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VANCOUVER, BC V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-208-11

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
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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 (N.E.) Ltd.  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
for Approval of its 2012 Revenue Requirements  
for the PNG (N.E.) Service Area

**BEFORE:** D.A. Cote, Commissioner

December 7, 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, 2011 with the British Columbia Utilities Commission (the Commission), pursuant to sections 58 to 61 of the *Utilities Commission Act* (the Act), its 2012 Revenue Requirements Application (Application) to, among other things, amend its delivery rates;
- B. The Application also seeks refundable interim relief pursuant to sections 58 to 61, 89 and 90 of the Act to allow PNG (N.E.) to amend its rates on an interim basis, effective January 1, 2012, pending the hearing of the Application and orders subsequent to that hearing, on the basis that on January 1, 2012 PNG (N.E.)'s rates would otherwise no longer be fair, just and not unduly discriminatory;
- C. PNG (N.E.)'s FSJ/DC Division projects a revenue deficiency of \$0.331 million comprised of a net increase in cost of service of \$0.121 million and a decrease in margin of approximately \$0.210 million;
- D. PNG (N.E.)'s FSJ Division seeks Commission approval to increase the delivery charge for residential service by \$0.111/GJ from \$3.360/GJ to \$3.471/GJ representing an increase of 3.3 percent compared to the 2011 delivery rate, and for small commercial service by \$0.075/GJ from \$2.777/GJ to \$2.852/GJ corresponding to an increase of 2.7 percent compared to the 2011 delivery rate;
- E. PNG (N.E.)'s DC Division seeks Commission approval to increase the delivery charge for residential service by \$0.111/GJ from \$3.162/GJ to \$3.273/GJ representing an increase of 3.5 percent compared to the 2011 delivery rate, and for small commercial service by \$0.075/GJ from \$2.240/GJ to \$2.315/GJ corresponding to an increase of 3.3 percent compared to the 2011 delivery rate;
- F. The PNG (N.E.) TR Division projects a revenue deficiency of \$323,000 comprised of a net increase in cost of service of \$342,000 and an increase in margin of approximately \$19,000;

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- G. The PNG (N.E.) TR Division seeks Commission approval to increase the delivery charge for residential service by \$1.602/GJ from \$4.502/GJ to \$6.104/GJ representing an increase of 36.0 percent compared to the 2011 delivery rate, and for small commercial service by \$1.186/GJ from \$3.982/GJ to \$5.168/GJ corresponding to an increase of 30.0 percent compared to the 2011 delivery rate;
- H. Commission Order G-93-11 approved the Negotiated Settlement Agreement (NSA) for PNG (N.E.)'s 2011 Revenue Requirements Application. Item 14 of the NSA stated that PNG (N.E.) will prepare its 2012 revenue requirements application assuming the Commission will be reviewing the application through a public hearing process. Furthermore, the parties acknowledged that the Commission will decide on whether a written or oral hearing will be appropriate and any other details concerning the process;
- I. The Commission considers establishing a Preliminary Regulatory Timetable including a Workshop for the preliminary review of the Application, and to allow Interveners to make written submissions on a formal review process, is necessary and in the public interest.

**NOW THEREFORE** pursuant to sections 58 to 61, 89 and 90 of Act the Commission orders as follows:

1. The Commission approves for PNG (N.E.) the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim basis, effective January 1, 2012. Any differences between the 2012 interim and permanent delivery rates that are determined by the Commission following final disposition of the Application are subject to refund/recovery, with interest at the average prime rate of PNG (N.E.)'s principal bank for its most recent year, in the manner as set out by a Commission Order that establishes permanent rates.
2. The Preliminary Regulatory Timetable for the Application is as set out in Appendix A to this Order. The dates and events in Appendix A after January 12, 2012 are subject to further Order establishing the review process and the regulatory timetable for review of the Application.
3. The Commission will hold a Workshop to review the issues in the Application on Thursday, January 12, 2012 commencing at 11:00 a.m. in the Commission Offices, Sixth Floor, 900 Howe Street, Vancouver, BC.
4. PNG (N.E.) is to provide a copy of this Commission Order, by e-mail where possible, to all parties who participated in the PNG (N.E.) 2011 Revenue Requirements Application proceedings.
5. PNG (N.E.) will publish in display-ad format, the Notice of Application and Workshop attached as Appendix B to this Order, as soon as reasonably possible following the issuance of this Order, but no later than December 16, 2011 in such appropriate news publications as may properly provide adequate notice to the public in its service areas.
6. 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, B.C., V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3. PNG will also make the Application available on PNG's website at <http://www.png.ca>.

