

ROBERT J. PELLATT
COMMISSION SECRETARY



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VIA FACSIMILE

December 2, 1997

Ms. Darlene M. Barnett
Senior Vice President
Marketing and Customer Services
British Columbia Hydro and
Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Dear Ms. Barnett:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

The Commission has reviewed the performance of the automatic mechanism to adjust the rate of return on common equity, set out on Pages 39/40 of its Decision dated June 10, 1994 and as amended by way of Commission Order No. G-49-97, and has determined that the mechanism has performed favourably. Therefore, the Commission has chosen to apply the mechanism to determine the rate of return on common equity for 1998.

Accordingly, the Commission has determined that the appropriate rates of return on common equity in 1998 for BC Gas, Centra-FSJ, PNG, and WKP are as follows:

**Allowed Rates of Return on Common Equity
1998**

1998 Allowed
Rate of Return on
Common Equity

BC Gas	10.00
Centra - FSJ	10.25
PNG	10.75
WKP	10.25

The calculation and other documentation in support of this finding is attached as Appendix A.

Each Utility will be required to submit an application for approval to the Commission to vary its rates in line with the determinations made in this letter.

Yours truly,



Robert J. Pellatt

DWE/ssc

Attachment

cc: Mr. R. Brian Wallace
 Bull Housser & Tupper
 Mr. Richard Gathercole
 Executive Director
 BC Public Interest Advocacy Centre
 Ms. Carol Reardon
 Heenan Blaikie

```

*****
*          TCR           (DEC.02, '97 16:38) ;BCUC 660-1102      ****
*          ****
***** DATE   START    REMOTE TERMINAL      MODE     TIME      TOTAL    RESULTS
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*****          16:09        604 640 4070 G3ST    07'32"    013      OK
*****          16:17        604 685 1713 G3ST    07'36"    013      OK
*****          16:26        604 895 3524 G3ST    06'03"    013      OK
*****          16:34 CENTRAGAS REGULATORY G3ST    06'05"    013      OK
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*****          13:17        604 691 5921 G3ST    11'45"    020      OK
*****          21:41          G3SR    00'33"    001      OK
***** NOV.27  19:13 L-73-97          G3SR    01'27"    001      OK
***** NOV.28  11:58        604 527 5949 G3ST    00'39"    001      OK
***** DEC.02  16:01 BARNETT 604 623 4311 G3ST    10'19"    014      OK
*****          16:12 V. OTTO 6046233855 G3ST    10'21"    014      OK
*****          16:23 C. OSLER 204 943 3922 G3ST    12'27"    014      OK
*****
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TX:33459 RX:20387

Calculation of Allowed 1998 Rate of Return on Common Equity

	<u>3 month Ahead</u> <u>(Feb. 1998)</u>	<u>12 month Ahead</u> <u>(Nov. 1998)</u>
1. 10 Year Canada Bond Yield Forecast Average: (Consensus Economics, November 1997 Consensus Forecast)	6.0	5.9
2. Average of 3 and 12 Month Forecasts	5.95	
3. Add Yield Spread Between 10 Year (7.0%, December 1, 2006) and 30 Year (9.0%, June 1, 2025) Canada Bonds:	0.438	
4. Equals Projected 1997 Yield on Long Term Canada Bond	6.338	
5. Less BCUC Benchmark Forecast	9.25	
6. Initial Adjustment Factor	-2.862	
7. Sliding Scale Adjustment Factor	-2.290	
7. Allowed 1998 Rate of Return Common Equity:		

	<u>Benchmark</u> <u>ROE</u>	<u>Sliding Scale</u> <u>Adjustment</u> <u>Factor</u>	<u>Initial</u> <u>1998 ROE</u>	<u>Rounded</u> <u>1998 ROE</u>
BC Gas	12.25	-2.290	9.960	10.0
Centra-FSJ	12.625	-2.290	10.335	10.25
PNG	13.0	-2.290	10.710	10.75
WKP	12.5	-2.290	10.210	10.25

Survey Date
November 10, 1997

Every month, Consensus Forecasts surveys over 200 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 30 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail.

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Survey Highlights

- ❖ Despite the recent correction in world stock prices and downward revision to ASEAN growth projections, forecasts for economic growth in most of the G-7 countries have remained broadly unchanged since our last survey. Indeed, contrary to initial concerns that the negative wealth effect might weaken economic growth, ongoing strength in the **United States** has prompted upward revisions to consensus forecasts for growth in personal consumption, business investment and industrial production in both 1997 and 1998. With the slowdown in growth now expected to be less severe than anticipated earlier this year, combined with expectations of weaker export demand from Asia (including Japan), forecasts for the current account deficit have deteriorated.
- ❖ The ensuing flight to long term government bonds, traditionally considered to be a 'safe haven' investment in times of stock market volatility, has caused nominal bond yields to decline in most countries. Our special analysis of **real interest rates** on page 3 highlights these movements, when adjusted for long term inflation expectations. This month's special survey, on pages 26 and 27, looks at our panels' projections for growth in **corporate profits** between now and 2002 and assesses whether the collapse in equity prices reflects any change in the underlying growth and profitability outlook.

Consensus Forecasts Global Outlook

Consensus Economics has just completed a new, one-off report containing individual *country*, *regional* and *world* long term forecasts covering the years 1997-2007 for the global economy. This 24 page document includes data on 45 countries, representing over 92% of the US\$29.6 trillion world economy on a GDP weighted basis (virtually all industrialised countries). Further details and a subscription form can be found on the back page of this publication.

APPENDIX A
to Commission Letter No. L-73-97
Page 3 of 12

	1997				1998				1999				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Gross Domestic Product	2.8	3.7	3.8	3.9	3.7	3.4	3.2	2.9	2.8	2.8			
Personal Expenditure	3.3	4.3	4.1	3.6	3.2	2.9	2.8	2.8	2.8	2.8			
Consumer Prices	2.1	1.7	1.8	1.7	1.7	1.9	2.0	2.0	2.0	2.1			

Consensus Forecasts shown in bold italics

Unemployment Rate, %	11.2	10.4	9.5	9.7
Current Account, C\$ bn	-28.0	PAGE 17	-2.4	& 3.8
Federal Govt Budget				
Balance, fiscal years, C\$ bn	-42.0	-37.5	-28.6	-8.9
3 mth T-Bill, % (end yr)	3.9	7.2	5.6	2.8
10 Yr Govt Bond, % (end yr)	6.6	9.2	7.1	6.4

APPENDIX A

1. 12. 2. 3. 12. 1.

NOVEMBER 1991

	Average % Change on Previous Calendar Year											Annual Total	
	Gross Domestic Product	Personal Expenditure		Machinery & Equipment Investment	Pre - Tax Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Housing Starts (thousand units)
	Produit Intérieur Brut	Dépenses de Consommation des Ménages	Investissement Productif	Bénéfices des Sociétés avant impôts	Production Industrielle	Prix à la Consommation	Prix des Produits Industriels	Construction de Logements mises en chantier, milliers					
Economic Forecasters	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
RBC Dominion Securities	4.0	4.1	4.0	3.8	18.5	12.0	na	na	na	na	1.8	1.8	na
Bank of Montreal	3.8	4.3	4.4	4.3	20.0	14.7	13.4	7.8	na	na	1.8	1.1	na
Bank of Nova Scotia	3.8	4.0	4.2	3.8	20.0	10.0	20.0	12.0	na	na	1.7	1.9	na
Caisse de Dépôt	3.7	2.8	3.6	2.5	16.8	8.7	16.1	7.3	na	na	1.7	1.8	na
CIBC	3.7	3.5	4.1	3.0	18.7	6.8	22.8	8.3	na	na	1.7	2.0	na
Informetrica	3.7	3.0	na	na	15.0	11.0	20.0	12.0	3.7	4.3	1.8	2.0	0.8
University of Toronto	3.7	3.9	4.3	3.6	18.6	8.0	19.4	13.3	na	na	1.7	1.4	na
CIBC Wood Gundy	3.6	3.2	4.2	2.8	18.5	6.6	19.7	10.5	na	na	1.7	1.8	na
National Bank of Canada	3.6	3.4	4.2	3.2	19.6	10.7	19.0	10.0	4.5	3.8	1.8	2.1	1.0
Royal Bank of Canada	3.5	3.3	4.2	3.3	19.4	11.8	20.5	3.3	na	na	1.8	1.8	1.1
Sure	3.5	3.1	4.1	3.2	18.3	7.3	14.5	6.1	na	na	1.8	1.9	na
Scotiabank	3.4	3.1	4.2	2.9	18.8	10.5	18.0	2.5	3.8	4.3	1.9	2.2	1.3
Consensus (Mean)	3.7	3.5	4.1	3.3	18.5	9.8	18.5	8.5	4.0	4.1	1.8	1.8	1.1
Last Month's Mean	3.7	3.8	4.1	3.3	18.7	10.0	18.1	8.7	4.0	4.0	1.8	2.0	1.0
3 Months Ago	3.5	3.3	3.7	2.9	17.9	9.7	16.6	8.7	4.5	4.0	1.8	2.0	1.2
High	4.0	4.3	4.4	4.3	20.0	14.7	22.8	13.3	4.5	4.3	1.9	2.2	1.3
Low	3.4	2.8	3.6	2.5	15.0	8.6	13.4	2.5	3.7	3.8	1.7	1.1	0.8
Standard Deviation	0.2	0.5	0.2	0.5	1.4	2.4	2.8	3.5	0.4	0.3	0.1	0.3	0.2
Comparison Forecasts													
Min. of Finance (Mar. '97)	3.2	2.6									1.6	1.8	
IMF (Oct '97)	3.7	3.5	4.0	3.2							1.5	1.6	
OECD (June '97)	3.5	3.3	2.7	3.0					4.7	3.9			

Government and Background Data

Prime Minister - Mr. Jean Chrétien (Liberal). Government - The Liberals hold 155 of the 301 seats in parliament. Next Election - Parliamentary by 2002.
Nominal GDP - C\$797.8bn (1996). Population - 30.0mn (mid-year, 1996).
C\$/S Exchange Rate - 1.36 (average, 1996).

Historical Data

<i>% change on previous year</i>	1993	1994	1995	1996
Gross Domestic Product*	2.2	4.1	2.3	1.5
Personal Expenditure*	1.6	2.9	1.4	2.4
Machinery & Eqpt. Investment*	3.9	8.4	10.9	11.0
Pre - Tax Profits*	20.2	34.4	13.1	0.2
Industrial Production*	4.5	7.0	3.4	1.7
Consumer Prices*	1.8	0.2	2.1	1.6
Industrial Product Prices*	3.3	5.7	8.1	0.5
Housing Starts, '000 units	155	154	113	124
Unemployment Rate, %	11.2	10.4	9.5	9.7
Current Account, C\$ bn	-28.0	-20.1	-7.4	& 3.8

Quarterly Consensus Forecasts

Percentage Change (year-on-year). From Survey: September 8, 1997

1997	Q1	Q2	Q3	Q4	1998	Q1	Q2	Q3	Q4	1999	Q1	Q2
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NOVEMBER 1997

CANADA

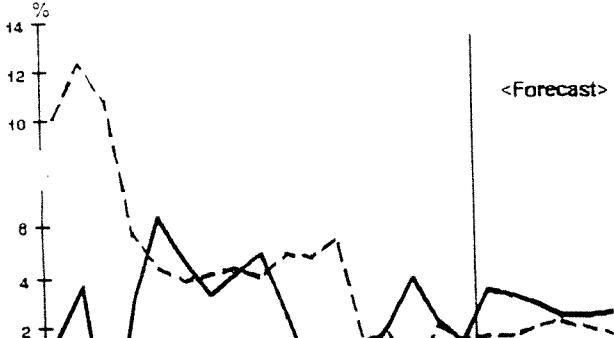
Year Avg	Annual Total	Fiscal Years (Apr-Mar)	Rates on Survey Date				
			3.6%	5.5%			
Unemploy- ment Rate (%)	Current Account (C\$ bn)	Federal Govt Budget Balance (C\$ bn)	3 month Treasury Bill Rate (%)	10 Year Government Bond Yield (%)			
Taux de Chômage (%)	Balance Courante (C\$ md)	Balance Budgétaire (C\$ md)	Rendement sur les Bons du Trésor de 3 mois %	Rendement des Obligati- ons d'Etat de 10 ans %			
1997 1998	1997 1998	FY97 FY98	End Feb'98	End Nov'98	End Feb'98	End Nov'98	
9.4 8.6	-12.5 -29.1	-7.0 -8.0	na na	na na			
9.2 8.5	-9.7 -5.7	-4.0 4.0	4.0 4.1	6.2 6.1			
9.2 8.3	-7.5 -5.0	na na	3.5 3.7	5.7 5.4			
9.3 8.8	-3.8 -0.3	0.0 na	4.1 4.4	7.2 6.0			
9.2 7.9	-12.4 -11.0	-1.5 2.5	3.5 3.5	5.7 6.0			
9.2 8.7	-4.0 -3.0	na na	3.5 3.8	6.1 6.1			
9.2 8.8	-8.0 -4.3	0.0 5.1	3.5 3.5	6.0 5.9			
9.2 8.9	-8.7 -3.2	-0.1 10.3	3.9 4.1	5.6 5.7			
9.2 8.8	-5.0 -4.0	-5.0 0.0	3.9 4.0	5.5 6.0			
9.2 8.8	-8.4 -8.6	0.0 na	3.9 4.1	6.1 6.0			
9.2 8.7	-9.5 -3.2	-5.0 3.0	3.9 3.9	5.4 5.3			
8.9	-7.0 -1.2	-4.1 0.6	3.7 3.8	6.4 6.0			
9.2 8.6	-8.0 -8.6	-2.7 2.2	3.8 3.9	6.0 5.9			
9.2 8.6	-7.5 -5.5	-4.0 1.5					
9.3 8.8	-3.6 -3.0	-6.8 -0.1					
9.4 8.9	-3.8 -0.3	0.0 10.3	4.1 4.4	7.2 6.1			
9.2 7.9	-12.5 -29.1	-7.0 -8.0	3.5 3.5	5.4 5.3			
0.1 0.3	2.8 7.7	2.6 5.2	0.2 0.3	0.5 0.3			
9.3 8.8		-17.0 -9.0					
9.2 8.7							
9.4 9.1							

Economy Continues on Expansionary Track

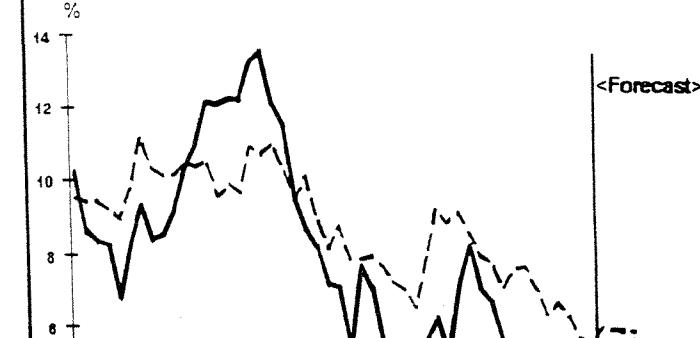
The Bank of Canada's cautious interest rate rise of 0.25% on October 1 has fuelled expectations that a further rate hike will be necessary. Canada's growth rate is continuing on an upward trend, despite monthly figures showing the rate of GDP growth slowing to 0.2% in August (month-on-month), compared with July's stronger figure of 0.8%. The consensus forecast for 1997 and 1998, however, implies that August's slight slowdown may prove to be temporary and strong domestic demand should ensure that the current expansion continues. August retail sales figures recorded a fall of 0.1% month-on-month following a 1.4% surge in July, due to a drop in auto sales. Non-auto retail sales - in contrast - registered an increase of 0.7% month-on-month, while sales are still growing strongly in year-on-year terms. Despite a hike in the key interest rate to 3.75% last month, Canada's relatively low short-term interest rates - particularly compared with the US - has encouraged consumer spending and sparked an upturn in import demand. Imports grew by 5.5% in July, and continued growing - albeit more slowly - by 1.6% month-on-month in August. Exports, however, rose by 0.4% in August, prompting the trade surplus to drop from C\$1.66bn to C\$1.39bn, the smallest monthly surplus since mid-1994. The surge in imports has also been due to an increase in business investment which has translated into increased demand for machinery and equipment. Despite the narrowing trade surplus, forecasts for the current account deficit have been raised again this month, although a smaller deficit is projected for 1998.

Strong domestic demand has so far failed to generate a deterioration in inflation. Consumer prices declined by 0.1% month-on-month in September, with the year-on-year rate falling to 1.6% from 1.8% in August. Yet the Bank of Canada's monetary policy has been tested by the weakening of the Canadian dollar in reaction to the Asian currency crisis. The low inflation rate and narrowing fiscal deficit means the Bank can afford to wait, for a short while at least, before acting accordingly. Our panel predicts short term rates will, however, rise further.

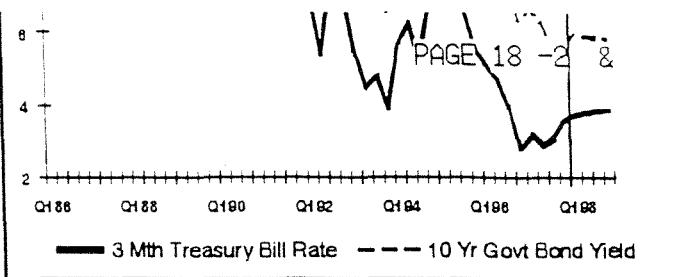
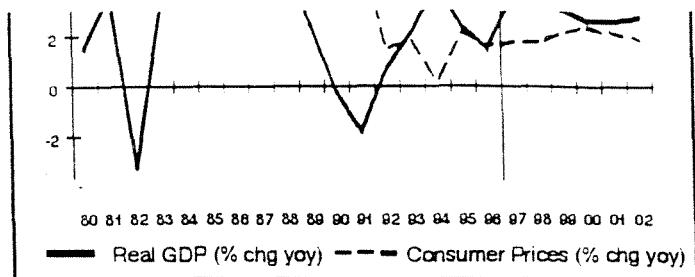
Real Growth and Inflation



Short and Long Term Interest Rates



APPENDIX A
to Commission Letter No. L-73-97
Page 6 of 12





ROBERT J. PELLATT
COMMISSION SECRETARY

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

December 9, 1997

Mr. David M Masuhara
Vice President
Legal and Regulatory Affairs
BC Gas Utility Ltd.
700 - 1111 West Georgia Street
Vancouver, B.C.
V6E 4M4

Dear Mr. Masuhara:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

Please find attached a revised page 1 to Appendix A of Commission Letter L-73-97. The revision is necessary as a result of three typographical errors contained in the original page 1 to Appendix A. Neither error affects the calculation of the rate of return on common equity.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert J. Pellatt".

Robert J. Pellatt

DWE/ssc
Attachment

Calculation of Allowed 1998 Rate of Return on Common Equity

	<u>3 month Ahead (Feb. 1998)</u>	<u>12 month Ahead (Nov. 1998)</u>
1. 10 Year Canada Bond Yield Forecast Average: (Consensus Economics, November 1997 Consensus Forecast)	6.0	5.9
2. Average of 3 and 12 Month Forecasts	5.95	
3. Add Yield Spread Between 10 Year (7.0%, December 1, 2006) and 30 Year (9.0%, June 1, 2025) Canada Bonds:	0.438	
4. Equals Projected 1998 Yield on Long Term Canada Bond	6.388	
5. Less BCUC Benchmark Forecast	9.25	
6. Initial Adjustment Factor	-2.862	
7. Sliding Scale Adjustment Factor	-2.290	
8. Allowed 1998 Rate of Return Common Equity:		

	<u>Benchmark ROE</u>	<u>Sliding Scale Adjustment Factor</u>	<u>Initial 1998 ROE</u>	<u>Rounded 1998 ROE</u>
BC Gas	12.25	-2.290	9.960	10.00
Centra-FSJ	12.625	-2.290	10.335	10.25
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#5733	TX	ECM	99816601	RBC DS WEST VAN			OK
#5736	TX	ECM	94436904				OK
#5738	TX	ECM	96811523				OK
#5739	TX	ECM	812503876018				OK
#5740	TX	ECM	99257006				OK
#5741	TX	ECM	96414949	BULL HOUSSER TUP			OK
5746	TX	ECM	94436904	<i>BCGao</i>			OK
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5748	TX	ECM	ROE	96915863	<i>DNG</i>		OK
5749	TX	ECM	'98	812503641270	<i>WKP</i>		OK
5750	TX	ECM		812504804450	<i>CG-FSJ</i>		OK
5752	TX	ECM		96835317			OK

*** ACTIVITY MANAGEMENT REPORT RX ***

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#5719	AUTO RX	ECM					



ROBERT J. PELLATT
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250
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VIA FACSIMILE

December 9, 1997

Mr. Craig P Donohue
Manager of Regulatory Affairs
Pacific Northern Gas Ltd. &
Pacific Northern Gas (NE) Ltd.
1400 - 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Dear Mr. Donohue:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

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Robert J. Pellatt

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4. Equals Projected 1998 Yield on Long Term Canada Bond	6.388	
5. Less BCUC Benchmark Forecast	9.25	
6. Initial Adjustment Factor	-2.862	
7. Sliding Scale Adjustment Factor	-2.290	
8. Allowed 1998 Rate of Return Common Equity:		

	<u>Benchmark ROE</u>	<u>Sliding Scale Adjustment Factor</u>	<u>Initial 1998 ROE</u>	<u>Rounded 1998 ROE</u>
BC Gas	12.25	-2.290	9.960	10.00
Centra-FSJ	12.625	-2.290	10.335	10.25
PNG	13.0	-2.290	10.710	10.75
WKP	12.5	-2.290	10.210	10.25

*** ACTIVITY MANAGEMENT REPORT TX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
#5713	TX	ECM	96695101		12/08 15:46	00'34	2 OK
#5714	TX	ECM	814034204111		12/08 15:48	00'32	2 OK
#5715	TX	ECM	815032307405		12/08 15:49	00'48	2 OK
#5716	TX	ECM	96414949	BULL HOUSSER	12/08 15:50	00'45	2 NG
						2	##757
#5717	TX	ECM	812503641270		12/08 15:52	01'29	4 OK
#5718	TX	ECM	96414949	BULL HOUSSER	12/08 15:58	01'21	4 OK
#5725	TX	ECM	812503567326		12/09 08:51	01'01	2 OK
#5732	TX	ECM	96880318		12/09 10:15	11'43	16 OK
#5733	TX	ECM	99816601	RBC DS WEST VAN	12/09 10:27	00'59	3 OK
#5736	TX	ECM	94436904		12/09 11:15	01'42	6 OK
#5738	TX	ECM	96811523		12/09 11:42	00'28	1 OK
#5739	TX	ECM	812503876018		12/09 11:47	06'04	29 OK
#5740	TX	ECM	99257006		12/09 11:59	01'16	4 OK
#5741	TX	ECM	96414949	BULL HOUSSER TUP	12/09 12:07	01'28	4 OK
5746	TX	ECM	94436904	BCGao	12/09 13:56	00'31	1 OK
5747	TX	ECM	96234311	SR. VP M&CS BCH	12/09 13:57	00'46	2 OK
5748	TX	ECM	96915863	DNG	12/09 13:58	00'37	2 OK
5749	TX	ECM	812503641270	WKP	12/09 13:59	00'56	2 OK
5750	TX	ECM	812504804450	CG-FSJ	12/09 14:04	00'42	2 OK
5752	TX	ECM	96835317		12/09 14:06	00'43	2 OK

*** ACTIVITY MANAGEMENT REPORT RX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
#5712	AUTO RX	ECM	604 689 9943		12/08 15:46	-	-
#5719	AUTO RX	ECM	604 689 9943		12/08 15:48	-	-



ROBERT J. PELLATT
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250
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TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

VIA FACSIMILE

December 9, 1997

Mr. Robert H. Hobbs
Director Regulatory Affairs and Corporate Secretary
West Kootenay Power Ltd.
1290 Esplanade
PO Box 130
Trail, B.C.
V1R 4L4

Dear Mr. Hobbs:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

Please find attached a revised page 1 to Appendix A of Commission Letter L-73-97. The revision is necessary as a result of three typographical errors contained in the original page 1 to Appendix A. Neither error affects the calculation of the rate of return on common equity.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert J. Pellatt".

Robert J. Pellatt

DWE/ssc
Attachment

Calculation of Allowed 1998 Rate of Return on Common Equity

	<u>3 month Ahead (Feb. 1998)</u>	<u>12 month Ahead (Nov. 1998)</u>
1. 10 Year Canada Bond Yield Forecast Average: (Consensus Economics, November 1997 Consensus Forecast)	6.0	5.9
2. Average of 3 and 12 Month Forecasts	5.95	
3. Add Yield Spread Between 10 Year (7.0%, December 1, 2006) and 30 Year (9.0%, June 1, 2025) Canada Bonds:	0.438	
4. Equals Projected 1998 Yield on Long Term Canada Bond	6.388	
5. Less BCUC Benchmark Forecast	9.25	
6. Initial Adjustment Factor	-2.862	
7. Sliding Scale Adjustment Factor	-2.290	
8. Allowed 1998 Rate of Return Common Equity:		

	<u>Benchmark ROE</u>	<u>Sliding Scale Adjustment Factor</u>	<u>Initial 1998 ROE</u>	<u>Rounded 1998 ROE</u>
BC Gas	12.25	-2.290	9.960	10.00
Centra-FSJ	12.625	-2.290	10.335	10.25
PNG	13.0	-2.290	10.710	10.75
WKP	12.5	-2.290	10.210	10.25

*** ACTIVITY MANAGEMENT REPORT TX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
#5713	TX	ECM	96695101		00'34	2	OK
#5714	TX	ECM	814034204111		00'32	2	OK
#5715	TX	ECM	815032307405		00'48	2	OK
#5716	TX	ECM	96414949	BULL HOUSSER	00'45	2	NG
						2	##757
#5717	TX	ECM	812503641270		01'29	4	OK
#5718	TX	ECM	96414949	BULL HOUSSER	01'21	4	OK
#5725	TX	ECM	812503567326		01'01	2	OK
#5732	TX	ECM	96880318		11'43	16	OK
#5733	TX	ECM	99816601	RBC DS WEST VAN	00'59	3	OK
#5736	TX	ECM	94436904		01'42	6	OK
#5738	TX	ECM	96811523		00'28	1	OK
#5739	TX	ECM	812503876018		06'04	29	OK
#5740	TX	ECM	99257006		01'16	4	OK
#5741	TX	ECM	96414949	BULL HOUSSER TUP	01'28	4	OK
5746	TX	ECM	94436904	<i>BCGao</i>	00'31	1	OK
5747	TX	ECM	96234311	SR. VP M&CS <i>BLH</i>	00'46	2	OK
5748	TX	ECM	96915863	<i>PNG</i>	00'37	2	OK
5749	TX	ECM	812503641270	<i>WKP</i>	00'56	2	OK
5750	TX	ECM	812504804450	<i>CG-FSJ</i>	00'42	2	OK
5752	TX	ECM	96835317		00'43	2	OK

*** ACTIVITY MANAGEMENT REPORT RX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
#5712	AUTO RX	ECM	604 689 9943				
#5719	AUTO RX	ECM					



ROBERT J. PELLATT
COMMISSION SECRETARY

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

VIA FACSIMILE

December 9, 1997

Mr. Marcel Reghelini
Manager Regulatory Affairs & Rates
Centra Gas British Columbia Inc.
1675 Douglas Street
PO Box 3777
Victoria, B.C.
V8W 3V3

Dear Mr. Reghelini:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

Please find attached a revised page 1 to Appendix A of Commission Letter L-73-97. The revision is necessary as a result of three typographical errors contained in the original page 1 to Appendix A. Neither error affects the calculation of the rate of return on common equity.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert J. Pellatt".

Robert J. Pellatt

DWE/ssc
Attachment

Calculation of Allowed 1998 Rate of Return on Common Equity

	<u>3 month Ahead (Feb. 1998)</u>	<u>12 month Ahead (Nov. 1998)</u>
1. 10 Year Canada Bond Yield Forecast Average: (Consensus Economics, November 1997 Consensus Forecast)	6.0	5.9
2. Average of 3 and 12 Month Forecasts	5.95	
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4. Equals Projected 1998 Yield on Long Term Canada Bond	6.388	
5. Less BCUC Benchmark Forecast	9.25	
6. Initial Adjustment Factor	-2.862	
7. Sliding Scale Adjustment Factor	-2.290	
8. Allowed 1998 Rate of Return Common Equity:		

	<u>Benchmark ROE</u>	<u>Sliding Scale Adjustment Factor</u>	<u>Initial 1998 ROE</u>	<u>Rounded 1998 ROE</u>
BC Gas	12.25	-2.290	9.960	10.00
Centra-FSJ	12.625	-2.290	10.335	10.25
PNG	13.0	-2.290	10.710	10.75
WKP	12.5	-2.290	10.210	10.25

*** ACTIVITY MANAGEMENT REPORT TX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
*5713	TX	ECM	96695101		00'34	2	OK
*5714	TX	ECM	814034204111		00'32	2	OK
*5715	TX	ECM	815032307405		00'48	2	OK
*5716	TX	ECM	96414949	BULL HOUSSER	00'45	2	NG
						2	#757
*5717	TX	ECM	812503641270		01'29	4	OK
*5718	TX	ECM	96414949	BULL HOUSSER	01'21	4	OK
*5725	TX	ECM	812503567326		01'01	2	OK
*5732	TX	ECM	96880318		11'43	16	OK
*5733	TX	ECM	99816601	RBC DS WEST VAN	00'59	3	OK
*5736	TX	ECM	94436904		01'42	6	OK
*5738	TX	ECM	96811523		00'28	1	OK
*5739	TX	ECM	812503876018		06'04	29	OK
*5740	TX	ECM	99257006		01'16	4	OK
*5741	TX	ECM	96414949	BULL HOUSSER TUP	01'28	4	OK
5746	TX	ECM	94436904	<i>BCGao</i>	00'31	1	OK
5747	TX	ECM	96234311	SR. VP M&CS <i>BCH</i>	00'46	2	OK
5748	TX	ECM	96915863	<i>DNG</i>	00'37	2	OK
5749	TX	ECM	812503641270	<i>WKP</i>	00'56	2	OK
5750	TX	ECM	812504804450	<i>CG-FSJ</i>	00'42	2	OK
5752	TX	ECM	96835317		00'43	2	OK

*** ACTIVITY MANAGEMENT REPORT RX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
*5712	AUTO RX	ECM	604 689 9943			-	
*5719	AUTO RX	ECM				-	



ROBERT J. PELLATT
COMMISSION SECRETARY

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

VIA FACSIMILE

December 9, 1997

Ms. Darlene M. Barnett
Senior Vice President
Marketing and Customer Services
British Columbia Hydro and
Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Dear Ms. Barnett:

Re: 1998 Rate of Return on Equity
BC Gas Utility Ltd., Centra Gas Fort St. John Inc.
Pacific Northern Gas Ltd. and West Kootenay Power Ltd.

Please find attached a revised page 1 to Appendix A of Commission Letter L-73-97. The revision is necessary as a result of three typographical errors contained in the original page 1 to Appendix A. Neither error affects the calculation of the rate of return on common equity.

Yours truly,

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Robert J. Pellatt

DWE/ssc
Attachment

Calculation of Allowed 1998 Rate of Return on Common Equity

	<u>3 month Ahead (Feb. 1998)</u>	<u>12 month Ahead (Nov. 1998)</u>
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*5741	TX	ECM	96414949	BULL HOUSSER TUP	01'28	4	OK
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5747	TX	ECM	96234311	SR. VP M&CS BCH	00'46	2	OK
5748	TX	ECM	ROE 96915863	PNG	00'37	2	OK
5749	TX	ECM	812503641270	WKP	00'56	2	OK
5750	TX	ECM	'98 812504804450	CG-FST	00'42	2	OK
5752	TX	ECM	96835317		00'43	2	OK

*** ACTIVITY MANAGEMENT REPORT RX ***

ACTY#	MODE	CONNECTION TEL	CONNECTION ID	START TIME	USAGE T.	PAGES	RESULT
*5712	AUTO RX	ECM	604 689 9943			-	-
*5719	AUTO RX	ECM				-	-