

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 Commission Order No. G-52-87

BEFORE: J.D.V. Newlands,)
Deputy Chairman; and) March 18, 1988
N. Martin,)
Commissioner)

ORDER

WHEREAS Inland Natural Gas Co. Ltd. ("Inland") was required by Commission Decision and Order No. G-52-87 to file a revenue and cost report with regard to the sale of furnaces, fireplaces and water heaters, commencing September, 1987; and

WHEREAS Inland submitted reports on a monthly basis and by letter dated November 19, 1987 requested the Commission to allow an amendment to the reporting requirements by deleting fireplaces as an item upon which to report; and

WHEREAS the Commission considered the request and on January 22, 1988 asked Intervenors and Participants from the Inland Revenue Requirements proceeding for comments by February 19, 1988; and

WHEREAS Inland provided responses to the participants' comments; and

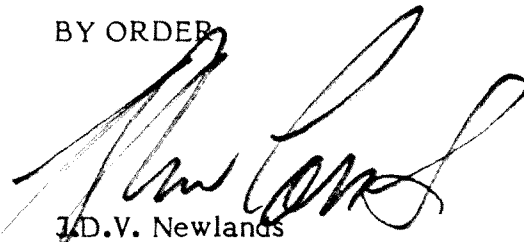
WHEREAS the Commission has considered all of the foregoing.

NOW THEREFORE the Commission orders Inland Natural Gas Co. Ltd. as follows:

1. Inland's request to delete fireplaces from the reporting requirements of furnaces, fireplaces and water heaters is denied.
2. The reporting requirements for the Merchandising Program is to follow the format, attached as Appendix A.
3. Full Cost pricing policy, in accordance with Commission Decision and Order No. G-52-87, to be effective April 1, 1988, is confirmed.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of March, 1988.

BY ORDER


J.D.V. Newlands
Deputy Chairman

Attachment

INLAND NATURAL GASCO. LTD. - MERCHANDISING PROGRAM

| | | Firepcls,Furnace,WaterHtr.-82%* | | Fireplaces-21%* | | Furnaces, Water Heaters-81%* | |
|----|---|---------------------------------|-----------|-----------------|-----------|------------------------------|-----------|
| | | October '87 | YTD | October '87 | YTD | October '87 | YTD |
| 1 | REVENUES | | | | | | |
| 2 | Retail | \$243,688 | \$532,988 | \$48,736 | \$106,597 | \$194,952 | \$426,391 |
| 3 | Wholesale | 59,979 | 160,166 | 11,995 | 32,034 | 47,984 | 128,132 |
| | | \$303,667 | \$693,154 | \$60,731 | \$138,631 | \$242,936 | \$554,523 |
| 4 | % MARK UP (GM/COGS) | | | | | | |
| 5 | Retail (line 10/line 7) | 14.21% | 14.21% | 14.21% | 14.21% | 14.21% | 14.21% |
| 6 | Wholesale (line 11/ line 8) | 19.27% | 19.27% | 19.27% | 19.27% | 19.27% | 19.27% |
| | Average (line 12/ line 9) | 15.18% | 15.18% | 15.18% | 15.18% | 15.18% | 15.18% |
| | COST OF GOODS SOLD | | | | | | |
| 7 | Retail- product costs | 213,366 | 465,791 | 42,673 | 93,158 | 170,693 | 372,633 |
| 8 | Wholesale - product costs | 50,289 | 134,977 | 10,058 | 26,995 | 40,231 | 107,982 |
| 9 | | \$263,655 | \$600,768 | \$52,731 | \$120,153 | \$210,924 | \$480,615 |
| | GROSS MARGIN ON SALES | | | | | | |
| 10 | Retail | 30,322 | 67,197 | 6,063 | 13,439 | 24,259 | 53,758 |
| 11 | Wholesale | 9,690 | 25,189 | 1,937 | 5,039 | 7,753 | 20,150 |
| 12 | | \$40,012 | \$92,386 | \$8,000 | \$18,478 | \$32,012 | \$73,908 |
| | SELLING & ADMIN. EXPENSES | | | | | | |
| 13 | Supervision- BCUCACC 700 | \$5,043 | \$19,872 | \$1,009 | \$3,974 | \$4,034 | \$15,898 |
| 14 | Advertising- BCUCACC 701 | (6,797) | (6,217) | (1,360) | (1,243) | (5,437) | (4,974) |
| 15 | Promo & Sales-BCUCACC 702 | 11,794 | 34,283 | 2,359 | 6,857 | 9,435 | 27,428 |
| 16 | Indirect Overhead | 12,215 | 48,860 | 3,935 | 9,770 | 8,280 | 39,090 |
| 17 | | \$22,255 | \$96,798 | \$5,943 | \$19,358 | \$16,312 | \$77,440 |
| 18 | INTEREST ON WORKING CAP. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 19 | PRE TAX MARGIN ON SALES | \$17,757 | (\$4,412) | \$2,057 | (\$880) | \$15,700 | (\$3,532) |
| 20 | % | 5.85% | -0.64% | 3.39% | -0.63% | 6.46% | -0.64% |
| 21 | INCOME TAX | \$8,877 | (\$2,206) | \$1,027 | (\$440) | \$7,850 | (\$1,766) |
| 22 | AFTER TAX MARGIN ON SALES | \$8,880 | (\$2,206) | \$1,030 | (\$440) | \$7,850 | (\$1,766) |
| 23 | % | 2.92% | -0.32% | 1.70% | -0.32% | 3.23% | -0.32% |
| 24 | Annual Incremental Gas Sales | GJ | | | | | |
| 25 | Annual Incremental Margin on Gas Sales | \$ | | | | | |

* The percentages represent the proportion of the total merchandising function represented by each product group.
(The "barbeques, ranges etc." group represents about 18% of the total and are priced "incrementally".)

APPENDIX A