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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-97-13**

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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 July 1, 2013
for the Fort St. John/Dawson Creek and Tumbler Ridge Service Areas**

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner June 13, 2013
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On June 7, 2013 Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] filed with the British Columbia Utilities Commission (Commission) its 2013 Second 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 May 31, 2013 (the Report);
- B. By Letter L-40-11, the Commission set out a guideline trigger mechanism and rate methodology (Guidelines) that have been generally adopted by natural gas and propane utilities including PNG(N.E.);
- C. For the FSJ/DC Division, Order G-37-13 established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider;
- D. For the FSJ/DC Division, 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 0.876, which is outside the established 0.95 to 1.05 dead band range, and rate changes are near or greater than the \$0.50/gigajoule (GJ) minimum threshold for the majority of customer classes. The Report requests approval for the FSJ/DC Division to increase gas commodity rates, effective July 1, 2013;

- E. PNG(N.E.) requests approval for the FSJ/DC Division to decrease the GCVA commodity debit rate rider from \$0.192/GJ to \$0.178/GJ and to change the Company Use GCVA gas cost credit rate rider from \$0.004/GJ to a debit rate rider of \$0.002/GJ, effective July 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 July 1, 2013;
- H. The net impact on a FSJ/DC residential customer is a rate increase of \$0.499/GJ, effective July 1, 2013;
- I. For the Tumbler Ridge Division, Order G-195-12 established the current gas commodity rate, GCVA commodity rate rider, Company Use GCVA gas cost rate rider, Company Use gas cost delivery rate, and Company Use gas commodity price;
- J. For the Tumbler Ridge Division, 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 0.764, which is outside the established 0.95 to 1.05 dead band range and rate changes are greater than the \$0.50/GJ minimum threshold, and requests approval for the Tumbler Ridge Division to increase gas commodity rates, effective July 1, 2013;
- K. PNG(N.E.) recommends for the Tumbler Ridge Division to reduce the GCVA commodity credit rate rider from \$0.546/GJ to \$0.237/GJ and to reduce the Company Use GCVA gas cost credit rate rider from \$0.054/GJ to \$0.027/GJ, effective July 1, 2013;
- L. 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 July 1, 2013;
- M. The net impact on a Tumbler Ridge customer is a rate increase of \$0.830/GJ, effective July 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 July 1, 2013.

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

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1. In the Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Fort St. John/Dawson Creek (FSJ/DC) Division an increase of the gas commodity charges to \$3.845/GJ, \$3.848/GJ, \$3.793/GJ and \$3.755/GJ for the residential (RS1), small commercial (RS2), large commercial firm (RS3) and small industrial sales (RS4) customers, respectively, effective July 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 \$0.192/GJ to \$0.178/GJ and a change of the Company Use GCVA gas cost rate rider from a credit of \$0.004/GJ to a debit rate rider of \$0.002/GJ, effective July 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 July 1, 2013.
4. In the PNG(N.E.) Tumbler Ridge Division, an increase of the gas commodity charges to \$3.636/GJ for the residential (RS1), small commercial (RS2) and large commercial firm (RS3) customers, effective July 1, 2013.
5. In the PNG(N.E.) Tumbler Ridge Division, a decrease of the GCVA commodity credit rate rider from \$0.546/GJ to \$0.237/GJ and decrease the Company Use GCVA gas cost credit rate rider from \$0.054/GJ to \$0.027/GJ, effective July 1, 2013.
6. In the PNG(N.E.) Tumbler Ridge Division, no change to the Company Use gas cost delivery rate of \$0.260/GJ and no change to Company Use gas commodity price, used for price deferral accounting purposes, of \$3.142/GJ, effective July 1, 2013.
7. PNG(N.E.) must notify all affected customers of the rate change by way of a bill insert or bill message with the next monthly gas billing, to be submitted to the Commission prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of June 2013.

BY ORDER

Original signed by

D.M. Morton
Commissioner