

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



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-182-10**

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

and

**An Application by Pacific Northern Gas Ltd.
for Approval of its 2011 Revenue Requirements
for the PNG-West Service Area**

BEFORE: D.A. Cote, Panel Chair/Commissioner December 7, 2010
N. MacMurchy, Commissioner
D. Morton, Commissioner

O R D E R

WHEREAS:

- A. Pacific Northern Gas Ltd. (PNG) filed on November 30, 2010 with the British Columbia Utilities Commission (BCUC or Commission), pursuant to sections 58 to 61 of the *Utilities Commission Act* (the Act), its 2011 Revenue Requirements Application (Application) to increase, among other things, delivery rates as a result of increases in cost of service and decreased deliveries to most customer classes;
- B. The Application also seeks refundable interim relief pursuant to section 58 to 61, 89 and 90 of the Act to allow PNG to amend its rates on an interim basis, effective January 1, 2011, pending the hearing of the Application and orders subsequent to that hearing, on the basis that on January 1, 2011 PNG's rates would otherwise no longer be fair, just and not unduly discriminatory;
- C. PNG forecasts a 2011 revenue deficiency of approximately \$4.5 million comprised of a net increase in cost of service of \$0.5 million and a decrease in margin of \$4.0 million;
- D. The Application seeks Commission approval to increase the delivery charge for residential service by \$1.852/GJ from \$10.974/GJ to \$12.826/GJ representing an increase of 16.9 percent compared to the 2010 delivery rate, for small commercial service by \$1.464/GJ from \$9.342/GJ to \$10.806/GJ corresponding to an increase of 15.7 percent compared to the 2010 delivery rate, and for Granisle propane service by \$1.150/GJ from \$6.043/GJ to \$7.193/GJ corresponding to an increase of 19.0 percent compared to the 2010 delivery rate;
- E. PNG proposed a Preliminary Regulatory Timetable and considers a Negotiated Settlement Process (NSP) would be the most efficient process for the review of the Application;

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- F. The Commission considers establishing a Preliminary Regulatory Timetable including a Workshop for the preliminary review of the Application, and to allow Interveners to make written submissions on a formal review process, is necessary and in the public interest.

NOW THEREFORE pursuant to sections 58 to 61, 89 and 90 of Act the Commission orders as follows:

1. The Commission approves for PNG the delivery rates and the RSAM rider set forth in the Application on an interim basis, effective January 1, 2011. Any differences between the 2011 interim and permanent delivery rates that are determined by the Commission following final disposition of the Application are subject to refund/recovery, with interest at the average prime rate of PNG's principal bank for its most recent year, in the manner as set out by a Commission Order that establishes permanent rates.
2. The Preliminary Regulatory Timetable for the Application is as set out in Appendix A to this Order. The dates and events in Appendix A after January 28, 2011 are subject to further Order establishing the review process and the regulatory timetable for review of the Application.
3. The Commission will hold a Workshop to review the issues in the Application on Thursday, December 16, 2010 commencing at 9.00 a.m. in the BCUC Offices, Sixth Floor, 900 Howe Street, Vancouver, BC.
4. PNG is to provide a copy of this Commission Order, by e-mail where possible, to all parties who participated in the PNG 2010 Revenue Requirements Application proceedings, as well as all large industrial customers.
5. PNG will publish in display-ad format, the Notice of Application and Workshop as attached as Appendix B to this Order, as soon as reasonably possible following the issuance of this Order, but no later than December 10, 2010 for the Vancouver Sun and The Province, and no later than December 15, 2010 for such other appropriate news publications as may properly provide adequate notice to the public in its service areas.
6. PNG will make the Application and supporting materials available for inspection at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James, and at the Head Office of PNG 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. PNG will also make the Application available on PNG's website at <http://www.png.ca>.
7. Interveners and Interested Parties should register with the Commission via E-Mail or in writing, by December 24, 2010, of their intention to intervene. Interveners should specifically state the nature of their interest in the Application, and identify generally the nature of the issues that they intend to pursue during the proceeding and the nature and extent of the anticipated involvement in the Application. The

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Commission is to receive submissions from Interveners by January 28, 2011 on the appropriate regulatory review process that should be followed in the review of the Application.

8. Interveners intending to apply for participant assistance must submit a budget estimate by January 31, 2011 consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order G-72-07. Copies are available upon request, or can be downloaded from the Commission's website at <http://www.bcuc.com>.
9. The Commission will accept, subject to timely filing by PNG, amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG is to provide notice of the interim rates to customers via a bill message, to be reviewed in advance by Commission Staff to confirm compliance with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of December, 2010.

BY ORDER

Original signed by:

D.A. Cote,
Panel Chair/Commissioner

Attachments

Pacific Northern Gas Ltd.

Application for Approval of its 2011 Revenue Requirements
for the PNG-West Service Area

PRELIMINARY REGULATORY TIMETABLE

ACTION	DATES
Workshop No. 1	Thursday, December 16, 2010
Intervener and Interested Parties Registration	Friday, December 24, 2010
Commission Information Request No. 1	Friday, December 31, 2010
Intervener Information Request No. 1	Monday, January 10, 2011
PNG Responses to Information Request No. 1	Monday, January 24, 2011
Intervener Comments regarding Regulatory Process	Friday, January 28, 2011
Workshop No. 2 – pending	Wednesday, February 9, 2011
Potential commencement date for Negotiated Settlement Process	Wednesday, February 16, 2011

NOTICE OF WORKSHOP

Date:	Thursday, December 16, 2010
Time:	9.00 a.m.
Location:	BCUC Office 900 Howe Street, Sixth Floor Vancouver, BC



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Pacific Northern Gas Ltd.

Application for Approval of its 2011 Revenue Requirements
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NOTICE OF REVENUE REQUIREMENTS APPLICATION AND WORKSHOP

NOTICE OF WORKSHOP

Date:	Thursday, December 16, 2010
Time:	9.00 a.m.
Location:	BCUC Office 900 Howe Street, Sixth Floor Vancouver, BC

THE APPLICATION

Pacific Northern Gas Ltd. (PNG) filed on November 30, 2010 with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act* (the Act), its 2011 Revenue Requirements Application (Application) to, among other things, increase delivery rates as a result of increases in cost of service and decreased deliveries to most customer classes, on an interim and refundable basis effective January 1, 2011 to be made permanent following the Commission's review process.

The Commission wishes to ensure that affected parties have an opportunity to understand the Application and its implications for customer rates. The Commission also wishes to hear from affected parties before determining the public process necessary for the disposition of the Application.

The delivery rate increase is estimated to be approximately \$1.852 per GJ for a residential customer. This represents an increase of 16.9 percent compared to the 2010 delivery rate. The delivery rate increase for a small commercial customer is estimated to be \$1.464 per GJ corresponding to an increase of 15.7 percent compared to the 2010 delivery rate. The Granisle propane delivery rate increase for a residential customer is estimated to be \$1.150 per GJ corresponding to an increase of 19.0 percent compared to the 2010 delivery rate.

Based on the gas cost recovery and GCVA rate riders effective October 1, 2010 thru December 31, 2010 the overall average bundled rate increase for a typical residential customer consuming 66.2 GJ per year, is 10.2 percent, an increase of \$130 per year. Similarly, for a small commercial customer consuming 310 GJ per year, the increase is 9.4 percent or \$487 per year and for Granisle propane customers consuming 65.5 GJ per year the overall average bundled rate increase is 4.9 percent, an increase of \$75 per year.

THE REGULATORY PROCESSES

The Commission will hold a Workshop on Thursday December 16, 2010 in Vancouver, BC to discuss issues in the Application.

PUBLIC INSPECTION OF THE APPLICATION

The Application and supporting material will be made available for inspection at the at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James, the Head Office of PNG 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.

The Application will also be available for viewing on the PNG website at www.png.ca, (www.png.ca/ir_utilities.cfm) and on the Commission's website at www.bcuc.com, which also contains detailed materials related to the Application including Commission Orders and Intervener materials (<http://www.bcuc.com/Proceeding.aspx?ApplicationType=Current>).

REGISTERING TO PARTICIPATE

Persons who expect to actively participate in the review processes and the Workshop should register as Interveners. Interveners will receive copies of the Application, all correspondence and filed documents. Persons not expecting to actively participate should register with the Commission as Interested Parties and will receive a copy of the Application summary and the Commission's Decision.

Interveners and Interested Parties should inform the Commission Secretary, in writing or by online web registration, by Friday, December 24, 2010 of their intention to become Interveners or Interested Parties with respect to the Application.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's web site.

FURTHER INFORMATION

For further information, please contact Ms. Erica M. Hamilton, Commission Secretary, or Mr. Philip Nakoneshny, Director, Rates and Finance, as follows:

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