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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-80-14**

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

**and**

**Pacific Northern Gas Ltd.  
An Application regarding Natural Gas Commodity Charges effective July 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  
C. van Wermeskerken, Commissioner

June 19, 2014

**ORDER**

**WHEREAS:**

- A. On June 5, 2014, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2014 Second 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 May 30, 2014, and forecast propane prices obtained from PNG's propane supplier on May 30, 2014 (the Report);
- B. On June 11, 2014, PNG submitted supplementary information related to the Granisle Service Area;
- C. 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;
- D. For the PNG-West Division, the Commission by Order G-43-13, established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider;
- E. For the PNG-West Division, PNG in the Report forecasts that the ratio (Revenue to Cost Ratio, R/C Ratio) of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.051, which is outside the established 0.95 to 1.05 range but the indicated rate changes are less than the \$0.50/gigajoule (GJ) minimum threshold;

- F. For the PNG-West Division, 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-43-14, effective July 1, 2014;
- G. For the PNG-West Division, Order G-215-13 established the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes;
- H. 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 July 1, 2014;
- I. For the Granisle Service Area, Order G-215-13 established the current propane commodity rate and the GCVA commodity rate rider;
- J. For the Granisle Service Area, 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 0.937, which is outside the established 0.95 to 1.05 range and the indicated rate change is greater than the \$0.50/GJ minimum threshold;
- K. For the Granisle Service Area, to increase the R/C Ratio to 1.000, PNG recommends a decrease in the current propane commodity rate of \$20.656/GJ to \$19.954/GJ and to increase the current GCVA commodity credit rate rider of \$0.121/GJ to a debit rate rider of \$1.957/GJ, effective July 1, 2014;
- L. The net impact on a Granisle customer is a rate increase of \$1.376/GJ, effective July 1, 2014, which is equivalent to an overall increase of approximately \$74 or 4.4 percent per year for a typical Granisle customer's annual bill based on an average annual consumption of 54 GJ; and
- M. The Commission reviewed the Report with the Guidelines and considers that the rates requested in the Report should be approved, effective July 1, 2014.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the British Columbia Utilities Commission orders the following:

- 1. In the Pacific Northern Gas Ltd. (PNG) West Division, PNG's recommendation that the gas commodity rates, the Gas Cost Variance Account (GCVA) commodity rate rider, the Company Use GCVA gas cost rider, Company Use gas cost delivery rate, and Company Use gas commodity price remain unchanged effective July 1, 2014, is accepted.

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2. In the Granisle Service Area, a decrease of the propane commodity rate from \$20.656/GJ to \$19.954/GJ and an increase of the GCVA commodity credit rate rider from \$0.121/GJ to a debit rate rider of \$1.957/GJ, effective July 1, 2014, is approved.
3. PNG must notify all affected customers of the rate change 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 19<sup>th</sup> day of June 2014.

BY ORDER

*Original Signed by:*

D.M. Morton  
Commissioner