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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-7-12**

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

and

An Application to Increase Cost of Product (Propane) by 5 Percent
to Adjust for Unaccounted for Volumes
by Port Alice Gas Inc.

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner January 26, 2012
N.E. MacMurchy, Commissioner
D. Morton, Commissioner
R.D. Revel, Commissioner

ORDER

WHEREAS:

- A. By Order G-22-01 the British Columbia Utilities Commission (the Commission) approved the Commodity Fee formula and methodology for calculating the cost of propane used for billing purposes by Port Alice Gas Inc. (PAG);
- B. Subsequent Orders approved changes to the propane commodity price bands used in the Commodity Fee formula to determine billing rates. The latest change to the commodity price bands was approved by the Commission in Order G-85-08;
- C. On December 20, 2011, PAG submitted an application (Application) that reports a shortfall of approximately 10 percent (57,849 litres) in customer billed volumes (512,393 litres) compared to delivered volumes (570,242 litres) as Unaccounted Volumes from its fiscal 2011 (November 1, 2010 to October 31, 2011) year;
- D. The Application requests approval to allow it to recover an incremental 5 percent over the delivered cost, for future billing volumes measured at the customer meter, to allow it to recover costs for expected Unaccounted Volumes;
- E. PAG has and continues to take significant actions including equipment inspection, replacement, metering, testing and expert consultant services to investigate and correct the cause(s) of the unusually high Unaccounted Volumes;

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- F. PAG is not seeking to recover costs related to Unaccounted Volumes prior to December 2011;
- G. The Commission has reviewed the Application and responses to Information Requests and is satisfied that the requested increase in rates is fair, reasonable and necessary to aid in recovery of costs associated with Unaccounted for Volumes.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to sections 60 and 61(4) of the *Utilities Commission Act*, the Commission approves a revised calculation which includes a five percent adder for the cost of propane delivered FOB Port Alice to adjust for Unaccounted for Volumes for a period of 12 months beginning January 1, 2012.
2. PAG is directed to file with the Commission a corrective action plan to reduce the Unaccounted for Volumes including timelines by March 31, 2012. In addition, PAG is directed to file quarterly status updates including actions completed, findings or results achieved and any updates to the plan.
3. PAG is directed to file with the Commission a report of Unaccounted Volumes by December 1, 2012 including completed actions, results achieved and recommendations for any adjustment to the Unaccounted Volume calculation adder.
4. PAG is to file with the Commission updated Tariff sheets by February 1, 2012.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of January 2012.

BY ORDER

Original signed by:

D. Morton
Commissioner