

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-92-11

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**

**Applications by Pacific Northern Gas Ltd.  
for Approval of its 2011 Revenue Requirements and Consolidated Gas Sales Tariff  
for the Pacific Northern Gas Ltd.-West Service Area**

**BEFORE:** D.A. Cote, Panel Chair/Commissioner  
N.E. MacMurchy, Commissioner  
D. Morton, Commissioner  
May 20, 2011

**O R D E R**

**WHEREAS:**

- A. Pacific Northern Gas Ltd. (PNG) filed on November 30, 2010 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 increase, among other things, delivery rates. The Application forecast a 2011 revenue deficiency of approximately \$4.5 million comprised of a net increase in cost of service of \$0.5 million and a decrease in margin of \$4.0 million;
- B. The Application also sought refundable interim rate relief, pursuant to sections 58 to 61, 89 and 90 of the Act, to allow PNG 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's rates would otherwise no longer be fair, just and not unduly discriminatory;
- C. Under Order G-182-10 dated December 7, 2010, the Commission approved for PNG the delivery rates and Rate Stabilization Account Mechanism rider set forth in the Application on an interim basis, effective January 1, 2011 and set out a Preliminary Regulatory Timetable;
- D. At the request of PNG the Commission, by Letter L-102-10, suspended the Preliminary Regulatory Timetable pending PNG filing amendments to the Application. On January 17, 2011, PNG filed these amendments to the Application (Amended Application). The Amended Application forecasts a 2011 revenue deficiency of approximately \$2.7 million comprised of a net decrease in cost of service of \$1.3 million and a decrease in margin of \$4.0 million;
- E. By Order G-8-11, the Commission set the regulatory timetable for the Amended Application;
- F. On March 14, 2011, by Letter L-17-11, the Commission confirmed the use of a Negotiated Settlement Process (NSP) with negotiations to commence on April 26, 2011;

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-92-11

2

- G. On April 15, 2011, PNG filed an update to the Amended Application to reflect a number of adjustments for year end 2010 figures and other corrections that came to light during the information request/response process (Updated Application). The Updated Application forecast a 2011 revenue deficiency of approximately \$2.1 million comprised of a net decrease in cost of service of \$2.4 million and a decrease in margin of \$4.5 million;
- H. The NSP discussions were held in Vancouver on April 26 and 27, 2011. A Negotiated Settlement Agreement was reached among the participants and circulated on May 3, 2011 to Registered Interveners for comment;
- I. Letters of support of the Negotiated Settlement Agreement have been received from PNG and the Registered Interveners, all of whom participated in the NSP;
- J. The Commission has reviewed the Negotiated Settlement Agreement for PNG's 2011 Revenue Requirements, which will result in a revenue deficiency of approximately \$.5 million, and considers that approval is warranted.

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

- 1. The Negotiated Settlement Agreement for PNG's 2011 Revenue Requirements Application, as issued on May 10, 2011 is approved and attached as Appendix A to this Order.
- 2. PNG is to file an amended Summary of Rates and Bill Comparison schedules based on the Negotiated Settlement Agreement.
- 3. PNG is to refund to customers the difference between permanent 2011 rates and the interim rates with interest in accordance with Order G-182-10.
- 4. The Commission will accept, subject to timely filing by PNG, Gas Tariff Rate Schedules to reflect the permanent rates approved in accordance with the terms of this Order. PNG is to provide notice of the permanent 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 20<sup>th</sup> day of May 2011.

BY ORDER

*Original signed by:*

D.A. Cote  
Panel Chair/Commissioner

Attachment



SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>

**APPENDIX A**  
to Order G-9211  
Page 1 of 1

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102