



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

and

An Application by Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.  
for 1996 Revenue Requirements and Interim Rate Changes

**BEFORE:** M.K. Jaccard, Chairperson; and ) December 21, 1995  
L.R. Barr, Deputy Chairperson )

**O R D E R**

**WHEREAS:**

- A. On November 28, 1995 Pacific Northern Gas Ltd. ("PNG") and Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] applied to the Commission, pursuant to Sections 64 and 106 of the Utilities Commission Act, for approval to amend its Gas Tariff rate schedules on an interim and permanent basis effective January 1, 1996 ("the Application"); and
- B. The Applicant also filed and included the impacts of the following documents for the purposes of interim increases, subject to Commission review and approval:
- Cost of Gas Pass-Through based on approved prices;
  - Application dated October 31, 1995 for approval of various deferral accounts for 1995;
  - A 1995 Depreciation Study;
  - Revised calculation of rates for various customer classes to reflect the directions contained in the Commission's Rate Design Decision dated December 15, 1995;
  - A 1996 Rate Design Application for the Tumbler Ridge service area dated December 20, 1995; and
- C. The Commission has considered the above requests and determines that approval on an interim basis is in the public interest.

**NOW THEREFORE** the Commission orders PNG and PNG (N.E.) as follows:

1. The Commission approves for PNG and PNG (N.E.) the interim rate changes as shown in Appendix A, attached to this Order, effective January 1, 1996, subject to refund or reimbursement to affected customers, with interest at the average prime rate of the principal bank with which PNG conducts its business.
2. A public hearing into the Application is set to commence on Monday, April 1, 1996 in a location to be announced later based on the locality and interest of registered intervenors.

BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-117-95

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3. A Pre-hearing Conference to deal with the public hearing is scheduled to commence at 9:00 a.m. Wednesday, January 31, 1996 in the Commission's Hearing Room, 6th Floor, 900 Howe Street, Vancouver, B.C.
4. The Application and supporting materials are to be made available at the Head Office of PNG and PNG (N.E.), Suite 1400 - 1185 West Georgia Street, Vancouver, B.C. and at each district office located in its service area. The Application will also be available for inspection at the British Columbia Utilities Commission, 6th Floor, 900 Howe Street, Vancouver, B.C.
5. PNG and intervenors are directed to comply with the timing deadlines as set out in the attached Notice of Public Hearing.
6. PNG/PNG(N.E.) is to publish the attached Notice of Public Hearing in the business sections of the Vancouver Sun and Province and in local newspapers in its service area during the week of January 8, 1996.

**DATED** at the City of Vancouver, in the Province of British Columbia, this *22nd* of December, 1995.

BY ORDER



Dr. Mark K. Jaccard  
Chairperson

SUMMARY OF 1996 PROPOSED  
RATE CHANGES

Customer Classification	Retail Rates	1996	1996	1996	Retail Rates	Retail Rate Changes	
	Effective January 1, 1995 (\$/GJ)	Rev. Req. Increase (\$/GJ)	Gas Supply Decrease (\$/GJ)	Rate Design (\$/GJ)	Effective January 1, 1996 (\$/GJ)	(\$/GJ)	(%)
<b>Residential (Rate 1)</b>	5.636	0.286	(0.485)	0.540	5.977	0.341	6.0%
<b>Commercial</b>							
Small Commercial (Rate 2)	5.070	0.220	(0.492)		4.798	(0.272)	(5.4%)
Large Commercial Firm (Rate 2)	4.794	0.220	(0.492)		4.522	(0.272)	(5.7%)
Large Commercial Interr (Rate 4)	2.634	0.141	(0.461)		2.314	(0.320)	(12.1%)
Total Commercial							
Seasonal Off-Peak (Rate 6)	3.400	0.247	(0.562)		3.085	(0.315)	(9.3%)
NGV (Rate 7)	2.941	0.113	(0.449)	(0.029)	2.576	(0.365)	(12.4%)
<b>Small Industrial</b>							
Sales (Rate 5)	3.739	0.124	(0.597)	(0.345)	2.922	(0.817)	(21.9%)
Transport	1.143	0.124	(0.021)	(0.234)	1.012	(0.131)	(11.4%)
Interruptible	0.992	0.100	(0.021)		1.071	0.079	8.0%
Total Small Industrial							
<b>Large Industrial</b>							
<b>Methanex</b>							
Firm Transportation	0.3992	0.0904	(0.021)	(0.0002)	0.968	0.0692	7.7%
Interruptible	0.2277	0.0213	(0.021)		0.2280	0.0003	0.1%
Sub-total							
<b>Skeens Cellulose Inc.</b>							
Firm Transportation	1.0841	0.1095	(0.021)	(0.0524)	1.120	0.0361	3.3%
Interruptible	0.9924	0.1000	(0.021)		1.0714	0.0790	8.0%
Deficiency							
Sub-total							
<b>Eurocan Pulp &amp; Paper</b>							
Firm Transportation	1.0437	0.1053	(0.021)	(0.1842)	0.944	(0.0999)	(9.6%)
Interruptible	0.9924	0.1000	(0.021)		1.0714	0.0790	8.0%
Sub-total							
<b>Alcan Smelters &amp; Chemicals</b>							
Firm Transportation	1.2007	0.1215	(0.021)	(0.0457)	1.255	0.0548	4.6%
Interruptible	0.9924	0.1000	(0.021)		1.0714	0.0790	8.0%
Sub-total							
<b>B.C. Hydro</b>							
Monthly Demand Charge	1447.450	149.08	0.000		1,596.53	149.08	10.3%
Interruptible	0.9924	0.1000	(0.021)		1.071	0.0790	8.0%

Pacific Northern Gas (N.E.) Ltd

Dawson Creek Division

SUMMARY OF PROPOSED RATE CHANGES  
EFFECTIVE JANUARY 1, 1996

<u>Customer Classification</u>	<u>1996 Test Year Gas Deliveries</u> (GJ)	<u>Gross Margin</u> (\$)	<u>Allocation of Revenue Deficiency</u> (\$)	<u>Rev. Req. Rate Changes</u> (\$/GJ)	<u>Gas Supply Cost Changes</u> (\$/GJ)	<u>1996 Rate Design</u> (\$/GJ)	<u>Net Rate Changes</u> (\$/GJ)
Residential	671 361	1,303,043	90,337	0.135	(0.223)	0.282	0.194
Small Commercial	501 553	793,312	54,999	0.110	(0.206)	(0.256)	(0.353)
Large Commercial	113 510	168,239	11,664	0.103	(0.106)	(0.536)	(0.540)
			157,000				
<b>TOTAL</b>	<u>1 286 424</u>	<u>2,264,594</u>	<u>157,000</u>				

<u>Customer Classification</u>	<u>Retail Rates Effective January 1, 1995</u> (\$/GJ)	<u>Rev. Requ. Increase</u> (\$/GJ)	<u>Gas Supply Cost Changes</u> (\$/GJ)	<u>1996 Rate Design</u> (\$/GJ)	<u>Retail Rates Proposed January 1, 1996</u> (\$/GJ)	<u>% Change</u>
Residential	4.142	0.135	(0.223)	0.282	4.336	4.68%
Small Commercial	3.762	0.110	(0.206)	(0.256)	3.409	(9.36%)
Large Commercial	3.554	0.103	(0.106)	(0.536)	3.014	(15.18%)

Pacific Northern Gas (N.E.) Ltd

Tumbler Ridge Division

**SUMMARY OF PROPOSED RATE CHANGES  
EFFECTIVE JANUARY 1, 1996**

<u>Customer Classification</u>	<u>1996 Test Year Gas Deliveries</u> (GJ)	<u>Gross Margin</u> (\$)	<u>Allocation of Revenue Surplus</u> (\$)	<u>Rev. Req. Rate Changes</u> (\$/GJ)	<u>Gas Supply Cost Changes</u> (\$/GJ)	<u>1996 Rate Design</u> (\$/GJ)	<u>Net Rate Change</u> (\$/GJ)
Residential	113 731	393,412	(16,116)	(0.142)	(0.253)	0.545	0.15
Small Commercial	85 026	165,614	(6,784)	(0.104)	(0.213)	0.423	0.106
Quintette Coal Ltd	141 000 <sup>(1)</sup>	350,912	(14,375)	(0.102)	(0.063)	(0.605)	(0.770)
Sceptre Resources <sup>(2)</sup> Thunder Well	36 500 <sup>(1)</sup>	90,912	(3,724)	(0.102)	(0.113)	(0.114)	(0.329)
			(41,000)				
<b>TOTAL</b>	<u>356 257</u>	<u>1,000,850</u>	<u>(41,000)</u>				

