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BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-35-94

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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 Utility Ltd.,  
West Kootenay Power Ltd. and Pacific Northern Gas Ltd.

BEFORE: M.K. Jaccard, Chairperson; )  
K.L. Hall, Commissioner; and ) June 10, 1994  
P.G. Bradley, Commissioner )

**ORDER**

**WHEREAS:**

- A. By Order No. G-121-93 the Commission requested 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 ("ROE") for both Pacific Northern Gas Ltd. ("PNG") and BC Gas Utility Ltd. ("BC Gas"); and
- B. On January 14, 1994 a pre-hearing conference was held with interested parties who expressed the view that a joint hearing would be beneficial; and
- C. West Kootenay Power Ltd. ("WKP") asked to be included in the joint hearing; and
- D. In a Decision dated March 11, 1994 the Commission accepted the proposal that the appropriate ROE for Centra Gas Fort St. John District ("Centra-FSJ") be the simple arithmetic average of the ROE's allowed BC Gas and PNG; and
- E. A public hearing into the appropriate rates of return on common equity and capital structure for the utilities was held from April 5, 1994 to April 15, 1994 in the Commission's Hearing Room. The Commission also heard evidence with respect to processes and mechanisms that might be used to determine the appropriate ROE and capital structure in future years; and
- F. The Commission has considered the Applications and evidence adduced thereon, all as set forth in the Decision issued concurrently with this Order.

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

- 1. The 1994 Rate of Return on common equity for WKP is set at 11.0 percent, for PNG 11.5 percent, and for Centra-FSJ 11.125 percent.
- 2. The 1994 Rate of Return on common equity for BC Gas is set at 10.75 percent, subject to certain conditions specified in the accompanying Reasons for Decision.

3. For 1995, the allowed ROE's will be determined according to the methodology set out in the Reasons for Decision.
4. The Commission allows the capital structure as put forward in the applications of BC Gas and PNG. With respect to WKP, the Commission confirms the determinations with respect to the appropriate amount of common equity to allow in the capital structure made in the June 9, 1993 Revenue Requirements Decision.
5. Each of the utilities will file revised tariff rate schedules adjusted for the new rates of return on common equity and amended capital structures, following issuance of the applicable Revenue Requirement Decisions.
6. The utilities will comply with all directions contained in the Decision issued concurrently with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this *10th* day of June, 1994.

BY ORDER



Dr. Mark K. Jaccard  
Chairperson