

IN THE MATTER OF THE Utilities
Commission Act, S.B.C. 1980, c. 60,
as amended

and

IN THE MATTER OF Applications pursuant
to Section 114 and Section 67 by
Inland Natural Gas Co. Ltd.

DECISION
June 21, 1983

Before:

M. Taylor, Chairman; and
R.J. Ludgate, Commissioner

APPEARANCES

B.J. WALLACE	Commission Counsel
C.B. JOHNSON	Inland Natural Gas Co. Ltd.
R.B. WALLACE	B.C. Forest Products B.C. Timber Caribou Pulp and Paper Co. Prince George Pulp and Paper Weyerhaeuser Canada Council of Forest Industries
K.E. GUSTAFSON	Consumers Glass Company Ltd. Quesnel River Pulp Company
M.F. SHOEMAKER	B.C. Hydro & Power Authority
KEN BERG	B.C. Coal Limited

R.J. FLETCHER	
J.A. GREINER	Commission Staff
W.R. HARPER	Hearing Officers
D. LEACH	
AUDIOTRON ENTERPRISES LTD.	Court Reporters

LIST OF EXHIBITS

	<u>Exhibit No.</u>
British Columbia Utilities Commission Order No. G-41-83 June 8, 1983	1
Application of Inland Natural Gas Co. Ltd. June 6, 1983 Pursuant to Section 114 of the Utilities Commission Act	2
Letter and Tariff Sheets June 6, 1983 - B.C.U.C.	3
Letter Inland Natural Gas Co. Ltd. June 6, 1983 - B.C.U.C.	4
Letter Inland Natural Gas Co. Ltd. Reconciliation of Revenue Year Ended June 30, 1983	5

The Commission issued a Decision on May 25, 1983, on a Rate Application of Inland Natural Gas Co. Ltd. ("Inland") dealing with Inland's revenue requirement covering two test years, fiscal 1982 and 1983. By applications dated June 6, 1983 Inland sought to have the Commission reconsider and vary the Decision and Order No. G-38-83 and accept for filing Inland's amended Tariff Rate Schedules to be effective with all bills rendered on and after June 6, 1983. The Commission heard the applications at a public hearing on June 17, 1983.

The underlying basis for Inland's applications is that the Commission had assumed that the permanent and interim tariffs in effect would generate sales revenue sufficient to allow Inland to earn a rate of return on common share equity of 15.75%.

On reconsidering the record before it, the Commission is satisfied that Inland has demonstrated that the tariffs in effect at the sales volumes accepted by the Commission will not generate sufficient sales revenue.

As a result, the Commission has come to the following conclusions on the specific matters raised by Inland in its applications:

(a) Amortization of Deferred Interest

Inland requests that it be allowed to amortize the amount of deferred interest of \$1,139,261, commencing on July 1, 1983 over the remaining life of Series B Debentures issued to November 15, 1996. The Commission, in the Decision, found that the amount should be written off to expense as soon as circumstances permit, and found that circumstances permitted it to be written off in the 1983 fiscal year.

The Commission now finds that the circumstances do not permit that treatment, and orders that the amount of deferred interest of \$1,139,261 be deferred from the 1983 fiscal year. Inland may address the issue of the appropriate period of amortization of this amount at the hearing of a future rate application.

(b) Management Audit Fees

The Commission confirms that the treatment of Management Audit Fees in the Decision is appropriate.

(c) 1982 Rate Hearing Costs

The Commission confirms that the treatment of 1982 Rate Hearing Costs in the Decision is appropriate.

(d) Income Tax Rate for Deferred Tax

Inland requests that the income tax rate to be used in its calculation of deferred tax be reduced from 53.8% to 52%. That treatment is supported by the intervenors. The Commission, therefore, consents to that treatment.

(e) Interest Expense

The Commission does not consider the evidence to be complete on this matter and finds that the impact in all the circumstances is not material. It therefore confirms the treatment of Interest Expense in the Decision, and invites Inland to address this matter at the hearing of a future rate application.

(f) Amended Rates

By its application for acceptance for filing of its amended Tariff Rate Schedules, Inland has asked that such amended rates be effective with respect to all bills rendered on and after June 6, 1983. The Commission has considered the question of the time from which revised rates should be effective and concludes that it is appropriate that the amended rates take effect with respect only to gas consumed on or after June 6, 1983, the date of these applications.

DATED at the City of Vancouver, in the Province of British Columbia,
this 21st day of June, 1983.



M. Taylor, Chairman



R.J. Ludgate, Commissioner



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-42-83

PROVINCE OF BRITISH COLUMBIA
BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF Applications by
Inland Natural Gas Co. Ltd.

BEFORE: M. Taylor,)
Chairman; and) June 21, 1983
R.J. Ludgate,)
Commissioner)

O R D E R

WHEREAS Inland Natural Gas Co. Ltd. ("Inland")
applied on June 6, 1983 pursuant to Section 114 of the
Utilities Commission Act (the "Act") requesting the Commission
to reconsider and vary its Decision and Order No. G-38-83 both
dated May 25, 1983; and

WHEREAS Inland applied on June 6, 1983 pursuant to
Section 67 of the Act, requesting acceptance for filing by the
Commission of amended Tariff Rate Schedules to be effective with
all bills rendered by Inland on and after June 6, 1983; and

WHEREAS the Commission considered the matters at a
public hearing held June 17, 1983.

NOW THEREFORE the Commission hereby orders that the
Decision and Order No. G-38-83 both dated May 25, 1983 be varied
as follows:

- (a) The rate Base as calculated by Schedule I of the
Decision and the Revenue Requirement as calculated
by Schedule III of the Decision be varied to
reflect the following changes:

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- (i) That deferred interest in the amount of \$1,139,261 be deleted as an expense for the 1983 Test Year, and form part of the Rate Base for the 1983 Test Year.
- (ii) That the Income Tax rate for the calculation of deferred income taxes be 52%.
- (b) Paragraph 2 of Order No. G-38-83 is deleted and replaced with the following:

"The Rate Base for the Test Year ended June 30, 1983 be calculated pursuant to Schedule I as varied."
- (c) Paragraph 3 of Order No. G-38-83 is deleted and replaced with the following:


"The Total Revenue Requirement for the Test Year ending June 30, 1983 be calculated pursuant to Schedule III as varied."
- (d) Paragraph 4 of Order No. G-38-83 is deleted and replaced with the following:

"The Commission directs Inland to file revised Tariff Rate Schedules effective with consumption on and after June 6, 1983. The amended Tariff Rate Schedules shall permit Inland to collect on an annual basis the Revenue Requirement calculated pursuant to paragraph (c) hereof."
- (e) Paragraph 5 of Order No. G-38-83 is deleted.

AND THEREFORE the Commission hereby rejects Inland's June 6, 1983 Application for acceptance for filing of its amended Tariff Rate Schedules pursuant to Section 67 of the Act and orders Inland to file amended Tariff Rate Schedules with supporting material to reflect the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of June, 1983.

BY ORDER


Acting Chairman