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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 Gas Commodity Charges effective January 1, 2013
for the PNG-West and Granisle Service Areas

BEFORE: L.F. Kelsey, Commissioner   December 18, 2012

O R D E R

WHEREAS:

A. On December 6, 2012, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2012 Fourth 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 November 7, 2012, and forecast propane prices obtained from PNG's propane supplier on November 28, 2012;

B. On December 12, 2012, PNG filed with the Commission its Amended 2012 Fourth Quarter Report on gas supply costs and GCVA balances for PNG-West and Granisle, based on forecast natural gas prices using the average of 5 consecutive days forward price forecasts ending December 11, 2012, and forecast propane prices obtained from PNG's propane supplier on November 28, 2012 (the Report);

C. 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 0.935 which is outside the established 0.95 to 1.05 dead band range, however, the differences between the October 1, 2012 and indicative January 1, 2013 rates are less than $0.50/GJ trigger in respect of each customer class and PNG requests no changes to the gas commodity rates effective January 1, 2013;

D. 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 rate rider of $0.043/GJ, effective January 1, 2013;

E.   For PNG-West, PNG recommends reducing the current Company use gas cost delivery rate from $0.094/GJ to $0.092/GJ and requests approval to decrease the Company use gas commodity price used for price deferral accounting purposes from $3.646/GJ to $3.242/GJ effective January 1, 2013;

F.   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 1.052 which is outside the established 0.95 to 1.05 dead band range, and requests approval to decrease the propane commodity rate from $16.596/GJ to $15.868/GJ, effective January 1, 2013;

G.   For Granisle, PNG requests approval to increase the GCVA commodity credit rate rider from $1.519/GJ to $1.532/GJ, effective January 1, 2013;

H.   The Commission concludes that the rates requested in the Report should be approved, effective January 1, 2013.

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

1.   For PNG-West Division, rates remain unchanged effective January 1, 2013, except for the approval to decrease the Company use gas cost delivery rate from $0.094/GJ to $0.092/GJ and to decrease the Company use gas commodity price used for deferral accounting purposes from $3.646/GJ to $3.242/GJ effective January 1, 2013.

2.   For the Granisle Division, the Commission approves decreasing the propane commodity rate from $16.596/GJ to $15.868/GJ, and increasing the GCVA commodity credit rate rider from $1.519/GJ to $1.532/GJ, effective January 1, 2013.

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   18th   day of December 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner