

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



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-65-94

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 Pacific Northern Gas Ltd.
for Permanent Rate Changes

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) September 1, 1994

O R D E R

WHEREAS:

- A. On August 25, 1994 Pacific Northern Gas Ltd. ("PNG") applied to the Commission for approval for permanent rate changes effective January 1, 1994 to reflect 1993/94 gas supply costs and to pass through its approved 1994 test-year revenue requirements; and
- B. The Commission considered PNG's 1994 Revenue Requirements by way of Alternate Dispute Resolution process and issued Order No. G-21-94 which approved a revenue deficiency of \$1.045 million; and
- C. By way of Order No. G-35-94, a Decision into PNG's rate of return on common equity lowered the interim return on equity from 12.2 percent to 11.5 percent which resulted in a lower revenue deficiency for 1994 of \$480,000; and
- D. PNG requested that the gas supply cost deferral accounts approved by Order Nos. G-55-93 and G-111-93 be continued; and
- E. The Commission has reviewed the Application and is satisfied that rate changes to reflect the above properly conserves the public interest.

NOW THEREFORE the Commission approves for PNG as follows:

- 1. The refund of the interim 1994 revenue deficiency and the recovery of the approved 1994 revenue deficiency of \$480,000.
- 2. The refund of the expected cost-of-gas increase of \$0.25 per GJ approved by Order No. G-111-93 and the pass-through of cost of gas rate changes for the 1993/94 gas contract year.
- 3. The disposition of the deferral accounts, by rebilling the customers for consumption during January 1 to August 31, 1994 inclusive, as set up by Order No. G-55-93.

4. The continuation of deferral accounts, effective January 1, 1994, with balances attracting interest at the average prime rate of the Utility's principal bank to record:
 - (i) differences between actual and projected 1994 CanWest Gas Supply Inc./Westcoast Energy Inc. ("WEI"), demand charges;
 - (ii) differences between the actual and projected Motor Fuel Tax payable by PNG to WEI in 1994; and
 - (iii) savings in the cost of gas supply resulting from PNG purchasing gas for the core market on the spot market rather than from its firm suppliers.
5. The setting up of a deferral account, effective November 1, 1993, with balances attracting interest at the average prime rate of PNG's principal bank to record the difference between the actual gas prices payable to Talisman Energy Inc. and Amerada Hess Canada Inc. compared to the prices that have been used in the Application.
6. PNG is to inform all affected customers of the reasons for the changes in rates resulting from the cost of gas price changes and revenue deficiency.

DATED at the City of Vancouver, in the Province of British Columbia, this *2nd* day of September, 1994.

BY ORDER



Dr. Mark K. Jaccard
Chairperson