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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-114-96

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

An Application by BC Gas Utility Ltd.
for Approval of Various Rate Changes effective January 1, 1997

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) December 19, 1996

O R D E R

WHEREAS:

- A. On October 17, 1996 the Commission issued Order No. G-98-96 approving rate design changes for BC Gas Utility Ltd. ("BC Gas") for its Lower Mainland, Inland, and Columbia service areas to be effective January 1, 1997 ("the Rate Design Adjustment"); and
- B. On October 22 and November 29, 1996 BC Gas applied to the Commission to pass through to customers in the affected service areas its 1996 Rate Design Application, Alternative Dispute Resolution and Hearing costs in the amount of \$311,621.00 effective January 1, 1997 ("the Rate Design Cost Application"); and
- C. On November 27, 1996 BC Gas, pursuant to Section 67(4) of the Utilities Commission Act ("the Act"), applied for Commission approval to pass through certain costs to its Gas Tariff Rate Schedules for the Lower Mainland, Inland, and Columbia service areas ("the Revenue Requirement Adjustment Application") effective January 1, 1997 as follows:
 - 1997 test year revenue requirements approved by Commission Order No. G-99-95,
 - reductions to the 1997 revenue requirements due to reductions in the cost of long-term and short-term debt,
 - adjustment to revenue requirements for a revised mains extension policy approved by Order No. G-99-95 and for CPCN capital projects completed in 1996 that were approved by Orders No. C-2-96, C-4-96, C-7-96, and C-8-96; and
- D. On December 2, 1996, by Letter No. L-61-96, the Commission approved a 10.25 percent Return on Equity for BC Gas in 1997 ("the ROE Adjustment"); and
- E. On December 4, 1996 BC Gas applied for approval of changes to rate riders as follows ("the Rider Application"):
 - the discontinuance of Rate Rider 2 for Columbia Division customers covering the refund of deferred income taxes, as it has been fully repaid,
 - adjustments to Rider 5 - Rate Stabilization Adjustment Charge, and Rider 6 - Refund of Deferred Gas Cost Credits to reflect refunding deferral account credit balances in order to mitigate the 1997 rate increase; and

- F. On December 12 and 17, 1996 BC Gas applied to the Commission to pass through cost of gas changes to its Gas Tariff Rate Schedules for the Lower Mainland, Inland, and Columbia service areas effective January 1, 1997 and on December 18, 1996 submitted, under Tab 2 of the filing on that date, a revised cost allocation calculation at the request of Commission staff ("the Cost of Gas Application"); and
- G. The Commission has reviewed the applications and is satisfied that approval of the rate changes cited above are necessary and in the public interest.

NOW THEREFORE the Commission orders BC Gas as follows:

1. Changes to Gas Tariff Rate Schedules to reflect the following rate changes are approved effective January 1, 1997 for the BC Gas Lower Mainland, Inland and Columbia service areas:
 - The Rate Design Adjustment,
 - The Rate Design Cost Application,
 - The Revenue Requirement Adjustment Application,
 - The ROE Adjustment,
 - The Rider Application,
 - The Cost of Gas Application.
2. BC Gas, by way of customer notice, is to provide all affected customers with an explanation of the changes. BC Gas is to provide the Commission with a detailed breakdown of the rate changes on a cost per GJ basis for each customer class rate schedule.
3. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of December, 1996.

BY ORDER

Original signed by:

Dr. Mark K. Jaccard
Chairperson