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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-87-05

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**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 October 1, 2005  
for the Lower Mainland, Inland, Columbia, Fort Nelson and Revelstoke Service Areas**

**BEFORE:** L.F. Kelsey, Commissioner September 15, 2005

**O R D E R**

**WHEREAS:**

- A. On September 8, 2005, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas") filed a 2005 Third 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 October 1, 2005 that was based on August 31, 2005 forward gas prices (the "2005 Third Quarter Report"); and
- B. The 2005 Third Quarter Report forecast that commodity cost recoveries at current rates would be 82.4 percent of costs for the following 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 October 1, 2005; and
- C. The requested rate increase would increase the Commodity Cost Recovery Charges for residential customers by \$1.634 per gigajoule ("GJ") or 21.3 percent, to \$9.292/GJ. Similar increases were requested in the Commodity Cost Recovery Charges for other sales rate classes. The annual bill for a typical residential customer would increase by approximately 13.3 percent; and
- D. Terasen Gas proposed no changes to the Midstream Cost Recovery Charges. The 2005 Third Quarter Report forecast that the MCRA will have a \$49 million pre-tax credit balance as of October 1, 2005 and a \$39 million credit balance as of October 1, 2006; and
- E. Also on September 8, 2005, Terasen Gas filed a 2005 Third Quarter Report ("Fort Nelson 2005 Third Quarter Report") on Fort Nelson Gas Cost Reconciliation Account ("GCRA") balances and gas commodity charges which indicated that gas commodity revenue will be 74.7 percent of gas cost over the following 12 months. The Fort Nelson GCRA is forecast to have a before-tax credit balance of \$101,300 at October 1, 2005; and
- F. In the Fort Nelson 2005 Third Quarter Report, Terasen Gas recommends that Fort Nelson sales rates increase by \$2.114/GJ effective October 1, 2005. This will increase the Residential Gas Cost Recovery Charge to \$8.342/GJ and increase a typical residential annual bill by 28 percent; and

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- G. Also on September 8, 2005, Terasen Gas filed a 2005 Third Quarter Report on the Revelstoke Propane Cost Deferral Account, which forecast that propane commodity revenue at current rates will be 84.5 percent of costs over the following 12 months, and that the account will have a before-tax debit balance of \$315,000 at October 1, 2005. Terasen Gas recommends that the propane reference price increase from \$0.3063 per litre to \$0.3624 per litre and that customer rates increase by \$2.282/GJ, effective October 1, 2005. This rate charge will increase the Residential Commodity Charge to \$15.071/GJ, and increase the typical Residential annual bill by 13.3 percent.; and
- H. The Commission concludes that the requested increases to Commodity Cost Recovery Charges for natural gas customers in the Lower Mainland, Inland, Columbia and Fort Nelson Service Areas, and to the propane rates for Revelstoke 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, Columbia and Fort Nelson Service Areas will increase effective October 1, 2005 to the amounts set out in Terasen Gas' 2005 Third Quarter Report and the Fort Nelson 2005 Third Quarter Report that were determined using August 31, 2005 forward gas prices.
2. The Revelstoke propane reference price will increase to \$0.3642 per litre and propane customer rates will increase by \$2.282/GJ, effective October 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 15<sup>th</sup> day of September 2005.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner