

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-12-04

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Pacific Northern Gas Ltd.
for Approval to Amend 2004 Rates**

and

An Income Trust Application

BEFORE: L.A. Boychuk, Panel Chair)
and Commissioner)
R.J. Milbourne, Commissioner) January 26, 2004
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 28, 2003, Pacific Northern Gas Ltd. ("PNG") filed for approval of its 2004 Revenue Requirements Application ("the Application") to amend its rates on an interim and final basis, effective January 1, 2004, pursuant to Sections 89 and 58 of the Utilities Commission Act ("the Act"); and
- B. The Application proposes to increase delivery rates to all customers, except Methanex Corporation, as a result of decreases in cost of service and decreased deliveries to most customer classes and also requests approval of a flow through decrease to Gas Supply Charges for 2004 based on November 26, 2003 forward natural gas prices and forecast propane prices; and
- C. PNG requested that the Application be reviewed through a Negotiated Settlement Process ("NSP") and a Regulatory Agenda be established that is consistent with the review of its 2003 rate application and Commission Order No. G-91-02; and
- D. By Order No. G-85-03 the Commission approved an interim rate increase in the delivery rates for all classes of customers, except Methanex Corporation, effective January 1, 2004 subject to refund with interest; and
- E. Previously, by Order No. G-71-03, the Commission approved a separate application dated October 16, 2003 by Tricor Acquisition (STP) Inc. to approve its acquisition of a reviewable interest in PNG and in its subsidiary Pacific Northern Gas (N.E.) Ltd. from Westcoast Energy Inc. In the Application PNG advised that it may file an application in late December 2003 or early January 2004 to convert PNG to an income trust structure; and

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- F. By Order No. G-85-03, the Commission also established a Pre-hearing Conference (“PHC”) in Vancouver on January 16, 2004 the purpose of which was to address procedural matters related to the Application, including the identification of principal issues related to and the process options for review of the Application; and
- G. At the commencement of the PHC on January 16, 2004, as requested by the Commission, PNG provided an update on its income trust proposal and indicated that it would file its application by Friday, January 23, 2004; and
- H. The general consensus of participants at the PHC, including PNG, was that some of the issues raised by the Application were not amenable to a NSP and that an oral public hearing should be held which considered both the Application and the income trust application; and
- I. The Commission has considered the views expressed at the PHC and has determined that an oral public hearing should be held and a regulatory timetable established to deal with the Application and the income trust application.

NOW THEREFORE the Commission orders as follows:

- 1. An oral public hearing into the PNG 2004 Revenue Requirements Application will commence at 9:00 a.m. on Tuesday, March 23, 2004 in Terrace, B.C. The Regulatory Timetable is set out in Appendix A to this Order.
- 2. PNG is to file its income trust application by the end of January 2004.
- 3. PNG is to publish, as soon as possible, in display-ad format, the Notice of Oral Public Hearing attached as Appendix B to this Order in appropriate local news publications in the service area so as to properly provide to its customers adequate notice of the hearing.
- 4. The PNG Application and supporting material will be made available for inspection at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof, Fort St. James, at the Head Office of PNG 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.
- 5. PNG is to provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties currently registered in the PNG 2004 Revenue Requirements Application proceedings, as well as to all large industrial customers, as soon as possible.
- 6. Unless they have already registered, Intervenor and Interested Parties should inform the Commission, in writing, by Monday, February 9, 2004 of their intention to intervene and/or to attend and to participate actively in the public hearing.

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7. Intervenors intending to apply for participant assistance must submit a budget estimate by Monday, February 9, 2004 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 27th day of January 2004.

BY ORDER

Original signed by:

Lori Ann Boychuk
Panel Chair and Commissioner

Attachments

PACIFIC NORTHERN GAS LTD.

**Application for Approval of 2004 Revenue Requirements
and
An Income Trust Application**

REGULATORY TIMETABLE

<u>ACTION</u>	<u>DATES 2004</u>
Income Trust Application to be filed by PNG	Friday, January 30
Notice of Oral Public Hearing Published	Immediately
Commission Information Requests issued to PNG	Thursday, February 5
Final Registration of Intervenor and Interested Parties	Monday, February 9
Budget Estimates for Participant Assistance submitted	Monday, February 9
Intervenor Information Requests to PNG	Thursday, February 12
PNG Responses to Commission and Intervenor Information Requests	Wednesday, February 18
Deadline for filing Update to Application by PNG	Wednesday, February 18
Commission and Intervenor Information Requests issued to PNG	Monday, February 23
PNG Responses to Commission and Intervenor Information Requests	Friday, February 27
Intervenor Evidence Filed	Wednesday, March 3
Information Requests on Intervenor Evidence issued	Wednesday, March 10
Intervenor Information Responses	Tuesday, March 16
PNG Rebuttal Evidence	Friday, March 19
Oral Public Hearing commences in Terrace, B.C.	Tuesday, March 23



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APPENDIX B
to Order No. G-12-04
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PACIFIC NORTHERN GAS LTD.
Application for Approval of 2004 Revenue Requirements
and
Income Trust Application

NOTICE OF ORAL PUBLIC HEARING

Date: March 23, 2004
Time: 9:00 a.m.
Location: Best Western Terrace Inn
4553 Greig Avenue
Terrace, B.C. V8G 1M7

THE APPLICATION

Pacific Northern Gas Ltd. ("PNG", "the Company") has applied to the British Columbia Utilities Commission ("the Commission") for approval to adjust rates, effective January 1, 2004. This Application seeks to recover increased revenue requirements associated with delivering natural gas and the decreased commodity cost of gas. The Application requests an increase in the gas delivery charge in residential and small commercial rates of about 15 percent effective January 1, 2004. PNG has also applied for a decrease in the gas commodity charges of about 20 percent.

PNG has also advised that it will file in January 2004, an application to convert the Company to an income trust.

THE REGULATORY PROCESS

By Order No. G-85-03, the Commission held a Pre-hearing Conference ("PHC") in Vancouver on January 16, 2004. The Commission also approved an interim rate increase in the delivery rates for all classes of customers, except Methanex Corporation, effective January 1, 2004, subject to refund with interest and approved permanent decreases in Gas Supply Charges.

Previously, by Order No. G-71-03, the Commission approved the acquisition by Tricor Acquisition (STP) Inc. of a reviewable interest in PNG and in its subsidiary Pacific Northern Gas (N.E.) Ltd. from Westcoast Energy Inc.

The Commission considered the views expressed at the PHC and decided that an oral public hearing process should be held to review PNG's Revenue Requirements Application and that PNG's proposed income trust application would be considered at the same time. By Order No. G-12-04 the Commission has set these matters

down for hearing in Terrace, B.C. commencing at 9:00 a.m. on Tuesday, March 23, 2004 at the Best Western Terrace Inn.

PUBLIC INSPECTION OF THE APPLICATION

The PNG Application(s) and supporting material will be made available for inspection at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof, Fort St. James, at the Head Office of PNG 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

REGISTERING TO PARTICIPATE

Unless they have already registered, persons who expect to actively participate in the PNG proceeding should register as Intervenor with the Commission, in writing, by Monday, February 9, 2004. 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 proceeding should register as Interested Parties with the Commission, in writing, by Monday, February 9, 2004. Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

PARTICIPANT ASSISTANCE

Intervenor 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: www.bcuc.com/bcuc/paca.html

FURTHER INFORMATION

If you would like to participate in the hearing process but are uncertain how to proceed, please contact Mr. Robert J. Pellatt, Commission Secretary or Mr. Barry McKinlay, Manager, Rates and Finance, as follows:

Telephone:	(604) 660-4700	B.C. Toll Free:	1-800-663-1385
Facsimile:	(604) 660-1102	E-mail:	commission.secretary@bcuc.com

Copies of the Commission Orders are available on the Commission website.