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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-102-02

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

and

An Application by BC Gas Utility Ltd.
for Approval of Rate Increase to Reflect 2003 Allowed Return on Common Equity

BEFORE:	P. Ostergaard, Chair	)	
	K.L. Hall, Commissioner	)	December 18, 2002

O R D E R

WHEREAS:

A. On June 17, 2002, BC Gas Utility Ltd. ("BC Gas") filed a 2003 Revenue Requirements and Multi-Year Performance-Based Ratemaking Application ("the Application"), pursuant to Sections 58 and 61 of the Utilities Commission Act ("the Act"), for approval to establish a revised Schedule of Rates on a permanent basis effective January 1, 2003; and

B. In the Application, BC Gas stated that it had utilized the return on common equity ("ROE") allowed by the Commission for 2002 and had not incorporated any adjustments to account for any changes to the allowed ROE for 2003 and that such adjustments would be separate from the rate changes applied for in the Application; and

C. By Order G-63-02, dated September 6, 2002, the Commission set a Regulatory Timetable, ("the Timetable") leading to an oral public hearing of the Application; and

D. In a November 1, 2002 letter, BC Gas applied for Commission approval to implement interim rates effective January 1, 2003 that would reflect the revenue requirement applied for and incorporating certain revisions to the Application; and

E. Pursuant to the Timetable, the Commission held an oral public hearing during the period November 12 to November 21, 2002; and

F. At the conclusion of the evidentiary stage of the oral public hearing, the Commission asked BC Gas and Intervenors to state their views in their written argument on whether the Commission should put in place interim rates effective January 1, 2003 in accordance with the revenue deficiency as revised; and

G. On November 21, 2002, the Commission issued Letter No. L-46-02 which established an allowed ROE for BC Gas for 2003 of 9.42 percent, which is 0.29 percentage points higher than the allowed ROE for BC Gas for 2002 of 9.13%; and

H. BC Gas and most Intervenors submitted their positions on interim rates in their written arguments filed December 2, 2002 and December 9, 2002 respectively; and

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I. By Order No. G-90-02, the Commission ordered that the existing rates of BC Gas are made interim effective January 1, 2003 pending the Commission's Decision on the Application. Once the Decision is issued, the permanent rates set by the Decision will be effective January 1, 2003 subject to adjustment to recover any shortfall or to refund any surplus arising from any difference between the interim and the permanent rates; and

J. On December 18, 2002, BC Gas applied to have the ROE increase included in its interim rates established by Order No. G-90-02 so that the ROE change would be effective January 1, 2003 and the related revenue requirement would be included from that date in the shortfall recovery or surplus refund calculation specified in Order No. G-90-02.

NOW THEREFORE pursuant to Sections 58, 60, 61 and 89 of the Act, the Commission approves an allowed ROE for BC Gas for 2003 of 9.42% to be incorporated with any other adjustments to BC Gas' permanent rates arising from the Commission's Decision regarding the BC Gas 2003 Revenue Requirement, effective January 1, 2003.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of December 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair