

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3  
CANADA



BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-122-93

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

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

and

An Application by Centra Gas British Columbia Inc.

BEFORE: M.K. Jaccard, Chairperson; and )  
K.L. Hall, Commissioner ) December 15, 1993

**ORDER**

**WHEREAS:**

- A. On November 30, 1993 Centra Gas British Columbia Inc. - Fort St. John District ("Centra Gas") filed with the Commission, an application to increase rates on an interim and permanent basis to customers effective January 1, 1994 ("the Application") pursuant to Sections 64 and 104 of the Utilities Commission Act ("the Act"); and
- B. The Application requested the Commission to approve an increase of 14.5 percent on general revenue to all customer rate schedules excluding Balfour Forest Products Inc. and Canadian Forest Products Ltd.; and
- C. Centra Gas stated in the Application that, in order to avoid the erosion of earnings in 1994, the interim increase is required to become effective commencing January 1, 1994; and
- D. Centra Gas calculated its 1994 application on a proposed 32 percent common equity component of its capital structure and a 12.75 percent return on common equity. Centra Gas proposes, in order to avoid the cost of expert testimony on rate of return, that the 1994 rate of return on common equity for Centra Gas be based on the simple average of the approved rates for BC Gas Utility Ltd. ("BCGUL") and that for Pacific Northern Gas Ltd. ("PNG"); and
- E. Centra Gas has maintained the interest rate for short-term and deemed long-term debt in its Application to be at the level approved in the Commission's 1992 Centra Gas Revenue Requirements' Decision even though interest rates, in general, have declined in 1993; and
- F. The Commission has reviewed the Application and is satisfied that approval of an interim rate increase, less than that requested by Centra Gas, is appropriate.

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

- 1. The Commission approves for Centra Gas an interim rate increase of 7.52 percent consistent with the methodology proposed in the Application to customer rate schedules, effective January 1, 1994 subject to refund with interest calculated at the average prime rate of the principal bank with which Centra Gas conducts its business. The interim rate increase does not apply to Balfour Forest Products Inc. and Canadian Forest Products Ltd.

2. The interim increase has been adjusted downward incorporating a rate of return on common equity of 11.7 percent by the Commission to reflect a general decline in interest rates as well as the following items:
  - The common equity component has been reduced to 30 percent to be equivalent with the level approved by the Commission in the 1992 Decision for Centra Gas.
  - The projected short-term and deemed long-term debt rates incurred by the utility have been reduced to 5.5 percent.
  - A general reduction was made to the 1994 cost of service to be consistent with the levels approved in the Commission's 1992 Centra Gas Decision.
3. The rate of return on common equity of 11.7 percent is set at the arithmetic average of the rates of return for BCGUL (at 11.2 percent) and that for PNG (at 12.2 percent) approved on an interim basis effective January 1, 1994. The lower return on common equity for interim increase purposes does not prejudice Centra Gas' case for a permanent increase.
4. The Commission requests submissions from all interested parties before January 5, 1994 with respect to the holding of a separate joint hearing to deal with the rates of return on common equity for BCGUL, PNG and Centra Gas.
5. A public hearing into the Application will commence at 9:00 a.m., February 8, 1994 at The Pioneer Inn, 9830 - 100th Avenue, Fort St. John, B.C. Centra Gas will hold a Town Hall Meeting commencing at 7:00 p.m. on February 7, 1994 to explain its Application. Commission staff will also be present to explain the public hearing procedures.
6. The Application and supporting material are to be made available for inspection at the Head Office of Centra Gas, 1675 Douglas Street, P.O. Box 3777, Victoria, B.C., at its District Office at 10016 - 104th Street, Fort St. John, B.C., and at the office of the British Columbia Utilities Commission, 6th Floor - 900 Howe Street, Vancouver, B.C., V6Z 2N3.
7. Centra Gas is to distribute copies of the Application and any supplemental information to Intervenor as they become registered with the Commission. Centra Gas is to distribute a copy of the Executive Summary, Order No. G-122-93 and the Notice of Public Hearing to Interested Parties.
8. Centra Gas will arrange for publication, in display-ad format of a Notice of Public Hearing, as per attached copy, in the business sections of The Vancouver Sun, The Province and other appropriate news publications in the service area of the utility, so as to provide adequate notice to the public, not later than December 31, 1993.
9. Centra Gas is to file with the Commission, not later than December 29, 1993, any additional prepared testimony and supplemental material upon which it intends to rely.
10. Not later than January 14, 1994, Intervenor intending to be present and participate in the public hearing should give written notice of intention to do so to the Commission Secretary and to the Applicant. Such notice should state the nature of interest in the proceeding.

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11. Registered Intervenors and Interested Parties intending to make requests for additional information from the Applicant should do so by January 21, 1994. Information Requests shall be responded to by Centra Gas on or before January 28, 1994.
12. Registered Intervenors intending to file written evidence pertaining to the Application must do so with the Commission and the Applicant by January 21, 1994.
13. The Commission will accept, subject to timely filing, Gas Tariff Rate Schedules amended in accordance with the terms of this Order.
14. Centra Gas is to inform customers, in its next regular monthly billing cycles, of the interim increase effective January 1, 1994 and of the effect on monthly gas bills along with reasons for the increased rates. Centra Gas will also publish an appropriate notice of the interim increase in local newspapers in its service area before December 31, 1993. In the published notice and in the package sent to customers, interested parties and intervenors, Centra Gas is to provide general information about the Commission's Policy on Participant Funding approved by Order No. G-117-93.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 23rd day of December, 1993.

BY ORDER

  
Dr. Mark K. Jaccard  
Chairperson



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VANCOUVER, B.C. V6Z 2N3  
CANADA

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**CENTRA GAS - FORT ST. JOHN DISTRICT**  
**Application to Increase Rates**

**NOTICE OF PUBLIC HEARING**

**PUBLIC HEARING**

Time: 9:00 a.m.  
Date: February 8, 1994  
Location: The Pioneer Inn  
9830 - 100th Avenue  
Fort St. John, B.C.  
  
Telephone: (604) 787-0521

**TOWN HALL MEETING**

7:00 p.m.  
February 7, 1994  
The Pioneer Inn  
9830 - 100 Avenue  
Fort St. John, B.C.  
  
(604) 787-0521

**THE APPLICATION**

On November 30, 1993 Centra Gas British Columbia Inc. - Fort St. John District ("Centra Gas") applied to the Commission for an order approving an interim refundable rate increase of 14.5 percent applied to all classes of service, excluding Balfour Forest Products Inc. and Canadian Forest Products Ltd., effective with consumption on and after January 1, 1994.

The Commission reviewed the Application and approved a reduced interim increase of 7.52 percent on customer rates for reasons identified in Order No. G-122-93. The Centra Gas Application also requested the Commission approve a return on common equity based on the simple arithmetic average of two other regulated energy utilities.

**THE PUBLIC HEARING - TOWN HALL MEETING**

The Application will be heard commencing at 9:00 a.m. local time, Tuesday, February 8, 1994 in Fort St. John, B.C. at the location indicated above.

On February 7, 1994 commencing at 7:00 p.m. at the above location Centra Gas will hold a Town Hall meeting to explain its application. Commission staff will also be present to explain the hearing procedures.

**PUBLIC INSPECTION OF THE APPLICATIONS**

The Application, supporting material and Commission Order No. G-122-93 are available for inspection at the following locations:

Head Office: 1675 Douglas Street, P.O. Box 3777, Victoria, B.C., V8W 3V3.

District Offices: 10016 - 104th Street, Fort St. John, B.C.

An Executive Summary of the Application is available to Interested Parties, upon request from Centra Gas, at no charge.

Copies of the Application and supporting material are also available for inspection at the office of the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C.

## **INTERVENTIONS**

Any person wishing to be present at the public hearing and to give evidence or cross-examine witnesses should provide written notice, to be received not later than January 14, 1994 to the Commission Secretary and to the Applicant. The notice should include a brief statement as to the nature of the interest in the proceedings and should indicate whether they intend to appear at the hearing.

## **INFORMATION REQUESTS**

Registered Intervenor or Interested Parties requesting additional information from the Applicant should do so by January 21, 1994. Information Requests made by that date shall be responded to by January 28, 1994.

## **SUBMISSIONS BY INTERVENORS**

Written evidence from Intervenor is required to be filed, one copy each, with the Commission Secretary and Centra Gas, by January 21, 1994. The Commission has received a number of letters from Centra Gas customers who expressed concerns about the proposed increase. These concerns will be taken into consideration by the Commission to determine the appropriate revenue requirements of Centra Gas.

The Commission has recently approved a Policy on Participant Funding. Any person wishing to obtain a copy of the Policy or a copy of Information Brochures about the Commission, including one on Hearing Procedures, should contact the Commission Secretary. Any person seeking participant funding, is required to submit a budget of their proposed hearing costs at least 30 days before the start of a hearing.

The Commission requests submissions from all interested parties before January 5, 1994 with respect to the holding of a separate joint hearing to deal with the rates of return on common equity for BC Gas, Pacific Northern Gas and Centra Gas.

## **CLARIFICATION**

Persons intending to participate in the public hearing, and who are uncertain as to the manner in which to proceed, may contact Mr. R.J. Pellatt, Commission Secretary, or Mr. Philip Nakoneshny, Senior Financial Analyst-Petroleum, by telephone at 660-4700, or B.C. Toll Free: 1-800-663-1385, or in writing to the above address or faxed to 660-1102. The Commission can also be reached on the Government Electronic Mail System ("GEMS") at RPELLAT @ BCSC or, on the InterNet at RPELLAT @ VAXBCSC.GOV.BC.CA

By Order



Robert J. Pellatt  
Commission Secretary