



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

and

Pacific Northern Gas Ltd.
Application for Reductions to the Gas Commodity Component of Rates

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner)
K.L. Hall, Commissioner) December 19, 2001
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 30, 2001, Pacific Northern Gas Ltd. ("PNG") filed with the Commission its 2002 Revenue Requirements Application, which included a request for reductions to Gas Supply Charges and changes to Gas Cost Variance Account ("GCVA") riders due to lower forward gas market prices and reduced forecast gas supply costs for 2002, effective January 1, 2002 (the "Application"). This Order addresses the proposed changes to Gas Supply Charges and GCVA riders, while other aspects of the Application will be dealt with by a separate process; and
- B. On December 11, 2001, PNG filed its Fourth Quarter 2001 Report on current and projected GCVA balances and future gas acquisition costs and revenue consistent with the Guidelines set out in Commission Letter No. L-5-01, and other information in support of the Application with regard to Gas Supply Charges and GCVA riders; and
- C. The proposed changes to Gas Supply Charges and GCVA riders would reduce total gas commodity charges by about 27 percent. The corresponding reduction to the annual bills of typical residential and commercial customers would be approximately 16 percent; and
- D. The Application also requested approval of a reduction to the Gas Supply Charge and the implementation of a GCVA rider of \$1.802/GJ for customers of PNG's propane grid in Granisle, B.C. In total, the proposed Gas Supply Charge and GCVA rider would reduce total gas commodity charges by about 15 percent, and would reduce the annual bill of a typical residential customer by approximately 11 percent; and

- E. A GCVA rider of \$0.65/GJ for Granisle would be projected to repay the Granisle GCVA debit balance over two years, and would reduce the annual bill of a typical residential customer by approximately 18 percent; and
- F. The Commission has reviewed the filings and other evidence and has determined that gas commodity rates should be decreased for PNG customers. The GCVA rider for Granisle should be set so as repay the GCVA debit balance over two years.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for PNG the Gas Supply Charges and GCVA riders effective January 1, 2002 as set out in the December 17, 2001 revision of the Application, except that the GCVA rider for Granisle propane customers shall be \$0.65/GJ.
2. PNG is directed to file, by 15 business days prior to the start of each calendar quarter, an update on GCVA balances and expected gas costs and revenue for the following 12 months for each service area. PNG should request rate changes where forecast gas costs (including the GCVA balance at the start of the period) and revenue differ by more than 5 percent.
3. PNG is to notify all affected customers of the approved rate changes by way of a customer notice. PNG is directed to review its communications plan, bill inserts, or bill messages related to the rate decrease with Commission staff prior to release.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of December 2001.

BY ORDER

Original signed by:

Peter Ostergaard
Chair