

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-59-05

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

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

and

Filings by Terasen Gas Inc.  
regarding Natural Gas and Propane Commodity Charges effective July 1, 2005  
for the Lower Mainland, Inland, Columbia, Fort Nelson and Revelstoke service areas

**BEFORE:** L.F. Kelsey, Commissioner June 16, 2005  
L.A. Boychuk, Commissioner

**O R D E R**

**WHEREAS:**

- A. On June 7, 2005, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas") filed a 2005 Second Quarter Report on Commodity Cost Reconciliation Account ("CCRA") and Midstream Cost Reconciliation Account ("MCRA") balances and gas commodity charges for the Lower Mainland, Inland and Columbia service areas effective July 1, 2005 that was based on June 2, 2005 forward gas prices (the "2005 Second Quarter Report"). On June 10, 2005, Terasen Gas filed replacement pages for several of the schedules in the 2005 Second Quarter Report (collectively the "Revised 2005 Second Quarter Report"); and
- B. The Revised 2005 Second Quarter Report forecast that commodity cost recoveries at current rates would be 91.5 percent of costs for the next 12 months, and requested an increase in Commodity Cost Recovery Charges for natural gas customers in the Lower Mainland, Inland and Columbia service areas effective July 1, 2005; and
- C. The requested rate increase would increase the Commodity Cost Recovery Charges for residential customers by \$0.653 per gigajoule to \$7.658 per gigajoule, a 9.3 percent increase. The annual bill for a typical residential customer will increase by approximately 5.6 percent; and
- D. Terasen Gas proposed no changes to the Midstream Cost Recovery Charges. The Revised 2005 Second Quarter Report forecast that the MCRA will have a \$59 million pre-tax credit balance as of July 1, 2005 and a \$27 million credit balance as of July 1, 2006; and
- E. On June 7, 2005, Terasen Gas filed a 2005 Second Quarter Report on Fort Nelson Gas Cost Reconciliation Account ("GCRA") balances and gas commodity charges which indicated that gas commodity revenue will be 89.2 percent of gas costs over the next 12 months. Nevertheless, as the Fort Nelson GCRA is forecast to have an after-tax credit balance of \$246,000 at July 1, 2005, Terasen Gas recommends that no changes be made to Fort Nelson rates effective July 1, 2005; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-59-05

2

- F. On June 7, 2005, Terasen Gas filed a 2005 Second Quarter Report on the Revelstoke Propane Cost Deferral Account, which forecast that propane commodity revenue at current rates will be 95.6 percent of costs over the next 12 months and recommended that no changes be made to the propane reference rate for Revelstoke customers; and
- G. The Commission concludes that the requested increases to Commodity Cost Recovery Charges for natural gas customers in the Lower Mainland, Inland and Columbia service areas 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 in the Lower Mainland, Inland and Columbia service areas will increase effective July 1, 2005 in the amounts set out in Terasen Gas' Revised 2005 Second Quarter Report that were determined using June 2, 2005 forward gas prices.
2. The Commission accepts Terasen Gas' recommendation that no changes be made to Fort Nelson gas rates or the propane reference price or propane rates for Revelstoke customers effective July 1, 2005.
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 16<sup>th</sup> day of June 2005.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner