



**Scott A. Thomson**  
Vice President, Regulatory Affairs and  
Chief Financial Officer

16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (604) 592-7784  
Fax: (604) 576-7074  
Email: [scott.thomson@terasengas.com](mailto:scott.thomson@terasengas.com)  
[www.terasengas.com](http://www.terasengas.com)

November 30, 2007

Regulatory Affairs Correspondence  
Email: [regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C. V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. - Fort Nelson Service Area  
Application for changes to Revenue Stabilization Adjustment Mechanism  
("RSAM") Rider and Delivery Rates Effective January 1, 2008**

---

The Fort Nelson Service Area was acquired in 1985 as Fort Nelson Gas Ltd. by Inland Natural Gas Ltd., a predecessor company that is now part of Terasen Gas Inc. Fort Nelson Gas Ltd. was amalgamated in 1989 with Inland Natural Gas Ltd., Columbia Natural Gas Ltd., and the Lower Mainland Gas Division of BC Hydro to form BC Gas Inc. (later referred to as BC Gas Utility Ltd.) and ceased to be a separate legal entity at that time.

Rates have been set separately for the Fort Nelson Service Area from the date of acquisition to the present. Terasen Gas Inc. ("Terasen Gas" or the "Company"), formerly BC Gas Utility Ltd., sought regulatory consolidation of the Fort Nelson Service Area ("TG Fort Nelson") with the remainder of the Company in its 1992 Revenue Requirement Application, but was denied by the Commission in its Decision dated August 5, 1992. Since then, TG Fort Nelson has been excluded from the Company's general revenue requirement applications and Performance Based Ratemaking ("PBR") plans.

With this application Terasen Gas is requesting Commission approval, on a permanent and interim basis, pursuant to Section 89 of the *Utilities Commission Act*, effective January 1, 2008, an increase to its rates as set out below. Further the Company seeks approval, on a permanent basis, effective January 1, 2008, for an increase to the RSAM rate rider, as set out below.

The most recent revenue requirement change affecting the rates for delivery service, other than gas costs and rate riders, in TG Fort Nelson was an increase of \$49,000 approved by Commission Order No. G-17-04 leading to a 1.08% delivery rate increase on total revenue effective January 1, 2004. Prior to the 2004 rate increase, delivery rates were decreased by 15.04% in 1995. Since 1985, other rate changes have been limited to those approved from time to time for flow-through cost of gas increases or decreases.

In the period September 23 through November 16, 2007, the Company found itself in its first labour disruptions that it had experienced in 18 years. While Terasen Gas prides itself on being resourced efficiently, loss of staff, even for short periods of time puts a strain on remaining resources. While Terasen Gas is pleased to note that ratification of a new collective agreement for employees represented by COPE 378 has been recently achieved, it has meant that all areas are only now getting back to their regular jobs and work

schedules. As such, Terasen Gas has only recently had the opportunity to review the rates and revenue requirements for TG Fort Nelson for 2008.

The Company has determined that its current rates for TG Fort Nelson are insufficient and will result in a revenue deficiency of \$371,000 for 2008, as set out in Attachment 1, page 1. Attachment 1, page 1 is a summary view of the 2008 revenue requirements. With this Application the Company applies for Commission approval to amend its TG Fort Nelson Rate Schedules on the basis that the existing rates will be insufficient to allow the Company the opportunity to recover its cost of service and earn a fair and reasonable return on its invested capital in TG Fort Nelson. Attachment 1, page 2, shows the return on equity at existing rates for 2008 would be minus 4.62%. Accordingly, the Company will require an amendment to the schedule of rates to provide for a revenue requirement increase of \$371,000 for the 2008 test year. This revenue requirement increase will result in an average 5.9% rate increase for all sales rate classes, effective January 1, 2008 or a 32.9% increase on a delivery margin basis for all customers. Specifically, the Company requests approval to increase the rates in accordance with the information provided in the rate continuity schedules included in Attachment 3. Additionally the Company has provided bill impact analyses in Attachment 4 for the proposed rate changes including the RSAM rate Rider.

The revenue requirement increase of \$371,000 is driven largely by reductions in the residential and commercial use rates as well as reductions in industrial demand since 2004. Additionally, there have been increases to capital additions resulting in an increase in rate base as well as increases in property taxes, and operating and maintenance expenses that drive increases in revenue requirements.

Since 2004, the average use-rate for residential customers has declined by roughly 10%, while the use-rate for commercial customers has decreased by more than 15%. TG Fort Nelson's industrial customers consist of two Rate Schedule 25 forestry customers. Energy demand for this rate class has been declining in the period between 2004 to 2007. The 2008 forecast, which is based on survey data received from both customers, indicates that energy demand should reach a low of 271 TJ/yr in 2007 and is expected to rise modestly in 2008 to 276 TJ/yr. The demand reductions associated with the use-rate reductions and industrial demand reductions are the major contributor to the revenue deficiency calculated for 2008. As can be seen in Attachment 1, page 3, despite an increase in year customers from 2004 (2,296) to 2008 (2,425) of approximately 6%, in the same period total demand has decreased by roughly 9% (953 TJ in 2004 to 873 TJ in 2008).

O&M costs net of capitalized overhead is expected to increase from approximately \$604,000 in the 2004 Decision to \$739,000 in 2008, an increase of \$135,000 or approximately 5% per year over the four year period. The increase in operating and maintenance costs is due primarily to inflation in labour costs and other expense items.

The Company also requests an increase to the RSAM Rider for TG Fort Nelson, effective January 1, 2008. The TG Fort Nelson RSAM account recovery calculation is attached as (Attachment 2). After accounting for the 2007 RSAM additions and the 2007 RSAM rider recoveries, the December 31, 2007 RSAM account balance including interest is projected to be \$204,184 (after tax). Pursuant to Commission Order No. G-17-04, the Company will amortize the RSAM balance, for recovery from customers, over the subsequent three-year period. Based on the calculations included in Attachment 2, the Company requests

Commission approval, on a permanent basis, to increase the existing RSAM rider of \$0.073/GJ by \$0.042/GJ resulting in a total rate rider of \$0.115/GJ, effective January 1, 2008.

Consistent with past practice, the gas cost recovery rates for TG Fort Nelson are reviewed by the Commission on a quarterly basis, and any application for change to the gas cost recovery rate is filed with the quarterly gas cost reports. TG Fort Nelson is not proposing any change to this practice. The Company quarterly gas cost report for TG Fort Nelson will be filed under separate cover today. With that filing, the Company is proposing no rate changes related to gas costs.

Regrettably and as described above, the recent labour disruption experienced by the Company has resulted in Terasen Gas only now being in a position to file this Application. The Company acknowledges that the supporting information for the Company's proposal is in summary form, but submits that it should be sufficient to allow the Commission to make an interim order to approve the requested rate increase effective January 1, 2008 subject to refund with interest. The Company will file, by December 21, 2007, more detailed application materials in support of the rate increase sought with this Application. Finally, the Company requests Commission approval for the RSAM rate rider and the delivery rates proposed in this Application by Friday December 14, 2007 to allow sufficient time to incorporate the approved rate changes into the billing system in advance of January 1, 2008.

The Company is of the view that a written hearing process is appropriate for the review of this Application, and proposes the following regulatory timetable:

Friday November 30, 2007	Terasen Gas Application submitted
Friday December 14, 2007	Commission Issues Order to set rates effective January 1, 2008 (RSAM Rider on a permanent basis and delivery rates on an Interim basis) and issues Procedural Order
Friday December 21, 2007	Terasen Gas submits detailed application materials
Friday January 11, 2008	Commission submits Information Request #1 to Terasen Gas Intervenor Registration and Intervenors Submit Comments Regarding Regulatory Review Process
Friday January 18, 2008	Commission Issues Procedural Order Regarding Regulatory Review Process and Intervenors Submit Information Request #1 to Terasen Gas
Friday January 25, 2008	Terasen Gas Responds to Commission and Intervenor Information Request # 1
Friday February 8, 2008	Commission and Intervenors Submit Information Request #2 to Terasen Gas
Friday February 22, 2008	Terasen Gas Responds to Commission and Intervenor Information Request # 2

All of which is respectfully submitted.

If you have any questions related to this submission please contact Tom Loski, Director of Regulatory Affairs at (604) 592-7464.

Yours very truly,

**TERASEN GAS INC.**

*Original signed by: Tom Loski*

**For:** Scott A. Thomson

Attachments

# **Attachment 1**

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**2008 REVENUE REQUIREMENT**

Line No.	Particulars	2004 Decision	2004 Actual / Normalized	2005 Actual / Normalized	2006 Actual / Normalized	2007 Projected	2008 @ Proposed Rates
1	<b>Rate Base</b>						
2	Gas Plant in Service, Beginning	\$ 6,763	\$ 6,908	\$ 7,047	\$ 7,143	\$ 7,539	\$ 7,745
3	Gas Plant in Service, Ending	7,084	7,164	7,143	7,539	7,745	8,034
4							
5	Contribution in Aid of Construction, Beginning	(988)	(1,041)	(1,041)	(1,041)	(1,041)	(1,043)
6	Contribution in Aid of Construction, Ending	(992)	(1,041)	(1,041)	(1,041)	(1,043)	(1,045)
7							
8	Accumulated Depreciation, Beginning	(1,618)	(1,945)	(2,042)	(1,688)	(1,784)	(1,797)
9	Accumulated Depreciation, Ending	(1,789)	(2,041)	(1,688)	(1,784)	(1,797)	(1,988)
10							
11	Contribution in Aid of Construction, Beginning	439	398	435	472	509	546
12	Contribution in Aid of Construction, Ending	478	435	472	509	546	584
13							
14	Net Plant in Service, Mid-Year	4,689	4,419	4,643	5,054	5,337	5,518
15							
16	Adjustment to 13-Month Average		(74)	(278)	(25)	-	-
17	Work in Progress, Not Attracting AFUDC	63	98	76	6	-	-
18	Construction Advances	(80)	-	-	-	-	-
19	Unamortized Deferred Charges	(117)	(72)	37	(26)	(7)	87
20	Cash Working Capital	(176)	(160)	(183)	(215)	(223)	(221)
21	Other Working Capital	8	9	12	18	18	18
22							
23	<b>Total Rate Base</b>	<b>\$ 4,387</b>	<b>\$ 4,220</b>	<b>\$ 4,307</b>	<b>\$ 4,812</b>	<b>\$ 5,126</b>	<b>\$ 5,402</b>
24							
25	<b>Revenue Requirement / Deficiency (Surplus)</b>						
26	Cost of Gas	\$ 3,357	\$ 3,526	\$ 4,064	\$ 4,251	\$ 4,024	\$ 4,109
27	Operating & Maintenance Expense	604	611	646	688	715	739
28	Property Tax	98	103	98	98	98	137
29	Depreciation Expense	158	120	119	116	198	173
30	Amortization Expense	1	-	-	-	-	32
31	Other Operating Revenue	(28)	(29)	(31)	(33)	(43)	(38)
32	Income Tax Expense	76	124	80	47	5	53
33	Earned Return						
34	Short Term Debt Interest	11	15	10	17	16	29
35	Long Term Debt Interest	192	192	192	192	209	212
36	Return on Equity	132	218	169	175	38	163
37							
38	<b>Total Cost of Service at proposed rates</b>	<b>\$ 4,601</b>	<b>\$ 4,880</b>	<b>\$ 5,348</b>	<b>\$ 5,551</b>	<b>\$ 5,260</b>	<b>\$ 5,608</b>
39							
40	Sales Revenue @ Existing Rates	4,237	4,496	4,959	5,141	4,903	4,991
41	T-Service Revenue @ Existing Rates	364	337	322	309	242	247
42	RSAM		47	67	114	115	
43	<b>Revenue Deficiency / (Surplus)</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (13)</b>	<b>\$ (0)</b>	<b>\$ 371</b>
44							
45	<b>Revenue Deficiency / (Surplus) Applied to Sales Customers</b>						<b>\$ 293</b>
46	<b>% Increase on Sales Revenue</b>						<b>5.9%</b>
47							
48	Total Revenue @ Existing Rates						\$ 5,237
49	Gross Margin (Revenue - Cost of Gas) @ Existing Rates						\$ 1,129
50							
51	% Increase on Gross Margin						32.9%

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**CAPITAL STRUCTURE & RETURN ON CAPITAL**

Line No.	Particulars	Amount	Capitalization %	Embedded Cost %	Cost Component
1	<b>2008 at Existing Rates</b>				
2	Unfunded Debt	\$ 570	10.57%	5.000%	0.529%
3	Long Term Debt	2,935	54.42%	7.223%	3.931%
4	Common Equity	1,888	35.01%	-4.618%	-1.617%
5	<b>Total</b>	<b>\$ 5,393</b>	<b>100.00%</b>		<b>2.843%</b>
6					
7					
8	<b>2008 Revised Rates</b>				
9	Unfunded Debt				
10	Adjustment	\$ 576	10.66%	5.000%	0.533%
11	Long Term Debt	2,935	54.33%	7.223%	3.924%
12	Common Equity	1,891	35.01%	8.620%	3.018%
13	<b>Total</b>	<b>\$ 5,402</b>	<b>100.00%</b>		<b>7.475%</b>

**Year-End Customers**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007P</b>	<b>2008F</b>
<b>Rate 1</b>	1,892	1,918	1,921	1,961	1,973
<b>Rate 2.1</b>	374	393	402	416	421
<b>Rate 2.2</b>	28	28	29	29	29
<b>Rate 25</b>	2	2	2	2	2
<b>Total</b>	<b>2,296</b>	<b>2,341</b>	<b>2,354</b>	<b>2,408</b>	<b>2,425</b>

**Use per Customer Rates (GJ/yr)**

	<b>Normal 2004</b>	<b>Normal 2005</b>	<b>Normal 2006</b>	<b>Projected 2007</b>	<b>Forecast 2008</b>
<b>Rate 1</b>	155.2	153.7	141.5	148.8	148.8
<b>Rate 2.1</b>	537	502	487	503	503
<b>Rate 2.2</b>	3,815	3,635	3,303	3,312	3,312
<b>Rate 25</b>	193,366	182,397	174,302	135,533	138,031

**Energy Demand (TJ/yr)**

	<b>Normal 2004</b>	<b>Normal 2005</b>	<b>Normal 2006</b>	<b>Projected 2007</b>	<b>Forecast 2008</b>
<b>Rate 1</b>	288.2	259.7	266.0	287.1	291.2
<b>Rate 2.1</b>	167.4	194.1	183.6	203.4	209.9
<b>Rate 2.2</b>	110.9	95.9	94.1	96.0	96.0
<b>Rate 25</b>	386.7	369.9	345.6	271.1	276.1
<b>Total</b>	<b>953.3</b>	<b>919.7</b>	<b>889.2</b>	<b>857.6</b>	<b>873.2</b>



## **Attachment 2**

CALCULATION OF AMORTIZATION OF RSAM (RIDER 5)  
FOR THE YEAR ENDED DECEMBER 31, 2008

Particulars (1)	Annual Volumes (TJ) (2)	Amortization (3)	Amortization of RSAM Unit Rider (\$/GJ) (4)
<b><u>RSAM (Rider 5) Calculation</u></b>			
Rate 1 - Residential	291.2		\$0.115
Rate 2.1 - Small Commercial	209.9		\$0.115
Rate 2.2 - Large Commercial	96.0		\$0.115
Rate 3.1 - Industrial Service	0.0		\$0.115
Rate 3.2 - Industrial Service	0.0		\$0.115
Rate 3.3 - Industrial Service	0.0		\$0.115
Rate 25 - Large Commercial Transportation	<u>276.1</u>		\$0.115
	<u>873.2</u>	<u>\$ 100,831</u> <sup>(1)</sup>	
	Propose Rider for 2008		\$0.115
	RSAM Rider 5 for 2007		<u>\$0.073</u>
	Rider 5 Increase/(Decrease)		<u><u>\$0.042</u></u>

Note 1: RSAM Rider Change

Terasen Gas forecasts that there will be approximately \$77,104 (net-of-tax) of new RSAM additions by the end of 2007. After offsetting the 2007 RSAM rider recovery, the RSAM account including interest is now projected to be \$204,184. Pursuant to the Commission Order No.G17-04, Fort Nelson would amortize the RSAM balance over the subsequent three-years for recovery. Accordingly the net-of-tax RSAM balance to be amortized in 2007 is \$68,061. On a pre-tax basis, this amounts to \$100,831 or \$0.115/GJ, which is a \$0.042/GJ increase from the existing level of \$0.073/GJ.

$$\begin{aligned}
 \text{Amortization} &= 1/3 \text{ of Projected December 31, 2007 RSAM Balance} \\
 &= 1/3 * (\$198,268 \text{ RSAM} + \$5,916 \text{ RSAM Interest}) \\
 &= \$68,061 \text{ Net-of-tax amortization}
 \end{aligned}$$

$$\begin{aligned}
 \text{Gross Amortization} &= \text{Net-of-tax amortization} / (1 - \text{tax rate}) \\
 &= \$68,061 / (1 - 32.5\%) \\
 &= \underline{\underline{\$100,831}}
 \end{aligned}$$

## **Attachment 3**

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY FOR  
 RATE 1 DOMESTIC SERVICE  
 EFFECTIVE JANUARY 1, 2008

Attachment 3  
 Page 1  
 Fort Nelson  
 Rate 1 - Domestic Service

Line No.	Schedule (1)	Tariff Page (2)	Particulars (3)	Existing January 2007 Rates (4)	Delivery Margin Changes (5)	Jan. 1, 2008 Proposed Rates (6)
1	Rate 1	No. 1	<b><u>Option A</u></b>			
2						
3			Minimum Monthly Charge			
4			plus \$1.19 times			
5			the amount of the promotional			
6			incentive divided by \$100.			
7			(includes the first 2 Gigajoules)			
8						
9			Delivery Charge per Month	\$4.11	\$1.35	\$5.46
10			Revenue Stabilization Adjustment Amount per Month	\$0.15	\$0.08	\$0.23
11			Gas Cost Recovery Charge per Month	\$13.74	\$0.00	\$13.74
12			<b>Minimum Monthly Charge</b> (includes first 2 gigajoules)	<b>\$18.00</b>	<b>\$1.43</b>	<b>\$19.43</b>
13						
14			Delivery Charge per GJ	\$1.202	\$0.395	\$1.597
15			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
16			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
17			<b>Next 28 Gigajoules in any month</b>	<b>\$8.143</b>	<b>\$0.437</b>	<b>\$8.580</b>
18						
19			Delivery Charge per GJ	\$1.167	\$0.384	\$1.551
20			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
21			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
22			<b>Excess of 30 Gigajoules in any month</b>	<b>\$8.108</b>	<b>\$0.426</b>	<b>\$8.534</b>
23						
24						
25	Rate 1	No. 1.1	<b><u>Option B</u></b>			
26						
27			Delivery Charge per Month	\$4.11	\$1.35	\$5.46
28			Revenue Stabilization Adjustment Amount per Month	\$0.15	\$0.08	\$0.23
29			Gas Cost Recovery Charge per Month	\$13.74	\$0.00	\$13.74
30			<b>Minimum Monthly Charge</b> (includes first 2 gigajoules)	<b>\$18.00</b>	<b>\$1.43</b>	<b>\$19.43</b>
31						
32			Delivery Charge per GJ	\$1.202	\$0.395	\$1.597
33			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
34			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
35			<b>Next 28 Gigajoules in any month</b>	<b>\$8.143</b>	<b>\$0.437</b>	<b>\$8.580</b>
36						
37			Delivery Charge per GJ	\$1.167	\$0.384	\$1.551
38			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
39			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
40			<b>Excess of 30 Gigajoules in any month</b>	<b>\$8.108</b>	<b>\$0.426</b>	<b>\$8.534</b>

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY FOR  
 RATES 2.1, 2.2 & 2.3 GENERAL SERVICE  
 EFFECTIVE JANUARY 1, 2008

Attachment 3  
 Page 2  
 Fort Nelson  
 Rates 2.1, 2.2 & 2.3 - General Service

Line No.	Schedule (1)	Tariff Page (2)	Particulars (3)	Existing January 2007 Rates (4)	Delivery Margin Changes (5)	Jan. 1, 2008 Proposed Rates (6)
1	Rate 2.1	No. 2	Delivery Charge per Month	\$12.83	\$4.22	\$17.05
2			Revenue Stabilization Adjustment Amount per Month	\$0.15	\$0.08	\$0.23
3			Gas Cost Recovery Charge per Month	\$13.74	\$0.00	\$13.74
4			<b>Minimum Monthly Charge</b> (includes first 2 gigajoules)	<b>\$26.72</b>	<b>\$4.30</b>	<b>\$31.02</b>
5						
6			Delivery Charge per GJ	\$1.343	\$0.441	\$1.784
7			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
8			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
9			<b>Next 298 Gigajoules in any month</b>	<b>\$8.284</b>	<b>\$0.483</b>	<b>\$8.767</b>
10						
11			Delivery Charge per GJ	\$1.301	\$0.428	\$1.729
12			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
13			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
14			<b>Excess of 300 Gigajoules in any month</b>	<b>\$8.242</b>	<b>\$0.470</b>	<b>\$8.712</b>
15						
16						
17	Rate 2.2	No. 2	Delivery Charge per Month	\$12.83	\$4.22	\$17.05
18			Revenue Stabilization Adjustment Amount per Month	\$0.15	\$0.08	\$0.23
19			Gas Cost Recovery Charge per Month	\$13.74	\$0.00	\$13.74
20			<b>Minimum Monthly Charge</b> (includes first 2 gigajoules)	<b>\$26.72</b>	<b>\$4.30</b>	<b>\$31.02</b>
21						
22			Delivery Charge per GJ	\$1.343	\$0.441	\$1.784
23			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
24			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
25			<b>Next 298 Gigajoules in any month</b>	<b>\$8.284</b>	<b>\$0.483</b>	<b>\$8.767</b>
26						
27			Delivery Charge per GJ	\$1.301	\$0.428	\$1.729
28			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
29			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
30			<b>Excess of 300 Gigajoules in any month</b>	<b>\$8.242</b>	<b>\$0.470</b>	<b>\$8.712</b>
31						
32						
33	Rate 2.3	No. 2.1	Delivery Charge per Month	\$13.35	\$4.39	\$17.74
34			Gas Cost Recovery Charge per Month	\$13.74	\$0.00	\$13.74
35			<b>Minimum Monthly Charge</b> (includes first 2 gigajoules)	<b>\$27.09</b>	<b>\$4.39</b>	<b>\$31.48</b>
36						
37			Delivery Charge per GJ	\$1.641	\$0.539	\$2.180
38			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
39			<b>Next 298 Gigajoules in any month</b>	<b>\$8.509</b>	<b>\$0.539</b>	<b>\$9.048</b>
40						
41			Delivery Charge per GJ	\$1.599	\$0.526	\$2.125
42			Gas Cost Recovery Charge per GJ	6.868	\$0.000	6.868
43			<b>Excess of 300 Gigajoules in any month</b>	<b>\$8.467</b>	<b>\$0.526</b>	<b>\$8.993</b>

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY FOR  
 RATES 3.1 & 3.2 INDUSTRIAL SERVICE  
 EFFECTIVE JANUARY 1, 2008

