



**ORDER NUMBER**  
**G-186-17**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.  
Fourth Quarter 2017 Report on Gas Supply Costs  
for PNG-West and Granisle Service Areas

**BEFORE:**

B. A. Magnan, Commissioner  
R. I. Mason, Commissioner  
R. D. Revel, Commissioner

December 14, 2017

**ORDER**

**WHEREAS:**

- A. On December 4, 2017, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2017 Fourth Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on the average of five consecutive days of forward natural gas price forecasts ending November 21, 2017, and propane price forecasts from the forward strip dated November 21, 2017 (the Gas Cost 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. For PNG-West, PNG forecasts the ratio of 12 month forecast gas cost recovery revenue from customers using current rates to the sum of the 12 month forecast gas supply costs and the GCVA balance at December 31, 2017 (R/C Ratio) to be 1.349, which is outside the established 0.95 to 1.05 dead band range. The indicative January 1, 2018 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2018 for all customer classes ranges from \$0.502/GJ to \$0.668/GJ, and are greater than the \$0.50/GJ threshold set out in the Guidelines. PNG notes that both rate change mechanisms are triggered and that a decrease in gas commodity rates for PNG-West, effective January 1, 2018, is warranted as per the Guidelines;
- D. For PNG-West, the indicative rate changes calculated as per the Guidelines include an increase in the GCVA commodity credit rate rider from \$0.208/GJ to \$0.396/GJ and a decrease to the Company Use gas price and unaccounted for gas (UAF) volume deferral account GCVA credit rate rider from \$0.042/GJ to \$0.009/GJ, effective January 1, 2018;

- E. For PNG-West, PNG requests approval to decrease the current Company Use gas cost delivery rate which is a component of the delivery charge from \$0.067/GJ to \$0.058/GJ and decrease the Company use gas commodity price used for price deferral accounting purposes from \$2.388/GJ to \$1.529/GJ effective January 1, 2018;
- F. The net impact of the requests in the Gas Cost Report to a PNG-West residential customer is a rate decrease of \$1.432/GJ, effective January 1, 2018. Relative to current rates, this translates to a \$98.46 decrease, or 7.3%, in the annual bill for a typical residential customer with an average annual consumption of 68.8 GJ;
- G. For Granisle, PNG forecasts the R/C Ratio to be 0.873, which is outside the established 0.95 to 1.05 dead band range. The indicative January 1, 2018 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2018 is \$2.162/GJ, which is greater than the \$0.50/GJ threshold set out in the Guidelines. PNG notes that both rate change mechanisms are triggered, therefore PNG requests approval to increase the current propane commodity rate from \$14.743/GJ to \$16.820/GJ, effective January 1, 2018;
- H. For Granisle, PNG requests approval to increase the current GCVA commodity credit rate rider of \$0.123/GJ to \$0.208/GJ, effective January 1, 2018;
- I. The net impact of the requests in the Gas Cost Report to a Granisle residential propane customer is a \$2.294/GJ rate increase, effective January 1, 2018. Relative to current rates, this translates to an \$86.95 increase, or 8.4%, in the annual bill for a typical residential customer with an average annual consumption of 37.9 GJ; and
- J. The Commission reviewed PNG's Gas Cost Report and concludes that the rates requested in the Gas Cost Report should be approved, effective January 1, 2018.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the Commission orders the following, effective January 1, 2018:

1. In the PNG-West service area, the natural gas commodity rates are set as follows:

Customer Rate Class	Commodity Rate
Residential (RS1)	\$2.034/GJ
Commercial Firm (RS2, RS3)	\$2.030/GJ
Small Industrial (RS4)	\$1.807/GJ
Commercial Interruptible (RS5)	\$1.448/GJ
Seasonal Off Peak (RS6)	\$1.340/GJ
NGV (RS7)	\$1.509/GJ

2. In the PNG-West service area, the Gas Cost Variance Account (GCVA) commodity rate rider is set as a credit rate rider of \$0.396/GJ and the Company Use GCVA rate rider is set as a credit rate rider of \$0.009/GJ.
3. In the PNG-West service area, the Company Use gas cost delivery rate and Company Use commodity price are set at \$0.058/GJ and \$1.529/GJ, respectively.

4. In the Granisle service area, the propane commodity rate is set at \$16.820/GJ and GCVA commodity rate rider is set as a debit rider of \$0.208/GJ.
5. PNG 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 14<sup>th</sup> day of December 2017.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner