



LETTER L-24-16

VIA EMAIL

jkennedy@png.ca

September 16, 2016

Ms. Janet P. Kennedy
Vice-President, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
2550 – 1066 West Hastings Street
Vancouver, BC V6E 3X2

Dear Ms. Kennedy:

Re: Pacific Northern Gas (N.E.) Ltd
Third Quarter 2016 Report on Gas Supply Costs for
Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

On September 7, 2016, Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] filed with the British Columbia Utilities Commission (Commission) its Third Quarter 2016 Report on gas supply costs and Gas Cost Variance Account (GCVA) balances, which contained information for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas (Report).

The Commission, by Letters L-5-01 and L-40-11, set out a guideline trigger mechanism and rate change methodology (Guidelines) that has generally been adopted by natural gas and propane utilities including PNG (N.E.).

In the Report, PNG (N.E.) calculates the total indicative rate for October 1, 2016 for FSJ/DC residential customers (RS1) to be \$1.967 per gigajoule (GJ), which is an increase of \$0.350/GJ over the current total RS1 rate of \$1.617/GJ. PNG (N.E.)'s indicative rates for the remaining rate classes result in indicative rate changes that range from \$0.336/GJ to \$0.469/GJ. PNG (N.E.) recommends that no changes to the gas commodity rates and gas cost rate riders are required for FSJ/DC in accordance with the \$0.50/GJ minimum rate change threshold established by the Guidelines.

PNG (N.E.) calculates the total indicative rate for October 1, 2016 for TR residential customers (RS1) to be \$2.478 per gigajoule (GJ), which is an increase of \$0.383/GJ over the current total RS1 rate of \$2.095/GJ. PNG (N.E.)'s indicative rates and indicative rate changes for the remaining rate classes are identical to that of RS1 customers. PNG (N.E.) recommends that no changes to the gas commodity rates and gas cost rate riders are required for TR in accordance with the \$0.50/GJ minimum rate change threshold established by the Guidelines.

The Commission notes that Order G-198-15 established the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rates and rate rider for both FSJ/DC and TR.

The Commission reviewed the Report taking into account the Guidelines and accepts PNG (N.E.)'s recommendations that no changes to the gas commodity rates and gas cost rate riders are required for FSJ/DC and TR. The rates established under the above noted order will remain unchanged effective October 1, 2016.

Yours truly,

*Original signed by
Patrick Wruck for:*

Laurel Ross

ES/cms

cc: Mr. Verlon G. Otto
Director, Regulatory Affairs
Pacific Northern Gas Ltd.
votto@png.ca