



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

and

A Generic Public Hearing into the Rates of Return on Common Equity

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) March 11, 1999
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. In its Decision dated June 10, 1994, the Commission established rates of return on common equity ("ROE") for BC Gas Utility Ltd. ("BC Gas"), Pacific Northern Gas Ltd. ("PNG"), West Kootenay Power Ltd. ("WKP"), and Centra Gas Fort St. John Inc. ("Centra FSJ"), collectively referred to as "the Utilities"; and
- B. In the same Decision the Commission established a mechanism for varying the ROEs on an annual basis; and
- C. The Commission, by Order No. G-49-97, amended the mechanism to correct for certain problems and to make it more consistent with the practices of other regulatory bodies; and
- D. In December of each year from 1995 through 1998, the Commission reviewed the financial criteria and issued Letters informing the Utilities about the approved ROE for each subsequent year based on the original and amended mechanism; and
- E. In 1998 there were requests from various parties to re-examine the mechanism to determine if further amendments were required. The Commission, by Letter No. L-73-98, advised the Utilities and interested parties that the Commission, in 1999, would be establishing a process for a comprehensive review of all issues surrounding the setting of the ROE; and
- F. The 1994 ROE Decision anticipated a review of the mechanism.

NOW THEREFORE the Commission orders as follows:

1. A public hearing will be held into the appropriate ROE and the capital structure for the Utilities commencing at 8:30 a.m., Monday, May 31, 1999, in the Commission's Hearing Room, Sixth Floor, 900 Howe Street, Vancouver, B.C.
2. The Commission also wishes to hear evidence on future processes or mechanisms that may be employed to improve the determination of ROE and capital structures for the Utilities in future years.
3. The Utilities will arrange for publication, in display-ad format, not later than Friday, March 26, 1999, of the attached Appendix A, Notice of Public Hearing in The Vancouver Sun, The Province and such other appropriate local news publications in the service areas of each Utility so as to provide adequate notice to the public.
4. The Regulatory Timetable, attached as Appendix B, is to be followed.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of March 1999.

BY ORDER

Original signed by:

Peter Ostergaard
Chair

Attachments

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>



Appendix A
to Order No. G-26-99
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NOTICE OF PUBLIC HEARING

RATES OF RETURN ON COMMON EQUITY

BC Gas Utility Ltd.
West Kootenay Power Ltd.
Pacific Northern Gas Ltd.
Centra Gas Fort St. John Inc.
Centra Gas Whistler Inc.

Date: Monday, May 31, 1999
Time: 8:30 a.m.
Location: B.C. Utilities Commission - Hearing Room
6th Floor 900 Howe Street
Vancouver, B.C.

THE REGULATORY PROCESS

In 1994 the British Columbia Utilities Commission held a public hearing into the rates of return on common equity ("ROE") for four investor-owned utilities, namely BC Gas Utility Ltd., Pacific Northern Gas Ltd., Centra Gas Fort St. John Inc., and West Kootenay Power Ltd. For each of the subsequent years from 1995 through 1999, the Commission approved revised ROEs for the Utilities based on forecast market criteria. The Commission, by Order No. G-49-97, amended the mechanism to correct for certain problems and to make the approved ROE more consistent with the practices of other regulatory bodies. The Commission in 1998, by Letter No. L-73-98 advised the Utilities and interested parties that it would establish a comprehensive review in 1999 of all issues surrounding the setting of ROE.

PUBLIC INSPECTION OF THE DOCUMENTS

Documents and evidence filed with this proceeding will be available at the following locations:

BC Gas Utility Ltd.

Head Office: 1111 West Georgia Street, Vancouver, B.C. V6E 4M4
District Offices: Kelowna, Penticton, Kamloops, Prince George and Cranbrook

**Pacific Northern Gas Ltd.
Centra Gas Fort St. John Inc.**

Head Office: Suite 1400, 1185 West Georgia Street, Vancouver, B.C. V6E 4G6
District Offices: Vanderhoof, Burns Lake, Houston, Smithers, Terrace, Kitimat, Prince Rupert,
Dawson Creek, Tumbler Ridge and Fort St. John

West Kootenay Power Ltd.

Head Office: 1290 Esplanade, PO Box 130, Trail, B.C. V1R 4L4
District Offices: Castlegar, Crawford Bay, Creston, Grand Forks, Greenwood, Kaslo, Kelowna,
Keremeos, Oliver, Osoyoos, Penticton, Salmo and South Slocan

Copies of the filed documents will also be available for inspection at the office of the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C.

Centra Gas Whistler Inc.

Head Office: 1675 Douglas Street, Victoria, B.C., V8W 3V3
District Office: 8021 Mons Road, Whistler, B.C.

PARTICIPATION IN THE PUBLIC HEARING

Persons who expect to actively participate in the public hearing process should register as Intervenor with the Commission. Intervenor will receive copies of all correspondence and filed documentation. Persons not expecting to actively participate should register with the Commission as Interested Parties and will receive a copy of all Orders issued, as well as the Commission's Decision.

Intervenor and Interested Parties should inform the Commission, in writing, by Friday, April 2, 1999 of their intention to become Intervenor or Interested Parties in the ROE hearing and indicate the nature of their interest.

INFORMATION REQUESTS

Registered Intervenor or Interested Parties requesting additional information as a result of the Utilities' evidence that is required to be filed by Friday, April 9, 1999, must do so by Friday, April 23, 1999. Utility responses to Information Requests are required to be filed with the Commission by Friday, May 7, 1999.

SUBMISSIONS BY INTERVENORS

Intervenor must file copies of their written submissions or evidence concerning the ROE hearing with the Commission Secretary and all other Registered Intervenor, no later than Friday, May 21, 1999.

PARTICIPANT ASSISTANCE

All those intending to apply for Participant Assistance must submit a budget estimate by Friday, April 2, 1999, consistent with the Commission's Participant Assistance/Cost Award Guidelines as outlined in Order No. G-97-98. Copies of these Guidelines are available upon request or on the Commission's web site: www.bcuc.com/paca.html.

FURTHER INFORMATION

Persons intending to participate in the ROE public hearing and who are uncertain as to the manner in which to proceed may contact Mr. Robert Pellatt, Commission Secretary or Ms. Deborah Emes, Manager Strategic Services as follows:

Telephone (604) 660-4700
B.C. Toll Free 1-800-663-1385

Facsimile: (604) 660-1102
E-mail: Commission.Secretary@bcuc.com

BY ORDER

Original signed by:

Robert J. Pellatt

REGULATORY AGENDA AND TIMETABLE
RATES OF RETURN ON COMMON EQUITY

BC Gas Utility Ltd.
West Kootenay Power Ltd.
Pacific Northern Gas Ltd.
Centra Gas Fort St. John Inc.
Centra Gas Whistler Inc.

<u>ACTION</u>	<u>DATES (1999)</u>
Deadline for Intervenor Registration	Friday, April 2
Deadline for Filing Participant Funding Applications	Friday, April 2
Filing of Utility Evidence	Friday, April 9
Filing of Initial Information Requests to Utilities	Friday, April 23
Utility Responses to Information Requests	Friday, May 7
Filing of Intervenor Evidence	Friday, May 21
Public Hearing commences	Monday, May 31