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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-101-04

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

and

**An Application by Sun Peaks Utilities Co. Ltd.
for Approval of a Propane Supply Contract Extension and
Commodity Rate Changes Effective October 30, 2004**

BEFORE: L.F. Kelsey, Commissioner November 12, 2004
K.L. Hall, Commissioner

O R D E R

WHEREAS:

- A. On October 29, 2004, Sun Peaks Utilities Co. Ltd. ("SPUCL") filed an application requesting that the current Gas Commodity Charge – Propane of \$9.920/GJ be increased to \$13.53/GJ and that the Gas Commodity Charge – GCRA be reduced from \$0.89/GJ to zero, effective October 30, 2004 (the "Application"); and
- B. In the Application, SPUCL included a letter from its propane supplier dated October 29, 2004 that established a fixed price for a quantity of propane deliveries commencing November 7, 2004. Including the effect of the fixed price purchase, SPUCL forecasts that the cost of propane in 2005 will be \$0.3357 per litre (\$13.225/GJ); and
- C. In the Application, SPUCL projects that the Gas Cost Reconciliation Account ("GCRA") will have a debit balance of \$141,000 at the end of October 2004 and recognizing the amount of the requested increase in the Gas Commodity Charge - Propane and to mitigate the rate increase for customers, submitted that the Gas Commodity Charge – GCRA should be reduced to zero effective October 30, 2004; and
- D. On November 9, 2004, SPUCL submitted to the Commission a Second Modification Agreement dated April 1, 2004 (the "Second Modification Agreement") extending the Propane Supply Agreement (the "Propane Supply Agreement") between MP Energy Partnership and Terasen Utility Services Inc. dated August 31, 2001 for the supply of liquid propane to SPUCL; and
- E. The Second Modification Agreement extended the end of the term of the Propane Supply Agreement to March 31, 2005, established a mechanism for establishing a fixed price for certain quantities of propane and provided that a variable market price will be paid for propane during the rest of the term of the agreement; and
- F. The requested combined rate increase of \$2.72/GJ will increase residential annual bills by approximately 13 to 16 percent, and will increase large commercial bills by approximately 17 to 18 percent; and
- G. SPUCL has informed all customers of the proposed rate increase in its October and November 2004 Newsletters.

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NOW THEREFORE, pursuant to Sections 71 and 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission accepts for filing the Second Modification Agreement.
2. A Gas Commodity Charge – Propane of \$13.53/GJ is approved effective October 30, 2004.
3. A Gas Commodity Charge – GCRA of \$0.00/GJ is approved effective October 30, 2004.
4. The Commission will hold SPUCCL's October 29 and November 9, 2004 submissions confidential.
5. SPUCCL is to advise all customers of the Commission approval given by this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of November 2004.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner