



ORDER NUMBER
G-193-17

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

and

Pacific Northern Gas (N.E.) Ltd.
2018–2019 Revenue Requirements Application

BEFORE:

D.A. Cote, Commissioner/Panel Chair
B.A. Magnan, Commissioner

on December 19, 2017

ORDER

WHEREAS:

- A. On November 30, 2017, Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] filed its 2018–2019 Revenue Requirements Application with the British Columbia Utilities Commission (Commission) for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) seeking approval to, among other things, increase 2018 delivery rates (Application);
- B. In its Application, PNG(NE) seeks an order granting relief pursuant to sections 58 to 61, 89 and 90 of the UCA to allow PNG(NE) to amend its delivery rates and Revenue Stabilization Adjustment Mechanism (RSAM) on an interim and refundable/recoverable basis, effective January 1, 2018, pending the regulatory process for the review of the Application and orders subsequent to this process;
- C. PNG(NE) forecasts a 2018 revenue deficiency of approximately \$1.141 million for the FSJ/DC Division comprised of a net increase in cost of service of \$0.642 million and a decrease in margin of \$0.499 million. PNG (NE) forecasts a 2018 revenue deficiency for the TR Division of approximately \$0.291 million comprised of a net increase in cost of service of \$0.142 million and a decrease in margin of \$0.149 million. The net increase in cost of service includes a proposed rate deferral mechanism to level the combined rate changes anticipated for test years 2018 and 2019 over the two-year period;
- D. PNG(NE) is also seeking approval to increase the delivery rates on an interim and refundable/recoverable basis for the FSJ/DC Division to cover the forecast 2018 revenue deficiency for the following rate classes, among other rate classes:

1. an 8.8 percent increase from \$4.060/GJ to \$4.419/GJ for FSJ Residential service and a 9.3 percent increase from \$3.862/GJ to \$4.221/GJ for DC Residential service; and
2. a 7.4 percent increase from \$3.227/GJ to \$3.465/GJ for FSJ Small Commercial service and an 8.9 percent increase from \$2.690/GJ to \$2.928/GJ for DC Small Commercial service;

In addition, PNG(NE) is seeking approval to increase the RSAM rate rider on an interim and refundable/recoverable basis for the FSJ/DC Division applicable to Residential and Small Commercial customers from \$0.472/GJ to \$0.540/GJ;

- E. PNG(NE) is seeking approval to increase the delivery rates on an interim and refundable/recoverable basis for the TR Division to cover the forecast 2018 revenue deficiency for the following rate classes, among other rate classes:
1. a 26.7 percent increase from \$7.152/GJ to \$9.064/GJ for TR Residential service; and
 2. a 23.7 percent increase from \$5.854/GJ to \$7.239/GJ for TR Small Commercial service.

PNG(NE) is also seeking approval to decrease the RSAM rate rider on an interim and refundable/recoverable basis for the TR Division applicable to Residential and Small Commercial customers from \$1.256/GJ to \$0.373/GJ;

- F. PNG(NE) submits in its Application that it will seek approval of permanent 2018 rates and 2019 rates in the Amended Application, to be filed at the end of February 2018;
- G. PNG(NE) proposes a written hearing process for the review of the Application;
- H. The Commission has commenced review of the Application and finds that establishment of interim rates and a preliminary regulatory timetable is warranted.

NOW THEREFORE pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act* the Commission orders as follows:

1. The delivery rates and the Rate Stabilization Adjustment Mechanism rider set forth in the Application are approved on an interim basis, effective January 1, 2018. Any differences between the interim and permanent rates that are determined by the Commission following final disposition of the Application are subject to refund/recovery, with interest, at the average prime rate of Pacific Northern Gas (N.E.) Ltd.'s principal bank for its most recent year, in the manner as set out by a Commission order that establishes permanent rates.
2. The preliminary Regulatory Timetable for the review of the Application is established, as set out in Appendix A to this order.
3. Interveners and interested parties who wish to participate in the regulatory proceeding are to register with the Commission by completing a Request to Intervene Form, available on the Commission's website, by the date established in the preliminary Regulatory Timetable attached as Appendix A to this order. Those requesting intervenor status are to specifically state the nature of their interest in the Application and identify generally the issues that they intend to pursue and the extent of their anticipated involvement in the proceeding.

4. Pacific Northern Gas (N.E.) Ltd. is to provide a copy, electronically where possible, of this order and accompanying appendices to all parties who registered as interveners in the Pacific Northern Gas (N.E.) Ltd. 2016–2017 Revenue Requirements Application proceeding.
5. The Application and supporting material are to be made available for inspection at the following locations: Public libraries in Fort St. John, Dawson Creek and Tumbler Ridge; the head office of Pacific Northern Gas Ltd. at Suite 2550, 1066 West Hastings Street, Vancouver, BC, V6E 3X2; and the British Columbia Utilities Commission office at Suite 410, 900 Howe Street, Vancouver, BC, V6Z 2N3. Pacific Northern Gas Ltd. is to also make the Application available on its website at www.png.ca.
6. Pacific Northern Gas (N.E.) Ltd. is to publish in display-ad format, as soon as reasonably possible but no later than Friday, December 29, 2017, the Notice of Application attached as Appendix B to this order, in such appropriate news publications as may properly provide adequate notice to the public in the affected service area.
7. Pacific Northern Gas (N.E.) Ltd. is directed to provide its customers with a bill message notice of the interim rates with its next customer mailing.
8. Pacific Northern Gas (N.E.) Ltd. must file its Amended Application on or before February 28, 2018, in the same format as the Amended Application filed as Exhibit B-1-1 in Pacific Northern Gas (N.E.) Ltd. 2016–2017 Revenue Requirements Application proceeding.
9. Pacific Northern Gas (N.E.) Ltd. is directed to file amended tariff rate schedules, in accordance with the terms of this order, within 15 business days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of December 2017.

BY ORDER

Original signed by

D.A. Cote
Commissioner

Attachment

Pacific Northern Gas (N.E.) Ltd.
2018–2019 Revenue Requirements Application

REGULATORY TIMETABLE

Action	Date (2018)
Intervener and Interested Party Registration	Friday, January 12
Intervener Comments on Further Process	Wednesday, January 24
PNG(NE) Reply Comments on Further Process	Wednesday, January 31
PNG(NE) Amended Application	Wednesday, February 28
Further Process	To Be Determined



PUBLIC NOTICE

Pacific Northern Gas (N.E.) Ltd. 2018–2019 Revenue Requirements Application

On November 30, 2017, Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] filed its 2018–2019 Revenue Requirements Application for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions with the British Columbia Utilities Commission, seeking Commission approval to, among other things, increase the 2018 delivery rates. The Application also seeks relief to allow PNG(NE) to amend its rates on an interim and refundable/recoverable basis, effective January 1, 2018, pending the regulatory process for the review of the Application and orders subsequent to that process.

Fort St. John and Dawson Creek Division

PNG(NE) is requesting an interim delivery rate increase of 8.8 percent from \$4.060/GJ to \$4.419/GJ for FSJ Residential service, a 9.3 percent increase from \$3.862/GJ to \$4.221/GJ for DC Residential service, a 7.4 percent increase from \$3.227/GJ to \$3.465/GJ for FSJ Small Commercial service, and a 8.9 percent increase from \$2.690/GJ to \$2.928/GJ for DC Small Commercial service. PNG(NE) is also requesting an increase in the Revenue Stabilization Adjustment Mechanism rate rider on an interim and refundable basis applicable to residential and small commercial customers of \$0.068/GJ from \$0.472/GJ to \$0.540/GJ.

Further to PNG(NE)'s 2017 Fourth Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances, by Order G-187-17 dated December 14, 2017 the Commission approved PNG(NE)'s commodity rates and GC VA rate riders effective January 1, 2018. Inclusive of these changes, the overall bundled rate change for a typical residential customer consuming 97.8 GJ per year, is a decrease of \$9 per year or 1.0 percent. Similarly, the overall bundled rate change for a typical small commercial customer consuming 509.4 GJ per year is a decrease of \$112 per year or 3.2 percent.

Tumbler Ridge Division

PNG(NE) is requesting an interim delivery rate increase of 26.7 percent from \$7.152/GJ to \$9.064/GJ for residential service, and a 23.7 percent increase from \$5.854/GJ to \$7.239/GJ for small commercial service.

PNG(NE) is also requesting a decrease in the Revenue Stabilization Adjustment Mechanism rate rider on an interim and refundable basis applicable to residential and small commercial customers of \$0.883/GJ from \$1.256/GJ to \$0.373/GJ.

Further to PNG(NE)'s 2017 Fourth Quarter Report on gas supply costs and GCVA balances, by Order G-187-17 dated December 14, 2017 the Commission approved PNG (NE)'s commodity rates and GC VA rate riders effective January 1, 2018. Inclusive of these changes, the overall bundled rate will not change for a typical residential customer consuming 69.5 GJ per year as the proposed delivery rate increases are offset by the decrease in the RSAM rider and the cost of the commodity of natural gas. For a typical small commercial customer consuming 359.8 GJ per year, the overall bundled rate decrease is \$192 per year or 4.3 percent.

HOW TO PARTICIPATE

There are a number of ways to participate in a matter before the Commission:

- **Submit a letter of comment**
- **Register as an interested party**
- **Request intervener status**

For more information, or to find the forms for any of the options above, please visit our website or contact us at the information below.

www.bcuc.com/RegisterIndex.aspx

All submissions received, including letters of comment, are placed on the public record, posted on the Commission's website and provided to the Panel and all participants in the proceeding.

NEXT STEPS

1. Persons who are directly or sufficiently affected by the Commission's decision or have relevant information or expertise and that wish to actively participate in the proceeding can request intervener status by submitting a completed Request to Intervene Form by January 12, 2018.
2. Pacific Norther Gas Ltd. will file its amended application by February 28, 2018. Further process will be determined by the Commission after that date.

GET MORE INFORMATION

All documents filed on the public record are available on the "Current Proceedings" page of the Commission's website at www.bcuc.com.

If you would like to review the material in hard copy, or if you have any other inquiries, please contact Patrick Wruck, Commission Secretary, at the following contact information.

British Columbia Utilities Commission



Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3



E: Commission.Secretary@bcuc.com



P: 604.660.4700