

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-167-06

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 Cost and Midstream Cost Reconciliation Account Flow-through  
and Rates Changes effective January 1, 2007  
for the Lower Mainland, Inland and Columbia Service Areas**

**BEFORE:** L.F. Kelsey, Commissioner December 15, 2006  
L.A. Zaozirny, Commissioner

**O R D E R**

**WHEREAS:**

- A. On December 4, 2006, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas" or "TGI") filed a 2006 Fourth 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 January 1, 2007 that were based on November 21, 2006 forward gas prices (the "2006 Fourth Quarter Report"); and
- B. The 2006 Fourth Quarter Report forecasts that Commodity Cost recoveries at current rates would be 98.6 percent of costs for the following 12 months, and requested no changes to Commodity Cost Recovery Charges; and
- C. The 2006 Fourth Quarter Report forecasts the MCRA revenue to cost balance arising from forward prices at November 21, 2006 is 90.9 percent. The December 31, 2006 MCRA balance is forecast at existing rates to be a deficit of approximately \$4 million. Terasen Gas also proposes recovering this balance from customers in 2007 through Midstream Cost Recovery Charges, and setting the MCRA rate rider ("Rate Rider 6") to zero effective January 1, 2007; and
- D. In the Report, TGI also requests approval to change the Midstream rates to the rates proposed for the Sales Rate Classes within the Lower Mainland, Inland and Columbia service areas as shown in the 2006 Fourth Quarter Report, Tab 2, Table B, pages 1 to 1.2, line 30; and
- E. The proposed rate changes will in aggregate increase the Lower Mainland Rate Schedule 1 rates by \$0.388/GJ, and increase a typical residential customer's annual bill by approximately \$43 or 3.2 percent; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-167-06

2

- F. In the Report, TGI also requests approval of the Core Market Administration Budget for 2007 of \$2,397,347, which is a 2.0 percent increase from the 2006 budget. TGI funds 89 percent of this budget, while Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. fund 10 percent and 1 percent of the budget, respectively; and
- G. On December 13, 2006, TGI responded to Commission Information Request No. 1; and
- H. By letter dated December 1, 2006, TGI advised that, as TGI and Terasen Gas (Squamish) Inc. ("TGS") have amalgamated and will operate as one company effective January 1, 2007, TGS will no longer complete separate gas cost reports; and
- I. The Commission concludes that the requested changes outlined in the 2006 Fourth Quarter Report should be approved.

**NOW THEREFORE** pursuant to Section 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. Rate Rider 6 is set to zero effective January 1, 2007.
2. The Midstream rates are changed effective January 1, 2007 for the Sales Rate Classes within the Lower Mainland, Inland and Columbia Service Areas to the Midstream Cost Recovery Charges shown in the 2006 Fourth Quarter Report, Tab 2, Table B, pages 1, 1.1 and 1.2, line 30.
3. The Market Administration Budget for 2007 of \$2,397,347 is approved
4. Terasen Gas will notify all customers that are affected by the rate changes with a bill insert or bill message to be included with the next monthly gas billing.
5. The Commission accepts that TGS will no longer file separate gas cost reports.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of December 2006.

**BY ORDER**

*Original signed by*

L.F. Kelsey  
Commissioner