Attachment 3  
 Page 3  
 Fort Nelson  
 Rates 3.1 & 3.2 - Industrial Service

Line No.	Schedule (1)	Tariff Page (2)	Particulars (3)	Existing January 2007 Rates (4)	Delivery Margin Changes (5)	Jan. 1, 2008 Proposed Rates (6)
1	Rate 3.1	No. 3	Delivery Charge			
2						
3			First 20 Gigajoules in any month	\$1.131	\$0.372	\$1.503
4			Next 260 Gigajoules in any month	\$1.049	\$0.345	\$1.394
5			Excess over 280 Gigajoules in any month	\$0.856	\$0.281	\$1.137
6						
7			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
8			Gas Cost Recovery Charge per Gigajoule	\$6.868	\$0.000	\$6.868
9						
10			Minimum Monthly Delivery Charge	\$869.00	\$286.00	\$1,155.00
11						
12						
13	Rate 3.2	No. 3	Delivery Charge			
14						
15			First 20 Gigajoules in any month	\$1.131	\$0.372	\$1.503
16			Next 260 Gigajoules in any month	\$1.049	\$0.345	\$1.394
17			Excess over 280 Gigajoules in any month	\$0.856	\$0.281	\$1.137
18						
19			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
20			Gas Cost Recovery Charge per Gigajoule	\$6.868	\$0.000	\$6.868
21						
22			Minimum Monthly Delivery Charge	\$869.00	\$286.00	\$1,155.00
23						
24						
25	Rate 3.3	No. 3.1	Delivery Charge			
26						
27			First 20 Gigajoules in any month	\$1.132	\$0.372	\$1.504
28			Next 260 Gigajoules in any month	\$1.051	\$0.345	\$1.396
29			Excess over 280 Gigajoules in any month	\$0.858	\$0.282	\$1.140
30						
31			Revenue Stabilization Adjustment Amount per GJ	0.073	\$0.042	\$0.115
32			Gas Cost Recovery Charge per Gigajoule	\$6.868	\$0.000	\$6.868
33						
34			Minimum Monthly Delivery Charge	\$869.00	\$286.00	\$1,155.00

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY FOR  
 RATE 25 TRANSPORTATION SERVICE  
 EFFECTIVE JANUARY 1, 2008

Attachment 3  
 Page 4  
 Fort Nelson  
 Rate 25 - Transportation Service

Line No.	Schedule (1)	Tariff Page (2)	Particulars (3)	Existing Jan 1, 2006 Rates (4)	Delivery Margin Changes (5)	Jan. 1, 2008 Proposed Rates (6)
1	Rate 25	No. 4.21	Transportation Delivery Charge			
2						
3			First 20 Gigajoules in any month	\$1.131	\$0.372	\$1.503
4			Next 260 Gigajoules in any month	\$1.049	\$0.345	\$1.394
5			Excess over 280 Gigajoules in any month	\$0.856	\$0.281	\$1.137
6						
7			Minimum Monthly Delivery Charge	\$869.00	\$286.00	\$1,155.00
8						
9			Administration Charge per Month	\$202.00	\$66.00	\$268.00
10						
11			Delivery Margin Related Rider			
12			Rider 5: RSAM per GJ	\$0.073	\$0.042	\$0.115

## **Attachment 4**



**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
EFFECT ON CUSTOMERS BILLS OF JANUARY 1, 2008 RATE CHANGES

**RATE 1 - DOMESTIC (RESIDENTIAL) SERVICE - OPTION B**

Line No.	Existing Jan. 1, 2007 Rates			Proposed Jan 1, 2008 Rates			Annual Increase/(Decrease)				
	Volume	Rate	Annual \$	Volume	Rate	Annual \$	Rate	Annual \$	% of Previous Annual Bill		
1	<b>Rate 1 Domestic Service Option B</b>										
2											
3	<u>Monthly Charge</u>										
4	12 months x	\$4.11	\$49.32	12 months x	\$5.46	\$65.52	\$1.35	\$16.20	1.22%		
5	12 months x	0.15	1.80	12 months x	0.23	2.76	0.08	0.96	0.07%		
6	12 months x	13.74	164.88	12 months x	13.74	164.88	0.00	0.00	0.00%		
7	Minimum Monthly Charge (includes the first 2 gigajoules)		\$18.00	\$216.00			\$19.43	\$233.16	\$1.43	\$17.16	1.30%
8											
9	<u>Next 28 Gigajoules in any month</u>										
10	136 GJ x	\$1.202	\$163.47	136 GJ x	\$1.597	\$217.19	\$0.395	\$53.72	4.06%		
11	136 GJ x	0.073	9.93	136 GJ x	0.115	15.64	0.042	5.71	0.43%		
12	136 GJ x	6.868	934.05	136 GJ x	6.868	934.05	0.000	0.00	0.00%		
13	Total Charges per GJ		\$8.143	\$1,107.45			\$8.580	\$1,166.88	\$0.437	\$59.43	4.49%
14											
15	<u>Excess of 30 Gigajoules in any month</u>										
16	0 GJ x	\$1.167	\$0.00	0 GJ x	\$1.551	\$0.00	\$0.384	\$0.00	0.00%		
17	0 GJ x	0.073	0.00	0 GJ x	0.115	0.00	0.042	0.00	0.00%		
18	0 GJ x	6.868	0.00	0 GJ x	6.868	0.00	0.000	0.00	0.00%		
19	Total Charges per GJ		\$8.108	\$0.00			\$8.534	\$0.00	\$0.426	\$0.00	0.00%
20											
21	Total	160 GJ x	\$8.272	\$1,323.45	160 GJ x	\$8.750	\$1,400.04	\$0.478	\$76.59	5.79%	
22											
23											
24	<u>Summary of Annual Delivery and Commodity Charges</u>										
25	160 GJ x	\$1.403	\$224.52	160 GJ x	\$1.882	\$301.11	\$0.479	\$76.59	5.79%		
26	160 GJ x	\$6.868	\$1,098.93	160 GJ x	\$6.868	\$1,098.93	\$0.000	\$0.00	0.00%		
27	Total	160 GJ x	\$8.272	\$1,323.45	160 GJ x	\$8.750	\$1,400.04	\$0.478	\$76.59	5.79%	

