

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

and

IN THE MATTER OF an Application by
Pacific Northern Gas Ltd.

BEFORE: J.G. McIntyre,)
Chairman;)
J.D.V. Newlands,) January 8, 1992
Deputy Chairman; and)
N. Martin,)
Commissioner)

O R D E R

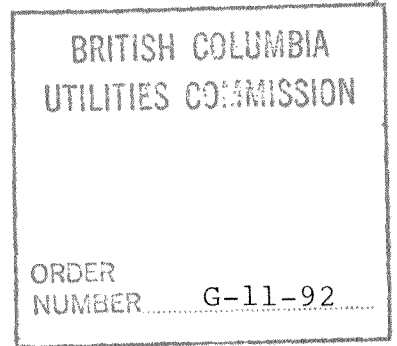
WHEREAS:

- A. On September 6 and October 10, 1991 Pacific Northern Gas Ltd. ("PNG") applied for Commission approval of specialized accounting treatment covering unallocated construction costs for engineering work related to an Ocelot Chemicals Inc. ("Ocelot") methanol plant expansion and other minor costs related to future capital projects; and
- B. The Commission's April 23, 1991 Decision and Order No. G-36-91 disallowed certain Unallocated Construction Costs but stated that preliminary engineering studies such as the Ocelot expansion project could be requested for future capitalization; and
- C. Account 172 "Preliminary Survey and Investigation Charges" of the Uniform System of Accounts for Gas Utilities authorizes accounting treatment for pipeline additions as follows:
- Engineering costs with prior Commission approvals accumulated under Account 172 should be amortized on an individual basis by Commission order to A/C 332 "Extraordinary Deductions" when the project is not to proceed.
 - Other preliminary engineering costs related to normal utility plant additions should also be accumulated under Account 172 and charged to A/C 329 "Other Income Deductions" when the project is not to proceed; and
- D. The Commission has reviewed the Application and orders accounting treatment be consistent with the Uniform System of Accounts.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves the capitalization of \$50,000 in costs relating to the proposed Ocelot plant expansion and such costs be charged into Account 172 for future allocation to

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the appropriate gas plant accounts. PNG shall apply for a Commission Order for amortization of these costs to Account 332, if the project is not to proceed in the future.

2. The \$15,000 in engineering costs for preliminary pipeline expansion work related to other small industrial customers should have been budgeted as normal Unallocated Construction Costs and charged to Account 329 if the projects are abandoned.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of January, 1992.

BY ORDER



John G. McIntyre
Chairman

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