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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-170-14**

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

and

**An Application by Stargas Utilities Ltd.
to Alter the Commodity Component of Rates**

BEFORE:

L. F. Kelsey, Commissioner
D. M. Morton, Commissioner
C. A. Brown, Commissioner
H. G. Harowitz, Commissioner
K. A. Keilty, Commissioner
B. A. Magnan, Commissioner
C. van Wermeskerken, Commissioner

November 6, 2014

O R D E R

WHEREAS:

- A. The British Columbia Utilities Commission (Commission) by Order C-4-00 approved a Certificate of Public Convenience and Necessity for Stargas Utility Ltd. (Stargas) to operate a natural gas distribution system at the resort community of Silver Star;
- B. Natural gas rates for Stargas were last changed effective November 1, 2013, when the Commission approved an increase in the commodity component of rates from \$5.26 to \$5.84 per GJ via Order G-170-13 dated October 18, 2013;
- C. On October 3, 2014, Stargas submitted a confidential version of its application to the Commission for approval to alter the commodity component of rates effective November 1, 2014, by increasing the commodity component by \$1.75 per GJ to \$7.59 per GJ (Original Application). The Original Application also includes Stargas' Annual Contracting Plan for the contract year commencing November 1, 2014;
- D. Stargas submits that due to an unprecedented increase in natural gas prices in February and March of 2014, the Gas Cost Variance Account imbalance as of May 31, 2014, the end of the last fiscal year, is a deficit of \$33,397. \$0.98 per GJ of the requested commodity rate increase is required for recovery of the deficit outstanding at the start of the current fiscal year and the remainder is to recover gas purchase costs at the forward prices forecast as of the date of the Original Application;
- E. On October 10, 2014, Stargas submitted a non-confidential version of the Original Application;

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- F. On October 20, 2014, the Commission issued an information request in regard to the Original Application;
- G. On October 23, 2014, Stargas responded to the Commission information request with a confidential version and a non-confidential version of an amendment to the Original Application (Amended Application) requesting a revised commodity rate component of \$7.69 per GJ to incorporate a correction to the calculated rate change; and
- H. The Commission considered the Amended Application and finds the proposed rate change to be warranted and in the public interest. The confidential version of the Original Application and the Amended Application will be held confidential.

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

1. The Commission approves an increase in the gas commodity component of rates charged to Stargas customers from \$5.84/GJ to \$7.69/GJ effective November 1, 2014.
2. The Commission will keep the confidential version of the Original Application and the confidential version of the Amended Application confidential as this information is commercially sensitive and its disclosure could impede Stargas' ability to obtain favorable gas supply terms for its customers in the future.
3. Stargas is to include an explanation of the commodity component price change to \$7.69/GJ in its next monthly billing as "Notice to Stargas Utilities Ltd. Customers."
4. Stargas is directed to file a report with the Commission by October 1, 2015, on the Gas Cost Variance Account balances, a description of contracting plans for the contract year commencing November 1, 2015, updated forecast natural gas costs and, if necessary, proposed changes to commodity rates to be effective November 1, 2015.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of November 2014.

BY ORDER

Original signed by:

D. M. Morton
Commissioner