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VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-115-04**

TELEPHONE: (604) 660-4700
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**Application by Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
for Approval of 2005 Rates**

BEFORE: R.H. Hobbs, Chair) December 21, 2004

O R D E R

WHEREAS:

- A. On December 3, 2004, Pacific Northern Gas (N.E.) Ltd. Fort St. John/Dawson Creek and Tumbler Ridge Divisions ["PNG (N.E.)"] filed for approval of its 2005 Revenue Requirements Application ("the Application") to amend its rates on an interim and final basis, effective January 1, 2005, pursuant to Sections 89 and 58 of the Utilities Commission Act ("the Act"); and
- B. The Application proposes to increase delivery rates to all customers primarily as a result of increases in cost of service and gas cost for sales service customers; and
- C. On December 7, 2004 PNG (N.E.) filed its Fourth Quarter 2004 Report on gas supply costs and Gas Cost Variance Account ("GCVA") balances ("the Report"), which requested increases to Gas Supply Charges for the Fort St. John/Dawson Creek Division effective January 1, 2005 based on November 24, 2004 natural gas forward prices. PNG (N.E.) proposed that no changes be made to Gas Supply Charges for Tumbler Ridge Division or to GCVA rate riders; and
- D. The Report projects a significant credit balance in the Fort St. John/Dawson Creek GCVA at December 31, 2004; and
- E. PNG (N.E.) in a letter to the Commission dated December 21, 2004 recommended that a Negotiated Settlement Process be carried out with respect to its Application. PNG (N.E.) is recommending that the parties attempt to negotiate a settlement prior to engaging in a formal information request/response process; and
- F. The Commission requires that interim rates and a regulatory process to deal with the Application be established.

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NOW THEREFORE the Commission orders as follows:

1. The PNG (N.E.) Application will be examined in a written public hearing process and the Regulatory Timetable, attached as Appendix A, has been established.
2. The Commission, pursuant to Section 89 of the Act, approves for PNG (N.E.) interim rate changes in the delivery rates for all classes of customers as filed in the Application, effective January 1, 2005.
3. The Commission, pursuant to Section 61(4) of the Act, approves for PNG (N.E.) for the Fort St. John/Dawson Creek Division permanent Gas Supply Charges as set out in the Report, effective January 1, 2005.
4. The Commission, pursuant to Section 61(4) of the Act, approves a permanent GCVA rate rider for the Fort St. John/Dawson Creek Division effective January 1, 2005, which will be calculated on the basis that the end-of-2004 credit balance in the GCVA for the Division will be amortized over one year.
5. The difference between the 2005 interim and permanent delivery rate is subject to refund with interest at the average prime rate of PNG (N.E.)'s principal bank as determined by the Commission Order that establishes permanent rates for PNG (N.E.).
6. The Commission will accept, subject to timely filing by PNG (N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG (N.E.) is to provide all affected customers with notification of the interim and permanent rates. PNG (N.E.) is to provide the Commission with a draft copy of the customer notice in advance of its distribution to customers.
7. PNG (N.E.) will publish, as soon as possible, in display-ad format, the Notice of Written Hearing Process, attached as Appendix B, in such appropriate local news publications as may properly provide adequate notice to the public in its service areas.
8. The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, B.C., V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.
9. PNG (N.E.) is to provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties registered in the PNG (N.E.) 2004 Revenue Requirements Application proceedings, as well as all large industrial customers, as soon as possible.
10. Intervenor and Interested Parties should register with the Commission, via the BCUC website or in writing, by Thursday, January 6, 2005, of their intention to intervene.

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DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2004.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair

Attachments

PACIFIC NORTHERN GAS (N.E.) LTD.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
Application for Approval of 2005 Revenue Requirements

REGULATORY AGENDA

| <u>Action</u> | <u>Date 2005</u> |
|--|-----------------------|
| Registration of Intervenors and Interested Parties | Thursday, January 6 |
| Information Requests issued to PNG (N.E.) | Thursday, January 27 |
| PNG (N.E.) Responses to Information Requests | Thursday, February 10 |
| Intervenor Written Submissions | Thursday, February 24 |
| PNG (N.E.) Written Reply | Thursday, March 3 |



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PACIFIC NORTHERN GAS (N.E.) LTD.
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**NOTICE OF WRITTEN PUBLIC
HEARING PROCESS**

THE APPLICATION

Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] has applied to the British Columbia Utilities Commission ("the Commission") for approval to adjust rates, effective January 1, 2005, for review in a Negotiated Settlement Process. This Application seeks to recover increased revenue requirements associated with delivering natural gas and an increased commodity cost of gas. The Application requests for the Fort St. John/Dawson Creek Division an increase in the gas delivery charges in residential and small commercial rates of about 3 to 4 percent and an increase in the gas commodity charges of about 6 to 7 percent to be effective January 1, 2005. The Application requests for the Tumbler Ridge Division an increase in the gas delivery charge in residential rates of about 7 percent, an increase in the gas delivery charge in small commercial rates of about 9 percent, and no rate change in the gas commodity charges to be effective January 1, 2005.

THE REGULATORY PROCESS

By Order No. G-115-04, the Commission approved the requested interim rate increases in the gas delivery charge for the Fort St. John/Dawson Creek Division and permanent rate increases of about 5 percent in gas commodity charges for that Division, effective January 1, 2005. The permanent gas commodity charges for the Fort St. John/Dawson Creek Division includes a GCVA rate rider that refunds the end-of-2004 credit balance in the GCVA for the Division. For the Tumbler Ridge Division, Order No. G-115-04 approved the requested interim increases in the gas delivery charges and no rate change in the cost of gas. The difference between the 2005 interim and permanent delivery rate is refundable with interest.

The Commission has established a Written Public Hearing Process for the review of PNG (N.E.)'s Application.

PUBLIC INSPECTION OF THE DOCUMENTS

The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, B.C., V6E 4E6, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

INTERVENTIONS

Persons who expect to actively participate in the PNG (N.E.) proceeding should register as Intervenors with the Commission, via the BCUC website or in writing, by Thursday, January 6, 2005. Intervenors will receive copies of the Application, all correspondence and filed documentation.

Persons not expecting to actively participate, but who have an interest in the PNG (N.E.) proceeding should register as Interested Parties with the Commission, via the BCUC website or in writing, by Thursday, January 6, 2005. Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

FURTHER INFORMATION

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary as follows:

Telephone: (604) 660-4700
Facsimile: (604) 660-1102

E-Mail: Commission.Secretary@bcuc.com
Telephone: (B.C. Toll Free) 1-800-663-1385