



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

and

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
Quarterly Report on the Gas Commodity Component of Rates

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner)
R.D. Deane, Commissioner) March 21, 2002
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On March 18, 2002, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. ("PNG-West" and "PNG (NE)") filed their First Quarter 2002 Report on current and projected Gas Cost Variance Account ("GCVA") balances and future gas acquisition costs and revenue, consistent with the Guidelines set out in Commission Letter No. L-5-01; and
- B. The First Quarter 2002 Report projected GCVA credit balances of \$2,988,652 for PNG-West core market sales and \$965,630 for PNG-West Company Use Gas as of February 28, 2002. Fort St. John/Dawson Creek and Granisle Propane had GCVA debit balances, while Tumbler Ridge had a very small GCVA credit balance; and
- C. PNG-West and PNG (NE) noted the volatility in gas prices and their inability to hedge gas purchases, and recommended that no reductions be made at this time to the gas commodity charges in rates; and
- D. The Commission has reviewed the filing and other evidence and has determined that the significant GCVA credit balances for PNG-West should be returned to customers.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for PNG-West, effective April 1, 2002, a GCVA credit rider and a reduction in the Company Use Gas charge that are calculated to repay the end of February 2002 GCVA credit balances over the next 12 months of deliveries.
2. The Commission accepts PNG-West's recommendation that current propane rates for Granisle customers continue unchanged.
3. The Commission accepts PNG (NE)'s recommendation that the current Gas Supply Charges and GCVA riders continue unchanged for Fort St. John, Dawson Creek and Tumbler Ridge customers.
4. PNG-West is to notify all customers of the approved rate changes by way of a customer notice. PNG is directed to review its communications plan, bill inserts, or bill messages with Commission staff prior to their release.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of March 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair