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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-136-13**

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

and

**Pacific Northern Gas (N.E.) Ltd.
an Application regarding Natural Gas Commodity Charges effective October 1, 2013
for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions**

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 (N.E.) Ltd. [PNG(N.E.)] 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 Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge divisions, based on forecast natural gas prices using the average of 5 consecutive days forward gas price forecasts ending August 16, 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(N.E.);
- C. For the FSJ/DC Division, Order G-97-13 established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider;
- D. For the FSJ/DC Division, PNG(N.E.) 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 1.284 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(N.E.) requests approval to decrease gas commodity rates, effective October 1, 2013;

- E. PNG(N.E.) requests approval for the FSJ/DC Division to decrease the GCVA commodity debit rate rider from \$0.178/GJ to \$0.017/GJ and to change the Company Use GCVA gas cost debit rate rider from \$0.002/GJ to a credit rate rider of \$0.005/GJ, effective October 1, 2013;
- F. For the FSJ/DC Division, Order G-195-12 established the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes;
- G. PNG(N.E.) requests approval for the FSJ/DC Division to maintain the current Company Use gas cost delivery rate of \$0.053/GJ and to maintain the Company Use gas commodity price of \$3.219/GJ used for price deferral accounting purposes, effective October 1, 2013;
- H. The net impact on a FSJ/DC residential customer is a rate decrease of \$0.900/GJ, effective October 1, 2013, which is equivalent to a decrease of approximately \$99 or 9.2 percent per year for a typical FSJ/DC residential customer's annual bill based on an average annual consumption of 110 GJ;
- I. For the Tumbler Ridge Division, Order G-97-13 established the current gas commodity rate, GCVA commodity rate rider, Company Use GCVA gas cost rate rider;
- J. For the Tumbler Ridge Division, PNG(N.E.) 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 0.897 which is outside the established 0.95 to 1.05 dead band range; however, the indicated rate changes are less than the \$0.50/GJ minimum threshold. PNG(N.E.) requests no changes to the gas commodity rates, effective October 1, 2013;
- K. PNG(N.E.) recommends for the Tumbler Ridge Division to maintain the GCVA commodity credit rate rider of \$0.237/GJ and to maintain the Company Use GCVA gas cost credit rate rider of \$0.027/GJ, effective October 1, 2013;
- L. For the Tumbler Ridge Division, Order G-195-12 established the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes;
- M. PNG(N.E.) requests approval for the Tumbler Ridge Division to maintain the current Company Use gas cost delivery rate of \$0.26/GJ and to maintain the Company Use gas commodity price of \$3.142/GJ used for price deferral accounting purposes, effective October 1, 2013;
- N. 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.

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

1. In the Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Fort St. John/Dawson Creek (FSJ/DC) Division a decrease of the gas commodity charges to \$3.113/GJ, \$3.108/GJ, \$3.107/GJ and \$3.090/GJ for the residential (RS1), small commercial (RS2), large commercial firm (RS3) and small industrial sales (RS4) customers, respectively, effective October 1, 2013.
2. In the PNG(N.E.) FSJ/DC Division, a decrease of the Gas Cost Variance Account (GCVA) commodity debit rate rider from \$0.178/GJ to \$0.017/GJ and a change of the Company Use GCVA gas cost rate rider from a debit of \$0.002/GJ to a credit rate rider of \$0.005/GJ, effective October 1, 2013.
3. In the PNG(N.E.) FSJ/DC Division, no change to the Company Use gas cost delivery rate of \$0.053/GJ and no change to the Company Use gas commodity price used for price deferral accounting purposes of \$3.219/GJ, effective October 1, 2013.
4. In the PNG(N.E.) Tumbler Ridge Division, no change to rates, effective October 1, 2013.
5. PNG(N.E.) 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