



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-157-09

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**An Application by Terasen Gas Inc.
Regarding 2009 Fourth Quarter Gas Cost Report and
Propane Commodity Charges effective January 1, 2010
for the Revelstoke Service Area**

BEFORE: L. F. Kelsey, Commissioner December 14, 2009

O R D E R

WHEREAS:

- A. By Order G-74-09, the British Columbia Utilities Commission (the "Commission") increased the propane commodity rates for the Terasen Gas Inc. ("Terasen Gas") Revelstoke service area ("Revelstoke") effective July 1, 2009; and
- B. On December 3, 2009, Terasen Gas filed its 2009 Fourth Quarter Gas Cost Report for Revelstoke (the "2009 Fourth Quarter Report"); and
- C. On December 11, 2009, Terasen Gas filed its Revised 2009 Fourth Quarter Gas Cost Report for Revelstoke (the "Revised 2009 Fourth Quarter Report") to make correction to the source reference of the propane commodity forward pricing utilized in the 2009 Fourth Quarter Report, and also utilized in the Revised 2009 Fourth Quarter Report. The Fourth Quarter Report incorrectly referenced the NYMEX Mt. Belvieu propane futures, which was discontinued by NYMEX in September 2009. The correct source reference is the NYMEX PT – Mt. Belvieu propane (OPIS) swap prices; and
- D. 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 PT – Mt. Belvieu propane (OPIS) 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 PT – Mt. Belvieu propane (OPIS) swap prices; and
- E. Using a propane price forecast based on an average of 50 percent of the November 18, 2009 NYMEX WTI light sweet crude oil futures and 50 percent of the November 18, 2009 NYMEX PT - Mt. Belvieu propane (OPIS) swap prices, and based on the existing rates, the projected pre-tax deferral balance at December 31,

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-157-09

2

2009 of \$103,164 surplus is forecast to change to a pre-tax deficit balance of \$651,657 at December 31, 2010. The rate change trigger mechanism is calculated to be 76.3 percent which does not fall within the deadband range of 95 percent to 105 percent set out in Letter No. L-05-01; and

- F. Using a propane price forecast based on November 18, 2009 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at December 31, 2009 of \$98,126 surplus is forecast to change to a pre-tax deficit balance of \$828,203 at December 31, 2010. The rate change trigger mechanism is calculated to be 71.7 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. Using a propane price forecast based on November 18, 2009 NYMEX PT - Mt. Belvieu propane (OPIS) swap prices, and based on the existing rates, the projected pre-tax deferral balance at December 31, 2009 of \$108,202 surplus is forecast to change to a pre-tax deficit balance of \$474,914 at December 31, 2010. The rate change trigger mechanism is calculated to be 81.5 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- H. In the Revised 2009 Fourth Quarter Report, Terasen Gas requests approval of a propane rate that is based on the NYMEX PT - Mt. Belvieu propane (OPIS) swap which would increase the propane reference price by \$0.0618 per litre, from \$0.2728 per litre to \$0.3346 per litre, effective January 1, 2010. This corresponds to a rate increase of \$2.532 per gigajoule; and
- I. The rate change will result in an increase of approximately \$127 or 14.3 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- J. 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 \$0.0618 per litre to \$0.3346 per litre, which corresponds to an increase of \$2.532 per gigajoule in customer rates, effective January 1, 2010. Terasen Gas will inform all customers affected by the rate change.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December, 2009.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner