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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-185-10**

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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.
regarding Natural Gas Commodity Charges effective January 1, 2011
for the PNG-West and Granisle Service Areas

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner December 9, 2010
N.E. MacMurchy, Commissioner
D. Morton, Commissioner

O R D E R

WHEREAS:

- A. On December 3, 2010, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2010 Fourth Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for PNG-West and Granisle, based on November 23, 2010 natural gas and propane forward prices (the Report);
- B. The Report forecasts for PNG-West that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.052, which is marginally outside the established 0.95 to 1.05 deadband range, and requests approval to make no changes effective January 1, 2011 to current gas commodity rates nor to the current GCVA commodity credit rate rider;
- C. PNG requests approval, effective January 1, 2011 for the PNG-West Division, to reduce the current Company Use GCVA gas cost debit rate rider of \$0.094/GJ to zero;
- D. PNG-West requests approval for the PNG-West Division to reduce the current Company use gas cost delivery rate of \$0.148/GJ to \$0.126/GJ and to reduce the current Company use gas commodity price of \$5.751/GJ used for price deferral accounting purposes to \$4.770/GJ, effective January 1, 2011;
- E. The rate changes proposed in the Report will reduce the annual bill of a typical PNG-West Division residential customer by approximately \$8.00 or 0.6 percent;
- F. The Report forecasts for Granisle that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 1.015;
- G. PNG requests approval, effective January 1, 2011 for Granisle, to make no change to the current propane commodity rate of \$17.753/GJ and to make no change to the current GCVA credit rate rider of \$2.50/GJ;

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H. The Commission concludes that the rates requested in the Report should be approved, effective January 1, 2011.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the Commission orders the following:

1. In the PNG-West Division, the Commission approves effective January 1, 2011 making no changes to the current gas commodity charges for core market sales customers.
2. In the PNG-West Division, the Commission approves effective January 1, 2011 making no change to the current GCVA commodity credit rider of \$0.199/GJ.
3. In the PNG-West Division, the Commission approves effective January 1, 2011 reducing the current GCVA Company use gas cost debit rider of \$0.094/GJ to zero.
4. In the PNG-West Division, the Commission approves effective January 1, 2011 reducing the Company use gas cost delivery rate to \$0.126/GJ and reducing the Company use gas commodity price to \$4.770/GJ for price deferral accounting purposes.
5. In Granisle, the Commission approves effective January 1, 2011 making no change to the current propane commodity rate to \$17.753/GJ and making no change to the current GCVA credit rate rider of \$2.50/GJ.
6. PNG-West is to provide a descriptive explanation of the rate changes by way of a customer notice for all affected customers, to be submitted to the Commission in draft form prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of December 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner