast of \$230 per cubic meter that Terasen Gas Inc. submitted on September 8, 2004 for propane supply to Revelstoke, and which appears to show greater consistency with current spot and forward propane prices; and
- I. The Commission determined that Rider A should be increased, but that the increase should be based on a propane price forecast that is \$20 per cubic meter or \$0.780 per gigajoule less than the forecast in the Application. The resulting rate will increase the annual bill of a typical residential customer by approximately 5.0 percent.
- J. The Commission concludes that changes to Terasen Whistler propane rates should be approved.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for Terasen Whistler a \$0.836 per gigajoule increase in Rider A to \$2.330 per gigajoule effective October 1, 2004.
2. Terasen Whistler is to file with the Commission a permanent Gas Tariff Rate Schedule 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