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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-32-14**

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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.
Application for Approval of 2014 Revenue Requirements
for the PNG (N.E.) Service Area**

BEFORE: D.A. Cote, Panel Chair/Commissioner March 11, 2014
C.A. Brown, Commissioner
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 Commission approval to, among other things, increase its delivery rates for PNG (N.E.) FSJ/DC and for PNG (N.E.) TR (Application);
- B. The Application also seeks interim relief pursuant to sections 58 to 61, 89 and 90 of the UCA to allow PNG (N.E.) to amend its rates on an interim and refundable basis, effective January 1, 2014, pending the hearing of the Application and orders subsequent to that hearing. The interim relief is sought on the basis that on January 1, 2014 PNG (N.E.)'s rates would otherwise no longer be fair, just and not unduly discriminatory;
- C. PNG (N.E.)'s FSJ/DC Division forecasts a 2014 revenue deficiency of approximately \$0.424 million comprised of a net increase in cost of service of \$1.250 million and an increase in margin of \$0.826 million;
- D. PNG (N.E.)'s FSJ Division seeks Commission approval to increase the delivery charge for residential service by \$0.128/GJ from \$3.486/GJ to \$3.614/GJ representing an increase of 3.7 percent compared to the 2013 delivery rate, and for small commercial service by \$0.088/GJ from \$2.856/GJ to \$2.944/GJ corresponding to an increase of 3.1 percent compared to the 2013 delivery rate;
- E. PNG (N.E.)'s DC Division seeks Commission approval to increase the delivery charge for residential service by \$0.128/GJ from \$3.288/GJ to \$3.416/GJ representing an increase of 3.9 percent compared to the 2013

delivery rate, and for small commercial service by \$0.088/GJ from \$2.319/GJ to \$2.407/GJ corresponding to an increase of 3.8 percent compared to the 2013 delivery rate;

- F. The PNG (N.E.) TR Division forecasts a 2014 revenue deficiency of approximately \$0.239 million comprised of an increase in cost of service of \$0.239 million and no changes in margin;
- G. The PNG (N.E.) TR Division seeks Commission approval to increase the delivery charge for residential service by \$1.163/GJ from \$5.805/GJ to \$6.968/GJ representing an increase of 20.0 percent compared to the 2013 delivery rate, and for small commercial service an increase by \$0.861/GJ from \$4.941/GJ to \$5.802/GJ corresponding to an increase of 17.4 percent compared to the 2013 delivery rate;
- H. PNG (N.E.) proposes that the Application be reviewed by way of a Negotiated Settlement Process (NSP) and include two rounds of Information Requests (IRs);
- I. By way of Order G-209-13 dated December 5, 2013, the Commission approved for PNG (N.E.) the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim basis, effective January 1, 2014, and established a Preliminary Regulatory Timetable for the review of the Application. The Order set the filing deadline for Intervener submissions on the regulatory process at Friday, February 28, 2014;
- J. By way of letter dated February 28, 2014, the British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO), the only Intervener registered in this proceeding, provided submissions on the regulatory process. BCPSO submitted that their preference is for a written hearing rather than an NSP and that they consider a workshop to be useful;
- K. Further to the procedural comments submitted on February 28, 2014, BCPSO submitted an additional letter on March 3, 2014 stating that while their preference remains a written hearing process, the BCPSO is agreeable to an NSP subject to the following processes being included as part of the regulatory proceeding:
- a second round of IRs;
 - the separation of the NSP into an "issues" component and a "negotiation" component, with at least one full day in between the two components to provide adequate time to consider the issues; and
 - the inclusion of the BCPSO's consultant James Wightman as a participant in the NSP via teleconference, schedule permitting.

BCPSO further submits that should the situation arise where a negotiated settlement is not able to be reached on all issues, they may request that these unresolved issues be dealt with through a written hearing process;

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- L. By way of letter dated March 7, 2014, PNG (N.E.) responded to BCPSO's March 3, 2014 letter. PNG (N.E.) reiterated its original proposal that the Application be addressed by way of NSP and indicated that it is amenable to the conditions stipulated by the BCPSO;
- M. The Commission has considered the submissions from PNG (N.E.) and BCPSO on the regulatory process.

NOW THEREFORE the Commission orders as follows:

1. The Pacific Northern Gas (N.E.) Ltd. 2014 Revenue Requirements Application shall be reviewed by way of a Negotiated Settlement Process and will include a second round of Information Requests as set out in Appendix A to this Order.
2. Commission staff shall perform the role of Active Participant in the Negotiated Settlement Process, as outlined in the Negotiated Settlement Process Policy, Procedures and Guidelines attached as Appendix A to Order G-11-12. Additionally, Commission staff may perform the role of Advisor in the Negotiated Settlement Process.
3. The timing of the Negotiated Settlement Process and the establishment of the Participants shall be determined in due course.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of March 2014.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachment

Pacific Northern Gas (N.E.) Ltd.

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REGULATORY TIMETABLE

ACTION	DATES (2014)
Commission and Intervener Information Requests No. 2	Wednesday, April 16
Filing of Participant Assistance/Cost Award Budgets	Tuesday, April 22
PNG (N.E.) Responses to Commission and Intervener Information Requests No. 2	Friday, May 9
Negotiated Settlement Process — Issues Day	TBD
Negotiated Settlement Process — Commencement of Negotiations	TBD