



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. 29711

VIA EMAIL

regulatory.affairs@terasengas.com

June 11, 2009

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

Dear Mr. Loski:

Re: Terasen Gas Inc.
Second Quarter Gas Cost Report

Further to your June 8, 2009 filing of the Second Quarter Gas Cost Report for the Revelstoke Service area, enclosed please find Commission Order G-74-09.

Yours truly,

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

Erica M. Hamilton

ac
Enclosure

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-74-09**



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

and

**An Application by Terasen Gas Inc.
Regarding 2009 Second Quarter Gas Cost Report and
Propane Commodity Charges effective July 1, 2009
for the Revelstoke Service Area**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner June 11, 2009

WHEREAS:

- A. By Order G-24-09 the British Columbia Utilities Commission (the "Commission") decreased the propane commodity rates for the Terasen Gas Inc. ("Terasen Gas") Revelstoke service area ("Revelstoke") effective April 1, 2009; and
- B. On June 8, 2009, Terasen Gas filed its 2009 Second Quarter Gas Cost Report for Revelstoke; and
- C. Terasen Gas provided three sets of forward prices for the forecast cost of propane. One forecast was based 50 percent on the NYMEX West Texas Intermediate ("WTI") light sweet crude oil futures and 50 percent on the NYMEX Mt. Belvieu propane futures, the second was based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third was based 100 percent on the NYMEX Mt. Belvieu propane futures; and
- D. Using a propane price forecast based on the average of 50 percent of the June 1, 2009 NYMEX WTI light sweet crude oil futures and 50 percent of the June 1, 2009 NYMEX Mt. Belvieu propane futures, and based on the existing Revelstoke rates, the projected pre-tax deferral balance at June 30, 2009 of \$250,369 surplus is forecast to change to a pre-tax deficit balance of \$667,166 at June 30, 2010. The rate change trigger mechanism is calculated to be 69.9 percent which does not fall within the deadband range of 95 percent to 105 percent set out set in Letter L-05-01; and
- E. Using a propane price forecast based on June 1, 2009 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2009 of \$258,566 surplus is forecast to change to a pre-tax deficit balance of \$861,734 at Jun 30, 2010. The rate change trigger mechanism is calculated to be 64.3 percent which does not fall within the deadband range of 95 percent to 105 percent; and

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- F. Using a propane price forecast based on June 1, 2009 NYMEX Mt. Belvieu propane futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2009 of \$242,106 surplus is forecast to change to a pre-tax deficit balance of \$472,844 at June 30, 2010. The rate change trigger mechanism is calculated to be 76.7 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. In the 2009 Second Quarter Report for Revelstoke, Terasen Gas requests approval of a propane rate that is based on propane futures prices which would increase the propane reference price by \$0.0637 per litre, from \$0.2091 per litre to \$0.2728 per litre, effective July 1, 2009. This corresponds to a rate increase of \$2.606 per gigajoule; and
- H. The rate change will result in an increase of approximately \$130 or 17.2 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- I. The Commission has determined that the requested changes to the propane reference price and propane rate for Revelstoke should be approved.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the Commission approves a propane reference price increase of \$0.2091 per litre to \$0.2728 per litre, which corresponds to an increase of \$2.606 per gigajoule in customer rates, effective July 1, 2009. Terasen Gas will inform all customers affected by the rate change.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of June 2009.

BY ORDER



D.A. Cote
Commissioner