

BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-21-94

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CANADA

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.D. Wellman, Commissioner ) March 15, 1994

**O R D E R**

**WHEREAS:**

- A. On December 2, 1993 Pacific Northern Gas Ltd. ("PNG") applied to the Commission for interim and permanent rate revisions effective January 1, 1994 ("the Application"), pursuant to Sections 64 and 101 of the Utilities Commission Act; and
- B. The Commission, by Order No. G-121-93, approved an interim increase of 2.68 percent and stated that the matter of a public hearing or the use of an Alternate Dispute Resolution ("ADR") mechanism into the Application would be the subject of a further Order; and
- C. The Commission, by Order No. G-129-93, established a provisional hearing date of March 21, 1994 for the commencement of a public hearing into the Application; and
- D. The Commission, by Order No. G-4-94, set up a separate joint hearing to deal with the rates of return on common equity ("ROE") for certain utilities under its jurisdiction, including PNG, that will commence on April 5, 1994; and
- E. The Commission by Order No. G-7-94 set up a pre-hearing conference on February 28, 1994 to identify the process to resolve the potential issues (except those relating to Return on Common Equity and Capital Structure) and indicated that PNG would convene meetings with Registered Intervenor to seek resolution of issues in advance of the pre-hearing conference; and
- F. On February 24, 1994 PNG filed an Amendment (Volume 7) to its Application; and
- G. The Commission has been informed by the Applicant, the Registered Intervenor and Commission staff that they had resolved issues by ADR, and a revenue requirement reduction of \$500,000 is proposed as adjustment to PNG's amended Application (Volume 7), and the Commission has considered and believes approval of the settlement proposal is in the public interest.

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

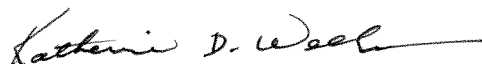
1. The Commission approves for PNG a 1994 revenue deficiency of \$1.045 million based on a 12.2 percent return on common equity. The ROE of PNG together with the appropriate capital structure is subject to adjustment in the joint ROE hearing to commence on April 5, 1994.
2. A public hearing into the Application is cancelled.
3. The Commission approves PNG to defer all costs associated with the Integrated Resource Planning, the appropriate cost recovery of which will be the subject of a future Commission Order.
4. The final approved hearing cost variance from the \$150,000 provision in the PNG Application, which includes costs to be incurred in the ROE hearing, and the method of amortization will be determined by the Commission in the ROE hearing.

The Commission also approves:

- (i) an interest bearing deferral account to record any variance between the forecast and actual costs payable by PNG in 1994 for its share of B.C. Utilities Commission ("BCUC") and B.C. Energy Council allocated costs; and
  - (ii) a variation to Order No. G-89-93 to permit PNG to amortize the 1993 BCUC cost deferral account balance over two years; and
  - (iii) PNG's November 19, 1993 application to set up \$27,100 in its short term interest rate deferral account (see Volume 1, Tab 24, Page 23), which was the deviation between the forecast short term interest rate and the long term debt rate relating to the long term debt issue of \$20 million by PNG on November 15, 1993.
6. Any other issues implicitly considered by all parties to derive the \$500,000 revenue requirement reduction proposal may be reviewed without prejudice on a forward looking basis by the Commission on its own initiative or in a future hearing of PNG.
  7. PNG will continue to adopt its current interim rates until the issue of the ROE Decision. PNG will at that time recalculate its final revenue requirement and file permanent tariff schedules with the Commission.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of March, 1994.

BY ORDER



K.D. Wellman  
Commissioner