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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-136-14

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

and

Pacific Northern Gas Ltd.
Application regarding Natural Gas Commodity Charges
effective October 1, 2014 for the PNG-West Division and Granisle Service Area

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
H.G. Harowitz, Commissioner
K.A. Keilty, Commissioner
N.E. MacMurchy, Commissioner
I.F. MacPhail, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

September 11, 2014

O R D E R

WHEREAS:

- A. On September 3, 2014, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2014 Third Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for the PNG-West Division and Granisle service area, based on forecast natural gas prices using the average of five consecutive days forward price forecasts ending August 27, 2014 and forecast propane prices obtained from PNG's propane supplier also on August 27, 2014 (Report);
- B. For the PNG-West 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 1.211 which is outside the established 0.95 to 1.05 dead band range. In addition, the differences between the July 1, 2014 and indicative October 1, 2014 rates are greater than the \$0.50/GJ trigger in respect of each customer class. Based on the foregoing, PNG requests approval to decrease the gas commodity rates effective October 1, 2014;
- C. For the PNG-West Division, PNG requests decreasing the GCVA commodity rate rider from \$0.487/GJ to \$0.241/GJ and to decrease the Company Use GCVA gas cost rate rider from \$0.008/GJ to \$0.004/GJ, effective October 1, 2014;
- D. For the PNG-West Division, PNG recommends maintaining the current Company Use gas cost delivery rate of \$0.067/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$3.253/GJ effective October 1, 2014;
- E. The net impact of the requested commodity rate changes on a PNG-West residential customer is a rate decrease of \$0.978/GJ, effective October 1, 2014, which is equivalent to a decrease of approximately \$69 or 4.8 percent per year for a typical PNG-West residential customer's annual bill based on an average annual consumption of 71 GJ;

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- F. For the Granisle service area, 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 1.249 which is outside the established 0.95 to 1.05 dead band range; therefore, PNG requests approval to decrease the current propane commodity rate from \$19.954/GJ to \$18.697/GJ, effective October 1, 2014;
- G. For the Granisle service area, PNG requests approval to change the current GCVA commodity debit rate rider of \$1.957/GJ to a credit rider of \$1.153/GJ, effective October 1, 2014;
- H. The net impact of the requested commodity rate changes on a Granisle customer is a rate decrease of \$4.367/GJ, effective October 1, 2014, which is equivalent to a decrease of approximately \$240 or 13.5 percent per year for a typical Granisle customer's annual bill based on an average annual consumption of 55 GJ; and
- I. The Commission determines that the rate changes requested in the Report are warranted and should be approved.

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

- 1. In the PNG-West Division, the British Columbia Utilities Commission approves increasing the gas commodity charges to \$4.378/GJ, \$4.353/GJ, \$4.000/GJ, \$3.751/GJ, \$3.738/GJ and \$3.826/GJ for the residential (RS1), commercial firm (RS2/RS3), small industrial (RS4), commercial interruptible (RS5), seasonal off peak (RS6) and NGV (RS7) sales customers, respectively, effective October 1, 2014.
- 2. In the PNG-West Division, the Commission approves reducing the Gas Cost Variance Account (GCVA) commodity rate rider from \$0.487/GJ to \$0.241/GJ and decreasing the Company Use GCVA gas cost debit rate rider from \$0.008/GJ to \$0.004/GJ, effective October 1, 2014.
- 3. In the PNG-West Division, the Commission accepts that no changes are required to the current Company Use gas cost delivery rate and to the current Company Use gas commodity price used for price deferral accounting purposes.
- 4. For the Granisle service area, the Commission approves decreasing the propane commodity rate from \$19.954/GJ to \$18.697/GJ, and changing the GCVA commodity rate rider from a debit rider of \$1.957/GJ to a credit rider of \$1.153/GJ, effective October 1, 2014.
- 5. PNG must notify all affected customers of the rate changes 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 12th day of September, 2014.

BY ORDER

Original signed by:

D.M. Morton
Commissioner