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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-197-15**

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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 January 1, 2016
for the PNG-West and Granisle Service Areas**

BEFORE: L. F. Kelsey, Commissioner
H. G. Harowitz, Commissioner December 10, 2015
K. A. Keilty, Commissioner
D. M. Morton, Commissioner

O R D E R

WHEREAS:

- A. On December 2, 2015, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its Fourth Quarter 2015 Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on forecast natural gas and propane prices using the average of five consecutive days forward gas price forecasts ending November 20, 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 rate riders for PNG-West, effective April 1, 2015. The gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate riders for PNG-West were maintained effective July 1, 2015 and October 1, 2015 through Order G-100-15 and Letter L-38-15 respectively;
- D. The Commission, by Order G-100-15, established the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective July 1, 2015. These rates were maintained effective October 1, 2015 through Letter L-38-15;
- E. For PNG-West, PNG forecasts the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 1.525, which is outside the established 0.95 to 1.05 dead band range. In addition, the difference between the gas commodity rates established by Order G-44-15

and indicative January 1, 2016 rates for each customer rate class is greater than the \$0.50/GJ trigger threshold set out in the Guidelines. Based on the foregoing, PNG requests approval to decrease the gas commodity rates for the PNG-West service area effective January 1, 2016;

- F. For PNG-West, PNG requests approval to increase the current GCVA commodity credit rate rider from \$0.163/GJ to \$0.450/GJ and to change the Company Use GCVA rate rider from a credit rate rider of \$0.018/GJ to a debit rate rider of \$0.012/GJ, effective January 1, 2016;
- G. For PNG-West, PNG requests approval to decrease the Company Use gas cost delivery rate from \$0.092/GJ to \$0.060/GJ and to decrease the Company Use commodity price from \$3.567/GJ to \$1.927/GJ, effective January 1, 2016;
- H. The net impact of the requested commodity rate changes on a PNG-West residential customer is a rate decrease of \$0.250/GJ, effective January 1, 2016, which represents a decrease of approximately \$17.62 or 1.4 percent, for a typical residential customer's annual bill based on current rates with an average annual consumption of 70.5 GJ. The net impact was calculated using the delivery rate changes requested in the PNG-West 2016/2017 Revenue Requirements Application (RRA), filed on November 30, 2015;
- I. For Granisle, PNG forecasts the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months to be 1.210, which is outside the established 0.95 to 1.05 dead band range. In addition, the difference between the propane commodity rates established by Order G-100-15 and indicative January 1, 2016 rates is greater than the \$0.50/GJ trigger threshold set out in the Guidelines. Based on the foregoing, PNG requests approval to decrease the propane commodity rates for the Granisle service area effective January 1, 2016;
- J. For Granisle, PNG requests approval to increase the current GCVA commodity credit rate rider from \$0.859/GJ to \$1.843/GJ, effective January 1, 2016;
- K. The net impact of the requested commodity rate changes on a Granisle residential customer is a rate decrease of \$1.919/GJ, effective January 1, 2016, which represents a decrease of approximately \$74.45 or 8.1 percent, for a typical residential customer's annual bill based on current rates with an average annual consumption of 38.8 GJ. The net impact was calculated using the delivery rate changes requested in the PNG-West 2016/2017 RRA; and
- L. The Commission determines the rate changes requested by PNG in the Report are warranted and should be approved.

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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, the natural gas commodity rates are set as follows, effective January 1, 2016.

Customer Rate Class	Commodity Rate
Residential (RS1)	\$2.428/GJ
Commercial Firm (RS2, RS3)	\$2.464/GJ
Small Industrial (RS4)	\$2.277/GJ
Commercial Interruptible (RS5)	\$1.894/GJ
Seasonal Off Peak (RS6)	\$1.978/GJ
NGV (RS7)	\$2.008/GJ

2. In the PNG-West service area, the Gas Cost Variance Account (GCVA) commodity rate rider and the Company Use GCVA rate rider are set as a credit rate rider of \$0.450/GJ and a debit rate rider of \$0.012/GJ respectively, effective January 1, 2016.
3. In the PNG-West service area, the Company Use gas cost delivery rate and Company Use commodity price are set as \$0.060/GJ and \$1.927/GJ respectively, effective January 1, 2016.
4. In the Granisle service area, the propane commodity rate is set at \$11.674/GJ and the GCVA commodity rate rider is set as a credit rate rider of \$1.843/GJ, effective January 1, 2016.
5. 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 14th day of December 2015.

BY ORDER

Original signed by:

D. M. Morton
Commissioner