



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-107-11**

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

**An Application by Pacific Northern Gas (N.E.) Ltd.
regarding Natural Gas Commodity Charges effective July 1, 2011
for the Fort St. John/Dawson Creek and Tumbler Ridge Service Areas**

BEFORE: D. Morton, Commissioner
C.A. Brown, Commissioner June 16, 2011
N.E. MacMurchy, Commissioner

O R D E R

WHEREAS:

- A. On June 8, 2011 Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] filed with the British Columbia Utilities Commission (Commission) its 2011 Second Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge Divisions, based on forecast natural gas prices using the average of 5 consecutive days forward gas price forecasts ending May 24, 2011 (the Report);
- B. The Report forecasts for its FSJ/DC Division that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.996 which is within the established 0.95 to 1.05 dead band range and requests approval to maintain effective July 1, 2011 current gas commodity rates and the current GCVA commodity credit rate rider;
- C. PNG(N.E.) requests approval to continue not having a 'Company use' GCVA gas cost rate rider;
- D. PNG(N.E.) requests approval for the FSJ/DC Division to maintain the current 'Company use' gas cost delivery rate of \$0.073/GJ and the current 'Company use' gas commodity price of \$4.745/GJ used for price deferral accounting purposes;
- E. The Report forecasts for the Tumbler Ridge Division that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.786 which is outside the established 0.95 to 1.05 dead band range;
- F. PNG(N.E.) requests approval for the Tumbler Ridge Division to increase the current gas commodity rate from \$2.359/GJ to \$2.547/GJ, effective July 1, 2011;
- G. PNG(N.E.) requests approval for the Tumbler Ridge Division to reduce the GCVA commodity credit rate rider from \$1.097/GJ to \$0.942/GJ and to maintain the current Company use GCVA gas cost credit rate rider of \$0.058/GJ, effective July 1, 2011;

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- H. PNG(N.E.) requests approval for the Tumbler Ridge Division to maintain the current Company use gas cost delivery rate of \$0.289/GJ and the Company use gas commodity price of \$2.968/GJ used for price deferral accounting purposes;
- I. The rate changes proposed in the Report will increase the annual bill of a typical Tumbler Ridge Division residential customer by approximately \$29 or 4.1 percent;
- J. The Commission concludes that the rate changes requested in the Report should be approved, effective July 1, 2011.

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

- 1. In the PNG (N.E.) FSJ/DC Division, maintain the current gas commodity charges for core market sales customers.
- 2. In the PNG (N.E.) FSJ/DC Division, maintain the current GCVA commodity credit rider of \$0.185/GJ and to continue not having a GCVA 'Company use' gas cost rate rider.
- 3. In the PNG(N.E.) Tumbler Ridge Division, increase the gas commodity rate for core market sales customers from \$2.359/GJ to \$2.547/GJ, effective July 1, 2011
- 4. In the PNG (N.E.) Tumbler Ridge Division, reduce the current GCVA commodity credit rate rider of \$1.097/GJ to \$0.942/GJ and maintain the current GCVA 'Company use' gas cost credit rate rider of \$0.058/GJ.
- 5. In the PNG (N.E.) FSJ/DC and Tumbler Ridge Divisions, maintain the current 'Company use' gas cost delivery rates and the current 'Company use' gas commodity prices used for price deferral accounting purposes.
- 6. PNG (N.E.) 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 for approval prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of June 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner