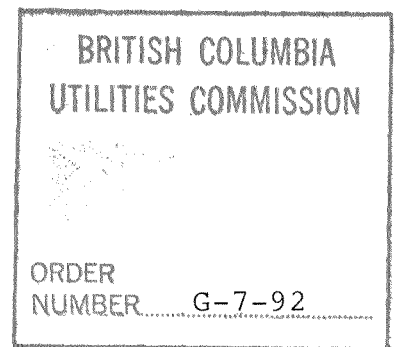




IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Application by
Pacific Northern Gas Ltd.

BEFORE: J.G. McIntyre,)
Chairman;)
J.D.V. Newlands,) January 8, 1992
Deputy Chairman; and)
N. Martin,)
Commissioner)

ORDER

WHEREAS:

- A. On December 1, 1991, Pacific Northern Gas Ltd. ("PNG") filed a 1992 Revenue Requirement Application ("the Application") pursuant to Sections 64 and 104 of the Utilities Commission Act and requested Commission approval of an interim increase in rates, effective January 1, 1992, at the level of 4.09 percent on revenue or 6.05 percent on its gross margin based on a proposed 1992 return on equity of 14.75 percent in order to recover a \$1.933 million projected revenue deficiency; and
- B. On December 11, 1991 PNG advised the Commission on steps it had taken to inform its Large Industrial customer of the Application in order to review alternative ways of settling its 1992 revenue requirements and requested the Commission defer the decision on interim rates; and
- C. Preliminary calculations by PNG indicated a settlement would be feasible if PNG would be permitted to retain the rate design increases of 5 percent for residential customers and 3 percent for commercial customers effective January 1, 1992. Revised calculations indicated a much lower return on equity which would require an alternative settlement; and
- D. On December 20, 1991 PNG informed the Commission that a resolution on alternatives to its 1992 revenue requirement could not be reached with its Large Industrial customer and PNG would be filing additional evidence to enable the Commission to make a decision on the Application for Interim Rates; and
- E. On December 20 and 24, 1991 PNG filed additional information in the form of Direct Testimony of Company Witnesses along with Rate of Return Testimony in support of the Application; and
- F. The Commission has reviewed the Application and subsequent filed information and finds that approval of an interim rate increase and the setting down of a public hearing is necessary and in the public interest.

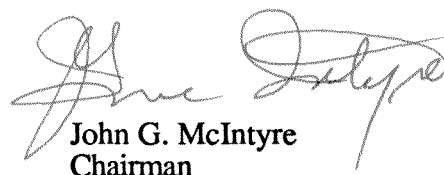
NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves an interim increase in rates for PNG of 2.86 percent based on total revenue, or 4.23 percent on gross margin to all customers, to be applied on a gross margin basis, effective with consumption on and after January 1, 1992. The interim increase allowed is based on a rate of return on equity of 14 percent, for PNG as previously approved by the Commission in its April 23, 1991 Decision.

2. The approved January 1, 1992 interim increase is subject to refund with interest calculated at the average prime rate of the principal bank with which PNG conducts its business.
3. The Commission will accept, subject to timely filing, Gas Tariff Rate Schedules amended in accordance with the terms of this Order.
4. PNG, by way of Customer Notice, is to inform customers of the interim rate increase, effective January 1, 1992, and its effect on monthly gas bills, along with reasons for the increased rates.
5. A public hearing into the Application will commence at 9:00 a.m. local time, Monday, February 24, 1992 at the Crest Motor Hotel, 222-1st Avenue West, Prince Rupert, B.C.
6. Not later than Monday, January 20, 1992, PNG will arrange for publication, of a Notice of Public Hearing, in the form attached, in display-ad format, in one issue of each of the Vancouver Sun, The Province and such other appropriate local news publications as may properly provide adequate notice to the population in the service area of the utility.
7. The Application and supporting material will be made available for inspection at the Head Office of PNG at Suite 1400, 1185 West Georgia Street, Vancouver, B.C., V6E 4G6, at its District Offices located throughout its service territory, and will also be available for inspection at the office of the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.
8. An Executive Summary of the Application will be distributed by PNG to Intervenor and Interested Parties as they become registered with the Commission.
9. Not later than Friday, January 24, 1992, PNG will file with the Commission any additional prepared testimony and supplemental material upon which it intends to rely.
10. Not later than Friday, January 31, 1992, Intervenor and Interested Parties intending to be present and participate in the public hearing shall give written Notice of intention to do so to the Commission Secretary and to the Applicant. Such Notice shall state the nature of the interest in the proceeding.
11. Intervenor and Interested Persons intending to file a written submission should provide one copy to the Commission Secretary, and one copy to the Applicant, to be received not later than Wednesday, February 12, 1992.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of January, 1992.

BY ORDER


John G. McIntyre
Chairman

/yk
Attachment



**PACIFIC NORTHERN GAS LTD.
Application to Increase Rates**

NOTICE OF PUBLIC HEARING

Time: 9:00 a.m.
Date: Monday, February 24, 1992
Location: Crest Motor Hotel
222 - 1st Avenue West
Prince Rupert, B.C.

THE APPLICATION

On December 1, 1991, Pacific Northern Gas Ltd. ("PNG") applied for an interim increase in natural gas rates to become effective January 1, 1992. The Commission, by Order No. G-7-92, dated January 8, 1992 authorized an interim increase of 2.86 percent on revenue to be applied on a gross margin basis to all customers, effective January 1, 1992, subject to refund with interest, if determined to be appropriate after a public hearing.

THE PUBLIC HEARING

The Commission has set down the Application for public hearing to commence at 9:00 a.m. local time, Monday, February 24, 1992, at the Crest Motor Hotel, 222 - 1st Avenue West, Prince Rupert, B.C.

PUBLIC INSPECTION OF THE APPLICATION

The Application, supporting material and Commission Order No. G-7-92 are available for inspection at the Head Office of PNG at Suite 1400, 1185 West Georgia Street, Vancouver, B.C. V6E 4G6, at its District Offices located throughout its service territory, and are also available for inspection at the office of the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C.

The Application and supporting material will be made available for inspection in PNG Offices and an Executive Summary of the Application will be distributed by the Applicant to Intervenor and Interested Parties as they become registered with the Commission.

INTERVENTIONS

Any person wishing to be present at the public hearing and to give evidence or cross-examine witnesses should provide written notice, to be received not later than Friday, January 31, 1992 to the Commission Secretary and to the Applicant. The Notice should include a brief statement as to the nature of the interest in the proceedings.

SUBMISSIONS BY INTERESTED PARTIES

Written submissions to the hearing should be submitted, one copy to the Commission Secretary and one copy to the Applicant, prior to Wednesday, February 12, 1992.

CLARIFICATION

Persons intending to participate in the public hearing, who are uncertain as to the manner in which to proceed, may contact Mr. R.J. Pellatt, Commission Secretary, or Mr. Simon Wong, Manager, Rates and Finance - Petroleum, by telephone (660-4700) or (B.C. Toll Free: 1-800-663-1385), or in writing.

BY ORDER

A handwritten signature in dark ink, appearing to read "R. J. Pellatt", with a stylized flourish at the end.

Robert J. Pellatt
Commission Secretary