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AN ORDER IN THE MATTER OF the Utilities Commission  
Act, S.B.C. 1980, c. 60, as amended

and

An Application by Pacific Northern Gas Ltd.  
Pricing Factors for Buy/Sell Energy Supply Contracts

**BEFORE:** M.K. Jaccard, Chairperson; and )  
L.R. Barr, Deputy Chairperson ) March 30, 1995

**O R D E R**

**WHEREAS:**

- A. On February 22, 1995 Pacific Northern Gas Ltd. ("PNG") filed with the Commission for approval, Reference Price Factors for gas purchases during April 1 through October, 1995 under buy/sell gas purchase contracts; and
- B. In its application, PNG proposed alternative reference price calculation methodologies for handling standard gas cost demand charges resulting from the purchase of buy/sell gas and recommended approaches that would base reference prices on the utility's avoided gas cost; and
- C. On March 28, 1995 PNG advised the Commission that it expected to incur unbudgeted administration costs as a result of the implementation of core market direct purchases and requested approval of a deferral account; and
- D. On March 30, 1995 the Commission approved, by Order No. E-11-95, one buy/sell purchase contract for PNG effective April 1, 1995; and
- E. The Commission has reviewed the filing and finds that approval is required.

**NOW THEREFORE** the Commission orders as follows:

- 1. A Unit Fixed Charge at 100 percent load factor of \$0.56/GJ and an Unit Variable Charge of \$0.92/GJ, as calculated using Alternative Approach #2 in the February 22, 1995 filing for the period April 1 to October 31, 1995, are approved for the application to the gas deliveries approved by Order No. E-11-95.
- 2. The Commission denies approval of a separate deferral account for gas costs related to direct purchases and directs PNG to include its buy/sell gas purchase costs in the cost of gas deferral account approved by Order No. G-10-95.
- 3. The Commission approves a deferral account to record the unbudgeted incremental administration costs resulting from buy/sell direct purchasing by core market consumers and the administration fees under buy/sell gas purchase contracts, with the disposition of the net amount to be considered at a future time.

4. PNG, in future reference price filings, is directed to provide a calculation summary that shows aggregated numbers for its baseload gas supply contracts which states the forecasted price factors and Westcoast Energy Inc. costs that were used.
5. PNG is directed that, pending a decision on the written hearing set down by Order No. G-17-95, any further buy/sell volumes purchased prior to November 1, 1995 on any part of the PNG system are to receive the current market price as indicated by the "Inside FERC" Sumas index, adjusted for delivery point.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 7th day of April 1995.

BY ORDER



Dr. Mark K. Jaccard  
Chairperson