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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-193-14**

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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 Natural Gas Commodity Charges effective January 1, 2015  
for the PNG-West and Granisle Service Areas

**BEFORE:** D. M. Morton, Panel Chair/Commissioner  
C. A. Brown, Commissioner December 12, 2014  
K. A. Keilty, Commissioner

**ORDER**

**WHEREAS:**

- A. On December 3, 2014, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2014 Fourth Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for the PNG-West and Granisle service areas, based on forecast natural gas prices using the average of five consecutive days forward price forecasts ending November 21, 2014 and forecast propane prices obtained from PNG's propane supplier also on November 21, 2014 (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, the Commission by Order G-136-14 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 1.094 which is outside the established 0.95 to 1.05 dead band range. However, the differences between the October 1, 2014 and indicative January 1, 2015 rates are less than the \$0.50/gigajoule (GJ) minimum threshold in respect of the each customer class, except for one seasonal customer class which has minimal volumes during the winter period;

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- E. For PNG-West, PNG recommends no changes be made to the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider as established by Order G-136-14, effective January 1, 2015;
- F. For PNG-West, the Commission by Order G-215-13 established the current Company Use gas commodity price used for price deferral accounting purposes and Company Use gas cost delivery rate;
- G. For PNG-West, PNG requests approval to increase the Company Use gas commodity price used for price deferral accounting purposes from \$3.253/GJ to \$3.567/GJ, effective January 1, 2015;
- H. For PNG-West, PNG requests approval to increase the current Company Use gas cost delivery rate which is a component of the delivery charge from \$0.067/GJ to \$0.092/GJ, effective January 1, 2015. The net impact is a rate increase of \$0.025/GJ resulting in an overall increase of approximately \$2 or 0.1 percent per year for a typical PNG-West residential customer with an average annual consumption of 71 GJ;
- I. For Granisle, the Commission by Order G-136-14 established the current propane commodity rate and 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 1.072 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;
- K. For Granisle, PNG requests approval to decrease the propane commodity rate from \$18.697/GJ to \$17.340/GJ and to decrease the GCVA commodity credit rate rider from \$1.153/GJ to \$0.973/GJ, both effective January 1, 2015;
- L. The net impact on a Granisle residential customer is a rate decrease of \$1.177/GJ, effective January 1, 2015, which is equivalent to an overall decrease of approximately \$46 or 4.3 percent per year for a typical Granisle residential customer's annual bill based on an average annual consumption of 39 GJ; and
- M. The Commission reviewed the Report and considers that approval of the rates requested in the Report is warranted.

**NOW THEREFORE** pursuant to section 58 to 61 of the *Utilities Commission Act*, the Commission orders the following:

1. For the Pacific Northern Gas Ltd. (PNG) West, PNG's recommendation that the gas commodity rates, the Gas Cost Variance Account (GCVA) commodity rate rider and the Company Use GCVA gas cost rider, remain unchanged effective January 1, 2015, is accepted.

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2. For PNG-West, the increase in the Company Use gas cost delivery rate from \$0.067/GJ to \$0.092/GJ and the increase in the Company Use gas commodity price used for price deferral accounting purposes from \$3.253/GJ to \$3.567/GJ, effective January 1, 2015, are approved.
3. In Granisle, the decrease in the propane commodity rate from \$18.697/GJ to \$17.340/GJ, and the decrease in the GCVA commodity credit rate rider from \$1.153/GJ to \$0.973/GJ, effective January 1, 2015, are approved.
4. PNG is directed to file amended tariff sheets for PNG-West, in accordance with the terms of this Order, within 15 business days of the date of this Order.
5. PNG must notify all customers that are affected by the rate change by way of a customer notice included 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 12th day of December 2014.

BY ORDER

*Original Signed By:*

D. M. Morton  
Panel Chair/Commissioner