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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-93-11

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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
for the Pacific Northern Gas (N.E.) Ltd. 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 (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 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 for PNG (N.E.)'s 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 rate 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, 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 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;
- E. At the request of PNG (N.E.) the Commission, by Letter L-103-10, suspended the Preliminary Regulatory Timetable pending PNG filing amendments to the Application. On January 17, 2011 PNG (N.E.) filed the amendments to the Application (Amended Application);
- F. 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.)'s 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;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-93-11**

2

- G. By Order G-9-11 the Commission set the regulatory timetable for the Amended Application;
- H. On March 14, 2011 by Letter L-18-11, the Commission confirmed the use of a Negotiated Settlement Process (NSP) for the Amended Application with negotiations to commence on April 26, 2011;
- I. On April 15, 2011, PNG(N.E.) 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);
- J. The Updated Application forecasts a 2011 revenue deficiency for PNG (N.E.)'s FSJ/DC Division of approximately \$2.6 million comprised of a net increase in cost of service of \$2.1 million and a loss in margin of \$.5 million and a 2011 revenue deficiency for PNG (N.E.)'s TR Division of \$46 thousand comprised of a net decrease in cost of service of \$20 thousand and a loss in margin of \$66 thousand;
- K. 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;
- L. Letters of support for the Negotiated Settlement Agreement have been received from PNG (N.E.) and the Registered Interveners, all of whom participated in the NSP;
- M. The Commission has reviewed the Negotiated Settlement Agreement for PNG (N.E.)'s 2011 Revenue Requirements, which will result in a revenue deficiency of \$2.2 million in the FSJ/DC Division and a revenue sufficiency of \$33,000 in the TR Division, 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 (N.E.)'s 2011 Revenue Requirements Application, as issued on May 10, 2011 is approved and attached as Appendix A to this Order.
- 2. PNG (N.E.) is to file amended Summaries of Rates and Bill Comparison schedules based on the Negotiated Settlement Agreement Wednesday, June 1, 2011.
- 3. PNG (N.E.) is to refund to customers, with interest, the difference between the permanent 2011 rates and interim rates approved by Order G-183-10.
- 4. The Commission will accept, subject to timely filing by PNG (N.E.), Gas Tariff Rate Schedules to reflect the permanent rates approved in accordance with the terms of this Order. PNG (N.E.) 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 20th day of May 2011.

BY ORDER

Original signed by:

D. A. Cote
Panel Chair/Commissioner

Attachment

Order/G-93-11_PNGNE_2011 RRA-Negotiated Settlement

