



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 2003 Revenue Requirements

BEFORE: P. Ostergaard, Chair)
K.L. Hall, Commissioner) December 12, 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. 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. The Timetable set October 4, 2002 as the date by which Intervenor were to submit issue lists.
- C. On September 16, 2002, BC Gas filed a letter summarizing the items it was seeking to have determined in the hearing process under a one-year revenue requirement framework. The letter also revised upward the revenue requirement being applied for as a result of adjustments discussed in that letter; and
- D. Further revisions to the revenue requirement were noted in BC Gas' September 27, 2002 response to the second round of information requests; and
- E. Pursuant to the Timetable Intervenor submitted two sets of issues lists on October 4, 2002. On October 16, 2002, the Commission issued Letter No. L-42-02, which provided notice to BC Gas and to Intervenor of the issues that the Commission would review at the oral public hearing. It also established two working groups, one for load forecasts and the other for transportation tariff changes. Reports from these working groups were filed during the oral public hearing; and
- F. On November 1, 2002, BC Gas submitted further revisions to the Application to include higher pension costs, higher industrial revenue forecasts, and additional revenue requirements; and
- G. In the November 1, 2002 letter, BC Gas also applied for Commission approval to implement interim rates effective January 1, 2003 that would reflect the revenue requirement applied for as revised; and
- H. Pursuant to the Timetable, the Commission held an oral public hearing during the period November 12 to November 21, 2002; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-90-02**

- I. During the course of the oral public hearing, BC Gas revised its Application further to correct an error in an earlier revision and to make other changes, all as set out in Exhibit No. 42; and

- J. The revised revenue deficiency for which BC Gas seeks interim rate relief is \$17.4 million, an increase in overall revenue of 1.42% representing a 3.73% increase in delivery rates. BC Gas has applied to recover \$6.2 million of the increase by adding 1.42% to the delivery rates of all its captive customers. The remaining \$11.2 million is to be recovered by a 2.85% increase in delivery rates of its "RSAM Customers" namely residential and commercial customers; and
- K. At the conclusion of the evidentiary stage of the oral public hearing, the Commission asked BC Gas and Intervenor 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
- L. BC Gas and most Intervenor submitted their positions on interim rates in their written arguments filed December 2, 2002 and December 9, 2002 respectively.

NOW THEREFORE pursuant to Sections 58, 60, 61 and 89 of the Act, the Commission orders as follows:

1. 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.
2. BC Gas, by way of a bill insert, is to provide all affected customers with notification of the interim rates. BC Gas is to provide the Commission with a draft copy of the customer notice in advance of its distribution to customers.
3. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2002.

BY ORDER

Original signed by:

Kenneth L. Hall
Commissioner