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**VIA E-MAIL**

*Regulatory.Affairs@terasengas.com*

March 13, 2009

Mr. Tom Loski  
Chief Regulatory Officer  
Terasen Gas Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas Inc.  
2009 First Quarter Gas Costs Report and Rate Changes

Further to your March 5, 2009 filing of the 2009 First Quarter Gas Cost Reconciliation Report for the Lower Mainland, Inland, and Columbia Service areas, enclosed please find Commission Order G-23-09.

Yours truly,

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

Erica M. Hamilton

dlf  
Enclosure

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-23-09

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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  
2009 First Quarter Gas Costs Report  
and Rate Changes effective April 1, 2009  
for the Lower Mainland, Inland, and Columbia Service Areas**

**BEFORE:** L.F. Kelsey, Commissioner  
P.E. Vivian, Commissioner March 12, 2009  
D.A. Cote, Commissioner

**WHEREAS:**

- A. By Order G-127-08 dated September 11, 2008, the British Columbia Utilities Commission (the "Commission") approved a decrease in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas, effective October 1, 2008; and
- B. By Order G-187-08 dated December 11, 2008, the Commission ordered that no change be made to the Commodity Cost Recovery Charge effective January 1, 2009; and
- C. By Order G-191-08 dated December 11, 2008, the Commission approved increased delivery charges for customers served under Rate Schedules 1, 1U, 1X, 2, 2U, 2X, 3, 3U, 3X, 4, 5, 6, 7, 22, 22A, 22B, 23, 25, and 27 effective January 1, 2009, as provided in the Amended Application of the Terasen Gas Inc. ("Terasen Gas") 2008 Annual Review of 2009 Revenue Requirements and Rates; and
- D. On March 5, 2009, pursuant to Commission Letter L-5-01, Terasen Gas filed its 2009 First 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 April 1, 2009 that were based on February 24, 2009 forward gas prices (the "2009 First Quarter Report"); and
- E. The 2009 First Quarter Report forecasts a CCRA credit balance before tax at existing rates of approximately \$36 million at March 31, 2009, and a credit balance of approximately \$132 million at March 31, 2010; and

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- F. The 2009 First Quarter Report forecasts that commodity cost recoveries at current rates would be 126.4 percent of costs for the following 12 months; and requests a decrease of \$1.574/GJ to the Commodity Cost Recovery Charges from \$7.536/GJ to \$5.962/GJ for natural gas sales rate class customers in the Lower Mainland, Inland, and Columbia Service Areas effective April 1, 2009; and
- G. The 2009 First Quarter Report forecasts the MCRA balance before tax at existing rates will be a credit of approximately \$25 million at March 31, 2009, and will be a credit balance of approximately \$5 million at March 31, 2010; an
- H. The 2009 First Quarter Report also proposes a decrease to delivery charges for customers served under Rate Schedules 1, 1U, 1X, 2, 2U, 2X, 3, 3U, 3X, 4, 5, 6, 7, 22, 22A, 22B, 23, 25, and 27 effective April 1, 2009, to correct a Revenue Deficiency overstatement in the Amended Application of Terasen Gas for the 2008 Annual Review of 2009 Revenue Requirements and Rates; an
- I. The 2009 First Quarter Report proposes that the forecast amount over-collected from customers for the period January 1, 2009 through March 31, 2009, be refunded via a nine month Delivery Rate Refund Rider effective April 1, 2009 through the existing Rate Rider 4 mechanism for customers served under Rate Schedules 1, 1U, 1X, 2, 2U, 2X, 3, 3U, 3X, 4, 5, 6, 7, 22, 22A, 22B, 23, 25, and 27; and
- J. The aggregate rate changes would decrease Lower Mainland Rate Schedule 1 rates by \$1.643/GJ, which would reduce the annual bill of a typical residential customer, with an average annual consumption of 95 GJ, by approximately \$156 or 12.7 percent; and
- K. The Commission has determined that the requested changes as outlined in the 2009 First Quarter Report should be approved.

**NOW THEREFORE** pursuant to sections 58, 60, 61, and 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 Charges for Sales Rate Classes within the Lower Mainland, Inland, and Columbia Service Areas, effective April 1, 2009, to a rate of \$5.962/GJ as set out in the 2009 First Quarter Report.
2. The Midstream Cost Recovery Charges will remain unchanged.

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3. The Commission approves the proposed delivery rate related changes including the Delivery Rate Refund Rider (Rate Rider 4), for customers served under Rate Schedules 1, 1U, 1X, 2, 2U, 2X, 3, 3U, 3X, 4, 5, 6, 7, 22, 22A, 22B, 23, 25, and 27 effective April 1, 2009 as set out in the 2009 First Quarter Report.
4. Terasen Gas will notify all customers that are affected by the rate changes with a bill insert or bill message to be included with the next monthly gas billing.

**DATED** at the City of Vancouver, in the Province of British Columbia, this *13<sup>th</sup>* day of March 2009.

BY ORDER



L.F. Kelsey  
Commissioner