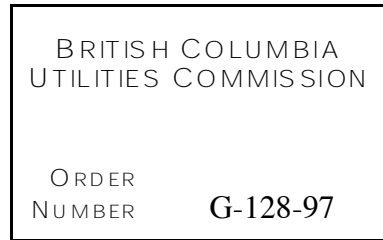


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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by BC Gas Utility Ltd.
for Approval of Various Rate Changes effective January 1, 1998

BEFORE: L.R. Barr, Deputy Chair)
and Acting Chair) December 11, 1997
K.L. Hall, Commissioner)
P.G. Bradley, Commissioner)

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-85-97, approved the terms of the BC Gas Utility Ltd. ("BC Gas") July 4, 1997 Settlement Agreement, as revised by its Consolidated Settlement Document, setting up a rate adjustment mechanism for a three year test period beginning January 1, 1998; and
- B. The Commission set down, by Order No. G-99-97, an Annual Review to be held on November 19, 1997 in Vancouver, B.C.; and
- C. On October 29, 1997, BC Gas filed its preliminary Revised Targets for its 1998 Revenue Requirements and, on November 19, 1997, held an Annual Review to explain the 1998 Revenue Requirements; and
- D. Following the results of the Annual Review, on November 20, 1997, BC Gas filed updated Revised Targets for its 1998 Revenue Requirements responding to issues raised at the Annual Review and positions taken on those issues; and
- E. On December 2, 1997, by Letter No. L-73-97, the Commission approved a 10 percent Return on Equity for BC Gas for the calendar year 1998 ("the ROE adjustment"); and
- F. On December 4, 1997, BC Gas applied for Commission approval of its 1998 Revenue Requirement, incorporating the November 20, 1997 Revised Targets, a 10 percent return on equity and changes to the DIT refund, GCRA and RSAM rate riders ("the Revenue Requirement Adjustment Application"), effective January 1, 1998; and

G. On December 9, 1997, BC Gas applied for approval to flow through gas purchase cost changes for the 1997/98 gas contract year under its approved gas supply portfolio for the Lower Mainland, Inland and Columbia divisions ("the Cost of Gas Application"); and

H. 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 as follows:

1. Changes to BC Gas' Tariff Rate Schedules, to reflect the following rate changes, are approved effective January 1, 1998, for the Lower Mainland, Inland and Columbia service areas:
 - the 1998 Revenue Requirement Adjustment 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 rate changes. BC Gas is to provide the Commission with a detailed breakdown of the rate changes by customer class rate schedule, on a cost per gigajoule basis.
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 12th day of December, 1997.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair
and Acting Chair