<u>Customer Classification</u>	<u>Retail Rates Effective January 1, 1996</u> (\$/GJ)	<u>Rev. Requ. Decrease</u> (\$/GJ)	<u>Gas Supply Cost Changes</u> (\$/GJ)	<u>1996 Rate Design</u> (\$/GJ)	<u>Retail Rates Proposed January 1, 1996</u> (\$/GJ)	<u>% Change</u>
Residential	5.484	(0.142)	(0.253)	0.545	5.635	2.75%
Small Commercial	4.570	(0.104)	(0.213)	0.423	4.676	2.32%
Quintette Coal Ltd	4.319	(0.102)	(0.063)	(0.605)	3.549	(17.82%)
Sceptre Resources * Thunder Well	4.371	(0.102)	(0.113)	(0.114)	4.042	(7.52%)

NOTES: 1. The figures of 141 000 GJ and 36 500 GJ are the minimum annual take or pay obligations and not the forecast actual deliveries to each customer.

2. Sceptre's fixed fee of \$120,000 per year for gas processing and transportation services for its Murray River well is projected to remain the same for the 1996 test year.

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



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

**PACIFIC NORTHERN GAS LTD. and PACIFIC NORTHERN GAS (N.E.) LTD.  
1996 REVENUE REQUIREMENTS**

**NOTICE OF PUBLIC HEARING**

Time: 9:00 a.m.  
Date: Monday, April 1, 1996  
Location: To be determined.

**THE APPLICATION**

Pacific Northern Gas Ltd. ("PNG") and Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] applied to the Commission to change rates to all customers on an interim and permanent basis effective January 1, 1996. The Commission approved an interim rate change as per Order No. G-117-95.

The Commission indicated that the Application would be reviewed at a public hearing to commence on April 1, 1996 in a location to be announced later based on the locality and interest of registered intervenors.

**PRE-HEARING MATTERS**

The Commission staff will be issuing information requests on the Application to PNG/PNG (N.E.) in order to clarify matters. Commission staff will attempt to identify potential issues, clarify or answer questions of participants in advance of the public hearings at a pre-hearing conference scheduled for 9:00 a.m., January 31, 1996 in the Commission's Hearing Room, 6th Floor, 900 Howe Street, Vancouver, B.C.

**PUBLIC INSPECTION OF THE APPLICATION**

The Application and supporting material are available for inspection at the following locations:

**Pacific Northern Gas Ltd.**

Head Office: Suite 1400, 1185 West Georgia Street, Vancouver, B.C. V6E 4E6

District Offices: Vanderhoof, Burns Lake, Houston, Smithers, Terrace, Kitimat, Prince Rupert and Dawson Creek, Tumbler Ridge, B.C.

An Executive Summary of the Application is available, at no charge, to interested parties upon request from PNG.

Copies of the Application and supporting material are also available for inspection at the office of the British Columbia Utilities Commission, 6th Floor, 900 Howe Street, Vancouver, B.C. V6Z 2N3.

**INTERVENTIONS**

Intervenors who wish copies of the Application and other information are urged to register with the Commission and PNG as soon as possible. Intervenors and interested parties are to advise the Commission Secretary of their intention to participate in proceedings not later than February 15, 1996.

**INFORMATION REQUESTS**

Registered Intervenors or Interested Parties requesting additional information from the Applicant should do so as soon as possible, but no later than February 23, 1996. Information Requests shall be responded to by PNG no later than March 11, 1996.

**SUBMISSIONS BY INTERVENORS**

Written submissions or evidence from Intervenors is required to be filed, one copy each, with the Commission Secretary and PNG, by March 18, 1996.

**PARTICIPANT FUNDING**

All parties intending to apply for Participant Funding must first register with the Commission and obtain the guidelines for participant funding. All parties must then file a budget by March 11, 1996 consistent with the Commission's Rate Sheet as outlined in Order No. G-117-93.

**CLARIFICATION**

Persons intending to participate in the, Pre-hearing Conference and who are uncertain as to the manner in which to proceed, may contact Mr. Robert J. Pellatt, Commission Secretary or Mr. Simon Wong, Manager, Rates and Finance - Petroleum; by telephone at 660-4700, or B.C. Toll Free: 1-800-663-1385, in writing to the above address, or faxed to 660-1102. The Commission can also be reached on the Government Electronic Mail System ("GEMS") and on the Internet at [bcuc@pop.bcinet.gov.bc.ca](mailto:bcuc@pop.bcinet.gov.bc.ca).

BY ORDER



Robert J. Pellatt