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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-105-07

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

and

**A Filing by Terasen Gas Inc.
regarding Natural Gas Commodity Charges
effective October 1, 2007
for the Lower Mainland, Inland, and Columbia Service Areas**

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner September 13, 2007

O R D E R

WHEREAS:

- A. On September 7, 2007, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas") filed the 2007 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, 2007 that were based on August 28, 2007 forward gas prices (the "2007 Third Quarter Report"); and
- B. The 2007 Third Quarter Report forecasts that commodity cost recoveries at current rates would be 115 percent of costs for the following 12 months, and requests a reduction in Commodity Cost Recovery Charges for natural gas customers in the Lower Mainland, Inland and Columbia Service Areas effective October 1, 2007; and
- C. The decline in gas prices in August 2007 affected gas costs mainly over the next 12 months and, to dampen the impact on customer rates of forecast gas price volatility, Terasen Gas requests approval to reduce gas commodity charges by 75 percent of the flow-through reduction calculated using August 28, 2007 forward gas prices for the following 12 months; and
- D. The requested rate changes would reduce the Commodity Cost Recovery Charge for residential customers in the Lower Mainland by \$0.736 per gigajoule ("GJ") or 12.8 percent, to \$6.926/GJ. Similar changes are requested in the rates for other sales rate classes. The annual bill for a typical residential customer in the Lower Mainland would decrease by approximately \$81 or 5.9 percent; and
- E. In the 2007 Third Quarter Report, Terasen Gas discusses the significant migration of customers under the Residential Commodity Unbundling Project, and requests approval for the transfer of a pro-rata share of the October 31, 2007 CCRA credit balance to the MCRA based on the November 1, 2007 residential customer migration to marketer commodity offerings; and

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- F. The Commission determines that the requested changes to Commodity Cost Recovery Charges for natural gas sales customers in the Lower Mainland, Inland, and Columbia Service Areas and the requested pro-rata transfer of a portion of the CCRA balance to the MCRA, 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 change effective October 1, 2007 to the amounts set out in Terasen Gas' 2007 Third Quarter Report.
2. The transfer of a pro-rata share of the October 31, 2007 CCRA balance to the MCRA based on the November 1, 2007 residential customer migration, as requested in the 2007 Third Quarter Report, is approved.
3. 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.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of September 2007.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner