



BRITISH COLUMBIA UTILITIES COMMISSION	
ORDER NUMBER	G-115-91

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

and

IN THE MATTER OF an Application by
BC Gas Inc.

BEFORE:	J.G. McIntyre,)	
	Chairman;)	
	J.D.V. Newlands,)	
	Deputy Chairman; and)	December 2, 1991
	N. Martin,)	
	Commissioner)	

O R D E R

WHEREAS:

- A. On November 20, 1991 BC Gas Inc. ("BC Gas") filed with the Commission an Application to increase rates on an interim and permanent basis to all customers effective January 1, 1992, pursuant to Commission Order No. G-92-91 and Sections 64, 67 and 106 of the Utilities Commission Act; and
- B. The Interim Application requests the Commission approve a 3 percent general rate increase to all but non-captive BC Gas customers, effective with consumption on and after January 1, 1992; and
- C. BC Gas stated in its Application that, in order to avoid a shortfall in revenues during the 1992 test year and not jeopardize its financial integrity, the interim rate increase is required to become effective commencing January 1, 1992; and
- D. BC Gas has applied to discontinue the deferred tax method of accounting for income taxes for the Fort Nelson Division and commence accounting on the "flow through" method in fiscal 1992.
- E. The Application was prepared on a consolidated basis for all utility Divisions of BC Gas; and
- F. Subsequent to the acquisition of the Natural Gas Division of British Columbia Hydro and Power Authority by Inland Natural Gas Co. Ltd., with respect to the amalgamation of the utility Divisions, and for the period July 1, 1989 to September 30, 1991, Order in Council No. 953/89 required BC Gas to:
 - 1. Establish and maintain its rate base on a Divisional basis, with a separate rate base for each of the Lower Mainland, Inland, Columbia and Fort Nelson Divisions [Ref. Section 2(1)]; and
 - 2. Establish and maintain its accounts on a Divisional basis, with separate accounts for each of the Lower Mainland, Inland, Columbia and Fort Nelson Divisions (Ref. Section 3).
- G. The Commission has reviewed the Application and finds that approval of an interim rate increase for BC Gas is necessary and in the public interest.

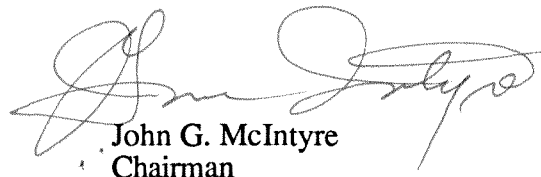
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NOW THEREFORE the Commission orders as follows:

1. The Commission approves for BC Gas an interim rate increase of 3 percent for the Lower Mainland, Inland, and Columbia Divisions, effective with customer consumption on and after January 1, 1992, with such interim increase subject to refund with interest calculated at the average prime rate of the principal bank with which BC Gas conducts its business. This interim increase shall not be implemented unless Order 5, below is filed with the Commission.
2. The matter of a public hearing into the disposition of the Application will be the subject of a further Order of the Commission.
3. BC Gas, by way of appropriate Notice to be published in local newspapers in its service areas before December 14, 1991 and sent to customers in their next regular billing cycles, is to inform customers of the interim rate increase effective January 1, 1992 and its effect on monthly gas bills along with reasons for the increased rates.
4. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.
5. BC Gas is to file on or before December 16, 1991 for each Division in the test year 1992, the Divisional rate base, earned return, income tax, common equity and capital structure calculations, all of which are to be fully supported by divisional accounts.
6. The matter of consolidation of the BC Gas Divisions will be reviewed at the public hearing into the Application.
7. The matter of the 3 percent interim increase for the Fort Nelson Division will be decided by way of future Commission Order, following the receipt of divisional information from BC Gas.

DATED at the City of Vancouver, in the Province of British Columbia, this *2nd* day of December, 1991.

BY ORDER


John G. McIntyre
Chairman

/ssc