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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-106-10

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

**and**

**Filings by Terasen Gas Inc. regarding its  
2010 Second Quarter Gas Costs Report  
and Rate Changes effective July 1, 2010  
for the Lower Mainland, Inland, Columbia Service Areas**

**BEFORE:** D.A. Cote, Commissioner June 14, 2010  
L.F. Kelsey, Commissioner

**WHEREAS:**

- A. By Order G-42-10 dated March 11, 2010, the British Columbia Utilities Commission (Commission) approved an increase in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas, effective April 1, 2010; and
- B. On June 3, 2010, pursuant to Commission Letter L-5-01, Terasen Gas Inc. (Terasen Gas) filed its 2010 Second 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 July 1, 2010 that were based on May 25, 2010 forward gas prices (2010 Second Quarter Report); and
- C. The 2010 Second Quarter Report forecasts a CCRA balance at existing rates of approximately \$30 million surplus after tax at June 30, 2010, and a balance of approximately \$43 million surplus after tax at June 30, 2011; and
- D. The 2010 Second Quarter Report forecasts that commodity cost recoveries at existing rates would be 112.7 percent of costs for the following 12 months; and
- E. In the 2010 Second Quarter Report, Terasen Gas requests approval for a decrease of \$0.633/GJ to the Commodity Cost Recovery Charges from \$5.609/GJ to \$4.976/GJ for natural gas sales rate class customers in Lower Mainland, Inland, and Columbia Service Areas effective July 1, 2010; and

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- F. The 2010 Second Quarter Report forecasts MCRA balance at existing rates of approximately \$37 million deficit after tax at December 31, 2010 and a balance of approximately \$49 million deficit after tax at December 31, 2011; and
- G. The Commodity Cost Recovery Charge rate change would decrease Lower Mainland Rate Schedule 1 rates by \$0.633/GJ, which would reduce a typical residential customer's annual bill by approximately \$60 or 5.3 percent, with an average annual consumption of 95 GJ; and
- H. The Commission has determined that the requested change to the Commodity Cost Recovery Charge as outlined in the 2010 Second Quarter Report should be approved.

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

1. The Commission approves the proposed flow-through decrease to the Commodity Cost Recovery Charge for Sales Rate Classes within the Lower Mainland, Inland, and Columbia Service Areas, effective July 1, 2010, to a rate of \$4.976/GJ as set out in the 2010 Second Quarter Report.
2. The Midstream Cost Recovery Charges remain unchanged.
3. Terasen Gas is to provide a descriptive explanation of the final rates by way of a bill insert and customer notice to all affected customers with the next monthly gas billing, to be submitted to the Commission in draft prior to its release.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of June 2010.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner