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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-80-02

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

and

An Application by Stargas Utilities Ltd.
for Approval of Rate, Tariff and Ownership Changes

BEFORE: P. Ostergaard, Chair)
K.L. Hall, Commissioner) November 7, 2002
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. The Commission, by Order No. C-4-00, approved a Certificate of Public Convenience and Necessity for Stargas Utilities Ltd. ("Stargas", "the Company") to operate a natural gas distribution system at the resort community of Silver Star; and
- B. On August 15, 2002, Stargas filed an Application to re-capitalize the Company, revise the ownership structure, and increase rates and fees to recover cash flow deficiencies, stating that it has incurred losses in each of its three previous fiscal years; and
- C. Commission Order No. G-61-02 established a Regulatory Agenda and Timetable for a written public hearing, wherein Stargas provided responses to Commission staff and Intervenor Information Requests; and
- D. As a result of discussions at the Commission's public information meeting held in Silver Star Village, B.C., on October 29, 2002, Stargas agreed to reduce its requirements and amended its Application on November 1, 2002; and
- E. Intervenors have provided submissions on the Application; and
- F. In response to a request from Intervenors, Stargas has agreed to entertain some form of customer base investment in Stargas preferred shares and/or a community-owned entity; and
- G. The Commission has reviewed the material and believes that approval is in the public interest.

NOW THEREFORE the Commission orders as follows:

1. The Application to increase the delivery charge component of Stargas' rates by \$2.00/GJ is approved, effective December 1, 2002.
2. The Application for a non-discretionary Administrative cost recovery fee of 10 percent on the cost invoiced by contractors for all customer-initiated work, except for the installation of a new customer service, is approved.
3. The Commission approves the following transactions, pursuant to Section 50 of the Utilities Commission Act:
 - i) repayment of \$115,000 of the existing advances from Silver Star Club Resorts Ltd. having no stated terms of repayment and bearing no interest,
 - ii) redemption of the \$235,000 of existing Class G non-voting preferred shares having a non-cumulative dividend of 8 percent, and
 - iii) replacement with \$400,000 cumulative preferred shares.
4. The deferred dividend on the preferred shares is to be calculated using the Commission's annual benchmark return on equity plus 75 basis points.
5. The Commission approves, pursuant to Section 54 of the Utilities Commission Act, the transfer of shares in the capital of Stargas and the acquisition of a reviewable interest by Rundle Investments Ltd. (500 Class A shares) and C.M.I. Holdings (1998) Inc. (500 Class A shares).
6. Stargas is directed to coordinate a review of its Unaccounted-for gas rate with BC Gas Services Ltd. and to adjust its charges at the next commodity gas review.
7. The Commission will accept, subject to timely filing, amended gas tariff pages in accordance with the approvals given in this Order.

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

BY ORDER

Original signed by:

Peter Ostergaard
Chair