



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER F-16-08**

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

and

Application for Participant Assistance/Cost Awards (“PACA”)
regarding the Pacific Northern Gas Ltd. (PNG-West and Granisle)
2008 Revenue Requirements and Rates Application

BEFORE: L.A. O’Hara, Commissioner June 6, 2008

O R D E R

WHEREAS:

- A. On October 9, 2007, Pacific Northern Gas Ltd. (“PNG”, “PNG-West” and “Granisle”) filed for approval of its 2008 Revenue Requirements Application (“the Application”) to amend its rates on a permanent basis, effective January 1, 2008, pursuant to Section 58 of the Utilities Commission Act (“the Act”); and
- B. PNG forecasts a revenue deficiency of approximately \$583,000 for the 2008 test year primarily due to a reduction in forecast margin recovery from customers due to lower projected gas deliveries. This revenue reduction is partly offset by the forecast lower cost of service in 2008. PNG estimates the average delivery charge rate increase for residential customers and small commercial customers is 2.2 percent; and
- C. By Order No. G-127-07 dated October 17, 2007 the Commission established a Preliminary Regulatory Timetable and allowed for Intervenor’s written submission on the review process; and
- D. The Commission by Order No. G-133-07 dated November 6, 2007 confirmed the Preliminary Regulatory Timetable as permanent and established a Negotiated Settlement Process for the Application; and
- E. By Letter No. L-93-07 dated November 22, 2007 the Commission established the return on common equity (“ROE”) for a low-risk benchmark utility for the year 2008; and
- F. On November 23, 2007 PNG provided an update to its Application that revised the revenue deficiency to \$1,474,000. The higher revenue deficiency was mainly from an increase in the ROE from the original forecast of 9.02 percent to the approved of 9.27 percent and from a reduction in the 2008 gas deliveries forecast, in particular to the small industrial customer class; and
- G. The Negotiated Settlement discussions were held in Vancouver on November 27 and 28, 2007. A Negotiated Settlement Agreement was reached among the participants and circulated to all Registered Intervenor’s and the Commission on December 7, 2007. No comments were received from the Intervenor’s who had not participated in the Negotiated Settlement discussions; and

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H. By Order No. G-165-07 dated December 19, 2007, the Commission approved the Negotiated Settlement Agreement for PNG's 2008 Revenue Requirements as issued on December 7, 2007; and

I. On December 19, 2007, the BC Old Age Pensioners Organization *et al.* ("BCOAPO") applied for a cost award regarding its participation in the negotiated settlement process; and

J. The Commission has reviewed the application for cost awards with regard to the criteria and rates set out in Order No. G-72-07.

NOW THEREFORE pursuant to Section 118(1) of the Act, the Commission awards \$10,655.25 to BCOAPO for its participation in the PNG 2008 Revenue Requirements negotiated settlement process.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of June 2008.

BY ORDER

Original signed by

Liisa A. O'Hara
Commissioner