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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-121-93

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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 Pacific Northern Gas Ltd.

BEFORE: M.K. Jaccard, Chairperson; and)
K.L. Hall, Commissioner) December 9, 1993

ORDER

WHEREAS:

- A. On December 2, 1993 Pacific Northern Gas Ltd. ("PNG") applied to the Commission for approval to amend its gas tariff rate schedules on an interim and permanent basis effective January 1, 1994 ("the Application") pursuant to Sections 64 and 101 of the Utilities Commission Act ("the Act"); and
- B. The Application requests the Commission approve an interim increase of 6.66 percent on the gross margin (equivalent to an average of 4.38 percent on gross revenue), effective with consumption on and after January 1, 1994; and
- C. PNG stated in the Application that in order to avoid a shortfall in revenues during its 1994 test year the interim increase is required to become effective January 1, 1994; and
- D. PNG calculated its required interim and permanent 1994 rate increases based on a proposed 13.25 percent return on common equity, which was awarded as a result of the last revenue requirements hearing, and a common equity component of 31.41 percent; and
- E. The Commission considered there has been a general decline in interest rates and the yields on the Government of Canada Long Bonds since PNG's last Revenue Requirements Application; and
- F. The Commission reviewed the Application and is satisfied that approval of a reduced interim rate increase for PNG is necessary and in the public interest.

NOW THEREFORE the Commission orders PNG as follows:

1. The Commission approves for PNG an interim rate increase of 4.36 percent on gross margin (equivalent to an average of 2.68 percent on gross revenue) effective with consumption on and after January 1, 1994, subject to refund with interest at the average prime rate of the principal bank with which PNG conducts its business.
2. The interim increase has been adjusted downward incorporating a rate of return on common equity of 12.20 percent by the Commission to reflect a general decline in interest rates and the yields on Government of Canada Long Bonds. The lower return on common equity for interim purposes does not prejudice PNG's case in the permanent application.

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3. 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 both PNG and BC Gas Utility Ltd. The matter of a public hearing or the use of an Alternative Dispute Resolution into the Application will be the subject of a further Order of the Commission.
4. PNG, by way of an appropriate notice to be sent to all its large industrial customers and published in the business sections of the Vancouver Sun and The Province and in local newspapers in the service area prior to December 31, 1993, is to inform customers of the interim increase effective January 1, 1994. PNG is to inform all other customers of the interim and permanent rate increase, and its effect on monthly gas bills, by way of a bill stuffer in the next regular billing cycle.
5. The Commission will accept, subject to timely filing by PNG, amended Gas Tariff Rate Schedules in accordance with terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of December, 1993.

BY ORDER



Dr. Mark K. Jaccard
Chairperson