



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

and

Centra Gas British Columbia Inc.
Application for Interim Rate Class Segments and Rates

BEFORE: P. Ostergaard, Chair)
K.L. Hall, Commissioner) December 17, 2002
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On July 31, 2002, Centra Gas British Columbia Inc. ("Centra", "Centra Gas") applied, pursuant to Section 23 of the Utilities Commission Act ("the Act") and the Special Direction (Order in Council 1510, 1995), for approval of its 1999 to 2001 actual revenue deficiencies and its forecast 2003 to 2005 revenue requirements as Phase 1 of a two phase process ("the Phase 1 Application") for its Vancouver Island and Sunshine Coast service areas. The Phase 1 Application requests that the Commission's review process involve the implementation of a Negotiated Settlement Process; and
- B. On September 30, 2002, Centra Gas filed its Phase 2 Rate Design Application, pursuant to Sections 60 and 61 of the Act, to determine rates effective January 1, 2003 that are appropriate for the recovery of both the current cost of service and amortization of accumulated revenue deficiencies. The Phase 2 Application was also made pursuant to Sections 2.8 and 2.10(j) of the Special Direction. Centra Gas proposed that the Phase 2 Application be reviewed through a Negotiated Settlement Process; and
- C. Forecasted changes in gas supply costs for 2003 to 2005 were reflected in the Phase 1 Application but are separately determined by the Commission; and
- D. On October 22, 2002, participants at the Pre-hearing Conference, established by Order No. G-71-02, were advised of the regulatory review options and did not oppose the establishment of Negotiated Settlement Processes for both the Phase 1 and Phase 2 Applications; and
- E. By Order No. G-76-02, the Commission determined that the Applications should proceed to Negotiated Settlement Processes and established a regulatory timetable for those processes; and
- F. Participants in the Negotiated Settlement Process with respect to the Phase 1 Application met on November 25 and 26, 2002 and reached a tentative settlement agreement; and
- G. Participants in the Negotiated Settlement Process with respect to the Phase 2 Application met on December 3, 2002, but were unable to reach a settlement agreement; and

- H. By Order No. G-86-02, the Commission established an oral public hearing to commence on February 12, 2003, which was subsequently amended by Order No. G-96-02 and will commence on Wednesday, February 5, 2003, in Vancouver; and
- I. On December 10, 2002, Centra filed an Application for Interim Rate Class Segments and Rates ("Interim Rate Application"); and
- J. The Special Direction to the Commission, attached to Order in Council 1510, directed the Commission to fix rates for the period beginning January 1, 2003 for all customer classes except the Apartment Customer Rates ("ACR") ACR-2 class so that Centra is able to recover its cost of service in accordance with the regulatory principles that are generally applied by the Commission from time to time for gas distribution utilities; and
- K. The Commission has reviewed the Applications and the Interim Rate Application and has determined that approval of the rates and rate class segments as applied for in the Interim Rate Application is in the public interest.

NOW THEREFORE the Commission orders as follows:

1. In order to establish rates for the period from January 1, 2003 until the Commission has determined permanent rates for all Centra Gas customers except the ACR-2 class, the Commission approves the rate class segments and interim rates applied for by Centra in its Interim Rate Application.
2. The interim rate increases are subject to refund with interest at the average prime rate of Centra's principal bank as determined by the public hearing established to review Centra's Application for permanent rates.
3. Approval is granted for Centra to close the New Customer rate class tariffs established by Sections 2.2(b) and 2.7 of the Special Direction, and in particular the Small General Service - SGS-11, SGS-12, Large General Service - LGS-11, LGS-12 and LGS 13 classes and the Rate Rider C pertaining to the New Customer Rate Balancing Account cost of gas recovery rider.
4. Centra is to provide a copy of this Order, by facsimile if possible, to all Intervenors and Interested Parties registered in the Centra Revenue Requirements and Rate Design Applications, as well as all large industrial customers, as soon as possible.
5. Centra is to inform all affected customers of the interim rates by way of a customer notice, to be submitted to the Commission in draft form prior to its release.
6. The Commission accepts for filing the amended Gas Tariff Rate Schedules submitted with the Interim Rate Application, effective January 1, 2003.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of December 2002.

BY ORDER

Original signed by:

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-97-02

3

Peter Ostergaard
Chair