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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-68-93

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

and

An Application by BC Gas Inc.
(Effective July 1, 1993 known as BC Gas Utility Ltd.)

BEFORE: M.K. Jaccard, Chairperson,)
F.C. Leighton, Commissioner; and) August 13, 1993
E.L. Sleath, Commissioner)

ORDER

WHEREAS:

- A. BC Gas Inc. ("BC Gas", effective July 1, 1993 known as BC Gas Utility Ltd.), filed on April 15, 1993 pursuant to Order No. G-15-93 a Rate Design Phase B Application. Concurrently, BC Gas applied for an Order allowing BC Gas to consolidate for regulatory purposes the Lower Mainland, Inland and Columbia Divisions effective January 1, 1993. In addition, BC Gas requested the elimination of divisional accounts and the approval of specific accounting practices relating to consolidation; and
- B. The public hearing into the BC Gas Rate Design and Consolidation Application was heard between June 28 and August 12, 1993; and
- C. The Commission has considered the evidence with respect to the request for consolidation and concluded that approval of consolidation by BC Gas for regulatory purposes is in the public interest.

NOW THEREFORE the Commission orders as follows:

- 1. Consolidation of the Lower Mainland, Inland and Columbia Divisions for regulatory purposes, pursuant to Section 56 of the Utilities Commission Act, is approved effective January 1, 1993. The following specific accounting practices are to be implemented effective January 1, 1994:
 - i) The elimination for the presentation of divisional accounts for revenue requirement purposes is approved (exclusive of sales revenue, gas supply costs, franchise fees and deferred income tax amortizations). Divisional accounts are to be maintained for internal accounting purposes.
 - ii) Common depreciation and amortization rates are to be applicable to similar plant categories throughout the Company.
 - iii) The amortization of deferred income tax balances is approved as a negative rider to be applied within the specific Division as a uniform percentage on the gross margin of all rate schedules, except non-captive tariffs. An amount of approximately \$505,000 is to be applied in 1993 to offset certain deferral account balances in the Columbia Division.
 - iv) The removal of the average franchise fee contained in the rates within the Inland and Columbia Divisions is approved. Franchise fees are to be collected by way of a separate charge to customers who locate within the cities or municipalities to which BC Gas pays franchise fees.

- v) The disposition of December 31, 1992 deferral account balances is approved as proposed by BC Gas per Exhibit 1, Tab 5, Pages 12-13, subject to the filing by the utility with the Commission before December 1, 1993 of a review report to be prepared by its internal auditors as a verification of the accuracy and compliance of all deferral account balances as at December 31, 1992. The treatment of any carried over balances and 1993 additions is to be proposed by BC Gas in the 1994 revenue requirements application.
2. The matter of postage stamp margin and other issues relating to consolidation, such as mains extension policy and general terms and conditions, are to be addressed in the rate design decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of August, 1993.

BY ORDER



Dr. Mark K. Jaccard
Chairperson