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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-135-13**

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**Pacific Northern Gas Ltd.
an Application Regarding Natural Gas Commodity Charges effective October 1, 2013
for the PNG-West and Granisle Service Areas**

BEFORE:

L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

August 29, 2013

O R D E R

WHEREAS:

- A. On August 20, 2013, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2013 Third Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on forecast natural gas prices using the average of 5 consecutive days forward price forecasts ending August 16, 2013, and forecast propane prices obtained from PNG's propane supplier on August 14, 2013 (the Report);
- B. By Letter L-40-11, the Commission set out a guideline trigger mechanism and rate methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG;
- C. For PNG-West, Order G-96-13 established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider;
- D. For PNG-West, PNG in 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 1.211 which is outside the established 0.95 to 1.05 dead band range and indicated rate changes are greater than the \$0.50/gigajoule (GJ) minimum threshold. PNG requests approval to decrease gas commodity rates, effective October 1, 2013;
- E. For PNG-West, PNG requests approval to decrease the GCVA commodity debit rate rider from \$0.153/GJ to \$0.070/GJ and to increase the Company Use GCVA gas cost credit rate rider from \$0.002/GJ to \$0.017/GJ, effective October 1, 2013;

- F. For PNG-West, Order G-194-12 established the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes;
- G. For PNG-West, PNG recommends maintaining the current Company Use gas cost delivery rate of \$0.092/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$3.242/GJ, effective October 1, 2013;
- H. The net impact on a PNG-West residential customer is a rate decrease of \$0.763/GJ, effective October 1, 2013, which is equivalent to a decrease of approximately \$53 or 3.9 percent per year for a typical PNG-West residential customer's annual bill based on an average annual consumption of 70 GJ;
- I. For Granisle, Order G-36-13 established the current propane commodity rate and the GCVA commodity rate rider;
- J. For Granisle, PNG in 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 0.894 which is outside the established 0.95 to 1.05 dead band range and the indicated rate change is greater than the \$0.50/GJ minimum threshold. PNG requests approval to increase the propane commodity rate from \$16.589/GJ to \$18.708/GJ, effective October 1, 2013;
- K. For Granisle, PNG requests approval to increase the GCVA commodity credit rate rider from \$1.379/GJ to \$1.689/GJ, effective October 1, 2013;
- L. The net impact on a Granisle customer is a rate increase of \$1.809/GJ, effective October 1, 2013, which is equivalent to an increase of approximately \$108 or 7.0 percent per year for a typical Granisle customer's annual bill based on an average annual consumption of 60 GJ;
- M. The Commission reviewed the Report and as per the Guidelines, concludes that the rates requested in the Report should be approved, effective October 1, 2013.

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

- 1. In Pacific Northern Gas Ltd. (PNG) West, a decrease of the gas commodity charges to \$3.500/GJ, \$3.481/GJ, \$3.269/GJ, \$3.074/GJ, \$3.100/GJ and \$3.160/GJ for the residential (RS1), commercial firm (RS2/RS3), small industrial (RS4), commercial interruptible (RS5), seasonal off peak (RS6) and natural gas vehicle (RS7) sales customers, respectively, effective October 1, 2013.
- 2. In PNG-West, a decrease of the Gas Cost Variance Account (GCVA) commodity debit rate rider from \$0.153/GJ to \$0.070/GJ and an increase of the Company Use GCVA gas cost credit rate rider from \$0.002/GJ to \$0.017/GJ, effective October 1, 2013.

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3. In PNG-West, no change to the current Company Use gas cost delivery rate of \$0.092/GJ and no change to the current Company Use gas commodity price of \$3.242/GJ, used for price deferral accounting purposes, effective October 1, 2013.
4. In Granisle, an increase of the propane commodity rate from \$16.589/GJ to \$18.708/GJ, and an increase of the GCVA commodity credit rate rider from \$1.379/GJ to \$1.689/GJ, effective October 1, 2013.
5. PNG must notify all affected customers of the rate change by way of a bill insert or bill message to be submitted to the Commission for review prior to its release with the next monthly gas billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of August 2013.

BY ORDER

Original Signed By:

D.M. Morton
Commissioner