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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-211-11**

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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, 2012
for the PNG-West and Granisle Service Areas**

BEFORE: L.F. Kelsey, Commissioner
N.E. MacMurphy, Commissioner
D. Morton, Commissioner
R.D. Revel, Commissioner
December 8, 2011

O R D E R

WHEREAS:

- A. On December 5, 2011, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2011 Fourth Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for PNG-West and Granisle, based on forecast natural gas prices using the average of five consecutive days forward price forecasts ending November 25, 2011 and forecast propane prices obtained from PNG's propane supplier on December 1, 2011 (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 1.092, which is outside the established 0.95 to 1.05 dead band range guideline, and requests approval to reduce the gas commodity rates effective January 1, 2012;
- C. PNG requests approval effective January 1, 2012 for the PNG-West Division to reduce the current GCVA commodity credit rate rider of \$0.199/GJ to \$0.024/GJ;
- D. PNG requests approval effective January 1, 2012 for the PNG-West Division to implement a Company use GCVA gas cost debit rate rider of \$0.028/GJ; and
- E. PNG-West requests approval for the PNG-West Division to reduce the current Company use gas cost delivery rate of \$0.126/GJ to \$0.094/GJ and to reduce the current Company use gas commodity price of \$4.770/GJ used for price deferral accounting purposes to \$3.646/GJ, effective January 1, 2012;
- 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 0.962, which is inside the established 0.95 to 1.05 dead band range guideline, but requests approval to increase the propane commodity rate effective January 1, 2012, given propane price volatility entering the high propane consumption winter months;

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- G. PNG requests approval for Granisle to reduce the current GCVA credit rate rider of \$0.308/GJ to \$0.245/GJ, effective January 1, 2012;
- H. The Commission concludes that the rate changes requested in the Report should be approved, effective January 1, 2012.

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 decreasing the gas commodity charges to \$4.092/GJ, \$4.089/GJ, \$3.786/GJ, \$3.571/GJ, , \$3.423/GJ and \$3.615/GJ for the residential (RS1), small/large commercial (RS2/RS3), small industrial (RS4), commercial interruptible (RS5), seasonal off peak (RS6) and NGV (RS7) customers, respectively, effective January 1, 2012.
2. In the PNG-West Division, the Commission approves reducing the current GCVA commodity credit rate rider of \$0.199/GJ to \$0.024/GJ, effective January 1, 2012.
3. In the PNG-West Division, the Commission approves effective January 1, 2012 implementing a GCVA Company use gas cost debit rider of \$0.028/GJ.
4. In the PNG-West Division, the Commission approves effective January 1, 2012 reducing the Company use gas cost delivery rate to \$0.094/GJ and reducing the Company use gas commodity price to \$3.646/GJ for price deferral accounting purposes.
5. In Granisle, the Commission approves increasing the propane commodity rate to \$21.130/GJ and decreasing the GCVA credit rate rider to \$0.245/GJ, effective January 1, 2012.
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 12th day of December 2011.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner