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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-130-12**

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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.
for Approval of its 2012 Revenue Requirements
for the PNG-West Service Area**

BEFORE: C.A. Brown, Commissioner

September 21, 2012

O R D E R

WHEREAS:

- A. On November 30, 2011, Pacific Northern Gas Ltd. (PNG, the Applicant) filed, with the British Columbia Utilities Commission (Commission), its 2012 Revenue Requirements Application (RRA) to increase, among other things, delivery rates as a result of increases in the cost of service, partially offset by increased deliveries to some customer classes, pursuant to sections 58 to 61 of the *Utilities Commission Act* (the Act);
- B. The Applicant, PNG, also sought refundable interim 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, 2012, pending the hearing of the Application and Orders subsequent to that hearing, on the basis that on January 1, 2012, PNG's rates would otherwise no longer be fair, just and not unduly discriminatory; Commission Order G-207-11 approved the refundable interim relief, respecting the delivery rates and the Rate Stabilization Adjustment Mechanism rider set forth in the Application, effective January 1, 2012. The Order also established a Preliminary Regulatory Timetable, a Workshop to review the issues in the Application, and invited Registered Interveners to make submissions regarding the appropriate and formal review process for the Application;
- C. By letter dated January 4, 2012, the Commission proposed a draft regulatory timetable for the review of the Application and requested submissions regarding the draft regulatory timetable. In accordance with Commission Order G-207-11, a Workshop was held on January 12, 2012;
- D. The Peace River Regional District (PRRD) and PNG submissions dated January 27, 2012 and January 31, 2012, supported a written hearing process for the review of the Application. The British Columbia Old Age

- E. Pensioners' Organization *et al.* (BCOAPO) [recently changed to the British Columbia Pensioners' and Seniors' Organization] submission dated January 31, 2012, stated that a written process may be appropriate for the review of the Application, but it reserved the right to re-assess its position at the conclusion of the evidentiary stage. All Parties supported delaying the filing date of Information Request (IR) No. 1 until after PNG filed its updated Application;
- F. On March 15, 2012, PNG filed an Updated Application which forecasts a revenue deficiency of \$1.115 million (Updated Application and the RRA are collectively referred to as the "Application"), up from \$0.886 million in the Application filed on November 30, 2011;
- G. Commission Order G-13-12, established an Amended Regulatory Timetable for the review of the Application, that included a request for Intervener submissions regarding the format of the proceeding, following PNG's responses to the second round of IRs and a draft written argument schedule;
- H. On May 18, 2012, the Commission received submissions from PNG, BCOAPO and the PRRD supporting a written hearing process for the review of the Application. Commission Order G-65-12 established a written hearing process for the review of the Application;
- I. The Commission has considered the Application, the evidence and the written Arguments as set forth and discussed in the Decision issued concurrently with this Order.

NOW THEREFORE the Commission for the reasons stated in the Decision, orders as follows:

- 1. Pursuant to sections 59 to 61 of the Act:
 - a. The Commission does not approve the 2012 revenue deficiency of approximately \$1.115 million, as filed in the schedules accompanying PNG's Application.
 - b. The Commission approves the recovery of the AltaGas Ltd. service charge to PNG for 2012 of \$404,335 in the 2012 cost of service.
- 2. PNG is directed to resubmit its financial schedules incorporating all the adjustments as outlined in the Decision, within 30 days of this Order.
- 3. If the 2012 permanent rates are less than the interim rates, PNG is to refund to customers the difference in revenue with interest at the average prime rate of the principal bank with which PNG conducts its business. If the 2012 permanent rates exceed the interim rates, PNG is to reflect this difference in customer rates over the balance of 2012.
- 4. PNG will file, on a timely basis, amended Gas Tariff Rate Schedules in accordance with this Order.

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5. PNG will inform all affected customers of the final rates by way of a customer notice.
6. PNG is directed to comply with all other directives in the Decision issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of September 2012.

BY ORDER

Original signed by:

C.A. Brown
Commissioner