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VIA E-MAIL

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September 10, 2009

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, B.C. V3S 2X7

Dear Mr. Loski:

Re: Terasen Gas Inc.
Lower Mainland, Inland, and Columbia Service Areas
Commodity Cost Reconciliation Account and
Midstream Cost Reconciliation Account
2009 Third Quarter Gas Cost Report

Further to your September 3, 2009 filing of 2009 Third Quarter Gas Cost Report on Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account for the Lower Mainland, Inland and Columbia Service Areas effective October 1, 2009, enclosed please find Commission Order G-105-09.

Yours truly,

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

Erica M. Hamilton

MT/dg
Enclosure

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-105-09**



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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 Third Quarter Gas Costs Report
and Rate Changes effective October 1, 2009
for the Lower Mainland, Inland, Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner September 10, 2009
P.E. Vivian, Commissioner

ORDER

WHEREAS:

- A. By Order G-23-09 dated March 12, 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 April 1, 2009; and
- B. On September 3, 2009 pursuant to Commission Letter L-5-01 Terasen Gas filed its 2009 Third 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 October 1, 2009 that were based on August 24, 2009 forward gas prices (the "2009 Third Quarter Report"); and
- C. The 2009 Third Quarter Report forecasts a CCRA balance at existing rates of approximately \$67 million surplus after tax at September 30, 2009 and a balance of approximately \$64 million surplus after tax at September 30, 2010; and
- D. The 2009 Third Quarter Report forecasts that commodity cost recoveries at existing rates would be 120.4 percent of costs for the following 12 months; and requests a decrease of \$1.009/GJ to the Commodity Cost Recovery Charges from \$5.962/GJ to \$4.953/GJ for natural gas sales rate class customers in Lower Mainland, Inland, and Columbia Service Areas effective October 1, 2009; and

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- E. The 2009 Third Quarter Report forecasts MCRA balance at existing rates of approximately \$41 million deficit after tax at December 31, 2009; and a balance of approximately \$40 million deficit after tax at December 31, 2010; and
- F. The CCRA rate change would decrease Lower Mainland Rate Schedule 1 rates by \$1.009/GJ, which would reduce a typical residential customer's annual bill by approximately \$96 or 9.0 percent, with an average annual consumption of 95 GJ; and
- G. The Commission has determined that the requested change as outlined in the 2009 Third Quarter Report should be approved.

NOW THEREFORE pursuant to Section 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 October 1, 2009, to a rate of \$4.953/GJ as set out in the 2009 Third Quarter Report.
2. The Midstream Cost Recovery Charges remain unchanged.
3. 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 10th day of September 2009.

BY ORDER



L.F. Kelsey
Commissioner