

ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 24473

VIA E-MAIL

regulatory.affairs@terasengas.com

March 13, 2008

Mr. Scott Thomson
Vice President, Regulatory Affairs
and Chief Financial Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Thomson:

Re: Terasen Gas Inc.
2008 First Quarter Cost Report
Revelstoke Propane Commodity Rates effective April 1, 2008

Further to your March 7, 2008 filing of the 2008 First Quarter Cost Report for Revelstoke, enclosed is Commission Order No. G-36-08.

Yours truly,

A handwritten signature in black ink, appearing to read "Erica M. Hamilton".

Erica M. Hamilton

cms
Enclosure

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-36-08**



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

An Application by Terasen Gas Inc. regarding
Propane Commodity Charges effective April 1, 2008
for the Revelstoke Service Area

BEFORE: L.F. Kelsey, Commissioner
A.A. Rhodes, Commissioner March 13, 2008
P.E. Vivian, Commissioner

O R D E R

WHEREAS:

- A. By Order No. G-155-07 the Commission increased propane commodity rates for Revelstoke effective January 1, 2008; and
- B. On March 7, 2008 Terasen Gas Inc. ("Terasen Gas") filed its 2008 First Quarter Gas Cost Report for Revelstoke (the "Application"); and
- C. Using a propane price forecast based on an average of 50 percent of the February 27, 2008 NYMEX WTI Light Sweet Crude Oil futures and 50 percent of the February 27, 2008 NYMEX Mt. Belvieu Propane futures, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2008 of \$580 deficit is forecast to change to a pre-tax deficit balance of \$14,051 at June 30, 2008 and a pre-tax deficit balance of \$305,729 at March 31, 2009. The rate change trigger mechanism is calculated to be 91.7 percent, which does not fall within the deadband range of 95 percent to 105 percent set out in Letter No. L-5-01; and
- D. Terasen Gas requests a propane reference price increase from \$0.4260 per litre to \$0.4647 per litre, which is an increase of \$0.0387 per litre corresponding to a rate increase of \$1.578/GJ, effective April 1, 2008. This equates to an increase of approximately \$126 or 7.2 percent in the annual bill of a typical residential customer, based on annual consumption of 80 gigajoules; and
- E. The Commission has considered the requested change to the propane reference price for Revelstoke in the circumstances of the balance in the propane cost deferral account, the uncertainty of propane price forecasts and a desire to limit rate volatility, and has concluded that an increase in the propane commodity rate for Revelstoke is not in the public interest at this time.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-36-08

2

NOW THEREFORE the Commission orders as follows:

1. The Commission denies the Application of Terasen Gas for an increase to the propane reference price and propane commodity charges for Revelstoke effective April 1, 2008.
2. The Commission will hold the information in Tab 5 of the Application confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this *13th* day of March 2008.

BY ORDER



L.F. Kelsey
Commissioner