RATES 2.1 & 2.2 - GENERAL (COMMERCIAL) SERVICE

Line No.		Existing Jan. 1, 2007 Rates			Proposed Jan 1, 2008 Rates			Annual Increase/(Decrease)		
		Volume	Rate	Annual \$	Volume	Rate	Annual \$	Rate	Annual \$	% of Previous Annual Bill
1	<b>Rate 2.1 General Service</b>									
2										
3	<u>Monthly Charge</u>									
4	Delivery Charge per month	12 months x	\$12.83	\$153.96	12 months x	\$17.05	\$204.60	\$4.22	\$50.64	1.08%
5	Rider 5 - RSAM per month	12 months x	0.15	1.80	12 months x	0.23	2.76	0.08	0.96	0.02%
6	Gas Cost Recovery Charge per month	12 months x	13.74	164.88	12 months x	13.74	164.88	0.00	0.00	0.00%
7	Minimum Monthly Charge (includes the first 2 gigajoules)		\$26.72	\$320.64		\$31.02	\$372.24	\$4.30	\$51.60	1.10%
8										
9	<u>Next 298 Gigajoules in any month</u>									
10	Delivery Charge per GJ	526 GJ x	\$1.343	\$706.42	526 GJ x	\$1.784	\$938.38	\$0.441	\$231.96	4.96%
11	Rider 5 - RSAM per GJ	526 GJ x	0.073	38.40	526 GJ x	0.115	60.49	\$0.042	22.09	0.47%
12	Gas Cost Recovery Charge per GJ	526 GJ x	6.868	3,612.57	526 GJ x	6.868	3,612.57	\$0.000	0.00	0.00%
13	Total Charges per GJ		\$8.284	\$4,357.39		\$8.767	\$4,611.44	\$0.483	\$254.05	5.43%
14										
15	<u>Excess of 300 Gigajoules in any month</u>									
16	Delivery Charge per GJ	0 GJ x	\$1.301	\$0.00	0 GJ x	\$1.729	\$0.00	\$0.428	\$0.00	0.00%
17	Rider 5 - RSAM per GJ	0 GJ x	0.073	0.00	0 GJ x	0.115	0.00	0.042	0.00	0.00%
18	Gas Cost Recovery Charge per GJ	0 GJ x	6.868	0.00	0 GJ x	6.868	0.00	0.000	0.00	0.00%
19	Total Charges per GJ		\$8.242	\$0.00		\$8.712	\$0.00	\$0.470	\$0.00	0.00%
20										
21	Total	550 GJ x	\$8.506	\$4,678.03	550 GJ x	\$9.061	\$4,983.68	\$0.555	\$305.65	6.53%
22										
23										
24	<u>Summary of Annual Delivery and Commodity Charges</u>									
25	Delivery Charge (including RSAM)	550 GJ x	\$1.637	\$900.58	550 GJ x	\$2.193	\$1,206.23	\$0.556	\$305.65	6.53%
26	Commodity Charge	550 GJ x	\$6.868	\$3,777.45	550 GJ x	\$6.868	\$3,777.45	\$0.000	\$0.00	0.00%
27	Total	550 GJ x	\$8.506	\$4,678.03	550 GJ x	\$9.061	\$4,983.68	\$0.555	\$305.65	6.53%
28										
29										
30	<b>Rate 2.2 General Service</b>									
31										
32	<u>Monthly Charge</u>									
33	Delivery Charge per month	12 months x	\$12.83	\$153.96	12 months x	\$17.05	\$204.60	\$4.22	\$50.64	0.18%
34	Rider 5 - RSAM per month	12 months x	0.15	1.80	12 months x	0.23	2.76	0.08	0.96	0.00%
35	Gas Cost Recovery Charge per month	12 months x	13.74	164.88	12 months x	13.74	164.88	0.00	0.00	0.00%
36	Minimum Monthly Charge (includes the first 2 gigajoules)		\$26.72	\$320.64		\$31.02	\$372.24	\$4.30	\$51.60	0.19%
37										
38	<u>Next 298 Gigajoules in any month</u>									
39	Delivery Charge per GJ	2,511 GJ x	\$1.343	\$3,372.27	2,511 GJ x	\$1.784	\$4,479.62	\$0.441	\$1,107.35	3.98%
40	Rider 5 - RSAM per GJ	2,511 GJ x	0.073	183.30	2,511 GJ x	0.115	288.77	0.042	105.47	0.38%
41	Gas Cost Recovery Charge per GJ	2,511 GJ x	6.868	17,245.55	2,511 GJ x	6.868	17,245.55	0.000	0.00	0.00%
42	Total Charges per GJ		\$8.284	\$20,801.12		\$8.767	\$22,013.94	\$0.483	\$1,212.82	4.36%
43										
44	<u>Excess of 300 Gigajoules in any month</u>									
45	Delivery Charge per GJ	815 GJ x	\$1.301	\$1,060.32	815 GJ x	\$1.729	\$1,409.14	\$0.428	\$348.82	1.25%
46	Rider 5 - RSAM per GJ	815 GJ x	0.073	59.50	815 GJ x	0.115	93.73	0.042	34.23	0.12%
47	Gas Cost Recovery Charge per GJ	815 GJ x	6.868	5,597.42	815 GJ x	6.868	5,597.42	0.000	0.00	0.00%
48	Total Charges per GJ		\$8.242	\$6,717.24		\$8.712	\$7,100.29	\$0.470	\$383.05	1.38%
49										
50	Total	3,350 GJ x	\$8.310	\$27,839.00	3,350 GJ x	\$8.802	\$29,486.47	\$0.492	\$1,647.47	5.92%
51										
52										
53	<u>Summary of Annual Delivery and Commodity Charges</u>									
54	Delivery Charge (including RSAM)	3,350 GJ x	\$1.442	\$4,831.15	3,350 GJ x	\$1.934	\$6,478.62	\$0.492	\$1,647.47	5.92%
55	Commodity Charge	3,350 GJ x	\$6.868	\$23,007.85	3,350 GJ x	\$6.868	\$23,007.85	\$0.000	\$0.00	0.00%
56	Total	3,350 GJ x	\$8.310	\$27,839.00	3,350 GJ x	\$8.802	\$29,486.47	\$0.492	\$1,647.47	5.92%

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
EFFECT ON CUSTOMERS BILLS OF JANUARY 1, 2008 RATE CHANGES

**RATE 25 - TRANSPORTATION SERVICE**

Line No.	Existing Jan. 1, 2007 Rates			Proposed Jan 1, 2008 Rates			Annual Increase/(Decrease)					
	Volume	Rate	Annual \$	Volume	Rate	Annual \$	Rate	Annual \$	% of Previous Annual Bil			
1	<b>Rate 25 Transportation Service</b>											
2												
3	<u>Transportation Delivery Charges</u>											
4												
5	Delivery Charge per Gigajoule											
6	240	GJ x \$1.131	\$271.44	240	GJ x \$1.503	\$360.72	\$0.372	\$89.28	0.05%			
7	3,120	GJ x \$1.049	3,272.88	3,120	GJ x \$1.394	4,349.28	\$0.345	\$1,076.40	0.55%			
8	202,640	GJ x \$0.856	173,459.84	202,640	GJ x \$1.137	230,401.68	\$0.281	\$56,941.84	29.28%			
9	12 months x	\$869.00	-	12 months x	\$1,155.00	-	\$286.00	-	0.00%			
10												
11	12 months x	\$202.00 =	2,424.00	12 months x	\$268.00	3,216.00	\$66.00	792.00	0.41%			
12												
13	206,000	GJ x \$0.073 =	15,038.00	206,000	GJ x \$0.115	23,690.00	\$0.042	8,652.00	4.45%			
14												
15	<u>Total Transportation Delivery &amp; Administration Charges</u>			<u>206,000</u>	GJ x \$0.944	<u>\$194,466.16</u>	<u>206,000</u>	GJ x \$1.272	<u>\$262,017.68</u>	\$0.328	<u>\$67,551.52</u>	34.74%
16												
17												
18	<u>Summary of Annual Delivery, Administration and Commodity Charges</u>											
19	206,000	GJ x \$0.944	\$194,466.16	206,000	GJ x \$1.272	\$262,017.68	\$0.328	\$67,551.52	34.74%			
20	0	GJ	\$0.00	0	GJ	\$0.00	\$0.000	\$0.00	0.00%			
21	206,000	GJ x \$0.944	<u>\$194,466.16</u>	206,000	GJ x \$1.272	<u>\$262,017.68</u>	\$0.328	<u>\$67,551.52</u>	34.74%			