

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-58-04**

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

and

A Report by Pacific Northern Gas Ltd.  
on the Gas Cost Variance Accounts for PNG-West,  
PNG (N.E.) Fort St. John/Dawson Creek,  
PNG (N.E.) Tumbler Ridge and Granisle

**BEFORE:** L.F. Kelsey, Commissioner )  
K.L. Hall, Commissioner ) June 17, 2004

**O R D E R**

**WHEREAS:**

- A. On June 9, 2004, Pacific Northern Gas Ltd. ("PNG") filed its Second Quarter 2004 Report ("the Report") on Gas Supply Costs and Gas Cost Variance Accounts ("GCVA"), for the four service areas of PNG-West, PNG(N.E.) Fort St. John/Dawson Creek, PNG(N.E.) Tumbler Ridge and the Granisle Propane Grid System, pursuant to the Guidelines contained in Commission Letter No. L-5-01; and
- B. The Report, using June 8, 2004 natural gas forward prices, projected deficiencies in the revenue-to-cost ratios for the four service areas in excess of the deadband established by Letter No. L-5-01; and
- C. PNG submits that, although the proposed residential rate for PNG-West (\$13.78/GJ) will be higher than the equivalent electricity rate (\$12.90/GJ which includes the 7 percent interim increase currently in effect), the 6.8 percent or \$78/year differential will not motivate a gas customer to convert to electricity in the near term; and
- D. The Commission has reviewed the filing and finds that the proposed increases to PNG and PNG(N.E.) gas tariff rate schedules should be approved.

**NOW THEREFORE** pursuant to Section 61(4) of the Utilities Commission Act the Commission orders as follows:

- 1. The Commission approves for PNG-West, PNG(N.E.) Fort St. John/Dawson Creek, and PNG(N.E.) Tumbler Ridge an increase in Natural Gas Tariff Rate Schedules that will permit a recovery from customers of natural gas costs pursuant to the June 8, 2004 natural gas forward prices, using rates effective July 1, 2004 identified in the Table attached as Appendix A to this Order. Company Use Gas charges are not affected by this Order.
- 2. The GCVA rider for PNG(N.E.) Fort St. John/Dawson Creek will be zero effective July 1, 2004.

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3. PNG(N.E) for the Fort St. John/Dawson Creek and Tumbler Ridge service areas and PNG-West are required to advise all customers of the rate increase by way of a bill notice to be reviewed by Commission staff in advance of its distribution.
4. PNG-West and PNG(N.E.) are to file Gas Tariff Rate Schedules for Commission approval, pursuant to this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 18<sup>th</sup> day of June 2004.

BY ORDER

*Original signed by:*

L. F. Kelsey  
Commissioner

Attachment

**Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.**  
**Comparison of Gas Supply Costs Recovery Rates By Customer Class**  
**Permanent Apr '04 Gas Supply Cost Recovery Rates**

vs.

**Proposed July '04 Gas Supply Cost Recovery Rates Using June 8 '04 Forward Strip**

	Permanent Apr'04 Rates \$/GJ	Proposed July'04 Rates \$/GJ	Difference \$/GJ	% Change
<b>PNG - West</b>				
Residential (RS1)	6.544	7.424	0.880	13.4
Commercial Firm (RS2)	6.601	7.469	0.868	13.1
Commercial Interruptible (RSA)	5.297	5.894	0.597	11.3
Small Industrial (RSS)	5.773	6.680	0.907	15.7
Seasonal Off Peak (RS6)	4.750	4.744	-0.006	(0.1)
NGV (RS7)	5.462	5.984	0.522	9.6
Company Use	0.254	0.254	0.000	0.0
<b>PNG (N.E.) - FSJ and Dawson Creek</b>				
Residential (RS1)	6.080	6.948	0.868	14.3
Small Commercial (RS2)	6.142	7.012	0.870	14.2
Large Commercial Firm (RS3)	5.812	6.545	0.733	12.6
Small Industrial Sales (RS4)	5.448	6.056	0.608	11.2
<b>PNG (N.E.) - Tumbler Ridge</b>				
Residential (RS1)	6.145	6.653	0.508	8.3
Small Commercial (RS2)	6.145	6.653	0.508	8.3
Large Commercial (RS3)	6.145	6.653	0.508	8.3
<b>Granisle</b>	11.879	11.879	0.000	0.0

Note:

1. Permanent April 2004 rates are based on the forward gas price strip dated March 15, 2004.
2. Proposed July, 2004 rates are based on the forward gas price strip dated June 8, 2004.