

IN THE MATTER OF THE UTILITIES  
COMMISSION ACT, SBC 1980, c. 60

and

IN THE MATTER OF APPLICATIONS BY  
ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

DECISION

January 22, 1982

BEFORE: M. Taylor, Chairman and J.D.V. Newlands, Commissioner

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APPEARANCES

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Allwest Reporting Ltd.

LIST OF EXHIBITS

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The Application of ICG Utilities (Plains-Western) Ltd., Fort St. John District, dated July 27, 1981 to amend its filed tariffs was heard on September 10 and 11, 1981 in Fort St. John, British Columbia and in Nanaimo, British Columbia on September 14, 1981.

The division of the Commission comprised M. Taylor, Chairman and J.D.V. Newlands, Commissioner.

## I. INTRODUCTION

This Decision deals with the Applications by ICG Utilities (Plains-Western) Ltd., Fort St. John District (hereinafter referred to as "ICG" or the "Applicant") dated May 7, 1981 for interim rate relief and July 27, 1981 for permanent rate relief.

The Commission by Order No. G-42-81 dated June 23, 1981 authorized a 12.6 cents/Mcf interim increase effective June 1, 1981. This interim rate relief, which was granted subject to refund with interest at 15% per annum, represented approximately 42% of the permanent relief sought.

The Commission by Order No. G-46-81 dated June 30, 1981 set down the above Applications for public hearing commencing in Fort St. John, British Columbia on September 10, 1981, with the direction to ICG that each customer be sent a copy of the Notice of Hearing. The hearing was held in Fort St. John, B.C. on September 10 and 11, 1981, adjourned to Nanaimo, B.C. on September 14, 1981 and final information was received on December 1, 1981. The Commission is concerned with the length of time that elapsed in the disposition of this Application. It disrupts scheduling by the Commission and staff, and is certainly not in the interest of the Applicant. It is expected that any future applications by this Company will be submitted in a more complete, concise and timely manner.

The Applicant operates a transmission and distribution system providing natural gas service to the communities of Fort St. John, Taylor and Charlie Lake under appropriate Certificates of Public Convenience and Necessity. In addition the Applicant holds franchises from the communities of Fort St. John and Taylor. These expire on August 14, 1984 and December 2, 1982 respectively.

Prior to 1978 the Applicant was operating as a division of Plains-Western Gas and Electric Co. Ltd. which in turn was 100% owned by Great Northern Gas Utilities. The latter company was a wholly-owned subsidiary of Canadian Hydrocarbons Ltd.. In December, 1978 Inter-City Gas Corporation of Winnipeg acquired full control of Canadian Hydrocarbons. As a result the Applicant currently operates as a division of ICG Utilities (Plains-Western) Ltd. which also operates divisions in Alberta and the Northwest Territories. ICG Utilities (Plains-Western) Ltd. is a wholly-owned subsidiary of ICG Utilities Ltd. which in turn is wholly-owned by Inter-City Gas Corporation of Winnipeg.

Major financing for ICG Utilities Ltd. and its subsidiaries is provided by Inter-City Gas Corporation. ICG Utilities Ltd. also has a line of credit with the commercial banks which provides another source of funds. Funds are advanced to ICG Utilities (Plains-Western) Ltd. for the needs of its operating divisions and thus, the smaller divisions have access to funds on a basis which is less expensive than if the divisions obtained such funds in the open market.

The Applicant in presenting its case was represented by R.B. Callow, Vice-President and General Manager, as policy



witness, supported by D.G. Olsen, Manager of the Fort St. John district and L.M. Heikkinen, Manager of Accounting and Administration and Assistant Treasurer.

In addition, the Applicant was represented by M. Kast, Director of Rate Administration and P.D. Zarnett, Rate Coordinator, both of ICG Utilities Ltd. located in Winnipeg. Mr. D.R. Bolster of Foster Associates, Inc. was retained by the Applicant to give evidence as to financial markets and rate of return.

The Applicant has recently embarked on studies to determine the feasibility of expanding its service area to include some of the rural communities around Fort St. John. At the rate hearing Mr. A. Brummett, M.L.A. representing North Peace River, presented a brief which also expressed the need to expand gas service to these surrounding rural communities. The Commission, upon considering the evidence given at the hearing, believes there is merit in making certain extensions, some of which could be made without additional approvals, and would be pleased to entertain applications for those that require specific approvals. In addition, however, the Commission believes that this type of matter, in most instances, should not form part of a rate hearing but rather, should be dealt with in a separate proceeding.

## II. TEST PERIOD

The Applicant in this proceeding has based the request for interim and permanent rate relief on a forecast test year ending December 31, 1981, which coincides with the

Applicant's fiscal year end. Previous Applications were based on a historical test period with appropriate annualization and normalization adjustments.

The Commission considers as appropriate the use of a forecast test period in view of the Applicant's market and growth prospects, the concomitant capital requirements, and continuing inflationary pressures.

It may be in the public interest to have future applications based on a completely forecast test period, rather than on a partially actual and partially forecast test year. This approach would provide customers with more stability in rates, enhance the ability of the Company to achieve its allowed rate of return, and act to reduce costs by extending the period of time between rate hearings.

### III. COST OF SERVICE

#### (a) Inter-company and Leduc Head Office Charges, Excluding Rate Administration and Engineering Costs

Inter-City Gas Corporation of Winnipeg provides corporate services on behalf of the Applicant. These include corporate management, data processing, personnel (including safety) and marketing.

ICG Utilities Ltd. provides the Applicant with additional services such as rate administration, engineering, accounting and administration.

Principal services provided to the Applicant by the Head Office of ICG Utilities (Plains-Western) Ltd. in Leduc include senior management, customer billing, financial reporting, payment of costs, payroll, budgeting, purchasing, warehousing, measurement, meter testing, marketing, safety and training.

Schedule V (Exhibit 15) details the inter-company charges flowing to the Applicant from Inter-City Gas Corporation and ICG Utilities Ltd.

The Commission has carefully considered the nature and amount of the above inter-company charges levied on the Applicant.

The Commission, at this time, accepts the charges flowed through from the Leduc Head Office to Fort St. John; however, the Applicant is put on notice that in future rate cases these charges will be subject to closer scrutiny and it will be expected of the Applicant to provide necessary details and reasons for their incurrence. Combining the operations of the British Columbia Companies into a separate division may well act to reduce overall administrative costs.

Inter-company charges arising from ICG Utilities Ltd. are dealt with in separate sections of this Decision.

The Commission has adjusted charges flowing to the Applicant from Inter-City Gas Corporation of Winnipeg. It is the Commission's view that Fort St. John can operate

effectively and provide reliable service to its customers without incurring most of these costs. As a result, the Commission has disallowed \$25,000 of total inter-company charges of \$37,740, flowing from the Corporate Office in Winnipeg.

(b) Depreciation Expense

During the course of the hearing it became evident that the Applicant is depreciating their portion of Leduc Head Office capital costs by using rates applicable to the Alberta jurisdiction. Leduc Head Office capital costs are allocated to British Columbia, Alberta and the Northwest Territories using the respective ratio of year end customers. The Commission asked the Applicant to supply a calculation showing the difference in depreciation expense when British Columbia approved rates are used. On Transcript page 259, Mr. Heikkinen explains that the depreciation expense relating to Head Office plant would decrease by \$5,200, from \$20,600 to \$15,400.

The Commission believes that under no circumstances should a utility which is subject to regulation by the British Columbia Utilities Commission adopt depreciation rates other than those approved by the Commission. The Commission directs the Applicant to use British Columbia approved rates when calculating depreciation expense.

As a result of the above, depreciation expense has been adjusted downward by \$5,200 to reflect use of the proper rates.

(c) Rate Administration Costs

ICG Utilities Ltd. provides Rate Administration services to the Applicant. The forecast charges for these services amounted to \$36,600 in 1981 (Exhibit 16). The Applicant chose to capitalize \$12,810 and expense the remainder to 1981 cost of service. The Commission does not accept the concept of capitalizing rate hearing costs to be subsequently recovered through depreciation, therefore rate base has been adjusted downward by \$6,405.

During the hearing the Applicant was asked to explain what portion of the \$36,600 pertained to the current rate hearing. It was estimated that approximately \$9,000 related to this application.

The Commission has considered the remainder of the estimated rate hearing costs (i.e.  $\$36,600 - \$9,000 = \$27,600$ ) which the Applicant indicates will be incurred as a result of excise tax pass-throughs, tariff administration, etc. The Commission is of the opinion that the above functions could be performed by existing qualified personnel with assistance from office staff at Fort St. John. Rate hearing costs originating from ICG Utilities Ltd. have been reduced by \$20,000 to reflect the deletion of services from that company.

Subsequent to the adjournment of the hearing, the Applicant filed material which revealed actual professional fees and miscellaneous costs for this application to be \$26,219 including \$4,300 paid to Richardson Securities of Canada. While several references to source data were made throughout the written and oral testimony, there is no reference to input from Richardson Securities.

The Commission has therefore deleted this cost. The remaining \$21,919 has been amortized over a two year period, and Cost of Service and Rate Base adjusted accordingly.

The Applicant also filed additional information that indicated Rate Administration Department wages and expenses have now been found to have increased from the previously estimated \$9,000 to \$24,552. The Commission is concerned with the magnitude of these expenditures, and considers that one reason for the considerable cost may very well be due to the fact that this is the first major rate application prepared by this Company as presently constituted and staffed. Indications are that considerable difficulty was encountered in developing data necessary to the application. The ground having been broken, this effort will not be necessary for future applications. The Commission has therefore adjusted the Cost of Service to reflect a ten year amortization.

(d) Engineering Costs

Forecast Engineering costs charged to the Fort St. John operation in 1981 amount to \$112,100. This is approximately equal to the cost of two full-time staff engineers. The Commission feels that this is excessive, but it may be due to the fact that the Company came under its present control only fairly recently, and that this level of activity may decrease as neglected areas of the operation are brought to a more current basis.

#### IV. CAPITAL STRUCTURE FOR REGULATORY PURPOSES

In Exhibit 7, Tab 3, page 5, Mr. D.R. Bolster states "Frequently, when determining the fair and reasonable returns to a subsidiary company, regulatory commissions employ the ultimate parent's consolidated capital structure".

The Applicant rejected the use of the immediate parent's (ICG Utilities Ltd.) and the ultimate parent's (Inter-City Gas Corporation) capitalization for rate-making purposes.

Inter-City Gas Corporation has increasingly engaged in non-utility operations, hence the capitalization may not reflect the risks associated solely with gas distribution.

The capitalization of ICG Utilities Ltd. includes a 26.3% component comprised of short term bank advances with a cost currently exceeding 20%. In Exhibit 7, Tab 3, page 6, Mr. Bolster points out "I do not believe that it is reasonable for Fort St. John's fair rate of return to include a 26.3% component at currently prevailing short term interest rates".

In the absence of an appropriate parent's capital structure, the Applicant's financial witness has chosen to analyze the capital structures of several representative U.S. and Canadian utilities. Results of this study indicate that a structure which properly reflects the specific risks associated with Fort St. John would include 60.2% debt, 4.5% deferred taxes and 35.3% common equity. The average embedded cost of 11.4% on the notional debt

component was derived first, by analyzing the capital additions since 1974 (test year of last Decision) and determining the component of the additions financed through debt, and second, applying the average yield of utility bonds in each of the respective years to that component (Exhibit 7, Tab 3, Schedule V).

The Commission accepts the capitalization proposal by the Applicant's financial witness.

#### V. RETURN ON EQUITY

The Applicant's financial witness employed the Comparable Earnings Method as well as the Discounted Cash Flow Method to determine an appropriate equity return range. The proposed returns using the above methods were 16.5% to 17.5% and 17.0%, respectively.

In view of current financial market conditions and the specific business and financial risks associated with the Applicant's operations, the Commission has determined that a return of 17% on common equity is just and reasonable.

#### VI. RATES

The Applicant's proposed rates were designed to recover a before tax revenue deficiency of \$562,400 or \$.303/Mcf (Exhibit 12). Commission adjustments reduced this to \$521,685 or \$.281/Mcf. The Commission confirms the existing interim rates as just and reasonable and concludes



that the Applicant is entitled to an additional increase of \$.155/Mcf over and above the interim increase of \$.126/Mcf to be effective, upon timely filing, with consumption on and after January 1, 1982.

## VII. TARIFF MATTERS

The Commission is concerned about the current state of the Applicant's filed tariff. As a result, the Commission directs the Applicant to address the following, and file with the Commission as soon as possible the necessary revisions:

(a) The Tariff shall be completely reviewed and revised for presentation in the format approved by the Commission. This will necessitate the inclusion of an index and definitions where applicable, all references should be to the Utilities Commission Act. The arrangement of material forming the Tariff should provide for three basic elements:

1. Terms and Conditions, referring to specified matters and requirements related to the service offered.
2. Rate Schedules.
3. Tariff Supplements (if applicable) to include any and all special contracts for service.

(b) GUARANTEE DEPOSIT (Current Section 8)

The current provision for interest thereon is no longer appropriate. The Commission believes the following is appropriate and applicable:

"The Company shall pay interest on guarantee deposits at a rate equivalent to the current savings account interest rate employed by the Company's principal bank in the Company's service area as at the date of payment to the consumer. Such interest shall be credited annually to the Consumer's billing account in the month of January."

(c) PREPAYMENT METERS (Current Section 14)

The Applicant is directed to delete this Section, being no longer applicable.

(d) MOVING METERS (Current Section 15)

The Applicant is directed to delete the current reference stating that the Company shall be entitled to make a reasonable charge for moving meters and replace it with provisions establishing a definite dollar amount.

(e) TAXES (Current Section 24)

This Section should be revised as follows:

"The rates and charges named in this Tariff do not include Social Services Tax, Sales Tax, or any other tax required to be separately shown on the consumers' billing, and which the Company may be lawfully required to collect from the consumers."

(f) APPLICATIONS FOR SERVICE (Current Section 25)


The Applicant is requested to consider the necessity of continuing to require Applications to be made in writing, since many utilities permit applications by telephone.

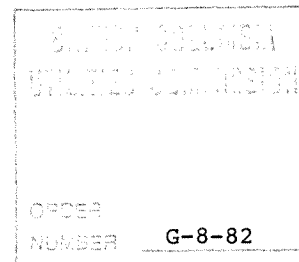
(g) SERVICE CONNECTIONS AND CHARGES (Current Section 26)

The Applicant is directed to update subsection (a) to take into account current costs for service connections and subsection (ii) to take into account current interest rates.

DATED at the City of Vancouver, in the Province of British Columbia, this <sup>22<sup>nd</sup></sup> day of January, 1982.

  
\_\_\_\_\_  
M. TAYLOR, CHAIRMAN

  
\_\_\_\_\_  
J.D.V. NEWLANDS, COMMISSIONER



PROVINCE OF BRITISH COLUMBIA  
BRITISH COLUMBIA UTILITIES COMMISSION

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

and

IN THE MATTER OF an Application by  
ICG Utilities (Plains-Western) Ltd.,  
Fort St. John District

BEFORE:	M. Taylor,	)	
	Chairman; and	)	
	J.D.V. Newlands,	)	January 22, 1982
	Commissioner	)	

O R D E R

WHEREAS ICG Utilities (Plains-Western) Ltd.,  
Fort St. John District ("ICG") applied May 7, 1981 for interim  
rate relief; and

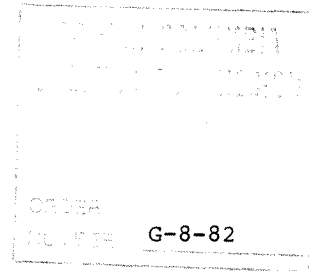
WHEREAS Commission Order No. G-42-81 authorized  
interim rate relief effective June 1, 1981 with the interim  
increase subject to refund with interest at 15% per annum; and

WHEREAS Commission Order No. G-46-81 established  
September 10, 1981 as the date of commencement for public  
hearing of the Application; and

WHEREAS the Application was subsequently heard  
in public at Fort St. John on September 10 and 11, 1981 and  
adjourned to Nanaimo, B.C. on September 14, 1981 in accordance  
with arrangements satisfactory to all interested parties; and

WHEREAS the Commission has considered the  
Application as amended July 27, 1981 and September 10, 1981,  
and evidence adduced thereon, together with a final submission  
dated December 1, 1981 all as set forth in a Decision issued  
concurrently with this Order.

.../2



NOW THEREFORE the Commission hereby orders ICG  
Utilities (Plains-Western) Ltd., Fort St. John District as  
follows:

1. The Rate Base for the 1981 Test Year is approximately \$4,450,000.
2. The total Cost of Service for the 1981 Test Year is approximately \$5,540,000.
3. The Commission will accept for filing effective with consumption on and after January 1, 1982, subject to timely filing, amended Tariff Rate Schedules which will permit ICG to generate the annual gross revenue requirement of approximately \$5,540,000 as set out in Schedule II of the Commission Decision dated January 22, 1982. The amended Tariff Rate Schedules will be designed in accordance with the terms contained in the Commission Decision and a reconciliation schedule must be filed concurrently.

DATED at the City of Vancouver, in the Province  
of British Columbia, this 22nd day of January 1982.

BY ORDER

*M. Taylor*  
Chairman

SCHEDULE I

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Forecast Utility Rate Base  
for the year ending December 31, 1981

	<u>Per</u> <u>Application</u> <u>Exhibit (6)</u>	<u>Applicant's</u> <u>Adjustments</u> <u>Exhibit (12)</u>	<u>Final</u> <u>Application</u>	<u>Commission</u> <u>Adjustments</u>	<u>Final</u> <u>Adjusted</u> <u>Balance</u>
Net Plant-in-Service (mean)	\$4,330,900	-	\$4,330,900	(a) \$( 3,098) (b) 2,600 (c) ( 6,405)	\$4,323,997
Add: Allocation of Leduc Head Office mean net plant	315,100	-	315,100	-	315,100
Less: Customer Contributions (mean)	( 352,300)	-	( 352,300)	-	(352,300)
Total Mean Plant- in-Service	<u>4,293,700</u>	<u>-</u>	<u>4,293,700</u>	<u>( 6,903)</u>	<u>4,286,797</u>
WORKING CAPITAL					
Cash expenses	53,900	\$(7,400)	46,500		46,500
Inventory (mean)	188,900	-	188,900		188,900
Prepaid expenses (mean)	2,900	-	2,900		2,900
Unamortized Rate Hearing Costs (mean)	7,500	-	7,500	(d) (2,020)	5,480
Less: Customer deposits (mean)	( 83,000)	-	( 83,000)	-	(83,000)
Total Working Capital	<u>170,200</u>	<u>(7,400)</u>	<u>162,800</u>	<u>2,020</u>	<u>160,780</u>
Total Utility Rate Base	<u>\$4,463,900</u>	<u>\$(7,400)</u>	<u>\$4,456,500</u>	<u>\$( 8,923)</u>	<u>\$4,447,577</u>

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Notes to Schedule I

- (a) To adjust Net Plant-in-Service for disallowance of a portion of inter-company charges from Inter-City Gas Corporation as follows:

Total charges per Exhibit 16	\$37,740
Less: Commission adjustment	<u>(25,000)</u>
	<u>\$12,740</u>
Amount capitalized (25% per Exhibit 16)	\$ 3,185
Amount capitalized per Exhibit 16	<u>9,380</u>
Difference	6,195
	<u>÷ 2</u>
Reduction in Net Plant in Service	<u>\$ 3,098</u>

- (b) To reflect the adjustment of Leduc Head Office depreciation expense in Net Plant-in-Service.

Depreciation expense using Alberta rates, Transcript page 259	\$20,600
Depreciation expense using British Columbia rates, Transcript page 259	<u>15,400</u>
Difference	\$ 5,200
	<u>÷ 2</u>
Increase in Net Plant-in-Service	<u>\$ 2,600</u>

- (c) To adjust Net Plant-in-Service for disallowance of capitalization of Rate Administration costs.

Rate Administration costs capitalized per Exhibit 16	\$12,810
	<u>÷ 2</u>
Reduction in Plant-in-Service	<u>\$ 6,405</u>

Notes to Schedule I  
(Cont'd)

(d)	
To adjust hearing costs to actual. Professional fees and miscellaneous costs as reported	\$26,219
Richardson Securities charge disallowed	<u>4,300</u>
1981 amortization	<u>21,919</u>
	<u>10,960</u>
Unamortized, Dec. 31, 1981	<u>\$10,959</u>
Mid-year unamortized	<u>\$ 5,480</u>
Per Application, Exhibit 6	<u>7,500</u>
Adjustment to Utility Rate Base	<u>\$ 2,020</u>



## SCHEDULE II

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Forecast Utility Income and Earned Return  
for the year ending December 31, 1981

	<u>Per</u> <u>Application</u> <u>Exhibit (6)</u>	<u>Applicant's</u> <u>Adjustments</u> <u>Exhibit (12)</u>	<u>Final</u> <u>Application</u>	<u>Commission</u> <u>Adjustments</u>	<u>Final</u> <u>Adjusted</u> <u>Balance</u>
Gas sales volume (Mcf)	<u>1,855,900</u>	<u>-</u>	<u>1,855,900</u>	<u>-</u>	<u>1,855,900</u>
<u>Gas Sales Revenue</u>					
General Service	\$3,842,800	\$682,427	\$4,525,227 (e)	\$(36,595)	\$4,488,632
Industrial Service	433,335	76,987	510,322 (e)	( 4,120)	506,202
Special Contract	388,220	70,286	458,506	-	458,506
Other	86,145	-	86,145	-	86,145
Total	<u>4,750,500</u>	<u>829,700</u>	<u>5,580,200</u>	<u>(40,715)</u>	<u>5,539,485</u>
<u>Other Utility Revenue</u>					
Customer Installations	9,000	-	9,000	-	9,000
Penalties	27,500	3,400	30,900	-	30,900
Miscellaneous	4,000	-	4,000	-	4,000
Total	<u>40,500</u>	<u>3,400</u>	<u>43,900</u>	<u>-</u>	<u>43,900</u>
Total Utility Revenue	<u>4,791,000</u>	<u>833,100</u>	<u>5,624,100</u>	<u>(40,715)</u>	<u>5,583,385</u>
<u>Expenses</u>					
Cost of gas	3,309,600	808,900	4,118,500	-	4,118,500
Operating and maintenance	651,600	13,800	665,400 (a)	(18,805)	628,820
Municipal taxes	115,600	11,400	127,000 (d)	( 493)	126,507
Depreciation	142,800	-	142,800 (b)	( 5,200)	137,600
Total expenses	<u>4,219,600</u>	<u>834,100</u>	<u>5,053,700</u>	<u>(42,273)</u>	<u>5,011,427</u>
Net utility income before taxes	<u>571,400</u>	<u>(1,000)</u>	<u>570,400</u>	<u>( 1,558)</u>	<u>571,958</u>
Deduct income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earned return	<u>\$ 571,400</u>	<u>\$ (1,000)</u>	<u>\$ 570,400</u>	<u>\$( 1,558)</u>	<u>\$ 571,958</u>
Utility Rate Base (per Schedule I)	<u>\$4,463,900</u>	<u>\$ (7,400)</u>	<u>\$4,456,500</u>	<u>\$( 8,923)</u>	<u>\$4,447,577</u>
Rate of return on depreciated rate base	<u>12.8%</u>		<u>12.8%</u>		<u>12.86%</u>

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Notes to Schedule II

- (a) To adjust operating and maintenance expenses for the disallowance of a portion of inter-company charges from Inter-City Gas Corporation as follows:

Total charges per Exhibit 16	\$ 37,740
Less: Commission adjustment	<u>(25,000)</u>
	<u>\$ 12,740</u>

Amount expensed (75%)	\$ 9,555
Amount expensed per Exhibit 16	<u>28,360</u>

Reduction in operating and maintenance expenses	<u>\$ 18,805</u>
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- (b) To adjust Leduc Head Office depreciation expense to reflect the use of British Columbia depreciation rates.

Depreciation expense using Alberta rates, Transcript page 259	\$ 20,600
Depreciation expense using British Columbia rates, Transcript page 259	<u>15,400</u>
Reduction in Depreciation expense	<u>\$ 5,200</u>

- (c) Adjustments to operating and maintenance expense re: Rate Administration Department costs and expenses and actual rate hearing costs.

(1) Estimated general Rate Hearing Costs	\$36,600
Charged to Capital	<u>12,810</u>
Charged to Expense	<u>\$23,790</u>

Estimated general Rate Hearing Costs	\$36,600
Disallowed portion	<u>20,000</u>
	<u>\$16,600</u>

Deemed to be attributable to the current rate hearing	<u>9,000</u>
Other general Rate Administration	<u>\$ 7,600</u>

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Notes to Schedule II  
(Cont'd)

	Rate Administration costs included in operating and maintenance	\$23,790	
	Other general Rate Administration Adjustment	<u>7,600</u>	\$(16,190)
(2)	1981 Amortization of rate hearing costs per application	\$15,000	
	1981 Amortization per Note (d) to Schedule 1	<u>10,960</u>	
	Adjustment		\$( 4,040)
(3)	1981 Amortization of Rate Adminis- tration Department time and expense - \$24,552 x .10		<u>\$ 2,455</u>
	Total adjustment to operating and maintenance expense		<u>\$ 17,775</u>
(d)	To adjust 1% revenue tax for adjustments in notes (a) to (d).		
(e)	Adjustment to produce required return.		

ICG UTILITIES (PLAINS-WESTERN) LTD.  
FORT ST. JOHN DISTRICT

Forecast of Income Taxes on Utility Income  
for the year ending December 31, 1981

	<u>Per</u> <u>Application</u> <u>Exhibit (6)</u>	<u>Applicant's</u> <u>Adjustments</u> <u>Exhibit (12)</u>	<u>Final</u> <u>Application</u>	<u>Commission</u> <u>Adjustments</u>	<u>Final</u> <u>Adjusted</u> <u>Balance</u>
Net utility income (per Schedule II)	\$ 571,400	\$(1,000)	\$ 570,400	\$(1,558)	\$ 571,958
Deduct: Interest expense	<u>(306,200)</u>	<u>400</u>	<u>(305,800)</u>	<u>572</u>	<u>(305,228)</u>
Net income before timing differences	265,200	(600)	264,600	(2,130)	266,730
Add: Depreciation	142,800	-	142,800	(5,200)	137,600
Deduct: Overhead capitalized	(194,800)	-	(194,800)	-	(194,800)
Capital Cost Allowance	<u>(236,600)</u>	<u>-</u>	<u>(236,600)</u>	<u>-</u>	<u>(236,600)</u>
Loss	<u>\$( 23,400)</u>	<u>\$( 600)</u>	<u>\$( 24,000)</u>	<u>\$(3,070)</u>	<u>\$( 27,070)</u>

SCHEDULE IV

ICG UTILITIES (PLAINS-WESTERN) LTD.

FORT ST JOHN DISTRICT

Forecast Return on Capital  
for the year ending December 31, 1981

	Per Application Exhibit (7)	Commissions Adjustments	Final Adjusted Balance	% of Capital Structure	Embedded Cost	Cost Component
Debt	\$2,682,813	\$(5,372)	\$2,677,684	60.2	11.4%	6.86%
Deferred Income Tax	200,542	(401)	199,636	4.5	-	-
Common Equity	<u>1,573,145</u>	<u>(3,150)</u>	<u>1,566,033</u>	<u>35.3</u>	<u>17.0%</u>	<u>6.00%</u>
Total	<u>\$4,456,500</u>	<u>\$(8,923)</u>	<u>\$4,447,577</u>	<u>100.0</u>		<u>12.86%</u>

ICG UTILITIES (PLAINS-WESTERN) LTD.

Fort St. John District

BRITISH COLUMBIA UTILITIES COMMISSION

FLOW OF INTER-COMPANY CHARGES  
to Fort St. John

EXHIBIT

15

1. INTER-CITY GAS  
CORPORATION

Corporate

(Expressed in \$'000)

HEARING NO.

ENTERED BY

DATE

2

I.C.G.  
UtilitiesSept 11  
1981

2. Total

\$6,527

3. By Department

\$3,029

\$1,970

\$1,038

\$294

\$196

4. Departments

Corporate  
ManagementData  
Processing

Personnel

Payroll

Marketing

5. Direct Costs:  
Amount

\$130

\$872

\$140

\$0

\$0

6. General Costs:  
Allocation  
AmountTime  
Sheet  
\$247CPU &  
Time  
Sheet  
\$12Time  
Sheet  
\$117Number of  
Employees  
\$28Time  
Sheet  
\$196

7. Total

\$1,742

8. ICG UTILITIES LTD.

Utility Division  
\$5,101

9. Total

\$6,843

10. Departments

Corporate  
OfficeAccounting &  
AdministrationRate  
Administration

Engineering

11. Direct Costs:  
Amount

\$1,142

\$637

\$34

\$2,705

12. General Costs:  
Allocation  
AmountCustomers  
\$600Time  
\$642Time  
\$433Time  
\$65013. Allocated to  
Fort St. John:  
Direct  
General  
Total0  
27  
273  
4  
72  
34  
3692  
20  
112

14. Total

\$182