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VIA EMAIL

regulatory.affairs@terasengas.com

June 10, 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 Second Quarter Gas Cost Report and Propane Commodity Charges

Further to your June 3, 2010 filing of the 2010 Second Quarter Gas Cost Report and Propane Commodity Charges for Revelstoke, enclosed please find Commission Order G-101-10. Terasen is to explain the nature of the changes by way of a bill insert and customer notice, to be submitted to the Commission for review prior to its release.

Yours truly,

for: Alison Cormack
Erica M. Hamilton

ac
Enclosure

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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-101-10**

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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 the 2010 Second Quarter Gas Cost Report and
Propane Commodity Charges effective July 1, 2010
for the Revelstoke Service Area

BEFORE: D.A. Cote, Commissioner June 10, 2010
L.F. Kelsey, Commissioner

WHEREAS:

- A. By Order G-41-10 dated March 11, 2010, the British Columbia Utilities Commission (Commission) increased the propane commodity rates for the Terasen Gas Inc. (Terasen Gas) Revelstoke service area (Revelstoke) effective April 1, 2010; and
- B. On June 3, 2010, Terasen Gas filed its 2010 Second Quarter Gas Cost Report for Revelstoke (the 2010 Second Quarter Report); 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 NMYEX B0 – Mt. Belvieu propane swap prices; and
- D. Using a propane price forecast based on an average of 50 percent of the May 25, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the May 25, 2010 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$65,628 surplus is forecast to change to a pre-tax surplus balance of \$346,578 at June 30, 2011. The rate change trigger mechanism is calculated to be 113.1 percent, which does not fall within the deadband range of 95 percent to 105 percent set out in Letter L-05-01; and

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- E. Using a propane price forecast based on May 25, 2010 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$54,038 surplus is forecast to change to a pre-tax surplus balance of \$263,133 at June 30, 2011. The rate change trigger mechanism is calculated to be 109.7 percent, which does not fall within the deadband range of 95 percent to 105 percent; and
- F. Using a propane price forecast based on May 25, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$77,217 surplus is forecast to change to a pre-tax surplus balance of \$430,208 at June 30, 2011. The rate change trigger mechanism is calculated to be 116.8 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. In the 2010 Second Quarter Report, Terasen Gas requests approval of a propane rate, that is based on a propane price forecast using an average of 50 percent of the May 25, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the May 25, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, which would decrease the propane reference price by \$0.0439 per litre, from \$0.3781 per litre to \$0.3342 per litre, effective July 1, 2010. This corresponds to a rate decrease of \$1.801 per gigajoule; and
- H. The rate change will result in a decrease of approximately \$90 or 8.0 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 decrease of \$0.0439 per litre to \$0.3342 per litre, which corresponds to a decrease of \$1.801 per gigajoule in customer rates, effective July 1, 2010. Terasen Gas is to provide a descriptive explanation of the final rates by way of a bill insert and customer notice to all affected customers with the next monthly gas billing, 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 10th day of June 2010.

BY ORDER


D.A. Cote
Commissioner