



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

and

Pacific Northern Gas (N.E.) Ltd.
Application for Approval of 2014 Revenue Requirements
for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions

BEFORE: D.A. Cote, Panel Chair/Commissioner
C.A. Brown, Commissioner July 9, 2014
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On November 29, 2013, Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed their 2014 Revenue Requirements Application with the British Columbia Utilities Commission (Commission) pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) seeking, among other things, Commission approval to increase delivery rates. PNG(N.E.) also sought interim relief, pursuant to sections 58 to 61, 89 and 90 of the UCA, to allow PNG(N.E.) to amend their rates on an interim and refundable basis, effective January 1, 2014, pending the hearing of the Application and orders subsequent to that hearing (Application);
- B. Commission Order G-209-13 dated December 5, 2013, approved the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim and refundable basis, effective January 1, 2014, and established a Preliminary Regulatory Timetable for the review of the Application;
- C. The British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO) registered as Intervener and actively participated in the proceeding;
- D. By Order G-32-14, dated March 12, 2014, the Commission established that the Application would be heard through a Negotiated Settlement Process (NSP);
- E. On March 14, 2014, PNG(N.E.) filed an updated Application, which forecasted a revenue deficiency of approximately \$0.287 million for FSJ/DC, down from \$0.424 million in the original Application, and a

revenue deficiency of approximately \$0.112 million for TR, down from \$0.239 million in the original Application;

- F. On May 12, 2014, the Commission issued a letter appointing a third party to act as the Facilitator of the NSP pursuant to section 28(1) of the *Administrative Tribunals Act*. The Commission also established that Commission staff would participate in separate roles: Active Participant, providing representation to ratepayer groups not actively participating in the review of the Application; and Advisor, providing technical information and factual support to the parties, as outlined in the NSP Policy, Procedures and Guidelines (NSP Guidelines) attached as Appendix A to Order G-11-12;
- G. By letter L-20-14, dated May 20, 2014, the Commission confirmed the date of the NSP and issued an Amended Regulatory Timetable;
- H. On June 3, 2014, the Commission issued a Summary of Issues for the NSP;
- I. The NSP discussions for PNG (N.E.) were held in Vancouver on June 10, 2014, and an agreement was reached on the same day. The Final Negotiated Settlement Agreement (NSA) was circulated to the participants on June 24, 2014;
- J. Letters of support for the NSA have been received from PNG (N.E.), BCPSO and the Commission Staff Active Participant, all of whom participated in the NSP;
- K. On June 26, 2014, the NSP Facilitator filed the NSA and supporting documents with the Commission;
- L. The Commission has reviewed the NSA for PNG (N.E.)'s 2014 Revenue Requirements, which will result in a revenue sufficiency of approximately \$39 thousand for FSJ/DC and a revenue deficiency of approximately \$68 thousand for TR, and considers that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, the Commission orders as follows:

- 1. The Negotiated Settlement Agreement for the Pacific Northern Gas (N.E.) Ltd. 2014 Revenue Requirements Application, as issued on June 26, 2014, is approved and attached as Appendix A to this Order.
- 2. Item 4 of the Negotiated Settlement Agreement for Pacific Northern Gas (N.E.) Ltd. Tumbler Ridge Division regarding the recovery of costs in the 2013/2014 Quintette Security of Supply Agreement Deferral Account shall be severed from the 2014 Negotiated Settlement Process as agreed upon by the parties participating in the Negotiated Settlement Agreement. This item shall be reviewed by way of a Written Hearing Process with a Regulatory Timetable to be issued in due course.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-88-14

3

3. Pacific Northern Gas (N.E.) Ltd. must resubmit its financial schedules in a Compliance Filing for Commission review incorporating all of the adjustments outlined in the Negotiated Settlement Agreement within 30 business days of the issuance of this Order. In addition, the financial schedules must be updated to incorporate any corrections acknowledged by Pacific Northern Gas (N.E.) Ltd. in response to Information Requests in this proceeding.
4. Pacific Northern Gas (N.E.) Ltd. must inform all customers of permanent rates by way of written notice included in their next customer invoice.
5. Pacific Northern Gas (N.E.) Ltd. shall refund to customers the difference in revenue between the 2014 interim rates and permanent rates, including delivery rates and the Rate Stabilization Adjustment Mechanism rider, with interest at the average prime rate of Pacific Northern Gas (N.E.) Ltd.'s principal bank for its most recent year. Pacific Northern Gas (N.E.) Ltd. must include its proposed process for refunding customers at the time it submits its Compliance Filing for Commission review.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of July 2014.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair/Commissioner

Attachment