



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-45-00

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

An Application by Pacific Northern Gas (N.E.) Ltd.
Fort St. John/Dawson Creek and Tumbler Ridge Divisions
for Approval of 2000 Revenue Requirements

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner) April 27, 2000
B.L. Clemenhagen, Commissioner)

O R D E R

WHEREAS:

- A. On December 1, 1999, Pacific Northern Gas (N.E.) Ltd. - Fort St. John/Dawson Creek and Tumbler Ridge Divisions ["PNG (N.E.)"] filed for Commission approval its 2000 Revenue Requirements Application ("the Application") to increase rates on an interim and final basis, effective January 1, 2000, pursuant to Sections 58 and 91 of the Utilities Commission Act; and
- B. The Commission reviewed the Application and issued Order No. G-139-99 approving interim rate increases effective January 1, 2000; and
- C. Pursuant to Commission Order No. G-7-00, a Negotiated Settlement Process ("NSP") commenced on March 8, 2000 for PNG (N.E.) resulting in a Settlement Agreement. The Settlement Agreement was released to the public and the Commission Panel on April 13, 2000; and
- D. On March 27, 2000, Pacific Northern Gas Ltd. ("PNG") responded to the public circulation of the Settlement Agreement stating that PNG's auditors have advised that an Order will be required to permit PNG to account for Other Post Employment Benefits on a pay-as-you-go basis which will be inconsistent with GAAP. This applies to PNG (N.E.) as well; and
- E. The City of Dawson Creek participated in the NSP and, on March 31, 2000, sent the Commission Secretary a letter stating: "We recognize that gas supply charges payable by PNG increase from time to time and will be passed on to the consumer, however, any other increase proposed by PNG will be unacceptable."; and
- F. More than 85 percent of the annual cost increase to a typical residential customer is a result of higher natural gas commodity costs, beyond the control of PNG (N.E.); and
- G. PNG (N.E.)'s operating, maintenance and administrative costs per gigajoule have not increased and total utility costs (other than commodity costs) have increased by one-half of one percent, or \$4.53 per year for a typical residential customer; and
- H. The Commission has reviewed the Settlement Agreement and considers that approval is in the public interest.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for PNG (N.E.) the Settlement Agreement attached as Appendix A to this Order.
2. Pursuant to Section 49 of the Utilities Commission Act, the Commission directs PNG (N.E.) to follow an interpretation of the Uniform System of Accounts to account for Other Post Employment Benefits on the pay-as-you-go/cash basis.
3. PNG (N.E.) is to file permanent Gas Tariff Rate Schedules that are in accordance with the terms of the Settlement Agreement and this Order.
4. PNG (N.E.) is to inform all customers of the Settlement Agreement and its effect on rates.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of May 2000.

BY ORDER



Peter Ostergaard
Chair

Attachment



WILLIAM J. GRANT
EXECUTIVE DIRECTOR,
REGULATORY AFFAIRS & PLANNING
bill.grant@bcuc.com
web site: <http://www.bcuc.com>

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VIA FACSIMILE

April 13, 2000

To: Commission Panel
Registered Intervenor

Re: Proposed Settlement of Issues
Pacific Northern Gas (N.E.) Ltd. – Tumbler Ridge Division
Pacific Northern Gas (N.E.) Ltd. – Fort St. John / Dawson Creek Division
2000 Revenue Requirements Application

Attached please find a copy of the March 10, 2000 Settlement Agreement with regard to the subject Revenue Requirement Application, with the adjusted Revenue Requirements Schedules from Pacific Northern Gas (N.E.) Ltd. The Letters of Endorsement from Registered Participants in the Negotiated Settlement process are also attached.

If you are not in agreement with or need clarification on any portion of the proposal, please comment no later than April 25, 2000.

Yours truly,

A handwritten signature in black ink, appearing to be "WJ Grant".

W.J. Grant

JJH/dlf

Attachments

cc: Ms. Jennifer Vandergugten
10407 – 111 Avenue
Fort St. John, B.C. V1J 2V4

WILLIAM J. GRANT
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~~CONFIDENTIAL~~

VIA FACSIMILE

March 10, 2000

Dear Participants in the Negotiated Settlement Process:

Re: Proposed Settlement of Issues - 2000 Revenue Requirements
Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division) and (Tumbler Ridge Division)
("PNG-NE")

The purpose of this letter is to record the proposed settlements achieved with respect to PNG-NE Revenue Requirements Application filed December 1, 1999. The enclosed proposed settlement remains confidential until it is submitted to the British Columbia Utilities Commission for consideration. I, therefore ask that you provide to me your views of the proposal by Friday, March 17, 2000. At that time, the Settlement Agreement will be made public and provided to the Commission and all interested parties.

PNG-NE has recalculated the revenue requirements schedules to reflect the settlement adjustments. The resulting rate percentage increases as compared with the Applications are shown on the attached tables. Between the filing of the Applications on December 1, 1999 and the March 9, 2000 Negotiation, the cost of the natural gas commodity continued to increase rapidly compared with last year. This most recent increase, however, is substantially offset by reductions in the Utilities' cost of providing the regulated gas delivery services. Any additional difference in PNG-NE's costs of purchasing natural gas from producers or marketers will be carried forward in a deferral account (without any profit to PNG-NE) to be returned to, or collected from, customers in the next year.

All the parties recognize that the agreement represents a package proposal within which there has been give and take by all parties. No issue is to be severed from the proposed settlement without allowing signatories the opportunity to address other related issues in the package.

In accordance with the NSP Guidelines, the right of parties to dissent from a proposed agreement is explicitly recognized by the Commission. If a party dissents, it can submit a written argument to the Commission panel. If the Commission panel is of the view that the dissent is reasonable and material, it may request written rebuttal argument or, where the settlement review process is to occur at an oral hearing, request argument at the oral hearing. If the dissent is determined to be reasonable and material, the dissenting party retains the right to present evidence and to cross-examine, or to rebut the evidence of others if there is a written hearing.

Yours truly,
W.J. Grant

A handwritten signature in black ink, appearing to be "WJG", written over a horizontal line.

WJG/lm
Enclosure

cc: Mr. Craig P. Donohue, Director, Regulatory Affairs and Gas Supply, Pacific Northern Gas Ltd.

	APPLICATION	SETTLEMENT	% Change
Tumbler Ridge		(PROPOSED)	Annual Bill
Residential Rates			
Monthly Fixed Charge	\$8.50	\$8.50	n/c
Delivery (Utility costs) Charge per GJ	\$3.155	\$3.029	-3.99%
Gas (Commodity Costs) Charge per GJ	\$2.454	\$2.765	12.67%
Annual Bill on 96.5 GJ use	\$643.27	\$661.12	2.77%
Small Commercial Rates			
Monthly Fixed Charge	\$8.50	\$8.50	n/c
Delivery (Utility costs) Charge per GJ	\$2.938	\$2.856	-2.79%
Gas (Commodity Costs) Charge per GJ	\$2.454	\$2.765	12.67%
Annual Bill on 751 GJ use	\$4,151.39	\$4,323.37	4.14%

	APPLICATION	SETTLEMENT	% Change
Fort St. John		(PROPOSED)	Annual Bill
Residential Rates			
Monthly Fixed Charge	\$7.00	\$7.00	n/c
Delivery (Utility costs) Charge per GJ	\$2.028	\$1.880	-7.30%
Gas (Commodity Costs) Charge per GJ	\$3.042	\$3.261	7.20%
Annual Bill on 146 GJ use	\$824.22	\$834.59	1.26%
Small Commercial Rates			
Monthly Fixed Charge	\$7.00	\$7.00	n/c
Delivery (Utility costs) Charge per GJ	\$1.848	\$1.745	-5.57%
Gas (Commodity Costs) Charge per GJ	\$2.967	\$3.173	6.94%
Annual Bill on 751 GJ use	\$3,700.07	\$3,777.42	2.09%

	APPLICATION	SETTLEMENT	% Change Annual Bill
Dawson Creek		(PROPOSED)	
Residential Rates			
Monthly Fixed Charge	\$7.00	\$7.00	n/c
Delivery (Utility costs) Charge per GJ	\$1.830	\$1.682	-8.09%
Gas (Commodity Costs) Charge per GJ	\$3.042	\$3.261	7.20%
Annual Bill on 146 GJ use	\$795.31	\$805.68	1.30%
Small Commercial Rates			
Monthly Fixed Charge	\$7.00	\$7.00	n/c
Delivery (Utility costs) Charge per GJ	\$1.310	\$1.208	-7.79%
Gas (Commodity Costs) Charge per GJ	\$2.967	\$3.173	6.94%
Annual Bill on 751 GJ use	\$3,296.03	\$3,374.13	2.37%

Richard J Gathercole
Barrister & Solicitor
Executive Director
British Columbia
Public Interest
Advocacy Centre
615-815 West Hastings Street Vancouver. BC. V6C 1B4
Tel: (604) 667-3083 Fax: (604) 862-7896 email bcpisc@bcpiac.com

City of Dawson Creek,
Mayor Blair Lekstrom
1753-93rd Avenue Dawson Creek BC V1G 1E7
Phone 250-784-3616
dawsncrk@pris.bc.ca <http://www.city.dawson-creek.bc.ca/>

City of Dawson Creek,
City Clerk/Administrator
Jim Noble
Box 150 (10105-12A Street)
Dawson Creek BC V1G 4G4
Phone: (250) 784-Fax: (250) 782-3203

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)

2000 RATE APPLICATION
ADR SETTLEMENT TERMS

FORT ST. JOHN/DAWSON CREEK DIVISION

Sales Forecast

- Use 156 GJ use per account for the Fort St. John residential customers.
- Increase the Louisiana Pacific forecast for 2000 from 165 000 GJ to 197 600 GJ. The adjustment of 32 600 GJ reflects 25 000 GJ for the existing board plant in Dawson Creek and 7 600 GJ for new facility Louisiana Pacific is expected to complete in late October 2000.

Operating, Maintenance, Administrative & General Expenses ("O,M,A&G")

- Reduce applied for 2000 gross O,M,A&G expenses by \$100,000.

Capital

- Reduce forecast 2000 projected capital additions to \$3,000,000.

Gas Supply Costs

- Use February 24, 2000 forward gas price strip to determine projected unit gas supply costs.

DERIVATION OF 2000
REVENUE DEFICIENCY

	Test Year <u>2000</u> (\$000)	ADR <u>1999</u> (\$000)	<u>Difference</u> (\$000)
<u>EXPENSES</u>			
Operating			
Labour	1,362	1,361	1
Other	1,160	1,145	15
Company Use Gas	134	70	64
Transfers to Capital	(229)	(181)	(48)
Total	<u>2,427</u>	<u>2,395</u>	<u>32</u>
Maintenance			
Labour	90	74	16
Other	136	155	(19)
Total	<u>226</u>	<u>229</u>	<u>(3)</u>
Administrative and General			
Labour	0	0	0
Total Company Benefits	378	373	5
Other	631	492	139
Transfers to Capital	(189)	(131)	(58)
Total	<u>820</u>	<u>734</u>	<u>86</u>
Property Taxes, BC Capital tax	654	635	19
Depreciation	1,114	1,011	103
Amortization	17	21	(4)
Other Income	(89)	(97)	8
<u>TOTAL EXPENSES</u>	<u>5,169</u>	<u>4,928</u>	<u>241</u>
Income Taxes	564	649	(85)
Return on Common Equity	926	832	94
Short Term Debt	331	252	79
Long Term Debt	888	833	55
Preferred Shares	3	3	(0)
<u>TOTAL COST OF SERVICE</u>	<u>7,881</u>	<u>7,497</u>	<u>384</u>
Revenue increase due to higher deliveries in 2000 compared to 1999		142	
Revenue increase to flow through higher company use costs in 2000 compared to 1999		<u>64</u>	
<u>REVENUE INCREASE IN 2000 COMPARED TO 1999</u>			<u>206</u>
<u>2000 REVENUE DEFICIENCY</u>			<u>178</u>

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)
(Fort St. John Area)
Bill Comparison
1999/2000

Customer Classification	Annual Use	Permanent Rates	Annual Bill	ADR Rates	Annual Bill	Annual Bill	
		Oct. 1, 1999	Estimate	Jan. 1, 2000	Estimate	Difference	
			\$		\$	\$	%
<u>Residential:</u>	146 GJ						
Monthly Fixed Charge		\$7.00		\$7.00			
Delivery Charge (\$/GJ)		1.813	\$348.70	1.88	\$358.48	\$9.78	2.81%
Gas Supply Charge (\$/GJ)		2.852	\$416.39	3.261	\$476.11	\$59.71	14.34%
		4.665	\$765.09	5.141	\$834.59	\$69.50	9.08%
<u>Small Commercial:</u>	751 GJ						
Monthly Fixed Charge		\$7.00		\$7.00			
Delivery Charge (\$/GJ)		1.694	\$1,356.19	1.745	\$1,394.50	\$38.30	2.82%
Gas Supply Charge (\$/GJ)		2.779	\$2,087.03	3.173	\$2,382.92	\$295.89	14.18%
		4.473	\$3,443.22	4.918	\$3,777.42	\$334.20	9.71%

00billcomparisons-ADR
FSJ
03-08-2000

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)
(Dawson Creek Area)
Bill Comparison
1999/2000

Customer Classification	Annual Use	Permanent Rates Oct. 1, 1999	Annual Bill Estimate \$	ADR Rates Jan. 1, 2000	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
<u>Residential:</u>	146 GJ						
Monthly Fixed Charge		\$7.00		\$7.00			
Delivery Charge (\$/GJ)		1.615	\$319.79	1.682	\$329.57	\$9.78	3.06%
Gas Supply Charge (\$/GJ)		2.852	\$416.39	3.261	\$476.11	\$59.71	14.34%
		4.467	\$736.18	4.943	\$805.68	\$69.50	9.44%
<u>Small Commercial:</u>	751 GJ						
Monthly Fixed Charge		\$7.00		\$7.00			
Delivery Charge (\$/GJ)		1.157	\$952.91	1.208	\$991.21	\$38.30	4.02%
Gas Supply Charge (\$/GJ)		2.779	\$2,087.03	3.173	\$2,382.92	\$295.89	14.18%
		3.936	\$3,039.94	4.381	\$3,374.13	\$334.20	10.99%

00billcomparisons-ADR
DC
03.08.2000

Fort St. John-Dawson Creek

UTILITY INCOME & RETURN

SCHEDULE 1
(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Energy sales (TJ)	3 687	3 581	3 587	3 587
2	Average rate per GJ	\$5.03	\$4.18	\$4.18	\$4.18
3					
4					
5	Transportation service (TJ)	1,207	1,095	1,095	1,095
6	Average rate per GJ	\$0.56	\$0.58	\$0.58	\$0.58
7					
8					
9	Total deliveries (TJ)	4 894	4 676	4 682	4 682
10					
11	Utility revenue				
12	Energy sales	\$18,383	\$14,958	\$14,983	\$14,983
13	Interim rates - sales	178			
14	Transportation service	679	637	637	637
15	Interim rates - transportation				
16					
17		19,240	15,595	15,620	15,620
18	Cost of sales	11,358	8,107	8,122	8,122
19					
20	Gross margin	7,882	7,487	7,498	7,498
21					
22	Operating expenses	2,427	2,444	2,434	2,395
23	Maintenance expenses	226	229	229	229
24	Admin. & General expenses	820	891	762	734
25	Property and BC Capital tax	654	615	615	635
26	Depreciation	1,114	1,036	1,036	1,011
27	Amortization	17	17	17	21
28	Investment income, other revenue	(89)	(97)	(97)	(97)
29					
30		5,169	5,135	4,996	4,928
31					
32	Income before income taxes	2,713	2,352	2,502	2,570
33	Income taxes	564	559	630	649
34					
35	Earned return	\$2,149	\$1,793	\$1,872	\$1,921
36					
37	Utility rate base	\$25,755	\$24,005	\$24,005	\$24,087
38					
39	Return on rate base	8.34%	7.47%	7.80%	7.97%

Fort St. John/Dawson Creek

UTILITY RATE BASE

SCHEDULE 2
(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Plant in service beginning of year	\$44,718	\$42,243	\$42,243	\$41,628
2	Additions	3,000	2,693	2,693	3,118
3	Disposals	249	218	218	218
4					
5	Plant in service end of year	47,469	44,718	44,718	44,528
6	Accumulated depreciation	13,914	12,771	12,771	12,710
7					
8	Net plant in service end of year	33,555	31,947	31,947	31,818
9					
10	Net plant beginning of year	31,947	30,547	30,547	29,967
11					
12	Net plant in service midyear	32,751	31,247	31,247	30,893
13					
14	Contributions in aid of construction	(7,849)	(7,881)	(7,881)	(7,487)
15	Unamortized deferred charges	440	345	345	385
16	Deferred income taxes	(377)	(357)	(357)	(373)
17	Reserve for damages	(67)	(66)	(66)	(66)
18	Cash working capital	853	703	703	702
19	Other working capital	4	14	14	33
20					
21	Utility rate base, midyear	\$25,755	\$24,005	\$24,005	\$24,087

Fort St. John/Dawson Creek

INCOME TAXES

SCHEDULE 3
(000's)

Line <u>No.</u>	Test Year <u>2000</u>
1 Calculation of Taxable Income	
2 Earned return before income taxes	\$2,713
3 Interest	(1,219)
4 Permanent differences	11
5 Timing differences	(460)
6	
7 Taxable income	<u><u>\$1,045</u></u>
8	
9 Calculation of Income Tax Expense	
10 Income taxes payable	\$465
11 Part 1.3 tax	59
12 Deferred income tax	40
13	
14 Income tax expense	<u><u>\$564</u></u>
15	
16 Particulars of Timing Differences	
17 Depreciation	\$1,114
18 Amortization	17
19 Capital cost allowance	(1,223)
20 Deferred charges	(89)
21 Overheads capitalized	(279)
22 Other	
23	
24 Timing differences	<u><u>(\$460)</u></u>

Fort St. John/Dawson Creek

COMMON EQUITY

SCHEDULE 4
(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Opening balance				
2	Share capital	\$7,845	\$7,845	\$7,845	\$7,845
3	Contributed surplus				
4	Retained earnings	1,090	491	491	521
5					
6		8,935	8,336	8,336	8,366
7					
8	Net income	904	800	807	829
9	Shares issued				
10	Preferred dividends	(4)	(4)	(4)	(4)
11	Common dividends	(226)	(204)	(204)	(208)
12					
13	Closing balance	\$9,609	\$8,928	\$8,935	\$8,983
14					
15					
16	Midyear common equity	\$9,272	\$8,632	\$8,635	\$8,674
17	Non - utility				
18					
19		\$9,272	\$8,632	\$8,635	\$8,674

Fort St. John/Dawson Creek

RETURN ON CAPITAL

SCHEDULE 5
(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Short term borrowings	\$6,014	\$5,549	\$5,546	\$5,589
2	proportion	23.35%	23.12%	23.11%	23.20%
3	rate of return	5.50%	4.50%	4.50%	4.50%
4	return component	1.28%	1.04%	1.04%	1.04%
5					
6	Long term debt	\$10,425	\$9,776	\$9,776	\$9,776
7	proportion	40.48%	40.72%	40.72%	40.59%
8	rate of return	8.52%	8.52%	8.52%	8.52%
9	return component	3.45%	3.47%	3.47%	3.46%
10					
11	Preferred shares	\$44	\$48	\$48	\$48
12	proportion	0.17%	0.20%	0.20%	0.20%
13	rate of return	6.48%	6.48%	6.48%	6.48%
14	return component	0.01%	0.01%	0.01%	0.01%
15					
16	Common equity	\$9,272	\$8,632	\$8,635	\$8,674
17	proportion	36.00%	35.96%	35.97%	36.01%
18	rate of return	9.99%	8.20%	9.11%	9.59%
19	return component	3.60%	2.95%	3.28%	3.45%
20					
21	Total capitalization	<u>\$25,755</u>	<u>\$24,005</u>	<u>\$24,005</u>	<u>\$24,087</u>
22					
23	Return on rate base	<u>8.34%</u>	<u>7.47%</u>	<u>7.80%</u>	<u>7.97%</u>
24					
25	Utility rate base	<u>\$25,755</u>	<u>\$24,005</u>	<u>\$24,005</u>	<u>\$24,087</u>

Pacific Northern Gas (N.E.) Ltd.
(Tumbler Ridge Division)

2000 RATE APPLICATION
ADR SETTLEMENT TERMS

TUMBLER RIDGE DIVISION

Operating, Maintenance, Administrative & General Expenses ("O,M,A&G")

- Reduce applied for 2000 gross O,M,A&G expenses by \$11,000.

Capital

- Reduce forecast 2000 capital additions by \$18,000.

Gas Supply Costs

- Use February 24, 2000 forward gas price strip to determine projected unit gas supply costs.

Tumbler Ridge Division
**DERIVATION OF 2000
REVENUE DEFICIENCY (SUFFICIENCY)**

<u>EXPENSES</u>	Test Year <u>2000</u> (\$000)	ADR <u>1999</u> (\$000)	<u>Difference</u> (\$000)
Operating			
Labour	197	215	(18)
Other	198	187	11
Company Use Gas	128	117	11
Transfers to Capital	(2)	(2)	0
Total	<u>521</u>	<u>517</u>	<u>4</u>
Maintenance			
Labour	20	19	1
Other	38	36	2
Total	<u>58</u>	<u>55</u>	<u>3</u>
Administrative and General			
Labour	0	0	0
Total Company Benefits	45	47	(2)
Other	78	71	7
Transfers to Capital	(2)	(2)	0
Total	<u>121</u>	<u>116</u>	<u>5</u>
Property Taxes, BC Capital tax	38	45	(7)
Depreciation	91	87	4
Amortization	6	9	(3)
Other Income	(23)	(22)	(1)
<u>TOTAL EXPENSES</u>	<u>812</u>	<u>807</u>	<u>5</u>
Income Taxes	60	68	(8)
Return on Common Equity	56	63	(7)
Short Term Debt	17	(16)	33
Long Term Debt	57	114	(57)
Preferred Shares	0	0	0
<u>TOTAL COST OF SERVICE</u>	<u>1,002</u>	<u>1,036</u>	<u>(34)</u>
<u>REVENUE DECREASE IN 2000 COMPARED TO 1999</u>			<u>(27)</u>
<u>2000 REVENUE DEFICIENCY (SUFFICIENCY)</u>			<u>(7)</u>

Pacific Northern Gas (N.E.) Ltd.
(Tumbler Ridge Division)
Bill Comparison
1999/2000

Customer Classification	Annual Use	Permanent Rates Jan. 1, 1999	Annual Bill Estimate \$	ADR Rates Jan. 1, 2000	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
<u>Residential:</u>	96.5 GJ						
Monthly Fixed Charge		\$8.50		\$8.50			
Delivery Charge (\$/GJ)		3.007	\$392.18	3.029	\$394.30	\$2.12	0.54%
Gas Supply Charge (\$/GJ)		2.327	\$224.56	2.765	\$266.82	\$42.27	18.82%
		5.334	\$616.73	5.794	\$661.12	\$44.39	7.20%
<u>Small Commercial:</u>	751 GJ						
Monthly Fixed Charge		\$8.50		\$8.50			
Delivery Charge (\$/GJ)		2.827	\$2,225.08	2.856	\$2,246.86	\$21.78	0.98%
Gas Supply Charge (\$/GJ)		2.327	\$1,747.58	2.765	\$2,076.52	\$328.94	18.82%
		5.154	\$3,972.65	5.621	\$4,323.37	\$350.72	8.83%

00billcomparisons-ADR
TR
03/08/2000

Tumbler Ridge Division.

UTILITY INCOME & RETURN

SCHEDULE 1

(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Energy sales (TJ)	296	302	308	308
2	Average rate per GJ	\$5.61	\$5.30	\$5.30	\$5.31
3					
4					
5	Transportation service (TJ)	250	250	250	250
6	Average rate per GJ	\$0.52	\$0.48	\$0.48	\$0.48
7					
8					
9	Total deliveries (TJ)	546	552	558	558
10					
11	Utility revenue				
12	Energy sales	\$1,667	\$1,601	\$1,634	\$1,634
13	Interim rates - sales	(7)			
14	Transportation service	130	120	120	120
15	Interim rates - transportation				
16					
17		1,790	1,721	1,754	1,754
18	Cost of sales	788	707	718	718
19					
20	Gross margin	1,002	1,014	1,036	1,036
21					
22	Operating expenses	521	517	517	517
23	Maintenance expenses	58	55	55	55
24	Admin. & General expenses	121	125	116	116
25	Property and BC Capital tax	38	45	45	45
26	Depreciation	91	89	89	87
27	Amortization	6	9	9	9
28	Investment income, other revenue	(23)	(22)	(22)	(22)
29					
30		812	818	809	807
31					
32	Income before income taxes	190	196	227	229
33	Income taxes	60	53	66	68
34					
35	Earned return	\$130	\$143	\$161	\$161
36					
37	Utility rate base	\$1,509	\$1,565	\$1,565	\$1,580
38					
39	Return on rate base	8.61%	9.12%	10.28%	10.19%

Tumbler Ridge Division.

UTILITY RATE BASE

SCHEDULE 2
(000's)

Line No.	Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1 Plant in service beginning of year	\$7,156	7,098	7,098	7,082
2 Additions	24	65	65	166
3 Disposals	1	7	7	7
4				
5 Plant in service end of year	7,179	7,156	7,156	7,241
6 Accumulated depreciation	3,746	3,503	3,503	3,499
7				
8 Net plant in service end of year	3,433	3,653	3,653	3,742
9				
10 Net plant beginning of year	3,653	3,831	3,831	3,817
11				
12 Net plant in service midyear	3,543	3,742	3,742	3,780
13				
14 Contributions in aid of construction	(1,561)	(1,700)	(1,700)	(1,710)
15 Deferred income taxes	(440)	(439)	(439)	(438)
16 Reserve for damages	(129)	(119)	(119)	(119)
17 Unamortized deferred charges	18	9	9	3
18 Cash working capital	66	61	61	61
19 Other working capital	11	11	11	3
20				
21 Utility rate base, midyear	<u>\$1,509</u>	<u>\$1,565</u>	<u>\$1,565</u>	<u>\$1,580</u>

Tumbler Ridge Division.

INCOME TAXES

SCHEDULE 3
(000's)

Line No.		Test Year 2000	Normalized 1999	Forecast 1999	ADR 1999
1	Calculation of Taxable Income				
2	Earned return before income taxes	\$190	\$196	\$227	\$229
3	Interest	(74)	(97)	(97)	(98)
4	Permanent differences	11	11	11	11
5	Timing differences	26	24	24	22
6					
7	Taxable income	\$153	\$134	\$165	\$164
8					
9	Calculation of Income Tax Expense				
10	Income taxes payable	\$68	\$60	\$73	\$73
11	Part 1.3 tax	4	4	4	5
12	Deferred income tax	(12)	(11)	(11)	(10)
13					
14	Income tax expense	\$60	\$53	\$66	\$68
15					
16	Particulars of Timing Differences				
17	Depreciation	\$91	\$89	\$89	\$87
18	Amortization	6	9	9	9
19	Capital cost allowance	(60)	(61)	(61)	(61)
20	Deferred charges	(9)	(13)	(13)	(13)
21	Overheads Capitalized	(2)			
22					
23	Timing differences	\$26	\$24	\$24	\$22

Tumbler Ridge Division.

COMMON EQUITY

SCHEDULE 4
(000's)

Line <u>No.</u>	Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1 Opening balance				
2 Share capital	\$680	\$680	\$680	\$680
3 Contributed surplus				
4 Retained earnings	(82)	(13)	(13)	(32)
5				
6	598	667	667	648
7				
8 Net income	45	55	67	60
9 Shares issued				
10 Preferred dividends				
11 Common dividends	(155)	(136)	(136)	(92)
12				
13 Closing balance	\$488	\$586	\$598	\$616
14				
15				
16 Midyear common equity	\$543	\$626	\$633	\$632
17 Non - utility				
18				
19	\$543	\$626	\$633	\$632

Tumbler Ridge Division.

RETURN ON CAPITAL

SCHEDULE 5
(000's)

Line No.		Test Year <u>2000</u>	Normalized <u>1999</u>	Forecast <u>1999</u>	ADR <u>1999</u>
1	Short term borrowings	\$316	(360)	(367)	(351)
2	proportion	20.92%	-23.01%	-23.46%	-22.22%
3	rate of return	5.50%	4.50%	4.50%	4.50%
4	return component	1.15%	-1.04%	-1.06%	-1.00%
5					
6	Long term debt	\$650	\$1,299	\$1,299	\$1,299
7	proportion	43.09%	83.01%	83.01%	82.22%
8	rate of return	8.75%	8.75%	8.75%	8.75%
9	return component	3.77%	7.26%	7.26%	7.19%
10					
11	Preferred shares				
12	proportion	0.00%	0.00%	0.00%	0.00%
13	rate of return	0.00%	0.00%	0.00%	0.00%
14	return component	0.00%	0.00%	0.00%	0.00%
15					
16	Common equity	\$543	\$626	\$633	\$632
17	proportion	35.99%	40.00%	40.45%	40.00%
18	rate of return	10.25%	7.23%	10.07%	9.99%
19	return component	3.69%	2.89%	4.07%	4.00%
20					
21	Total capitalization	<u>\$1,509</u>	<u>\$1,565</u>	<u>\$1,565</u>	<u>\$1,580</u>
22					
23	Return on rate base	<u>8.61%</u>	<u>9.12%</u>	<u>10.28%</u>	<u>10.19%</u>
24					
25	Utility rate base	<u>\$1,509</u>	<u>\$1,565</u>	<u>\$1,565</u>	<u>\$1,580</u>



Pacific Northern Gas Ltd.
Suite 1400
1185 West Georgia Street
Vancouver, British Columbia
V6E 4E8
(604) 691-5882
Fax: (604) 691-6869

Craig P. Donohue
Director, Regulatory Affairs & Gas Supply

Via Courier

March 17, 2000

BCUC Log #..... <u>2901</u>
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<u>JH, BMK, WJG; CMS</u>

