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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-40-10

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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 (Whistler) Inc.
regarding Gas Cost Recovery Charge effective April 1, 2010

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner

March 11, 2010

WHEREAS:

- A. On November 9, 2009 Terasen Gas (Whistler) Inc. (TGW) applied to the British Columbia Utilities Commission (Commission) for approval of its 2010-2011 Revenue Requirements and Rates Application (the Revenue Requirements Application) to amend its rates, effective January 1, 2010, pursuant to sections 58, 60, 61 and 89 of the *Utilities Commission Act* (the Act); and
- B. By Order G-136-09, dated November 19, 2009, the Commission approved, on an interim basis, TGW's unbundling of the General Service Rate into the following components:
- (a) Basic Charge per Month of \$7.50 effective January 1, 2010;
 - (b) Delivery Charge per gigajoule of \$11.981 commencing January 1, 2010 (subject to any changes flowing from a Commission decision in the jointly filed Terasen Utilities Return on Equity and Capital Structure Application [the ROE Application]);
 - (c) Gas Cost Recovery Charge per gigajoule of \$7.882 (to be reset after Commission review of the TGW 2009 Fourth Quarter Gas Cost Report) and a credit Rate Rider "A" of \$1.817 per gigajoule, subject to quarterly review and resetting, as appropriate both effective January 1, 2010; and
 - (d) A Minimum Monthly Charge of \$7.50 effective January 1, 2010.
- Any interim tariff adjustment to components (b)-(c) due to conditions indicated above, should be calculated and filed with the Commission as soon as possible but no later than December 12, 2009; and
- C. By Order G-153-09 dated December 10, 2009, the Commission approved setting the interim Gas Cost Recovery Charge to \$6.691 per gigajoule, effective January 1, 2010, as filed within the TGW Revised 2009 Fourth Quarter Gas Cost Report dated December 7, 2009; and
- D. On December 16, 2009, the Commission issued its Decision on the ROE Application, concurrently with Commission Order G-158-09, wherein the Commission approved the Benchmark Return on Equity to be used in establishing the return on equity for TGW, effective July 1, 2009. Accordingly, Rate Rider B was set at \$0.034/GJ effective January 1, 2010 to recover, over the period January 1, 2010 to March 31, 2010, the 2009 revenue deficiency resulting from the

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Commission approval of permanent rates for the period July 1, 2009 to December 31, 2009 for the 2009 return on equity; and

- E. On March 8, 2010, TGW filed its 2010 First Quarter Gas Cost Report on the Gas Cost Recovery Charge, based on the February 23, 2010 forward prices, and the Rate Rider A deferral refund rider for the Whistler Service Area effective April 1, 2010 (the 2010 First Quarter Report); and
- F. The 2010 First Quarter Report requested Commission approval of the following items requested within the Revenue Requirements Application and which relate to the gas cost recovery mechanism and gas cost rates, prior to the Commission issuing its final decision on the Revenue Requirements Application:
 - (a) Approval, on a permanent basis, to unbundle the tariff rate for General Service Rate (SGS) into the separate delivery and gas cost rate components, effective January 1, 2010, as requested within the Revenue Requirements Application;
 - (b) Approval, on a permanent basis, of the gas cost deferral account and cost recovery mechanism on a basis consistent with the Terasen Gas Inc. (TGI) commodity and midstream cost recovery mechanisms, effective January 1, 2010, as requested within the Revenue Requirements Application;
 - (c) Approval, on a permanent basis, the Gas Cost Recovery Rate of \$6.691/GJ and the Rate Rider A credit amount of \$1.817/GJ previously established as interim, effective January 1, 2010; and
- G. The 2010 First Quarter Report requested Commission approval of the following items related to rates effective April 1, 2010:
 - (a) Approval for a \$0.323/GJ increase in the Gas Cost Recovery Charge, to a rate of \$7.014/GJ, effective April 1, 2010;
 - (b) Approval for a \$0.323/GJ decrease in Rate Rider A, to a rate of \$2.140/GJ refund amount, effective April 1, 2010;
 - (c) Approval to reset the Rate Rider B amount to zero, effective April 1, 2010; and
- H. The proposed changes to the Gas Cost Recovery Charge and to Rate Rider A, effective April 1, 2010, are equal and offsetting, thereby having no impact on customers' bills; and
- I. The proposed resetting of the Rate Rider B amount to zero, effective April 1, 2010, would decrease TGW rates overall by \$0.034/GJ, and result in a decrease to a typical Whistler Residential customer's annual bill, with an average consumption of 90 GJ, of approximately \$3 or 0.2 percent.
- J. The Commission has determined that the requested changes, as outlined in the 2010 First Quarter Report, should be approved as interim rates.

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NOW THEREFORE the Commission orders as follows:

1. The Commission approves, on an interim basis, TGW's unbundling of the General Service Rate variable per gigajoule charges into a Delivery Charge per gigajoule and a Gas Cost Recovery Charge per gigajoule, effective January 1, 2010, as requested within the Revenue Requirements Application; and
2. The Commission approves, on an interim basis, the TGW gas cost deferral account and cost recovery mechanism on a basis consistent with the TGI commodity and midstream cost recovery mechanisms, effective January 1, 2010, as requested within the Revenue Requirements Application; and
3. The Commission approves, on a continued interim basis, the Gas Cost Recovery Charge of \$6.691/GJ and the Rate Rider A credit amount of \$1.817/GJ previously established as interim, effective January 1, 2010; and
4. The Commission approves, as requested within the 2010 First Quarter Report, the following changes to TGW rates:
 - (a) Approval for a \$0.323/GJ increase in the Gas Cost Recovery Charge, to a rate of \$7.014/GJ, effective April 1, 2010;
 - (b) Approval for a \$0.323/GJ decrease in Rate Rider A, to a rate of \$2.140/GJ refund amount, effective April 1, 2010;
 - (c) Approval to reset the Rate Rider B amount to zero, effective April 1, 2010; and
5. TGW is to provide a descriptive explanation of the final rates by way of a bill insert or customer notice to all affected customers, 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 11th day of March 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner