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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-42-08

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

and

**Terasen Gas (Vancouver Island) Inc.
2008 First Quarter Gas Costs Report
and Application for Rate Changes effective April 1, 2008
for RGS and SCS-1 rate classes**

BEFORE:

L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner

March 13, 2008

O R D E R

WHEREAS:

- A. On February 29, 2008, pursuant to Commission Orders No. G-2-03 and G-42-03, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed its 2008 First Quarter Gas Cost Report regarding Gas Costs and the current and forecast activity in the Revenue Deficiency Deferral Account ("RDDA"). In addition TGVI applied to increase Residential General Service ("RGS") and Small Commercial ("SCS-1") rates by 3.46 percent and 3.50 percent respectively, effective April 1, 2008 (the "Application"); and
- B. The TGVI Application requests approval of the proposed rates, pursuant to Sections 60 and 23 of the Utilities Commission Act (the "Act") and the Special Direction to the Commission issued pursuant to Order in Council 1510, dated December 13, 1995 (the "Special Direction"). The proposed RGS and SCS-1 rates are in accordance with the soft-cap methodology from the 2006-2007 Negotiated Settlement Agreement that adjusts TGVI's core market rates based on changes in alternate fuel prices as approved by Commission Order No. G-126-05 and extended to 2008-2009 by Order No. G-34-07; and
- C. On March 11, 2008, TGVI filed an errata submission correcting the variable rates in the Application; and
- D. By Order No. G-40-08, the Commission approved a British Columbia Hydro and Power Authority general interim rate increase of 6.56 percent, effective April 1, 2008. Under the soft-cap mechanism electricity prices are the alternate fuel for RGS and SCS-1 rates and pursuant to Section 2.1 of the Special Direction TGVI seeks approval of an effective RGS rate of \$16.450/GJ which results in a variable rate of \$14.325/GJ and SCS-1 rate of \$18.500/GJ which results in a variable rate of \$16.940/GJ ; and
- E. The Commission acknowledges and accepts the TGVI 2008 First Quarter Gas Cost Report as filed and finds that the TGVI Application for RGS and SCS-1 rate increases are warranted.

NOW THEREFORE pursuant to Section 23, 60, and 61 of the Act, the Commission orders as follows:

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1. The Commission approves as filed the TGVI rate increases for RGS of \$16.450/GJ which results in a variable rate of \$14.325/GJ and SCS-1 rate of \$18.500/GJ which results in a variable rate of \$16.940/GJ, effective April 1, 2008.
2. TGVI is to 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 17th day of March, 2008.

BY ORDER

Original signed by:

L.F. Kelsey