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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-92-08

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

and

**An Application by Terasen Gas Inc.
Regarding Propane Commodity Charges effective July 1, 2008
for the Revelstoke Service Area**

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner June 12, 2008
A.A. Rhodes, Commissioner

O R D E R

WHEREAS:

- A. By Order No. G-155-07 the Commission increased the propane commodity rates for Terasen Gas Inc. ("Terasen Gas") Revelstoke Service Area ("Revelstoke") effective January 1, 2008; and
- B. On June 6, 2008 Terasen Gas filed its 2008 Second Quarter Gas Cost Report for Revelstoke; and
- C. Terasen Gas provided three sets of forward prices for the forecast cost of propane. One forecast based 50 percent on the NYMEX West Texas Intermediate ("WTI") light sweet crude oil futures and 50 percent on the NYMEX Mt. Belvieu propane futures, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX Mt. Belvieu propane futures; and
- D. Using a propane price forecast based on an average of 50 percent of the May 28, 2008 NYMEX WTI light sweet crude oil futures and 50 percent of the May 28, 2008 NYMEX Mt. Belvieu propane futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2008 of \$38,122 deficit is forecast to change to a pre-tax deficit balance of \$991,574 at June 30, 2009. The rate change trigger mechanism is calculated to be 77.2 percent, which does not fall within the deadband range of 95 percent to 105 percent set out in Letter No. L-05-01; and
- E. Terasen Gas has requested a propane reference price increase from \$0.4260 per litre to \$0.5519 per litre, which is an increase of \$0.1259 per litre corresponding to a rate increase of \$5.130 per gigajoule, effective July 1, 2008. This equates to an increase of approximately \$410 or 23.3 percent in the annual bill of a typical residential customer, based on consumption of 80 gigajoules annually; and

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- F. Terasen Gas has also provided information based on the propane price forecast using the 100 percent NYMEX Mt. Belvieu propane futures. Based on the May 28, 2008 forward prices the rate change trigger mechanism was calculated to be 82.4 percent, which falls outside the deadband range of 95 percent to 105 percent, and results in a propane reference price increase from \$0.4260 per litre to \$0.5172 per litre, which is an increase of \$0.0912 per litre corresponding to a rate increase of \$3.715 per gigajoule, effective July 1, 2008. This equates to an increase of approximately \$297 or 16.8 percent in the annual bill of a typical residential customer, based on consumption of 80 gigajoules annually; and
- G. The Carbon Tax on propane of \$0.59780 per gigajoule is effective July 1, 2008; and
- H. The Commission concludes that the requested change to the propane reference price for Revelstoke based on the May 28, 2008 forward prices based on the Mt. Belvieu propane futures is necessary at this time.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission approves a propane reference price increase of \$0.4260 per litre to \$0.5172 per litre, which corresponds to an increase of \$3.715 per gigajoule in customer rates, effective July 1, 2008. Terasen Gas will inform all customers affected by the rate change.

DATED at the City of Vancouver, In the Province of British Columbia, this 13th day of June 2008.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner