



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. 32894

**VIA EMAIL**

Regulatory.Affairs@terasengas.com

March 11, 2010

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

Dear Mr. Loski:

Re: Terasen Gas Inc.  
Revelstoke Service Area  
2010 First Quarter Gas Cost Report and Propane Commodity Charges

Further to your March 5, 2010 filing of the 2010 First Quarter Gas Cost Report and Propane Commodity Charges for Revelstoke, enclosed please find Commission Order G-41-10. Terasen is to explain the nature of the changes by way of a bill insert or customer notice, to be submitted to the Commission for review prior to its release.

Yours truly,

A handwritten signature in black ink, appearing to read "Erica M. Hamilton". The signature is stylized and written over a horizontal line.

for: Erica M. Hamilton

cms  
Enclosure



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-41-10**

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VANCOUVER, B.C. V6Z 2N3 CANADA  
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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 2010 First Quarter Gas Cost Report and  
Propane Commodity Charges effective April 1, 2010  
for the Revelstoke Service Area

**BEFORE:** L.F. Kelsey, Commissioner  
D.A. Cote, Commissioner

March 11, 2010

**O R D E R**

**WHEREAS:**

- A. On March 5, 2010 Terasen Gas Inc. (Terasen Gas) filed its 2010 First Quarter Gas Cost Report for the Revelstoke service area (Revelstoke) (the 2010 First Quarter Report); and
- B. By Order G-157-09 the British Columbia Utilities Commission (the Commission) increased the propane commodity rates for the Revelstoke service area effective January 1, 2010; and
- C. Terasen Gas provided three sets of forward prices for the forecast cost of propane. One forecast based 50 percent on the NYMEX West Texas Intermediate (WTI) light sweet crude oil futures and 50 percent on the NYMEX B0 – Mt. Belvieu propane swap prices, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX B0 – Mt. Belvieu propane swap prices; and
- D. Using a propane price forecast based on an average of 50 percent of the February 23, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the February 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$9,645 surplus is forecast to change to a pre-tax deficit balance of \$476,166 at March 31, 2011. The rate change trigger mechanism is calculated to be 84.7 percent which does not fall within the deadband range of 95 percent to 105 percent set out in Letter L-05-01; and
- E. Using a propane price forecast based on February 23, 2010 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$26,421 deficit is forecast to change to a pre-tax deficit balance of \$610,323 at March 31, 2011. The rate change trigger mechanism is calculated to be 81.2 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- F. Using a propane price forecast based on February 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2010 of \$45,922 surplus is forecast to change to a pre-tax deficit balance of \$341,457 at March 31, 2011. The rate change trigger mechanism is calculated to be 88.5 percent which does not fall within the deadband range of 95 percent to 105 percent; and

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- G. In the 2010 First Quarter Report, Terasen Gas requests approval of a propane rate that is based on propane forward prices which would increase the propane reference price by \$0.0435 per litre, from \$0.3346 per litre to \$0.3781 per litre, effective April 1, 2010. This corresponds to a rate increase of \$1.786 per gigajoule; and
- H. The rate change will result in an increase of approximately \$89 or 8.7 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 \$0.0435 per litre to \$0.3781 per litre, which corresponds to an increase of \$1.786 per gigajoule in customer rates, effective April 1, 2010. Terasen Gas is to provide a descriptive explanation of the final rates by way of a bill insert or customer notice to all affected customers, to be submitted to the Commission in draft prior to its release.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 11<sup>th</sup> day of March 2010.

BY ORDER



D.A. Cote  
Commissioner