



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

and

Applications by Pacific Northern Gas Ltd.
and
Pacific Northern Gas (N.E.) Ltd.
(Fort St. John\ Dawson Creek and Tumbler Ridge Divisions)

for Approval of 2002 Rate Increases

BEFORE: P. Ostergaard, Chair)
N.F. Nicholls, Commissioner) April 3, 2002
P.G. Bradley, Commissioner)

O R D E R

WHEREAS:

- A. By Order No. G-127-01 dated November 22, 2001, the Commission directed that Methanex Corporation's ("Methanex") September 28, 2001 application for a load retention rate would be reviewed coincident with Pacific Northern Gas Ltd.'s ("PNG") 2002 Revenue Requirements Application. That Order made PNG's rates to Methanex interim effective October 1, 2001; and
- B. On November 30, 2001, PNG and Pacific Northern Gas (N.E.) Ltd. (Fort St. John\ Dawson Creek and Tumbler Ridge Divisions) ["PNG (N.E.)"] filed for approval its 2002 Revenue Requirements Applications ("the Applications") to increase its rates on an interim and final basis, effective January 1, 2002, pursuant to Sections 91 and 58 of the Utilities Commission Act ("the Act"); and
- C. On December 13, 2001 the Commission, by Order No. G-132-01, established a Pre-hearing Conference on the Applications for January 8, 2002, and scheduled the commencement date for an oral public hearing into the PNG Application for March 6, 2002 in Terrace, B.C.; and
- D. The Pre-hearing Conference took place in Vancouver on January 8, 2002, and an oral public hearing on the PNG Application was held in Terrace, B.C. on March 6, 7, and 8, 2002, and completed in Vancouver on March 11, 2002; and
- E. At the conclusion of the oral public hearing, the Commission set a timetable for final argument commencing with the filing of final argument by PNG and Methanex on Thursday, March 28, 2002; and
- F. PNG and Methanex have entered into a Memorandum of Agreement made as of the 20th day of March, 2002, to terminate their existing agreements for firm transportation and interruptible gas sales service and to replace those agreements with a new agreement effective November 1, 2002. The new agreement, if approved, would result in the withdrawal of the Methanex load retention rate application; and

- G. Having regard to the impact of the terms of the Memorandum of Agreement upon the Application presently before the Commission, PNG applied to the Commission on March 27, 2002 to postpone the filing of final argument to a date to be set by the Commission, and to fix a date for an oral hearing of the revised application, and to approve a revised hearing and argument schedule; and
- H. PNG's March 27, 2002 application also explains the revisions to the 2002 Revenue Requirements Application that are required to reflect the terms of the implementation of the new agreement contemplated under the Memorandum of Agreement effective November 1, 2002; and
- I. By Order No. G-20-02 dated March 28, 2002, the Commission approved postponement of the filing of final argument to a date to be fixed by the Commission. That Order also requested that intervenors advise the Commission in writing, by April 2, 2002, whether they consented to PNG filing the revised application and for their position on PNG's proposed timetable; and
- J. On April 2, 2002, intervenor comment letters were received from the British Columbia Public Interest Advocacy Centre ("BCPIAC"); West Fraser Timber Co. Ltd., Canadian Forest Products Co. Ltd. and Eurocan Pulp and Paper Co. Ltd. ("West Fraser *et al.*"), and Alcan Primary Metal Group ("Alcan"). BCPIAC consented to PNG's filing of the revised application and considered the proposed timetable generally acceptable. In its letter, West Fraser *et al.* objected to the new application as being incomplete, considered there was insufficient time in PNG's proposed timetable, and raised additional issues. Alcan did not object to PNG's filing of the revised application but submitted that the proposed hearing date should be delayed to allow for comments on the submission of West Fraser *et al.*; and
- K. On April 3, 2002, PNG provided written comments on the issues raised by West Fraser *et al.*; and
- L. The Commission considers that intervenors should be allowed to comment on the issues raised by West Fraser *et al.* before it decides whether it should fix a date for an oral hearing on the revised application and to approve a revised hearing and argument schedule.

NOW THEREFORE the Commission orders as follows:

1. By Friday, April 12, 2002 intervenors are to provide written comments, if any, on the issues raised by West Fraser *et al.* in its April 2, 2002 submission and PNG may also supplement the comments in its April 3, 2002 submission if PNG considers it necessary to do so.
2. By Friday, April 19, 2002, West Fraser *et al.* are to reply to the written comments of intervenors and PNG.

DATED at the City of Vancouver, in the Province of British Columbia, this *fourth* day of April 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair