



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-194-14**

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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 (N.E.) Ltd.
regarding Natural Gas Commodity Charges effective January 1, 2015
for the Fort St. John/Dawson Creek and Tumbler Ridge 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 (N.E.) Ltd. [PNG (NE)] 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 its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas, based on forecast natural gas prices using the average of five consecutive days forward gas price forecasts ending 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 (NE);
- C. The Commission by Order G-137-14 established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider for FSJ/DC and TR;
- D. For FSJ/DC, PNG (NE) forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.093 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) trigger in respect of each customer class;

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- F. For FSJ/DC, PNG (NE) 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-137-14, effective January 1, 2015;
- G. For TR, PNG (NE) forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.061 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/GJ trigger in respect of each customer class;
- H. For TR, PNG (NE) 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-137-14, effective January 1, 2015;
- I. The Commission by Order G-216-13 established the current Company Use gas commodity price used for price deferral accounting purposes and Company Use gas cost delivery rate for FSJ/DC and TR;
- J. For FSJ/DC, PNG (NE) requests to increase the Company Use gas commodity price used for price deferral accounting purposes from \$3.236/GJ to \$3.316/GJ, effective January 1, 2015;
- K. For FSJ/DC, PNG (NE) requests approval to decrease the current Company Use gas cost delivery rate which is a component of the delivery charge from \$0.055/GJ to \$0.052/GJ, effective January 1, 2015. The net impact is a rate decrease of \$0.003/GJ which is equivalent to an overall decrease of approximately \$0.33 per year for a typical FSJ residential customer and approximately \$0.30 per year for a typical DC residential customer based on an average annual consumption of 100 GJ and 111 GJ respectively;
- L. For TR, PNG (NE) requests to increase the Company Use gas commodity price used for price deferral accounting purposes from \$4.408/GJ to \$4.773/GJ, effective January 1, 2015;
- M. For TR, PNG (NE) requests approval to increase the current Company Use gas cost delivery rate which is a component of the delivery charge from \$0.305/GJ to \$0.574/GJ, effective January 1, 2015. The net impact is a rate increase of \$0.269/GJ which is equivalent to an overall increase of approximately \$21 or 1.8 percent per year for a typical TR residential customer based on an average annual consumption of 80 GJ; and
- N. The Commission reviewed the Report and considered that the approval of the rates requested in the Report is warranted.

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

1. For the Pacific Northern Gas (N.E.) Ltd. [PNG (NE)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas, the recommendations to maintain the current gas commodity charges for core market sales customers, Gas Cost Variance Account (GCVA) commodity rate riders, and Company Use GCVA gas cost rate riders, effective January 1, 2015, are accepted.
2. For the FSJ/DC service area, the increase in the Company Use gas commodity price used for price deferral accounting purposes from \$3.236/GJ to \$3.316/GJ and the decrease in the Company Use gas cost delivery rate from \$0.055/GJ to \$0.052/GJ, effective January 1, 2015, are approved.
3. For the TR service area, the increase in the Company Use gas commodity price used for price deferral accounting purposes from \$4.408/GJ to \$4.773/GJ and the increase in the Company Use gas cost delivery rate from \$0.305/GJ to \$0.574/GJ, effective January 1, 2015, are approved.
4. PNG (NE) is directed to file amended tariff sheets for FSJ/DC and TR, in accordance with the terms of this Order, within 15 business days of the date of this Order.
5. PNG (NE) 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