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7. Interveners and Interested Parties should register with the Commission via E-Mail or in writing, by January 10, 2012, of their intention to intervene. Interveners should specifically state the nature of their interest in the Application 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 Application. The Commission is to receive submissions from Interveners by January 31, 2012 on the appropriate regulatory review process that should be followed in the review of the Application.
8. The Commission will accept, subject to timely filing by PNG (N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG (N.E.) is to provide notice of the interim rates to customers via a bill message, to be reviewed in advance by Commission Staff to confirm compliance with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 7<sup>th</sup> day of December 2011.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner

Attachments

Pacific Northern Gas (N.E.) Ltd.

Application for Approval of 2012 Revenue Requirements  
for the PNG (N.E.) Service Area

**PRELIMINARY REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATES</b>
Intervener and Interested Parties Registration	Tuesday, January 10, 2012
Workshop No. 1	Thursday, January 12, 2012

**NOTICE OF WORKSHOP**

<b>Date:</b>	Thursday, January 12, 2012
<b>Time:</b>	11:00 a.m.
<b>Location:</b>	BCUC Office 900 Howe Street, Sixth Floor Vancouver, BC



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Application for Approval of 2012 Revenue Requirements  
for the PNG (N.E.) Service Area

**NOTICE OF REVENUE REQUIREMENTS APPLICATION AND WORKSHOP**

**NOTICE OF WORKSHOP**

<b>Date:</b>	Thursday, January 12, 2012
<b>Time:</b>	11:00 a.m.
<b>Location:</b>	BCUC Office 900 Howe Street, Sixth Floor Vancouver, BC

**THE APPLICATION**

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, 2011 with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act* (the Act), its 2012 Revenue Requirements Application (Application) to, among other things, amend its delivery rates, on an interim and refundable basis effective January 1, 2012 to be made permanent following the Commission's review process.

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

For the FSJ/DC Division, the delivery rate increase is estimated to be approximately \$0.111 per GJ for a residential customer. Based on the gas cost recovery and Gas Cost Variance Account (GCVA) rate riders effective October 1, 2011 thru December 31, 2011 the overall average bundled rate increase for a typical residential customer consuming 106.6 GJ per year, is 0.8 percent, an increase of \$7.74 per year. The delivery rate increase for a small commercial customer is estimated to be \$0.075. Similarly, a small commercial customer consuming 473 GJ per year, the increase is 0.5 percent or \$17.46 per year.

For the TR Division, the delivery rate increase is estimated to be approximately \$1.602 per GJ for a residential customer. This represents an increase of 35.6 percent compared to the 2011 delivery rate. The delivery rate increase for a small commercial customer is estimated to be \$1.186 per GJ corresponding to an increase of 29.8 percent compared to the 2011 delivery rate.

For the TR Division, based on the gas cost recovery and GCVA rate riders effective October 1, 2011 thru December 31, 2011 the overall average bundled rate increase for a typical residential customer consuming 86.76 GJ per year, is 17.0 percent, an increase of \$129.34 per year. Similarly, for a small commercial customer consuming 460.0 GJ per year, the increase is 14.7 percent or \$494.78 per year.

## **THE REGULATORY PROCESSES**

The Commission will hold a Workshop on Thursday, January 12, 2012 in Vancouver, BC to discuss issues in the Application.

## **PUBLIC INSPECTION OF THE APPLICATION**

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, B.C., V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., 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 Application including Commission Orders and Intervenor 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 Application, 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 Application summary and the Commission's Decision.

Interveners and Interested Parties should inform the Acting Commission Secretary, in writing or by online web registration, by Tuesday, January 10, 2012 of their intention to become Interveners or Interested Parties with respect to the Application.

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

## **FURTHER INFORMATION**

For further information, please contact Ms. Alanna Gillis, Acting Commission Secretary, or Mr. Philip Nakoneshny, Director, Rates and Finance, as follows:

Telephone:	(604) 660-4700 or (B.C. Toll Free) 1-800-663-1385
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