



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

and

Centra Gas British Columbia Inc.
Application for Approval of 1999 to 2001 Revenue Deficiencies
and 2003 to 2005 Revenue Requirements
and Application for Approval of Rate Design and Proposed 2003 Rates

BEFORE: P. Ostergaard, Chair)
R.D. Deane, Commissioner) October 3, 2002
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On July 31, 2002, Centra Gas British Columbia Inc. ("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; and
- B. Centra Gas confirmed that the Phase 1 Application has been sent to intervenors who were registered in the previous application and those who had participated in the cost of service allocation working group. The Phase 1 Application requests that the Commission's review process involve the implementation of a Negotiated Settlement Process; and
- C. 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 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
- D. Centra Gas confirmed that the Phase 2 Application was sent to interested parties of the Phase 1 Application and participants in a Large Markets Focus Group; and
- E. Centra Gas proposes that the Commission hold an Open House/Workshop in Nanaimo, B.C. to review the Phase 1 and 2 Applications; and
- F. Forecast changes in gas supply charges for 2003 to 2005 were reflected in the Phase 1 Application but are separately determined by the Commission; and
- G. The Commission requires that a regulatory process to deal with the Applications be established.

NOW THEREFORE the Commission orders as follows:

1. The Commission will hold a Workshop and Pre-hearing Conference on the Phase 1 and 2 Applications ("the Applications") in Nanaimo on Tuesday, October 22, 2002 commencing at 9:00 a.m. The Pre-hearing Conference will address procedural matters which will include, but not be limited to, the following:
 - scheduling
 - completeness of the Applications,
 - identification of principal issues,
 - process (information requests, settlement negotiations and/or public hearings),
 - location(s) of the Centra Gas proceedings, and
 - other matters that will enable the proceedings to efficiently review all aspects of the Applications.
2. Centra Gas will publish, as soon as possible, in display-ad format, the Notice of Workshop and Pre-hearing Conference, attached as Appendix A to this Order, in such appropriate local news publications as may properly provide adequate notice to the public in its service areas.
3. The Applications and supporting material will be made available for inspection at the Head Office of Centra Gas at 1675 Douglas Street, Victoria, B.C. V8W 3V3 and Centra Gas regional offices located in Courtenay, Nanaimo and Victoria (Garbally Road) and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.
4. Centra Gas is to provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties registered in the Centra Gas 2000 to 2002 Revenue Requirements Application proceedings, participants in the cost of service allocation working group and Large Markets Focus Group and the interested parties to the Phase 1 Application as soon as possible.
6. Intervenor and Interested Parties should inform the Commission, in writing, by Friday, October 18, 2002, of their intention to intervene and/or to attend the Workshop and Pre-hearing Conference.
7. Intervenor intending to apply for participant assistance must submit a budget estimate by Wednesday, October 30, 2002 consistent with the Commission's Participant Assistance/Cost Award Guidelines. Copies are available upon request or can be downloaded from the Commission's web site at <http://www.bcuc.com/bcuc/paca.html>.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of October 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair

Attachment



**Centra Gas British Columbia Inc.
Application for Approval of 1999 to 2001 Revenue Deficiencies
and 2003 to 2005 Revenue Requirements
and Application for Approval of Rate Design and Proposed 2003 Rates**

**NOTICE OF WORKSHOP AND
PRE-HEARING CONFERENCE**

Date: Tuesday, October 22, 2002
Time: 9:00 a.m.
Location: Coast Bastion Inn
Ladysmith Room
11 Bastion Street
Nanaimo, B.C. V9R 6E4

THE APPLICATIONS

Centra Gas British Columbia Inc. ("Centra Gas") has applied to the British Columbia Utilities Commission ("the Commission") 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 for its Vancouver Island and Sunshine Coast service areas. Centra Gas also filed a Phase 2 Rate Design Application to determine rates effective January 1, 2003 that are appropriate for the recovery of both current cost of service and amortization of accumulated revenue deficiencies.

Centra Gas has proposed rates effective January 1, 2003 that are discounted from electricity and fuel oil prices, which would result in an increase (including fixed charges) of approximately 9 percent in average residential rates to \$14.43/GJ and increases of 8 to 18 percent in commercial rates resulting in rates from \$6.65/GJ to \$15.25/GJ. Centra Gas intends to review its rates compared to alternative fuels on a quarterly basis in order to provide stable competitive rates.

Centra Gas also requests that the Commission establish a Negotiated Settlement Process to deal with its Applications.

THE REGULATORY PROCESS

The Commission will hold a Workshop and Pre-hearing Conference in Nanaimo on Tuesday, October 22, 2002. The Workshop will review the content of the Applications and the Pre-hearing Conference will discuss procedural matters which will include, but not be limited to, the following:

- scheduling
- completeness of the Applications,
- identification of principal issues,
- process (timetable for information requests and responses; settlement negotiations and/or public hearings),
- location(s) of the Centra Gas proceedings, and
- other matters that will enable the proceedings to efficiently review all aspects of the Applications.

PUBLIC INSPECTION OF THE DOCUMENTS

The Applications and supporting material will be made available for inspection at the following locations:

Centra Gas Head Office
1675 Douglas Street, Victoria, B.C. V8W 3V3

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, B.C., V6Z 2N3

Centra Gas regional offices located in Courtenay,
Nanaimo and Victoria (Garbally Road)

INTERVENTIONS

Persons who expect to actively participate in either the Centra Gas Phase 1 or Phase 2 proceeding, or both, should register as Intervenors with the Commission, in writing, by Friday, October 18, 2002 identifying their interest in either or both proceeding(s). Intervenors will receive copies of the Application, all correspondence and filed documentation.

Persons not expecting to actively participate, but who have an interest in either the Centra Gas Phase 1 or Phase 2 proceeding, or both, should register as Interested Parties with the Commission, in writing, by Friday, October 18, 2002 and identify their interest in either or both proceeding(s). Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

FURTHER INFORMATION

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary, or Mr. Philip Nakoneshny, Senior Financial Analyst as follows:

Telephone: (604) 660-4700
Facsimile: (604) 660-1102

E-Mail: Commission.Secretary@bcuc.com
Telephone: (B.C. Toll Free) 1-800-663-1385