

DOCUMENT SUMMARY

Document Id: 0325A
Document Name: DECISION - CENTRAL HEAT
Operator: M. Parsons/C. Smith
Author: R.J. Ludgate

Comments: October 3, 1983

STATISTICS

OPERATION	DATE	TIME	WORKTIME	KEYSTROKES
Created	07/07/83	14:15	1:18	8389
Last Revised	10/04/83	13:28	:02	117
Last Printed	10/04/83	13:32		
Last Archived	10/03/83	10:15	onto Diskette	0062A
Total Pages:	11	Total Worktime:	3:20	
Total Lines:	236	Total Keystrokes:	24174	

Pages to be printed: 6

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

IN THE MATTER OF an Application by
Central Heat Distribution Limited

DECISION

October 3, 1983

Before:

J.D.V. Newlands, Deputy Chairman
N. Martin, Commissioner
R.J. Ludgate, Commissioner

LIST OF APPEARANCES

C.B. JOHNSON	Counsel for Central Heat Distribution Limited
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D. OWEN-FLOOD	Counsel for the Commission
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W.D. ALEXANDER	Commission Staff
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D. LEACH	Hearing Officer
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W.B. AUDIOTRON ENTERPRISES LTD.	Court Reporters
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I. BACKGROUND

Central Heat Distribution Limited ("Central Heat" or the "Applicant") owns and operates a steam generating plant and distribution system supplying steam for heating and cooling purposes to approximately 95 commercial customers in the downtown core area of the City of Vancouver. Central Heat holds a Certificate of Public Convenience and Necessity dated June 11, 1968 and has a 30-year agreement with the City of Vancouver entered into in 1966 under which the service is provided.

The primary source of energy for steam production is natural gas purchased on an interruptible basis from the British Columbia Hydro and Power Authority, augmented by fuel oil when gas service is curtailed.

II. APPLICATION

Central Heat applied December 17, 1982 for interim rate relief which was granted by Order No. G-94-82 dated December 23, 1982. On February 22, 1983 Central Heat supplemented the earlier filing and requested that the interim relief be confirmed as permanent increases. This matter was set for public hearing by Order No. G-33-83 issued May 12, 1983 and a hearing held on June 16, 1983.

Notice of the hearing was provided by Central Heat to all customers pursuant to Order No. G-33-83. There were no intervenors in the hearing.

The matters to be resolved in this Decision include questions associated with the approval, as permanent, of the interim rate relief granted by Order No. G-94-82 and certain adjustments to the tariff reflecting changes to the fuel cost recovery clause and interest charged on overdue accounts. Other

matters include the treatment to be accorded revenue from the sale of property and income from leases and rentals. In this latter matter, the Commission issued instructions in a letter of December 22, 1982 directing that Central Heat account for the gain on the sale of certain property and the income from certain rentals as utility income. Central Heat specifically requested a reconsideration of that direction in an application of February 22, 1983.

I. Tariff Matters

After careful review, the Commission is satisfied that the interim rates approved by Order No. G-94-82 are just and reasonable and should be confirmed.

The related tariff matters dealing with the efficiency factor in the fuel adjustment clause and the rate of interest on overdue accounts are readily disposed of. The Applicant has changed the efficiency factor in the fuel adjustment clause from 58% to 62% effective June 16, 1983 to reflect increased operating efficiencies and this is acceptable to the Commission.

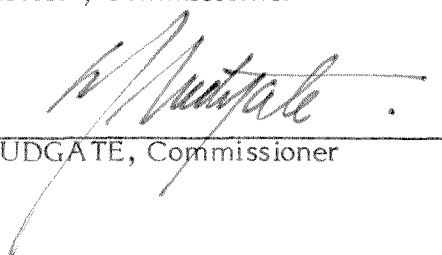
The rate of interest of 2.5% per month charged on overdue accounts is high in relation to current interest rates and at this level is more than a deterrent. The Commission will accept a change to a rate of 2% per month which should be adequate to encourage prompt payment.

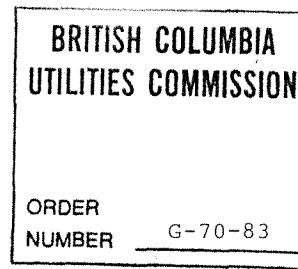
A third tariff amendment discussed involved the establishment of a limit on the amount collected under the fuel recovery clause. The Commission finds that this would be an unnecessary complication to the operation. The adjustment clause with a proper efficiency factor will ensure that the fund reflects operating conditions.

The Commission has not concluded consideration of the treatment to be accorded the revenue from the sale and lease of land and rental of premises. Therefore, a decision on these matters will be deferred and the reconsideration of the directions contained in the letter of December 22, 1982 similarly delayed.

The Order which accompanies this decision will confirm the interim rates initially approved December 23, 1982 and authorize the changes to terms and conditions dealt with under Tariff Matters in this Decision.

DATED at the City of Vancouver, in the Province of British Columbia this *3rd* day of October, 1983.


J.D.V. NEWLANDS, Deputy Chairman
N. MARTIN, Commissioner
R.J. LUDGATE, Commissioner



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 an Application by
Central Heat Distribution Limited

BEFORE: J.D.V. Newlands,)
Deputy Chairman;)
N. Martin,) October 3, 1983
Commissioner; and)
R.J. Ludgate,)
Commissioner)

O R D E R

WHEREAS Central Heat Distribution Limited ("Central Heat") applied December 17, 1982 to amend its filed tariffs concerning the rates to be charged for steam service rendered by the Company in its service area; and

WHEREAS the Commission considered the Application and supporting material and issued Order No. G-94-82, dated December 23, 1982 approving an interim increase of approximately 7.6% over existing tariff rates effective January 1, 1983, with the interim increase subject to refund with interest; and

WHEREAS Central Heat applied February 22, 1983 requesting the Commission to:

1. Confirm the interim increased rates as firm rates.
2. Reconsider its December 22, 1982 direction pertaining to accounting for any gain on the sale of property, and rental of an easement.

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**BRITISH COLUMBIA
UTILITIES COMMISSION**

ORDER
NUMBER G-70-83

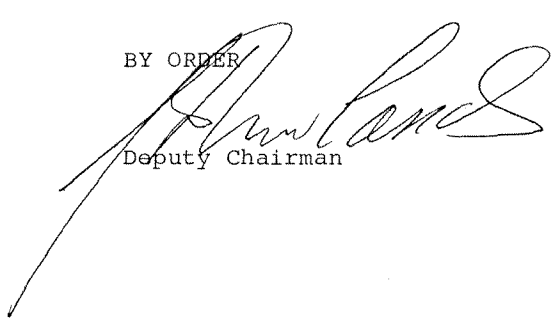
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NOW THEREFORE the Commission having heard in public hearing the Application hereby orders Central Heat Distribution Limited as follows:

1. The interim rates authorized by Commission Order No. G-94-82 to be effective January 1, 1983 are confirmed as firm rates.
2. The rate of interest chargeable on overdue accounts is to be amended from 2.5% per month to 2.0% per month effective immediately.
3. The Commission will accept for filing, subject to timely filing thereof appropriate amendments to Central Heat's filed tariff to reflect the foregoing.
4. A decision on the application to reconsider the direction of December 22, 1982 is deferred.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of October, 1983.

BY ORDER


Deputy Chairman