



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-8-11**

SIXTH FLOOR, 900 HOWE STREET, BOX 250
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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 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
January 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 as a result of increases in cost of service and decreased deliveries to most customer classes;
- B. 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;
- C. The Application also sought refundable interim relief pursuant to section 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;
- D. 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;
- E. At the request of PNG, the Commission, by Letter L-102-10, suspended the Preliminary Regulatory Timetable as outlined in Order G-182-10, pending PNG filing amendments to remove the impact of applying International Financial Reporting Standards from the Application;
- F. On January 17, 2011 PNG filed the amendments to the Application (Amended Application) and requested the Commission to include under the same review process PNG'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 and its subsidiary, Pacific Northern Gas (N.E.) Ltd.;

- G. 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;
- H. The Commission considers establishing a Revised Preliminary Regulatory Timetable including a Workshop for the preliminary review of the Applications, 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 of Act 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 9.00 a.m. in the Commission Office Hearing Room, Sixth Floor, 900 Howe Street, Vancouver, BC.
- 3. PNG is to provide a copy of this Commission Order, by email where possible, to all parties who participated in the PNG 2010 Revenue Requirements Application proceedings, as well as all large industrial customers.
- 4. PNG 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 set out in Appendix B to this Order, as soon as reasonably possible following the issuance of this Order but no later than January 26, 2011.
- 5. PNG will make the Amended Application and the Tariff Application and supporting materials available for inspection at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James, and at the Head Office of PNG 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 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 to 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 20th day of January, 2011.

BY ORDER

Original signed by:

D. A. Cote
Panel Chair/Commissioner

Attachments

Pacific Northern Gas Ltd.

Application for Approval of 2011 Amended Revenue Requirements
and Application for Consolidated Gas Sales Tariff for Pacific Northern Gas Ltd.-West 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	Thursday, February 10, 2011
Intervener Information Request No. 1	Tuesday, February 15, 2011
PNG Responses to Information Request No. 1	Friday, February 25, 2011
Intervener Comments regarding Regulatory Process	Tuesday, March 1, 2011
Workshop No. 2 – pending	TBA
Commencement date for potential Negotiated Settlement Process	TBA

NOTICE OF WORKSHOP

Date:	Monday, January 31, 2011
Time:	9:00 a.m.
Location:	Commission Office Hearing Room 900 Howe Street, Sixth Floor Vancouver, BC



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Pacific Northern Gas Ltd.

Application for Approval of 2011 Amended Revenue Requirements and Application for Consolidated Gas Sales
Tariff for Pacific Northern Gas Ltd.-West Service Area

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

NOTICE OF WORKSHOP

Date:	Monday, January 31, 2011
Time:	9:00 a.m.
Location:	Commission Office Hearing Room 900 Howe Street, Sixth Floor Vancouver, BC

THE APPLICATIONS

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, among other things, increase delivery rates as a result of increases in cost of service and decreased deliveries to most customer classes, on an interim and refundable basis effective January 1, 2011 to be made permanent following the Commission's review process.

By Order G-182-10 dated December 7, 2010, the Commission approved for PNG 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-102-10, suspended the Preliminary Regulatory Timetable as outlined in Order G-182-10, pending PNG filing amendments to remove the impact of International Financial Reporting Standards accounting changes from the Application.

PNG filed on January 17, 2011 the amendments to the Application (Amended Application) and requested the Commission to include under the same review process PNG'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 and its subsidiary, Pacific Northern Gas (N.E.) Ltd.

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 January 17, 2011 Amended Application PNG forecasts a 2011 revenue deficiency of approximately \$2.7 million comprised of a net decrease in cost of service of \$1.3 million offset by a loss in margin of \$4.0 million. The net increase is estimated to be approximately \$1.123 per GJ for a residential customer, \$0.888 per GJ for a small commercial customer and \$0.697 per GJ for Granisle propane customers.

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 66.2 GJ per year is 6.2 percent, an increase of \$79 per year. Similarly, for a small commercial customer consuming 310 GJ per year, the increase is 5.7 percent or \$295 per year and for Granisle propane customers consuming 65.5 GJ per year the overall average bundled rate increase is 3.0 percent, an increase of \$46 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 APPLICATIONS

The Applications and supporting material will be made available for inspection at public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James, the Head Office of PNG 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 Applications will also be available for viewing on the PNG website at www.png.ca, (www.png.ca/ir_utilities.cfm) and on the Commission's website at www.bcuc.com, which also contains detailed materials related to the Application 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.

Interveners 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 Interveners 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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