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VIA EMAIL

Regulatory.Affairs@terasengas.com

December 10, 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 Fourth Quarter Gas Costs Report
and Rate Changes effective January 1, 2010
for the Lower Mainland, Inland, Columbia Service Areas

Further to your December 3, 2009 filing of the 2009 Fourth Quarter Gas Costs, enclosed please find Commission Order G-154-09.

Yours truly,

A handwritten signature in black ink, appearing to read "Constance M. Smith".

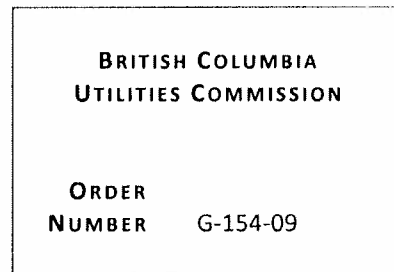
Constance M. Smith

for: Erica M. Hamilton

cms
Enclosure



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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 Fourth Quarter Gas Costs Report
and Rate Changes effective January 1, 2010
for the Lower Mainland, Inland, Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner December 10, 2009
P.E. Vivian, Commissioner

WHEREAS:

- A. By Order G-187-08 dated December 11, 2008, the British Columbia Utilities Commission (the "Commission") approved changes to the Midstream Cost Recovery Charges for the sales rate classes within the Lower Mainland, Inland, and Columbia Services Areas, and changes to the Commodity Unbundling Deferral Cost Recovery Rate Rider 8 for Residential and Commercial customers within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective January 1, 2009; and
- B. By Order G-105-09 dated September 10, 2009, the Commission approved a decrease in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas, effective October 1, 2009; and
- C. On December 3, 2009, pursuant to Commission Letter L-5-01, Terasen Gas Inc. ("Terasen Gas") filed its 2009 Fourth 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 January 1, 2010 that were based on November 18, 2009 forward gas prices (the "2009 Fourth Quarter Report"); and
- D. On December 7, 2009, Terasen Gas filed a Revised 2009 Fourth Quarter Report on CCRA and MCRA balances and gas commodity charges for the Lower Mainland, Inland and Columbia Service Areas effective January 1, 2010 that were based on December 2, 2009 forward gas prices (the "Revised 2009 Fourth Quarter Report"); and
- E. The Revised 2009 Fourth Quarter Report forecasts that commodity cost recoveries at current rates would be 95.2 percent of costs for the following 12 months; and requests no change in the Commodity Cost Recovery Charges for natural gas customers in Lower Mainland, Inland and Columbia Service Areas effective January 1, 2010; and
- F. The Revised 2009 Fourth Quarter Report forecasts a MCRA balance at existing rates of approximately \$24 million deficit after tax at December 31, 2009; and a balance of approximately \$52 million deficit after tax at December 31, 2010; and
- G. Terasen Gas requests approval of increases to the Midstream Cost Recovery Charges for the sales rate classes within the Lower Mainland, Inland and Columbia service areas that would eliminate the forecast \$52 million deficit balance in the MCRA at the end of 2010, as shown in the Revised 2009 Fourth Quarter Report; and

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-154-09

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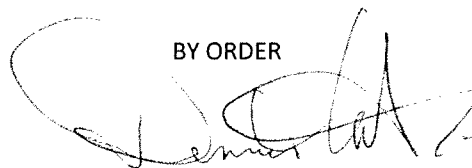
- H. Requested changes to the Residential Commodity Unbundling Deferral Cost Recovery Rate Rider 8 from \$0.073/GJ to \$0.083/GJ for all residential customers in Rate Schedules 1, 1U, and 1X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective January 1, 2010, within the Revised 2009 Fourth Quarter Report remain unchanged from those requested within the 2009 Fourth Quarter Report; and
- I. Requested changes to the Commercial Commodity Unbundling Deferral Cost Recovery Rate Rider 8 from a credit rider of \$0.021/GJ to a credit rider of \$0.008/GJ for all commercial customers in Rate Schedules 2, 2U, 2X, 3, 3U, and 3X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, effective January 1, 2010, within the Revised 2009 Fourth Quarter Report remain unchanged from those requested within the 2009 Fourth Quarter Report; and
- J. The combined effect of the proposed rate changes, as requested within the Revised 2009 Fourth Quarter Report, will increase the unit rate for a residential customer in the Lower Mainland service area by \$0.710/GJ, and will increase the annual bill of a typical residential customer in the Lower Mainland with an average annual consumption of 95 GJ by approximately \$67 or 6.9 percent; and
- K. The Commission concludes that the requested changes as outlined in the Revised 2009 Fourth Quarter Report should be approved.

NOW THEREFORE pursuant to Section 61(4) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. The Commodity Cost Recovery Charge for sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas remains unchanged effective January 1, 2010, as set out in the Revised 2009 Fourth Quarter Report.
- 2. The Midstream rates are changed effective January 1, 2010 for the sales rate classes within the Lower Mainland, Inland and Columbia Service Areas to the Midstream Cost Recovery Charges shown in the Revised 2009 Fourth Quarter Report, Revised Tab 2, Pages 2 to 4.
- 3. Rate Rider 8, applicable to eligible residential customers in Rate Schedules 1, 1U, and 1X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, is reset to \$0.083/GJ, effective January 1, 2010.
- 4. Rate Rider 8, applicable to eligible commercial customers in Rate Schedules 2, 2U, 2X, 3, 3U, and 3X within the Lower Mainland, Inland, and Columbia Service Areas, excluding Revelstoke and Fort Nelson, is reset to a credit rider of \$0.008/GJ, effective January 1, 2010.
- 5. Terasen Gas is to 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 December 2009.

BY ORDER



D.A. Cote
Commissioner