

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-110-06



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

and

**Terasen Gas (Whistler) Inc.
Application for Approval of a Propane Cost Increase to Rider A**

BEFORE: L.F. Kelsey, Commissioner September 7, 2006

O R D E R

WHEREAS:

- A. On August 29, 2006, Terasen Gas (Whistler) Inc. ("Terasen Gas Whistler") filed its Third Quarter Report ("Application"). Based the August 21, 2006 NYMEX WTI Light Sweet Crude Oil forward price and current rates, the projected deferral account balance as of September 30, 2006 is a deficit of \$842,301 and the forecast deficit at September 30, 2007 is \$1,814,032. The rate change trigger mechanism is calculated to be 87 percent which does not fall within the deadband range of 95 percent to 105 percent. Therefore based on the crude oil prices, Terasen Gas Whistler requested a commodity rate increase of \$2.352/GJ in Rider A that would increase Rate Rider A from \$5.526/GJ to \$7.878/GJ. This would result in a residential customer burner tip increase of 11.5 percent based on annual consumption of 90 GJ/year; and
- B. In the Application, Terasen Gas Whistler also applied the August 21, 2006 NYMEX Mt. Belvieu Propane forward strip and current rates that projected deferral account balance at September 30, 2006 to be a deficit of \$822,211 with a forecast deficit at September 20, 2007 of \$797,761. Based on forward prices, the rate change trigger mechanism is 93.8 percent which does not fall within the deadband. Under this forecast, an increase in Rate Rider A would be justified with an increase from \$5.526/GJ to \$6.560/GJ or \$1.034/GJ. This results in a residential customer burner tip increase of 5.1 percent based on annual consumption of 90 GJ/year; and
- C. On August 31, 2006, Terasen Gas submitted additional information using August 21, 2006 forward prices based on NYMEX 50 percent WTI Light Sweet Crude Oil and 50 percent NYMEX Mt. Belvieu Propane futures strip that indicated that the deferral balance would rise from a deficit of \$832,268 on September 30, 2006 to a deficit of \$1,305,909 on September 30, 2007 if the existing propane reference price is not changed. The rate change trigger mechanism is calculated to be 90.3 percent which indicates a rate change is warranted. Rider A would have to increase from \$5.526/GJ to \$7.219/GJ or \$1.693/GJ effective October 1, 2006. The residential customer burner tip impact is 8.3 percent based on consumption of 90 GJ/year, pursuant to the terms and conditions outlined in Commission Letter No. L-5-01; and
- D. Terasen Gas Whistler proposed that the existing General Service Rate (SGS) of \$13.855/GJ will remain unchanged at this time; and
- E. Considering the uncertainty in the propane price forecast derived from August 21, 2006 NYMEX propane or crude oil forward strips, the rate change trigger mechanism and the size of the current deferral account deficit

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balance, the Commission concludes that a change to the propane rate for Terasen Gas Whistler is necessary at this time.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission approves for Terasen Gas Whistler an increase to Rider A from \$5.526/GJ to \$7.219/GJ, effective October 1, 2006. Terasen Gas Whistler is to inform all affected customers of the rate change with a notice contained in the next customer bill issued.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of September 2006.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner