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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-121-12**

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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 October 1, 2012
for the PNG-West and Granisle Service Areas**

BEFORE: L.F. Kelsey, Commissioner
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner September 13, 2012
D.M. Morton, Commissioner

O R D E R

WHEREAS:

- A. On September 6, 2012, Pacific Northern Gas Ltd. (PNG, PNG-West, Company) filed with the British Columbia Utilities Commission (Commission) its 2012 Third 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 August 17, 2012, and forecast propane prices obtained from PNG's propane supplier on August 31, 2012 (the Report);
- B. For PNG-West, the Report forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.017 which is within the established 0.95 to 1.05 dead band range, and PNG recommends no changes to current gas commodity rates, effective October 1, 2012;
- C. For PNG-West, PNG recommends maintaining the current GCVA commodity rate debit rider of \$0.178/GJ and the Company Use GCVA gas cost debit rider of \$0.043/GJ, effective October 1, 2012;
- D. For PNG-West, PNG recommends maintaining the current Company Use gas cost delivery rate of \$0.094/GJ and the Company use gas commodity price of \$3.646/GJ used for price deferral accounting purposes;

- E. For Granisle, the Report forecasts that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 0.883 which is outside the established 0.95 to 1.05 dead band range, and PNG requests approval to increase the propane commodity rate from \$14.497/GJ to \$16.596/GJ, effective October 1, 2012;
- F. For Granisle, PNG also requests approval to increase the GCVA commodity credit rate rider from \$1.183/GJ to \$1.519/GJ, effective October 1, 2012;
- G. The Commission has determined that PNG's recommendations as set out in the Report should be accepted and the request to increase the Granisle propane commodity rate and GCVA commodity credit rate rider should be approved, effective October 1, 2012.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the Commission orders the following:

1. For the PNG-West Division, rates remain unchanged effective October 1, 2012.
2. For the Granisle Division, the propane commodity rate is to be increased from \$14.497/GJ to \$16.596/GJ, and the GCVA commodity credit rate rider is to be increased from \$1.183/GJ to \$1.519/GJ, effective October 1, 2012.
3. 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 13th day of September 2012.

BY ORDER

Original signed by:

D.M. Morton
Commissioner