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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-41-10**

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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 2010 First Quarter Gas Cost Report and  
Propane Commodity Charges effective April 1, 2010  
for the Revelstoke Service Area**

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

March 11, 2010

**O R D E R**

**WHEREAS:**

- A. On March 5, 2010 Terasen Gas Inc. (Terasen Gas) filed its 2010 First Quarter Gas Cost Report for the Revelstoke service area (Revelstoke) (the 2010 First Quarter Report); and
- B. By Order G-157-09 the British Columbia Utilities Commission (the Commission) increased the propane commodity rates for the Revelstoke service area effective January 1, 2010; 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 B0 – Mt. Belvieu propane swap prices, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX B0 – Mt. Belvieu propane swap prices; and
- D. Using a propane price forecast based on an average of 50 percent of the February 23, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the February 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$9,645 surplus is forecast to change to a pre-tax deficit balance of \$476,166 at March 31, 2011. The rate change trigger mechanism is calculated to be 84.7 percent which does not fall within the deadband range of 95 percent to 105 percent set out in Letter L-05-01; and
- E. Using a propane price forecast based on February 23, 2010 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$26,421 deficit is forecast to change to a pre-tax deficit balance of \$610,323 at March 31, 2011. The rate change trigger mechanism is calculated to be 81.2 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- F. Using a propane price forecast based on February 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$45,922 surplus is forecast to change to a pre-tax deficit balance of \$341,457 at March 31, 2011. The rate change trigger mechanism is calculated to be 88.5 percent which does not fall within the deadband range of 95 percent to 105 percent; and

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- G. In the 2010 First Quarter Report, Terasen Gas requests approval of a propane rate that is based on propane forward prices which would increase the propane reference price by \$0.0435 per litre, from \$0.3346 per litre to \$0.3781 per litre, effective April 1, 2010. This corresponds to a rate increase of \$1.786 per gigajoule; and
- H. The rate change will result in an increase of approximately \$89 or 8.7 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- I. The Commission has determined that the requested changes to the propane reference price and propane rate for Revelstoke should be approved.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the Commission approves a propane reference price increase of \$0.0435 per litre to \$0.3781 per litre, which corresponds to an increase of \$1.786 per gigajoule in customer rates, effective April 1, 2010. Terasen Gas is to provide a descriptive explanation of the final rates by way of a bill insert or customer notice to all affected customers, 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 11<sup>th</sup> day of March 2010.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner