



PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF Action on Complaints

BEFORE: John G. McIntyre,)
Chairman;)
J.D.V. Newlands,)
Deputy Chairman;)
D.B. Kilpatrick,) January 13, 1988
Commissioner; and)
N. Martin,)
Commissioner)

ORDER

WHEREAS on April 3, 1987 the Commission received a written complaint pursuant to Section 98 of the Utilities Commission Act ("the Act") from Coast Pacific Management Inc. ("Coast Pacific") on behalf of their client Chatterton Petrochemical Corporation ("Chatterton"), a customer served by British Columbia Hydro and Power Authority Gas Operations ("B.C. Hydro") in the Lower Mainland of B.C.; and

WHEREAS on April 13, 1987 the Commission forwarded a copy of the complaint to B.C. Hydro, advising that the Commission is prepared to review appropriate amendments to filed Tariffs which reflect the realities of the market-place and the interest of all parties; and

WHEREAS on April 27, 1987 B.C. Hydro advised the Commission of its concern that, at that time, the indemnification clause should not be disturbed because "onerous consequences will be visited upon our remaining customers"; and

WHEREAS on July 30, 1987 Chatterton notified B.C. Hydro of its intention to terminate its Interruptible Gas Service (Schedule 2501) and request Interruptible Gas Transportation Service (Schedule 2008), with discussions to commence immediately to agree on the terms of the Transportation agreement; and

WHEREAS on August 28, 1987 Coast Pacific reaffirmed its concern that the Chatterton complaint had not been resolved as yet and introduced a concern that "neither Westcoast Transmission Company, Limited ("Westcoast") nor B.C. Hydro have been able to advise whether or not the indemnity clause applies to firm service"; and

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WHEREAS on August 31, 1987 B.C. Hydro outlined its concerns that Chatterton may now seek to become a firm service customer of Westcoast rather than arranging for B.C. Hydro to move Chatterton's gas under the terms of Hydro's Interruptible Transportation contract, and stated "all that B.C. Hydro is attempting to achieve here is to remain whole in that we will be revenue neutral when and use customers switch from sales to service"; and

WHEREAS on October 20, 1987 the Commission advised B.C. Hydro that for the period from October 1, 1987 until the Commission rules on the transportation tariffs of B.C. Hydro that the appropriate rate to use in the indemnification clause is \$0.19/GJ, with the revenue so collected by B.C. Hydro to be kept in a deferred account until a further determination by the Commission as to disposition thereof; and

WHEREAS on November 10, 1987 B.C. Hydro submitted an executed copy of a November 1, 1987 Agreement for Interruptible Gas Transportation Service between B.C. Hydro and Chatterton, with Termination options as outlined in a November 3, 1987 letter from B.C. Hydro to Chatterton; and

WHEREAS on January 7, 1988 B.C. Hydro advised the Commission that "several of B.C. Hydro's major Interruptible customers are seriously considering purchasing their own gas supplies directly", noting that "B.C. Hydro's intent is to apply the same procedures outlined in the Commission's October 20, 1987 letter"; and

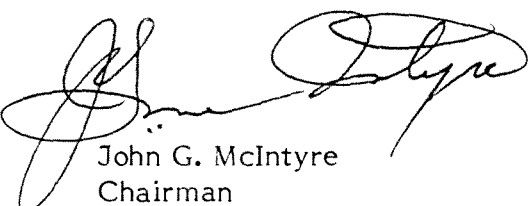
WHEREAS the Commission is concerned that a final resolution of Interruptible Gas Transportation Service rates should be made.

NOW THEREFORE pursuant to Sections 93, 98 and 124 of the Act, the Commission hereby orders British Columbia Hydro and Power Authority as follows:

1. Mr. W.J. Grant, Director of Engineering for the Commission, is directed to inquire and report on the matter of the Chatterton complaint as soon as possible.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of January, 1988.

BY ORDER



John G. McIntyre
Chairman