



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

and

Application by Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
for Approval to Amend 2003 Rates

BEFORE: K.L. Hall, Acting Chair)
and Commissioner) December 12, 2002
P.G. Bradley, Commissioner)

O R D E R

WHEREAS:

- A. On November 29, 2002, Pacific Northern Gas (N.E.) Ltd. Fort St. John/Dawson Creek and Tumbler Ridge Divisions ["PNG (N.E.)"] filed for approval of its 2003 Revenue Requirements Application ("the Application") to increase its rates on an interim and final basis, effective January 1, 2003, pursuant to Sections 91 and 58 of the Utilities Commission Act ("the Act"); and
- B. The Application proposed to increase rates to all customers as a result of increases in cost of service and decreased deliveries to most customer classes; and
- C. PNG (N.E.) expressed an interest in resolving the Application through an Alternate Dispute Resolution ("ADR") process and proposed a workshop in December 2002 with intervenors from the last PNG (N.E.) proceeding and Commission staff leading to an ADR process in January 2003; and
- D. The Application also requested approval of an increase to Gas Supply Charges for 2003 based on November 22, 2002 forward natural gas prices; and
- E. On December 11, 2002, PNG (N.E.) filed its Fourth Quarter 2002 Report on gas supply costs and Gas Cost Variance Account ("GCVA") balances, which reaffirmed the request in the Application regarding Gas Supply Charges and proposed no change to GCVA riders for January 1, 2003, except for an increase from \$0.15/GJ to \$0.30/GJ for Tumbler Ridge customers to amortize the debit balance in the Tumbler Ridge GCVA over approximately two years; and
- F. The Commission requires that interim rate increases and a regulatory process to deal with the Application be established.

NOW THEREFORE the Commission orders as follows:

1. The PNG (N.E.) Application will be examined in a written public hearing process and the Regulatory Timetable, attached as Appendix A, has been established.
2. The Commission accepts PNG (N.E.)'s evidence in support of its requested interim rate increases, except for the revenue requirement resulting from the requested increase in the common equity component for the Tumbler Ridge Division.
3. The Commission, pursuant to Sections 89 and 91 of the Act, approves for PNG (N.E.) an interim rate increase in the delivery charge for all classes of customers, excluding the revenue requirement resulting from the requested increase in the common equity component for the Tumbler Ridge Division.
4. The Commission, pursuant to Sections 89 and 91 of the Act, approves for PNG (N.E.) interim increases in Gas Supply Charges as set out in the Application and an interim increase to \$0.30/GJ for the Tumbler Ridge GCVA rider. The Commission directs PNG (N.E.) to make an interim change to the GCVA rider for Fort St. John and Dawson Creek that would amortize the projected December 31, 2003 GCVA balance for Fort St. John/Dawson Creek over 2003.
5. The interim rate increases are subject to refund with interest at the average prime rate of PNG (N.E.)'s principal bank as determined by the written public hearing process for PNG (N.E.).
6. The Commission will accept, subject to timely filing by PNG (N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG (N.E.) is to provide all affected customers with notification of the interim rates. PNG (N.E.) is to provide the Commission with a draft copy of the customer notice in advance of its distribution to customers.
7. PNG (N.E.) will publish, as soon as possible, in display-ad format, the Notice of Written Hearing Process, attached as Appendix B, in such appropriate local news publications as may properly provide adequate notice to the public in its service areas.
8. The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, B.C., V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.
9. PNG (N.E.) is to provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties registered in the PNG (N.E.) 2002 Revenue Requirements Application proceedings, as well as all large industrial customers, as soon as possible.
10. Intervenor and Interested Parties should register with the Commission, in writing, by Friday, January 3, 2003, of their intention to intervene.

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-92-02

11. Intervenors intending to apply for participant assistance must submit a budget estimate by Friday, January 24, 2003 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 12th day of December 2002.

BY ORDER

Original signed by:

Kenneth L. Hall
Acting Chair
and Commissioner

Attachments

**PACIFIC NORTHERN GAS (N.E.) LTD.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
Application for Approval of 2003 Revenue Requirements**

REGULATORY AGENDA

<u>Action</u>	<u>Date 2003</u>
Registration of Intervenors and Interested Parties	Friday, January 3
Information Requests issued to PNG (N.E.)	Friday, January 24
Budget Estimates for Participant Assistance submitted	Friday, January 24
PNG (N.E.) Responses to Information Requests	Friday, February 7
Intervenor Written Submissions	Friday, February 21
PNG (N.E.) Written Reply	Friday, February 28

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PACIFIC NORTHERN GAS (N.E.) LTD.
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**NOTICE OF WRITTEN PUBLIC
HEARING PROCESS**

THE APPLICATION

Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] has applied to the British Columbia Utilities Commission ("the Commission") for approval to adjust rates, effective January 1, 2003. This Application seeks to recover increased revenue requirements associated with delivering natural gas and with the commodity cost of gas. The Application requests an increase in the gas delivery charge in residential rates of about 5 to 16 percent and an increase in the gas delivery charge in small commercial rates of about 4 to 16 percent to be effective January 1, 2003. PNG (N.E.) has also applied for an increase in the cost of gas of about 25 to 33 percent.

THE REGULATORY PROCESS

By Order No. G-92-02, the Commission approved interim rate increases in the gas delivery charge of about 5 to 15 percent for residential customers and 4 to 15 percent for small commercial customers effective January 1, 2003. The Commission also approved interim rate increases in gas commodity charges of 22 to 33 percent. The difference between the interim rates and the permanent 2003 rates are refundable with interest.

The Commission has established a Written Public Hearing Process for the review of PNG (N.E.)'s Application.

PUBLIC INSPECTION OF THE DOCUMENTS

The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, B.C., V6E 4E6, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

INTERVENTIONS

Persons who expect to actively participate in the PNG (N.E.) proceeding should register as Intervenor with the Commission, in writing, by Friday, January 3, 2003. Intervenor will receive copies of the Application, all correspondence and filed documentation.

Persons not expecting to actively participate, but who have an interest in the PNG (N.E.) proceeding should register as Interested Parties with the Commission, in writing, by Friday, January 3, 2003. Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

PARTICIPANT ASSISTANCE

Intervenors intending to apply for Participant Assistance must submit a budget estimate consistent with the Commission's Participant Assistance/Cost Award Guidelines. Copies are available upon request or on the Commission's web site: <http://www.bcuc.com/bcuc/paca.html>

FURTHER INFORMATION

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary, or Mr. Barry McKinlay, Manager, Rates and Finance 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