

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. 23084

VIA E-MAIL

Regulatory.Affairs@terasengas.com

December 7, 2007

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

Dear Mr. Thomson:

Re: Terasen Gas Inc.
2007 Fourth Quarter Gas Costs Report
for the Lower Mainland, Inland and Columbia Service Areas

Further to your December 3, 2007 report on the fourth quarter gas costs, enclosed is Commission Order No. G-150-07.

Yours truly,

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

Erica M. Hamilton

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Enclosure

**BRITISH COLUMBIA
UTILITIES COMMISSION**

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- F. Pursuant to Commission Order No. Commission Order No. C-6-06, dated August 14, 2006, the Stable Commodity Rate Residential Service offering will end December 31, 2007. In the Report, Terasen Gas requests approval to set Rate Rider 9 (Stable Commodity Rate Residential Service Deferral Cost Recovery Rate Rider) to zero, and to close Rate Schedule 1S, effective January 1, 2008; and
- G. In the Report, Terasen Gas also requests to close the Stable Commodity Rate Residential Service deferral account after December 31, 2007, and to transfer the forecast residual deficit balance at December 31, 2007 of approximately \$9,000 (after-tax) to the Residential Commodity Unbundling O&M Deferral Account for recovery; and
- H. Pursuant to Commission Order No. C-6-06, dated August 14, 2006, and the accompanying Commission Decision regarding the Residential Commodity Unbundling Project for Residential Customers Certificate of Public Convenience and Necessity Application, the Residential Commodity Unbundling Capital and O&M deferral accounts were approved, including a three-year amortization and any applicable Allowance for Funds Utilized During Construction on the Capital expenditures; and
- I. In the Report, Terasen Gas requests approval of a new Residential Commodity Unbundling Deferred Cost Recovery Rate Rider, including the recovery related to the transferred residual deficit in the Stable Commodity Rate Residential Service deferral account, be set at \$0.118 per gigajoule, via Rate Rider 8 which would apply, to all eligible 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, 2008; and
- J. In the Report, Terasen Gas also requests approval to reset the Commercial Commodity Unbundling Deferred Cost Recovery Rate Rider 8 to \$0.047 per gigajoule 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, 2008; and
- K. In the Report, Terasen Gas also requests approval of the Net Core Market Administration Budget for 2008 of \$2,440,752, which is a 2.0 percent increase from the 2007 budget. Terasen Gas funds 89 percent or \$2,172,269, of this budget, while Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. fund 10 percent or \$244,075, and 1 percent or \$24,408 of the budget, respectively; and
- L. The Commission concludes that the requested changes outlined in the 2007 Fourth Quarter Report should be approved.

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

- 1. There are no changes in the Commodity Cost Recovery Charges effective January 1, 2008.

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2. The Midstream rates are changed effective January 1, 2008 for the Sales Rate Classes within Lower Mainland, Inland and Columbia service areas to the Midstream Cost Recovery Charges shown in the 2007 Fourth Quarter Report, Tab 3, Table B, Pages 1 to 1.2.
3. The termination of Rate Schedule 1S, Stable Commodity Rate Residential Service Tariff, effective January 1, 2008, is approved.
4. Rate Rider 9 applicable to residential customers in Rate Schedules 1, 1U, and 1X within the Lower Mainland, Inland, and Columbia service areas, excluding Revelstoke and Fort Nelson, is set to zero, effective January 1, 2008.
5. The transfer of the residual Stable Commodity Rate Residential Service deferral account balance, after the program closes on December 31, 2007, to the Residential Commodity Unbundling O&M deferral account, and the closure of the deferral account, are approved.
6. 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 set at \$0.118 per gigajoule, effective January 1, 2008.
7. Rate Rider 8 applicable to 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, is reset to \$0.047 per gigajoule, effective January 1, 2008.
8. The Net Core Market Administration Budget for 2008 of \$2,440,752 is approved.
9. 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 7th day of December 2007.

BY ORDER



L.F. Kelsey
Commissioner