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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-110-00

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

and

An Application by BC Gas Utility Ltd.
for Approval of Market-Based Backstopping, Balancing and Unauthorized Overrun Charges
for Rate Schedules 4, 7, 22, 22A, 22B, 23, 25 and 27 effective December 1, 2000

BEFORE: L.R. Barr, Deputy Chair)
P.G. Bradley, Commissioner)
B.L. Clemenhagen, Commissioner) November 30, 2000
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 17, 2000, BC Gas Utility Ltd. ("BC Gas") applied to the Commission for approval of market-based Backstopping, Balancing and Unauthorized Overrun ("UOR") Charges for Rate Schedules 4, 7, 22, 22A, 22B, 23, 25 and 27 (the "Application"); and
- B. In the Application BC Gas stated that, as a result of the recent large increase in gas prices, the current charges for Backstopping, Balancing and UOR gas are significantly below current daily market prices, with the result that firm sales customers are, in some instances, subsidizing Rate Schedule 4, 7, 22, 22A, 22B, 23, 25 and 27 customers who use such gas; and
- C. BC Gas discussed the requested charges at its Annual Review on November 21, 2000 and, on November 23, 2000, responded to questions raised at the Annual Review indicating that firm sales customers lost approximately \$210,000 of mitigation revenue in the 1999/2000 gas contract year when these charges were below market prices; and
- D. On November 24, 2000, BC Gas amended the Application and requested that the new charges be approved effective December 1, 2000 (the "Amended Application"); and
- E. PremStar Pacific, Canadian Forest Products Ltd., R.T. O'Callaghan & Associates Inc., IGI Resources, Inc., Conquest Energy, and Bull, Housser & Tupper filed comments that generally supported Backstopping, Balancing and UOR Charges based on daily market prices, although some parties submitted that the requested changes need to be more fully discussed before they are implemented; and
- F. Parties who filed comments generally felt that the requested pricing could permit firm sales customers of BC Gas to profit from the provision of this gas, and preferred charges based on the Gas Daily NW Sumas Midpoint price. Some felt the Balancing Charge for monthly balanced customers should be based only on the average of the Gas Daily Sumas price; and
- G. Commission Order No. G-75-00, dated August 4, 2000, directed BC Gas to file a Rate Design Application by the end of January 2001. Issues related to Backstopping, Balancing and UOR Charges can be raised in that proceeding; and

- F. The Commission has considered the Revised Application and the submissions and is satisfied that market-based Backstopping, Balancing and UOR Charges that are based on the Gas Daily NW Sumas Midpoint price should be approved without delay.

NOW THEREFORE the Commission orders for BC Gas as follows:

1. Market-based Backstopping, Balancing and UOR Charges, as set out in the Revised Application, are approved effective December 1, 2000, except that the charges will be based on the Gas Daily NW Sumas Midpoint price. The Balancing Charge for Rate Schedules 23, 25 and 27 will be based on the average for the month of the Gas Daily NW Sumas Midpoint price. The charge for UOR gas in excess of 5 percent will be the greater of \$20/GJ or 1.5 times the Gas Daily NW Sumas Midpoint price.
2. The Commission will accept for BC Gas, subject to timely filing, Gas Tariff Rate Schedules in accordance with this Order.
3. In its 2001 Rate Design Application, BC Gas is directed to address the appropriate level of charges for Backstopping, Balancing and UOR gas.
4. For November 2000 through March 2001, BC Gas is directed to file a monthly report on the amount of Balancing, Backstopping and UOR gas provided to customers, generally in the format of the tables that were attached to BC Gas' November 23, 2000 filing. The reports should identify the quantity and cost of gas that was specifically purchased to provide this gas, compared to the charges for the gas. Each report should be filed by the end of the following month.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of December 2000.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair