

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-100-15

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**Pacific Northern Gas Ltd.
Application regarding Natural Gas Commodity Charges effective July 1, 2015
for the PNG-West and Granisle Service Areas**

BEFORE:

L. F. Kelsey, Commissioner
C. A. Brown, Commissioner
H. G. Harowitz, Commissioner
K. A. Keilty, Commissioner
D. M. Morton, Commissioner

June 11, 2015

O R D E R

WHEREAS:

- A. On June 4, 2015, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2015 Second 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 May 29, 2015, and forecast propane prices obtained from PNG's propane supplier also on May 29, 2015 (Report);
- B. By Letters L-5-01 and L-40-11, the Commission set out guidelines for a trigger mechanism and rate setting methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG;
- C. The Commission, by Order G-44-15, established the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider for PNG-West effective April 1, 2015;
- D. For PNG-West, PNG forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 0.941, which is just outside the established 0.95 to 1.05 dead band range. However, the differences between the April 1, 2015 and indicative July 1, 2015 rates are less than the \$0.50/GJ trigger threshold set out in the Guidelines in respect of each customer class. Based on the foregoing, PNG requests no changes to the gas commodity rates for the PNG-West service area effective July 1, 2015;
- E. For PNG-West, PNG requests maintaining the GCVA commodity credit rate rider of \$0.163/GJ and the Company Use GCVA gas cost credit rate rider of \$0.018/GJ effective July 1, 2015;
- F. For PNG-West, PNG requests maintaining the current Company Use gas cost delivery rate of \$0.092/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$3.567/GJ effective July 1, 2015;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-100-15

2

- G. By Order G-44-15, the propane commodity rate was decreased and the GCVA commodity credit rate rider was increased for the Granisle service area effective April 1, 2015;
- H. For Granisle, PNG forecasts that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months to be 1.104, which is outside the established 0.95 to 1.05 dead band range. In addition, the difference between the propane commodity rate approved by the Commission in Order G-44-15 and the indicative July 1, 2015 rate are greater than the \$0.50/GJ trigger;
- I. For Granisle, PNG requests approval to decrease the current propane commodity rate from \$14.423/GJ to \$12.753/GJ effective July 1, 2015;
- J. For Granisle, PNG requests approval to reduce the current GCVA commodity credit rate rider of \$1.294/GJ to \$0.859/GJ effective July 1, 2015;
- K. The net impact on a Granisle propane customer is a rate decrease of \$1.235/GJ effective July 1, 2015 which represents a decrease of approximately \$65 or 5.1 percent for a typical Granisle propane customer's annual bill based on current rates with an average annual consumption of 53 GJ; and
- L. The Commission determines the rate changes requested by PNG in the Report are warranted and should be approved.

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

- 1. In the PNG-West service area, no changes are required to the current rates and they will remain unchanged effective July 1, 2015.
- 2. In the Granisle service area, the propane commodity rate is decreased from \$14.423/GJ to \$12.753/GJ, and the GCVA commodity rate rider is changed from a credit rider of \$1.294/GJ to a credit rider of \$0.859/GJ effective July 1, 2015.
- 3. Pacific Northern Gas Ltd. must notify all affected customers of the rate changes by way of a bill insert or bill message with the next monthly billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of June 2015.

BY ORDER

Original signed by:

D. Morton
Commissioner