

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-134-07

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

**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 2008 Revenue Requirements and Rates**

BEFORE: L.A. O'Hara, Commissioner November 6, 2007

O R D E R

WHEREAS:

- A. On October 10, 2007, Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)") Fort St. John/Dawson Creek ("FSJ/DC") and Tumbler Ridge ("TR") Divisions 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 (N.E.) FSJ/DC Division projects a revenue deficiency of approximately \$750,000 for the 2008 test year primarily due to higher cost of service in 2008. PNG (N.E.) estimates the average delivery charge rate increases for residential customers in the Fort St. John and Dawson Creek service areas are 7.5 percent and 8.1 percent, respectively. The average delivery charge rate increases for small commercial customers for the two service areas are 6.9 percent and 9.2 percent, respectively; and
- D PNG (N.E.) TR Division projects a revenue sufficiency of approximately \$23,000 for the 2008 test year primarily due to lower cost of service in 2008. The Application proposes to decrease the gas delivery charge in rates for all customers of the PNG (N.E.) TR Division. PNG (N.E.) estimates the average delivery charge rate decreases for residential customers and small commercial customers are 2.1 percent and 2.0 percent, respectively, in the Tumbler Ridge service area; and
- D PNG (N.E.) TR Division proposes to amortize the Cost of Service deferral account, which has a credit balance of \$34,000 at the end of 2007, in 2009 rather than in 2008 to help offset the increase in amortization in 2009 as a result of the depreciation credit adjustment being fully amortized by the end of 2008; and
- E. On September 7, 2007 PNG (N.E.) filed its Third Quarter 2007 Report on gas supply costs and Gas Cost Variance Account ("GCVA") balances, which recommended a reduction in Gas Supply Cost Recovery Rates and an increase in the GCVA rate riders for PNG (N.E.) Tumbler Ridge service area effective October 1, 2007 based on August 31, 2007 natural gas and propane forward prices. The Commission approved PNG (N.E.)'s recommendations in Order No. G-103-07; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-134-07

2

- F. PNG (N.E.) proposes a regulatory schedule using a Negotiated Settlement Process (“NSP”) for the review of the Application; and
- G. By Order No. G-128-07, dated October 17, 2007, the Commission established a Preliminary Regulatory Timetable that sets out dates for Commission and Intervenor Information Requests (“IR”) and allows for Intervenor’s written submission on the review process; and
- H. The British Columbia Old Age Pensioners’ Organization et al. (“BCOAPO”) submitted that it has no objection to the NSP for the review of the Application and that a second round of IRs may be necessary depending on PNG’s responsiveness to the IR No. 1; and
- I. The Peace River Regional District (“PRRD”) agreed with PNG(N.E.) that an NSP is the appropriate process for the review of the Application. PRRD requested to extend the deadline for Intervenor Information Requests to November 16, 2007; and
- J. The Commission has reviewed the submissions from BCOAPO and PRRD, notes that no other registered intervenors submitted comments regarding the review process or timetable, and considers that an NSP for the review of the Application is appropriate.

NOW THEREFORE the Commission orders as follows:

- 1. The Preliminary Regulatory Timetable established by Commission Order No. G-128-07 is confirmed as permanent.
- 2. The Application will be reviewed through a Negotiated Settlement Process, which will commence on November 27, 2007 at 1:30 p.m. in the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, B.C., subject to venue availability.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of November 2007.

BY ORDER

Original signed by

L.A. O’Hara
Commissioner