



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-118-00

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

The Special Direction to the British Columbia Utilities Commission
by the Lieutenant Governor in Council through
Order in Council No. 1510, dated December 13, 1995

and

An Application by Centra Gas British Columbia Inc.
for Approval of Changes to New Customer Rates effective January 1, 2001

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair)
B.L. Clemenhagen, Commissioner) December 14, 2000
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 21, 2000, Centra Gas British Columbia Inc. ("Centra Gas") applied to increase rates for New Customers and to recover the increased cost of gas effective January 1, 2001, pursuant to Sections 60 and 61 of the Utilities Commission Act ("the Act") and the Special Direction issued by the Lieutenant Governor in Council through Order in Council No. 1510 dated December 13, 1995, (the "Application"); and
- B. The Special Direction directs the Commission on the fixing of New Customer rates up to the year 2002 and allows an annual increase in New Customer rates equivalent to the Consumer Price Index ("CPI") for Victoria, B.C., plus one percent, and any unused rate increases from prior years. New Customers generally are customers who contracted for natural gas service after February 13, 1996; and
- C. The Special Direction also provides that the Commission may, in accordance with Section 61(4) of the Act, allow the pass-through to New Customers of a change in Centra Gas' cost of service due to a change in Federal, Provincial or Municipal taxes; a material and uncontrollable change in costs due to a program established by a governmental or regulatory authority; and a difference in the cost of gas relative to the Designated Royalty Adjusted Cost of Gas as set out in the Special Direction (collectively referred to as "Pass-through Costs"); and
- D. The Special Direction provides that Pass-through Costs shall be recorded in a New Customer Rate Balancing Account ("NCRBA"), which is a notional account for the purpose of determining adjustments to New Customer rates; and
- E. The Application requested average increases in the rates of SGS-11, SGS-12 and LGS-11 classes of approximately 2.7 percent representing CPI plus one percent, and average rate increases to the LGS-12 class of 7.3 percent and the LGS-13 class of 12.0 percent, which included unused rate increases from prior years; and

- F. The Application requested approval of a forecast December 31, 2001 balance in the NCRBA of \$16.075 million, based on Centra Gas' forecast of 2001 energy sales and royalty adjusted 2001 gas costs, and assuming no Rider C revenue in 2001. The Application requested approval of the NCRBA as an interest bearing deferral account; and
- G. The Application also requested approval of an increase in Rider C from \$1.694/GJ to \$3.241/GJ effective January 1, 2001, in order that the forecast balance in the NCRBA to the end of 2001 will be recovered from New Customer rate classes over the 12-month period of 2001; and
- H. In total, the proposed average increase in New Customer rates for SGS-11 will be 14.8 percent; for SGS-12 will be 16.1 percent; and for LGS-11, LGS-12 and LGS-13 classes will be from 18.9 percent to 31.0 percent; and
- I. The forecast NCRBA balance and proposed Rider C were calculated using an Actual Royalty Adjusted Cost of Gas that was based the volume of gas delivered to customers; and
- J. The Special Direction states that the Actual Royalty Adjusted Cost of Gas is to be based on the volume of gas delivered at Huntingdon, B.C. Using Huntingdon volumes, the forecast NCRBA balance to the end of 2001 will be \$15.312 million with a Rider C of \$3.088/GJ; and
- K. With a Rider C of \$3.088/GJ, the average increase in New Customer rates for SGS-11 would be approximately 13.6 percent; for SGS-12 will be 14.8 percent; and for LGS-11, LGS-12 and LGS-13 classes will be from 17.2 percent to 28.8 percent; and
- L. Centra Gas issued a news release about the proposed rate increases to the media in its service territory and is informing New Customers of the proposed increases by a bill message in their December bills; and
- M. The Commission has reviewed the Application and is satisfied that approval of the rate increases to New Customers is necessary.

NOW THEREFORE pursuant to Sections 60 and 61 of the Act, the Commission orders as follows:

1. The Commission approves for Centra Gas the proposed New Customer Basic Monthly Charges and Energy Charges as set out in its November 21, 2000 Application, and a cost of gas pass-through Rider C of \$3.088/GJ on sales to all New Customers, effective January 1, 2001. The approved New Customer rates are as follows:

	Basic Monthly Charge \$/Month	Energy Charge \$/GJ	Rider C \$/GJ
Small General Service Rate No. 11 (SGS-11)	8.45	9.517	3.088
Small General Service Rate No. 12 (SGS-12)	25.62	8.621	3.088
Large General Service Rate No. 11 (LGS-11)	145.61	5.955	3.088
Large General Service Rate No. 12 (LGS-12)	149.79	5.927	3.088
Large General Service Rate No. 13 (LGS-13)	152.82	5.921	3.088

2. The Commission accepts the New Customer Rate Balancing Account as an interest bearing deferral account pursuant to the Special Direction, subject to the condition that any net incremental financing costs, relative to the avoided cost of preferred share financing through the Revenue Deficiency Deferral Account, will not accrue to Centra Gas customers.
3. The Commission approves a forecast NCRBA balance to December 31, 2001, assuming no Rider C revenue in 2001, of \$15.312 million.
4. Centra Gas is to notify all affected customers of the approved rate changes by way of a customer notice. Centra Gas is directed to review its communication plan, advertisement plan, advertisements and bill inserts related to the rate increase with Commission staff prior to release.
5. Centra Gas is directed to file, by June 5, 2001, a report on actual gas prices and costs for the 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the NCRBA, and any rate changes that are proposed. The report should also discuss the effect of current and proposed rates on sales.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of December 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair