



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER.....G-23-91

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

and

IN THE MATTER OF a Complaint by
Ocelot Chemicals Inc. against
Pacific Northern Gas Ltd.

and

IN THE MATTER OF a Rate Design Application
by Pacific Northern Gas Ltd.

BEFORE: J.D.V. Newlands,)
Deputy Chairman;)
N. Martin,) February 27, 1991
Commissioner; and)
W.M. Swanson, Q.C.,)
Commissioner)

ORDER

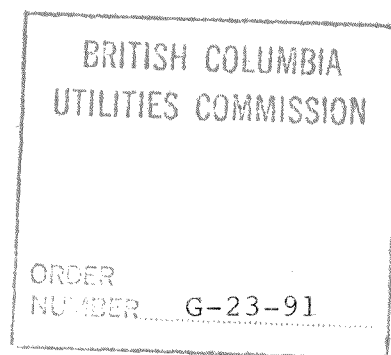
WHEREAS:

- A. On January 17, 1990 Ocelot Chemicals Inc. ("Ocelot") filed a complaint pursuant to Section 64 of the Utilities Commission Act ("the Act"), alleging that the rates of Pacific Northern Gas Ltd. ("PNG") are unjust, unreasonable and unduly discriminatory; and
- B. By Order No. G-20-90, dated March 14, 1990, the Commission set the matter down for public hearing to commence August 21, 1990 in Prince Rupert, B.C. and required PNG to file a Rate Design Application and evidence based on its most recent financial information by July 6, 1990; and
- C. On July 6, 1990 PNG filed its direct evidence on Rate Design; and
- D. The public hearing into the Ocelot complaint and PNG Rate Design Application proceeded on August 21, 1990 in Prince Rupert, B.C. and continued on August 28, 1990 in Kitimat, B.C., and November 6, 1990 in Terrace, B.C.; and
- E. The Commission has considered the Ocelot complaint, the PNG Rate Design evidence and other information all as set forth in a Decision issued concurrently with this Order.

NOW THEREFORE the Commission orders as follows:

- 1. The residential service rate shall increase by five percent per annum for three years commencing in accord with the implementation date set out in Section 6.2 of the Decision.
- 2. The commercial service rate shall increase by three percent per annum for three years commencing in accord with the implementation date set out in Section 6.2 of the Decision.
- 3. The small industrial service rate shall decline on a one time basis by approximately \$.09 per gigajoule.

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4. The Natural Gas Vehicle Service rate shall decline on a one time basis by approximately \$.52 per gigajoule
5. Large Industrial customer service rates shall decline on a one time basis by approximately \$.01 per gigajoule for Skeena Cellulose Ltd. by approximately \$.03 per gigajoule for Eurocan Pulp and Paper Co., and by approximately \$.03 per gigajoule for Alcan Smelters and Chemicals Ltd.
6. The balance of the increased revenues obtained from the increase in rates to residential and commercial customers ordered in 1 and 2 above shall be redistributed to firm service industrial and Natural Gas Vehicle customers on a pro rata basis based on consumption volumes.
7. The incentive rate charged to Ocelot by PNG for the last 7.8 percent of contract demand is eliminated. The increased revenues resulting from the elimination of the incentive rate shall be used to reduce Ocelot's existing firm service rates.
8. PNG is instructed to enter into price negotiations with its large industrial interruptible customers, such negotiations to be completed on or before July 1, 1991.
9. PNG is to file an updated cost of service study prior to November 1, 1993 inclusive of proposed rates.

DATED at the city of Vancouver, in the Province of British Columbia, this 28th day of February, 1991.

BY ORDER


W.M. Swanson, Q.C.
Commissioner and
on behalf of the Division