

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-187-08

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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**  
**2008 Fourth Quarter Gas Costs Report and Rate Changes**  
**including the Residential and Commercial Commodity Unbundling Deferral Cost Recoveries**  
**effective January 1, 2009**  
**for the Lower Mainland, Inland, Columbia Service Areas**

**BEFORE:** L.F. Kelsey, Chair  
P.E. Vivian, Commissioner December 11, 2008  
D.A. Cote, Commissioner

**WHEREAS:**

- A. By Order G-127-08 dated September 11, 2008, the British Columbia Utilities Commission (the "Commission") approved a decrease in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas, effective October 1, 2008; and
- B. On December 4, 2008, pursuant to Commission Letter L-5-01, Terasen Gas Inc. ("Terasen Gas") filed its 2008 Fourth Quarter Report on Commodity Cost Reconciliation Account ("CCRA") and Midstream Cost Reconciliation Account ("MCRA") deferral balances and gas commodity charges for the Lower Mainland, Inland, and Columbia Service Areas effective January 1, 2009 that were based on November 24, 2008 forward gas prices (the "2008 Fourth Quarter Report"); and
- C. The 2008 Fourth Quarter Report requests approval of the Net Core Market Administration Budget for 2009 of \$2,489,393, which is a 2.1 percent increase from the 2008 budget. Terasen Gas funds 89 percent, or \$2,215,560 of this budget, while Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. fund 10 percent or \$248,939, and 1 percent of \$24,894 of the budget respectively; and
- D. The 2008 Fourth Quarter Report forecasts that Commodity cost recoveries at current rates would be 98.1 percent of costs for the following 12 months and request no change to the Commodity Cost Recovery Charge; and

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- E. The 2008 Fourth Quarter Report forecasts the MCRA revenue to cost balance arising from November 24, 2008 forward prices is 109.3 percent. The December 31, 2008 MCRA balance is forecast at existing rates to be a credit of approximately \$25 million after-tax; and
- F. Terasen Gas requests approval of decreases to the Midstream Cost Recovery Charges for the sales rate classes within the Lower Mainland, Inland and Columbia service areas that would eliminate the forecast \$22 million credit balance in the MCRA at the end of 2009, as shown in the 2008 Fourth Quarter Report; and
- G. By Order G-9-08 dated January 16, 2008, the Commission approved changes to Commodity Unbundling Deferral Cost Recovery Rate Rider 8 for Residential and Commercial customers within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective February 1, 2008; and
- H. The 2008 Fourth Quarter Report also requests approval to reset the Residential Commodity Unbundling Deferral Cost Recovery Rate Rider 8 from \$0.117/GJ to \$0.073/GJ for all residential customers in Rate Schedules 1, 1U, and 1X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective January 1, 2009; and
- I. The 2008 Fourth Quarter Report requests approval to close the Commercial Commodity Unbundling – Capital Cost deferral account after December 31, 2008 and transfer any residual balance to the Commercial Commodity Unbundling – O&M deferral account; and
- J. The 2008 Fourth Quarter Report also requests approval to reset the Commercial Commodity Unbundling Deferral Cost Recovery Rate Rider 8 from \$0.047/GJ to be a credit rider of \$0.021/GJ for all commercial customers in Rate Schedules 2, 2U, 2X, 3, 3U, and 3X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective January 1, 2009; and
- K. The combined effect of the proposed rate changes will reduce the unit rate for a residential customer in the Lower Mainland service area by \$0.311/GJ, and will reduce the annual bill of a typical residential customer in the Lower Mainland by approximately \$30 or 2.4 percent; and
- L. The Commission concludes that the requested changes as outlined in the 2008 Fourth Quarter Report should be approved.

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

1. The Net Core Market Administration Budget for 2009 of \$2,489,393 is approved, and this budget will be allocated as set out in the 2008 Fourth Quarter Report.
2. There is no change in the Commodity Cost Recovery Charge effective January 1, 2009.
3. The Midstream rates are changed effective January 1, 2009 for the sales rate classes within the Lower Mainland, Inland and Columbia Service Areas to the Midstream Cost Recovery Charges shown in the 2008 Fourth Quarter Report, Tab 3, Table B, Pages 1 to 1.2.
4. Rate Rider 8, applicable to eligible residential customers in Rate Schedules 1, 1U, and 1X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, is reset to \$0.073/GJ, effective January 1, 2009.
5. The Commercial Commodity Unbundling – Capital Cost deferral account is closed effective December 31, 2008 and any residual balance will be transferred to the Commercial Commodity Unbundling – O&M deferral account.
6. Rate Rider 8, applicable to eligible commercial customers in Rate Schedules 2, 2U, 2X, 3, 3U, and 3X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, is reset to a credit rider of \$0.021/GJ, effective January 1, 2009.
7. 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 11<sup>th</sup> day of December 2008.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner