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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-93-08**

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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 (Whistler) Inc.
Regarding Propane Commodity Charges effective July 1, 2008**

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner June 12, 2008
A.A. Rhodes, Commissioner

O R D E R

WHEREAS:

- A. By Order No. G-156-07 the Commission increased the propane commodity rates for Terasen Gas (Whistler) Inc. ("Terasen Whistler") effective January 1, 2008; and
- B. On June 6, 2008 Terasen Whistler filed its 2008 Second Quarter Gas Cost Report; and
- C. Terasen Whistler 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 Mt. Belvieu propane futures, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX Mt. Belvieu propane futures; and
- D. Terasen Whistler has utilized a propane price forecast based on an average of 50 percent NYMEX WTI light sweet crude oil futures and 50 percent NYMEX Mt. Belvieu propane futures and, for the natural gas price forecast, Terasen Whistler has utilized an average cost of natural gas based on the Terasen Gas Inc. gas supply portfolio to determine the forecast over or under recovery of existing recovery rates to forecast costs; and
- E. Using the May 28, 2008 forward prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2008 of \$696,738 deficit is forecast to change to a pre-tax deficit balance of \$4,152,538 at June 30, 2009. The rate change trigger mechanism was calculated to be 76.7 percent, which does not fall within the deadband range of 95 percent to 105 percent set out in Letter No. L-5-01; and

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- F. Terasen Whistler requested a commodity rate increase, via Rate Rider A, from \$8.018 per gigajoule to \$12.995 per gigajoule corresponding to a rate increase of \$4.977 per gigajoule effective July 1, 2008. This equates to an increase of approximately \$448 or 21.8 percent in the annual bill of a typical residential customer, based on consumption of 90 gigajoules annually; and
- G. Terasen Whistler also provided information based on the propane price forecast using the 100 percent NYMEX Mt. Belvieu propane futures and, for the natural gas price forecast using an average cost of natural gas based on the Terasen Gas Inc. gas supply portfolio. Based on the May 28, 2008 forward prices the rate change trigger mechanism was calculated to be 81.5 percent, which falls outside the deadband range of 95 percent to 105 percent, and results in a commodity rate increase via Rate Rider A, from \$8.018 per gigajoule to \$11.604 per gigajoule which corresponds to a rate increase of \$3.586 per gigajoule effective July 1, 2008. This equates to an increase of approximately \$322.74 or 15.7 percent for the typical residential customer annual bill of 90 GJ; and
- H. The Carbon Tax on propane of \$0.59780 per gigajoule is effective July 1, 2008; and
- I. The Commission concludes that the requested change to Rate Rider A based on the May 28, 2008 forward prices based on the Mt. Belvieu propane futures is necessary at this time.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission approves an increase of \$3.586 per gigajoule to \$11.604 per gigajoule in Rate Rider A for Whistler customers, effective July 1, 2008. Terasen Whistler will inform all customers affected by the rate change.

DATED at the City of Vancouver, In the Province of British Columbia, this 13th day of June 2008.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner