



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: M.K. Jaccard, )  
Chair; )  
L.R. Barr, )  
Deputy Chair; and ) December 4, 1992  
H.J. Page, )  
Commissioner )

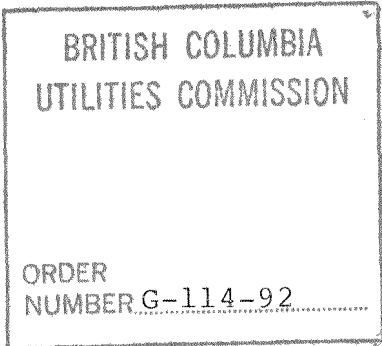
**O R D E R**

**WHEREAS:**

- A. On November 23, 1992 BC Gas Inc. ("BC Gas") filed with the Commission an Application to increase rates on an interim and permanent basis to all customers in the Lower Mainland, Inland and Columbia Divisions effective January 1, 1993, pursuant to Sections 64, 67 and 106 of the Utilities Commission Act ("the Act"); and
- B. The Application requests the Commission to approve an increase of 11.16 percent on the gross margin of all the divisional captive rate schedules (equivalent to an average of 4.7 percent on general revenue) to all captive BC Gas customers. The Application includes the request for an unfunded debt interest rate of 7.5 percent and a Weather Stabilization Adjustment Mechanism ("WSAM"), all to be effective with consumption on and after January 1, 1993; and
- C. BC Gas has stated in its Application that, in order to avoid a shortfall in revenues during the 1993 test year and not to jeopardize its financial integrity, the interim rate increase is required to become effective commencing January 1, 1993; and
- D. The Application was prepared on a consolidated basis for all utility Divisions of BC Gas and supported by divisional basis; and
- E. BC Gas has calculated its required interim and permanent rate increases based on a proposed 35 percent common equity component of its capital structure and a 13.0 percent return on common equity; and
- F. The Commission has reviewed the Application and is satisfied that approval of an interim rate increase is necessary and in the public interest.

**NOW THEREFORE** the Commission orders BC Gas as follows:

- 1. The Commission approves for BC Gas an interim rate increase of 9.787 percent on the gross margin of the divisional captive rate schedules (equivalent to an average of 4.1 percent on general revenue) for the Lower Mainland, Inland and Columbia Divisions, subject to refund with interest calculated at the average prime rate of the principal bank with which BC Gas conducts its business.
- 2. The interim increase has been adjusted to reflect the approved appropriate common equity component of 33 percent in the utility capital structure which is contained in the Commission's August 5, 1992 Decision for BC Gas.



3. The interim increase shall not be applied to Fort Nelson Division customers and BC Gas is to record the forecasted revenue surplus of approximately \$184,000 for the Fort Nelson Division in a deferral account which will be dealt with by a future Commission review.
4. The WSAM and the use of a 7.5 percent unfunded debt interest rate is approved on an interim basis effective January 1, 1993, and will be the subject of review at the public hearing into the Application.
5. The matter of a public hearing into the disposition of the Application will be the subject of a further Order of the Commission.
6. BC Gas, by way of appropriate notice to be published in local newspapers in its service areas before December 18, 1992 and sent to customers in their next regular billing cycles, is to inform customers of the interim rate increase effective January 1, 1993, and its effect on monthly gas bills along with reasons for the increased rates.
7. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 8 day of December, 1992.

BY ORDER

A handwritten signature in cursive script, appearing to read "M.K. Jaccard".

Dr. M.K. Jaccard  
Chair

/mmc