B.C. Utilities Commission
6th Floor - 900 Howe Street
Vancouver, B.C.
V6Z 2N3

File No.: 89.4(2000)

Attention: W.J. Grant

Dear Sir:

Re: PNG (N.E.) 2000 Rate Application ADR Settlement

Further to your letter dated March 10, 2000 seeking comments on the PNG (N.E.) 2000 rate application settlement documentation, PNG (N.E.) recommends the following:

1. When the settlement documentation is released to the Commission and other intervenors, the settlement terms sheet should be split into two pages, one for the Fort St. John/Dawson Creek division and one for the Tumbler Ridge division. The supporting regulatory schedules would then be reproduced for each division and the respective settlement terms sheet attached thereto.
2. The statement under the heading "Gas Supply Costs" respecting the February 24, 2000 forward gas price strip should be reproduced on the settlement terms for the Tumbler Ridge division.
3. The e-mail from Peter Midgley to Bob Cooper should not be reproduced with the material that is released to the Commission and the other registered intervenors. This e-mail was intended to only be provided to the parties participating in the ADR to enable them to understand the support for the projection of deliveries to the new Louisiana Pacific facility.

Please direct any questions regarding this letter to my attention.

Yours truly,

A handwritten signature in black ink, appearing to read 'CP Donohue', written over a horizontal line.

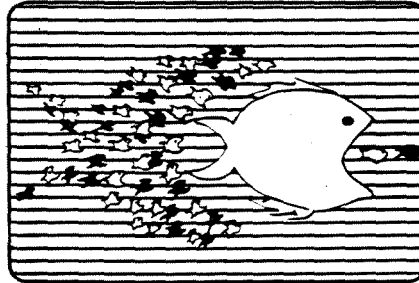
C.P. Donohue

cc: ADR Participants

CPD:sl
Attach

The
British Columbia
Public Interest
Advocacy Centre

815-815 West Hastings Street
Vancouver, B.C. V6C 1B4
Tel: (604) 687-3063 Fax: (604) 682-7896
email: bcpiac@bcpiac.com
http://www.bcpiac.com

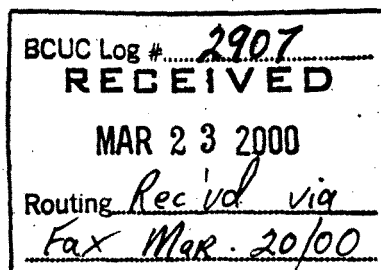


Michael P. Doherty	887-3034
R.J. Gathercole	887-3006
Sarah Khan	887-4134
Patricia MacDonald	887-3017
Susan Prosser (articled student)	887-3063
Barristers & Solicitors	

Via fax and mail: 660-1102

March 20, 2000

W.J. Grant
Executive Director
Regulatory Affairs & Planning
BC UTILITIES COMMISSION
6th Floor - 900 Howe Street
Vancouver, BC V6Z 2V3



Dear Mr. Grant:

**Re: Proposed Settlement of Issues – 2000 Revenue Requirements
Pacific Northern Gas (N.E.) Ltd. (Fort St. John/Dawson Creek Division) and
(Tumbler Ridge Division)**

CAC(BC) *et al.* accepts the proposed settlement in this matter.

Yours sincerely,

BC PUBLIC INTEREST ADVOCACY CENTRE

Richard J. Gathercole
Counsel for CAC(BC) *et al.*

RJG:ca

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Office of the Mayor

City of Dawson Creek
British Columbia

Box 150
Dawson Creek, B.C.
V1G 4G4

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March 31, 2000

Mr. R.J. Pellatt
Commission Secretary
BC Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Dear Mr. Pellatt:

RE: Proposed Rate Increase - City of Dawson Creek

Further to our intervention with regard to PNG's request to the Utilities Commission for a rate increase in 2000, the Council of the City of Dawson Creek formally oppose any increase in rate charges at this time. The economy of the City has suffered the same fate as that of the rest of the Province over the past few years and is just now starting to show some improvement. Any increase in the cost of doing business is a serious concern and one that we cannot support.

We recognize that gas supply charges payable by PNG increase from time to time and will be passed on to the consumer, however, any other increase proposed by PNG will be unacceptable.

We encourage the Utilities Commission to hold the line on any increase until growth and development are stabilized.

We appreciate the opportunity to voice our concerns.

Sincerely,

Blair Lekstrom,
Mayor

