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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-56-11**

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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 April 1, 2011
for the PNG-West and Granisle Service Areas**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner
D. Morton, Commissioner March 17, 2011
N. E. MacMurchy, Commissioner
C.A. Brown, Commissioner

O R D E R

WHEREAS:

- A. On March 15, 2011, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2011 First 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 5 consecutive days forward price forecasts ending February 22, 2011 and forecast propane prices obtained from PNG's propane supplier on March 8, 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 1.205 which is outside the established 0.95 to 1.05 dead band range guideline and requests approval to reduce the gas commodity rates, effective April 1, 2011;
- C. PNG requests approval for the PNG-West Division to make no change to the current GCVA commodity credit rate rider of \$0.199/GJ and to continue having no Company use GCVA gas cost rate rider;
- D. PNG-West requests approval for the PNG-West Division to make no changes to the current Company use gas cost delivery rate of \$0.126/GJ and the current Company use gas commodity price of \$4.770/GJ used for price deferral accounting purposes;
- E. The rate changes proposed in the Report will reduce the annual bill of a typical PNG-West Division residential customer by approximately \$48 or 3.6 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 0.823 which is outside the established 0.95 to

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1.05 dead band range guideline and requests approval to increase the propane commodity rate, effective April 1, 2011;

- G. PNG requests approval for Granisle to reduce the current GCVA credit rate rider of \$2.50/GJ to \$0.308/GJ, effective April 1, 2011;
- H. The rate changes proposed in the Report will increase the annual bill of a typical Granisle residential customer by approximately \$215 or 13.4 percent;
- I. The Commission concludes that the rate changes requested in the Report should be approved, effective April 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, decreasing the gas commodity charges to \$4.619/GJ, \$4.629/GJ, \$4.236/GJ, \$4.412/GJ, \$4.341/GJ and \$4.322/GJ for the residential (RS1), small/large commercial (RS2/RS3), commercial interruptible (RS4), small industrial (RS5), seasonal off peak (RS6) and NGV (RS7) customers, respectively, effective April 1, 2011.
- 2. In the PNG-West Division, making no change to the current GCVA commodity credit rate rider of \$0.199/GJ and not to implement a GCVA Company use gas cost rate rider.
- 3. In the PNG-West Division, making no changes to the current Company use gas cost delivery rate and to the current Company use gas commodity price used for price deferral accounting purposes.
- 4. In Granisle, increasing the propane commodity rate to \$18.841/GJ and decreasing the GCVA credit rate rider to \$0.308/GJ, effective April 1, 2011.
- 5. 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 17th day of March 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner