



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

and

An Application by Pacific Northern Gas Ltd.
for Approval of a 1998 Rate Increase and its 1998 Rate Design Study

BEFORE: P. Ostergaard, Chair)
F.C. Leighton, Commissioner) June 18, 1998
P.G. Bradley, Commissioner)

O R D E R

WHEREAS:

- A. On November 28, 1997, Pacific Northern Gas Ltd. ("PNG") filed, pursuant to Sections 58 and 91 of the Utilities Commission Act, a 1998-2002 Performance Based Rates ("PBR") Revenue Requirements Application ("the Application") for Commission approval to increase its gas rates on an interim and final basis, effective January 1, 1998, and to implement a PBR proposal for the 1999 to 2002 fiscal periods; and
- B. On November 28, 1997, PNG filed its 1998 Cost of Service Allocation/Rate Design Study ("the Study") which included a methodology for the allocation of gas costs among the PNG service area, the Dawson Creek service area of Pacific Northern Gas (N.E.) Ltd., and the service area of Centra Gas Fort St. John Inc.; and
- C. On December 4, 1997, the Commission, by Order No. G-124-97, approved an interim rate increase for PNG, effective January 1, 1998, and set down a Pre-hearing Conference to discuss various facets of the Application and the Study along with a regulatory agenda; and
- D. On January 15, 1998, the Commission, by Order No. G-7-98, set a regulatory agenda which included an Alternative Dispute Resolution ("ADR") process to commence on February 17, 1998; and
- E. As the participants to the ADR process were unable to reach a settlement, on February 19, 1998, the Commission, by Order No. G-18-98, set the public hearing to commence on March 30, 1998, in Prince Rupert and to continue on March 31, 1998, in Vancouver; and
- F. On March 16, 1998, PNG filed a revision and update to the Application and withdrew the PBR proposal; and
- G. The Commission has considered the Application and the evidence adduced thereon, all as set forth in the Decision issued concurrently with this Order.

NOW THEREFORE the Commission, for reasons stated in the Decision, orders PNG as follows:

1. The interim rates approved as of January 1, 1998, by Order No. G-124-97, are hereby cancelled subject to the timely filing by PNG, and acceptance by the Commission, of amended Gas Tariff Rate Schedules conforming to the terms of the Commission's Decision.
2. PNG is to refund any overpayment in rates from its customers with interest calculated at the prime rate of the principal bank with which it conducts its business. PNG is to provide the Commission with a detailed Summary of Rates and a reconciliation schedule verifying any refund. PNG will provide all customers with an information notice and summary of the Commission's Decision.
3. PNG is to file, on a timely basis, amended Rate Schedules 1 - 5 as found in the revised Application of March 16, 1998, conforming to the terms of the Commission's Decision.
4. Rate design changes required by the Decision are to be implemented effective July 1, 1998.
5. Gas cost changes required by the Decision are to be implemented effective January 1, 1998.
6. PNG is to comply with all directions contained in the Decision accompanying this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of June, 1998.

BY ORDER

Original signed by:

Peter Ostergaard
Chair