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VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-135-05**

TELEPHONE: (604) 660-4700
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**Application by Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
for Approval of 2006 Rates**

BEFORE: L.A. Boychuk, Panel Chair / Commissioner
R.W. Whitehead, Commissioner December 16, 2005

O R D E R

WHEREAS:

- A. On November 30, 2005, Pacific Northern Gas (N.E.) Ltd. Fort St. John/Dawson Creek and Tumbler Ridge Divisions ["PNG (N.E.)"] filed for approval of its 2006 Revenue Requirements Application ("the Application"). PNG (N.E.) proposed to amend its rates on an interim and final basis, effective January 1, 2006, 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 primarily as a result of increases in the cost of service, including the cost of company use gas; and
- C. On December 12, 2005 PNG (N.E.) filed its Fourth Quarter 2005 Report on gas supply costs and Gas Cost Variance Account ("GCVA") balances ("the Report"), and requested changes to Gas Supply Cost Recovery Rates for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions effective January 1, 2006 based on November 28, 2005 natural gas forward prices. PNG (N.E.) proposes that no changes be made to GCVA rate riders; and
- D. The Report projects a debit balance of \$1,516,000 in the Fort St. John/Dawson Creek GCVA at December 31, 2005, which would require an increase in the GCVA debit rate rider from \$0.099/GJ to \$0.434/GJ to repay the GCVA balance to PNG (N.E.) over 2006; and
- E. The Report also projects a credit balance of \$118,000 in the Tumbler Ridge GCVA at December 31, 2005, which the current GCVA credit rate rider of \$0.350/GJ will repay to customers over approximately 2.4 years; and
- F. Since November 28, 2005 natural gas forward prices have increased significantly; and

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- G. PNG (N.E.) had discussions regarding the review process for the Application with the BC Old Age Pensioners Organization et. al. ("BCOAPO") and staff of the Ministry of Energy, Mines and Petroleum Resources, who were active intervenors in the review of the PNG (N.E.) 2005 revenue requirements application (the "Parties"). By letter dated December 13, 2005 PNG (N.E.) advised the Commission that the Parties are of the view that the Application should be subject to a Negotiated Settlement Process ("NSP") and provided a draft Regulatory Timetable that shows NSP discussions commencing the week of March 13, 2006. On December 14, 2005, BCOAPO filed a letter of support for an NSP and PNG (N.E.)'s proposed Regulatory Timetable; and
- H. The Commission requires that interim rates and a regulatory process to deal with the Application be established.

NOW THEREFORE the Commission orders as follows:

1. The PNG (N.E.) Application will be examined through an NSP, and the Regulatory Timetable, attached as Appendix A, has been established.
2. The Commission, pursuant to Section 89 of the Act, approves for PNG (N.E.) interim rate changes in the delivery rates for all classes of customers as filed in the Application, effective January 1, 2006.
3. The differences between the 2006 interim and permanent delivery rates that are determined by the Commission following consideration of this Application are subject to refund with interest at the average prime rate of PNG (N.E.)'s principal bank as set out in a Commission Order that establishes permanent rates for PNG (N.E.).
4. The Commission, pursuant to Section 61(4) of the Act, approves for PNG (N.E.) for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions permanent Gas Supply Cost Recovery Rates as set out in the Report, effective January 1, 2006.
5. The Commission, pursuant to Section 61(4) of the Act, approves a permanent GCVA debit rate rider for the Fort St. John/Dawson Creek Division of \$0.434/GJ and continuation of the permanent GCVA credit rate rider for the Tumbler Ridge Division of \$0.350/GJ, effective January 1, 2006.
6. The Commission will accept, subject to timely filing by PNG (N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG (N.E.) is to provide all affected customers with a Customer Notice notification of the interim and permanent rates, to be reviewed by the Commission in advance of its release.

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7. PNG (N.E.) will publish, as soon as possible, in display-ad format, the Notice of Negotiated Settlement Process, attached as Appendix B, in such appropriate local news publications as may properly provide adequate notice to the public in its service areas.
8. The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) 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.
9. PNG (N.E.) is to provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties registered in the PNG (N.E.) 2005 Revenue Requirements Application proceedings, as well as all large industrial customers, as soon as possible.
10. Intervenor and Interested Parties should register with the Commission, via the BCUC website or in writing, by Wednesday, January 11, 2006, of their intention to intervene.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of December 2005.

BY ORDER

Original signed by:

Lori Ann Boychuk
Panel Chair and Commissioner

Attachments

PACIFIC NORTHERN GAS (N.E.) LTD.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
Application for Approval of 2006 Revenue Requirements

REGULATORY TIMETABLE

<u>Action</u>	<u>Date 2006</u>
Registration of Intervenor and Interested Parties	Wednesday, January 11
Budget Estimates for Participant Assistance submitted	Friday, January 20
Commission Information Requests No. 1 issued to PNG (N.E.)	Friday, January 27
Intervenor Information Requests No. 1 issued to PNG (N.E.)	Friday, February 3
PNG (N.E.) Responses to Commission Information Requests No. 1	Friday, February 10
PNG (N.E.) Responses to Intervenor Information Requests No. 1	Friday, February 17
PNG (N.E.) Files 2005 Year-End Update to Application	Friday, February 17
Commission and Intervenor Information Requests No. 2 issued to PNG (N.E.)	Friday, February 24
PNG (N.E.) Responses to Commission and Intervenor Information Requests No. 2	Friday, March 3
Commencement of Negotiated Settlement Process	Monday, March 13



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APPENDIX B
to Order No. G-135-05
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PACIFIC NORTHERN GAS (N.E.) LTD.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
Application for Approval of 2006 Revenue Requirements

**NOTICE OF A NEGOTIATED
SETTLEMENT PROCESS**

THE APPLICATION

Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] has applied to the British Columbia Utilities Commission ("the Commission") for approval to adjust rates, effective January 1, 2006. This Application seeks to recover increased revenue requirements associated with delivering natural gas. In its Fourth Quarter 2005 Gas Supply Cost Report, PNG (N.E.) also requested approval of changes to gas commodity rates. PNG (N.E.) requests for the Fort St. John/Dawson Creek Division an increase in the gas delivery charges in residential and small commercial rates of about 14 to 20 percent and an increase in the gas commodity charge of about 5 percent to be effective January 1, 2006. PNG (N.E.) also requests for the Tumbler Ridge Division an increase in the gas delivery charge in residential and small commercial rates of about 24 to 28 percent, and a 1 percent increase in the gas commodity charge to be effective January 1, 2006.

THE REGULATORY PROCESS

By Order No. G-135-05, the Commission approved the requested interim rate increases in the gas delivery charges for the Fort St. John/Dawson Creek Division and permanent rate increases of about 9 percent in the gas commodity charges for that Division, effective January 1, 2006. The differences between the 2006 interim and permanent delivery rates that are determined by the Commission following consideration of this Application are subject to refund with interest at the average prime rate of PNG (N.E.)'s principal bank as set out in a Commission Order that establishes permanent rates for PNG (N.E.).

The permanent gas commodity charges for the Fort St. John/Dawson Creek Division include a Gas Cost Variance Account ("GCVA") rate rider that recovers the end-of-2005 debit balance in the GCVA for the Division. For the Tumbler Ridge Division, Order No. G-135-05 approved the requested interim increases in the gas delivery charges and permanent rate increases of about 1 percent in the gas commodity charges for that Division, effective January 1, 2006. The permanent gas commodity charges for the Tumbler Ridge Division include a GCVA rate rider that refunds the credit balance in the GCVA for the Division. The differences between the 2006 interim and permanent delivery rates are refundable with interest.

The Commission has established a Negotiated Settlement Process for the review of PNG (N.E.)'s Application.

PUBLIC INSPECTION OF THE DOCUMENTS

The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge and at the Head Office of PNG (N.E.) 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.

INTERVENTIONS

Persons who expect to actively participate in the PNG (N.E.) proceeding should register as Intervenors with the Commission, via the BCUC website or in writing, by Wednesday, January 11, 2006. Intervenors 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 (N.E.) proceeding should register as Interested Parties with the Commission, via the BCUC website or in writing, by Wednesday, January 11, 2006. Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

FURTHER INFORMATION

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary as follows:

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