



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

and

An Application by BC Gas Utility Ltd. - Fort Nelson Division
for Approval of a Rate Increase effective January 1, 2000

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) December 23, 1999
B.L. Clemenhagen, Commissioner)

O R D E R

WHEREAS:

- A. Effective January 1, 1999, the Commission, by Order No. G-114-98, allowed BC Gas Utility Ltd. - Fort Nelson Division ("BC Gas") to increase customer rates by \$0.458/GJ related to the cost of gas and allowed unrecovered commodity gas costs to accumulate a debit balance in the Fort Nelson Gas Cost Reconciliation Account ("GCRA"). The GCRA debit balance at the end of 1999 is projected to be \$313,000, and will be offset by a credit balance in the Fort Nelson Area Deferred Income Tax account; and
- B. The Commission, by Order No. E-11-99, approved the CanWest Gas Supply Inc. contract that established natural gas costs for the 1999/2000 gas contract year for the BC Gas - Fort Nelson Division; and
- C. In an application dated December 14, 1999, BC Gas advised the Commission that a flow-through increase of \$1.138/GJ to customer rates would be required to adjust Fort Nelson customers' rates to account for the embedded commodity costs of the new commodity cost recovery and current Westcoast Energy Inc. tolls. The \$1.138/GJ increase would represent a 31 to 35 percent increase depending on the rate class of the customer; and
- D. On December 15, 1999, BC Gas provided the Commission with a copy of a December 14, 1999 letter from the Town of Fort Nelson and the Northern Rockies Regional District that indicated BC Gas had provided information about this increase to local community members; and
- E. On December 21, 1999, BC Gas advised the Commission that to avoid customer rate shock the full cost of gas increase could be mitigated by using projected available credits of \$184,500 in its Deferred Income Tax Account. BC Gas provided a detailed analysis and rate impact schedules proposing a \$0.817/GJ increase amounting to a 22 to 23 percent rate increase, effective January 1, 2000; and
- F. The Commission has reviewed the application and finds that approval of a January 1, 2000 rate increase to BC Gas - Fort Nelson Division customers is required.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves for BC Gas - Fort Nelson Division an increase in customer rates of \$0.817/GJ effective January 1, 2000. BC Gas is to accumulate the difference between the rate recovered from customers and the actual commodity cost of gas purchased from the CanWest Gas Supply Inc. contract in the Fort Nelson Gas Cost Reconciliation Account, with the resulting debit balance at the end of 2000 to be offset, to the extent possible, against the credit balance in the Deferred Income Tax Account.

2. BC Gas is to set up a deferral account for Rate Schedule 25 Transportation Service customers to accumulate the refund Deferred Income Tax credits that are applicable to such customers.
3. BC Gas is to provide the Commission with a detailed breakdown, by rate class, of the amounts that were recovered, deferred and offset against the Deferred Income Tax Account balance in 1999 and 2000 when it files its Gas Cost Reconciliation Account Status Report as of the end of 2000.
4. BC Gas, by way of a customer notice, is to provide all customers and the Council of the Town of Fort Nelson and the Northern Rockies Regional District with an explanation of the January 1, 2000 rate increase and the increase that is not being recovered from customer rates, but is being offset by the Deferred Income Tax Account, credit balance. BC Gas is to provide the Commission with a draft notice for review in advance of publication.
5. 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 24th day of December 1999.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair