



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-9-11**

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

**and**

**Applications by Pacific Northern Gas (N.E.) Ltd.  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
for Approval of its 2011 Revenue Requirements and Consolidated Gas Sales Tariff  
for the Pacific Northern Gas (N.E.) Ltd. Service Area**

**BEFORE:** D.A. Cote, Panel Chair/Commissioner  
N. MacMurchy, Commissioner  
D. Morton, Commissioner

January 20, 2011

**O R D E R**

**WHEREAS:**

- A. Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed on November 30, 2010, with the British Columbia Utilities Commission (Commission) for approval 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, amend its delivery rates;
- B. The Application forecast a revenue deficiency of \$2.47 million for the PNG (N.E.)'s FSJ/DC Division comprised of a net increase in cost of service of \$2.13 million and a decrease in margin of approximately \$0.34 million and PNG (N.E.) TR Division a revenue sufficiency of \$25,000 comprised of a net decrease in cost of service of \$44,000 and a decrease in margin of approximately \$19,000;
- C. The Application also sought refundable interim relief pursuant to allow PNG (N.E.) 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 (N.E.)'s rates would otherwise no longer be fair, just and not unduly discriminatory;
- D. Under Order G-183-10 dated December 7, 2010, the Commission approved for PNG (N.E.) the delivery rates and RSAM rider set forth in the Application on an interim basis, effective January 1, 2011 and set out a Preliminary Regulatory Timetable;
- E. At the request of PNG, the Commission, by letter L-103-10, suspended the Preliminary Regulatory Timetable as outlined in Order G-183-10, pending PNG (N.E.) filing amendments to remove the impact of applying International Financial Reporting Standards from the Application;

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- F. On January 17, 2011 PNG (N.E.) filed amendments to the Application (Amended Application) and requested the Commission to include under the same review process PNG (N.E.)'s December 16, 2010 application for approval of a consolidated gas sales tariff (Tariff Application) (collectively the Applications) which would harmonize the general terms and conditions that apply to gas sales customers served by PNG (N.E.) and its parent company PNG;
- G. The Amended Application forecasts a 2011 revenue deficiency for PNG (N.E.)'s FSJ/DC division of approximately \$2.4 million comprised of a net increase in cost of service of \$2.1 million and a loss in margin of \$.3 million and a 2011 revenue deficiency for PNG (N.E.) TR division of \$2 thousand comprised of a net decrease in cost of service of \$17 thousand and a loss in margin of \$19 thousand;
- H. The Commission considers establishing a Revised Preliminary Regulatory Timetable including a Workshop for the preliminary review of the Amended Application and the Tariff Application and to allow interveners to make written submissions on a formal review process, is necessary and in the public interest.

**NOW THEREFORE** the Commission orders as follows:

- 1. The Preliminary Regulatory Timetable for the Amended Application and the Tariff Application is as set out in Appendix A to this Order. The dates and events in Appendix A after March 1, 2011 are subject to a further Order establishing the review process and the regulatory timetable for review of the Applications.
- 2. The Commission will hold a Workshop to review the issues in the Applications on Monday, January 31, 2011 commencing at 11:00 a.m. in the Commission Office Hearing Room, Sixth Floor, 900 Howe Street, Vancouver, BC.
- 3. PNG (N.E.) is to provide a copy of this Commission Order, by email where possible, to all parties who participated in the PNG (N.E.) 2010 Revenue Requirements Application proceedings.
- 4. PNG (N.E.) will publish in display-ad format, in such news publications as may properly provide adequate notice to the public in its service areas, the Notice of Applications 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 January 26, 2011.
- 5. The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, BC, V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3. PNG (N.E.) will also make the Application available on PNG's website at <http://www.png.ca>.

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6. Interveners and Interested Parties should register with the Commission via email or in writing, by January 28, 2011, of their intention to intervene and whether they will attend the Workshop. Interveners should specifically state the nature of their interest in the Applications, 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 Applications. The Commission requests submissions from Interveners by March 1, 2011 on the appropriate regulatory review process that should be followed in the review of the Applications.
7. Interveners intending to apply for participant assistance must submit a budget estimate by Tuesday, March 1, 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>.

**DATED** at the City of Vancouver, in the Province of British Columbia, this        20<sup>th</sup>        day of January, 2011.

BY ORDER

*Original signed by:*

D. A. Cote  
Panel Chair/Commissioner

Attachments

Pacific Northern Gas (N.E.) Ltd.

Application for Approval of 2011 Amended Revenue Requirements  
and Application for Consolidated Gas Sales Tariff for Pacific Northern Gas (N.E.) Ltd. Service Area

**REVISED PRELIMINARY REGULATORY  
TIMETABLE**

**ACTION**

**DATES**

|   |                             |
|---|-----------------------------|
| Intervener and Interested Parties Registration                | Friday, January 28, 2011    |
| Workshop No. 1  | Monday, January 31, 2011    |
| Commission Information Request No. 1                          | Monday, February 14, 2011   |
| Intervener Information Request No. 1                          | Thursday, February 17, 2011 |
| PNG Responses to Information Request No. 1                    | Monday, February 28, 2011   |
| Intervener Comments regarding Regulatory Process              | Tuesday, March 1, 2011      |
| Workshop No. 2 – pending                                      | TBA                         |
| Potential commencement date for Negotiated Settlement Process | TBA                         |

**NOTICE OF WORKSHOP**

|                  |   |
|------------------|---|
| <b>Date:</b>     | Monday, January 31, 2011  |
| <b>Time:</b>     | 11:00 a.m.  |
| <b>Location:</b> | Commission Office Hearing Room<br>900 Howe Street, Sixth Floor<br>Vancouver, BC |



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Pacific Northern Gas (N.E.) Ltd.  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
Application for Approval of 2011 Amended Revenue Requirements  
and Application for Consolidated Gas Sales Tariff for Pacific Northern Gas (N.E.) Ltd. Service Area

**NOTICE OF 2011 AMENDED REVENUE REQUIREMENTS AND  
CONSOLIDATED GAS SALES TARIFF APPLICATIONS AND WORKSHOP**

**NOTICE OF WORKSHOP**

|                  |   |
|------------------|---|
| <b>Date:</b>     | Monday, January 31, 2011  |
| <b>Time:</b>     | 11:00 a.m.  |
| <b>Location:</b> | Commission Office Hearing Room<br>900 Howe Street, Sixth Floor<br>Vancouver, BC |

**THE APPLICATIONS**

Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed 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, amend its delivery rates, on an interim and refundable basis effective January 1, 2011 to be made permanent following the Commission's review process. By Order G-183-10 dated December 7, 2010, the Commission approved for PNG (N.E.) the delivery rates and RSAM rider set forth in the Application on an interim basis, effective January 1, 2011 and set out a Preliminary Regulatory Timetable.

At the request of PNG, the Commission, by Letter L-103-10, suspended the Preliminary Regulatory Timetable as outlined in Order G-183-10, pending PNG (N.E.) filing amendments to the Application to remove the impact of International Financial Reporting Standards accounting changes from the Application.

PNG (N.E.) filed on January 17, 2011 amendments to the Application (the Amended Application) and requested the Commission to include under the Application review process PNG (N.E.)'s December 16, 2010 application for approval of a consolidated gas sales tariff (Tariff Application) (collectively the Applications) which would harmonize the general terms and conditions that apply to gas sales customers served by PNG (N.E.) and its parent company, PNG.

The Commission wishes to ensure that affected parties have an opportunity to understand the Applications 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 Applications.

Under the Amended Application, for the FSJ/DC Division, the average delivery rate increase is estimated to be approximately \$0.783 per GJ for a residential customer and \$0.530 per GJ for a small commercial customer. 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 109 GJ per year, is 7.9 percent, an increase of \$79 per year. Similarly, for a small commercial customer consuming 525 GJ per year, the increase is 5.9 percent or \$249 per year.

For the TR Division, the average delivery rate increase is estimated to be approximately \$0.012 per GJ for a residential customer and \$0.009 for a small commercial customer. 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 86 GJ per year, is 2.8 percent, an increase of \$20 per year. Similarly, for a small commercial customer consuming 516 GJ per year, the increase is 3.4 percent or \$121 per year.

## **THE REGULATORY PROCESSES**

The Commission will hold a Workshop on Monday, January 31, 2011 in Vancouver, BC to discuss issues in the Applications.

## **PUBLIC INSPECTION OF THE APPLICATION**

The Applications and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, BC, V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3.

The Application will also be available for viewing on the PNG website at [www.png.ca](http://www.png.ca) ([www.png.ca/ir\\_utilities.cfm](http://www.png.ca/ir_utilities.cfm)) and on the Commission's website at [www.bcuc.com](http://www.bcuc.com), which also contains detailed materials related to the Applications 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 Applications, 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 Applications summary and the Commission's Decision.

Intervenors and Interested Parties should inform the Commission Secretary, in writing or by online web registration, by Friday, January 28, 2011 of their intention to become Intervenors or Interested Parties with respect to the Applications and their intention to attend the Workshop.

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

#### **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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