



**ORDER NUMBER
G-325-19**

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

and

Pacific Northern Gas (N.E.) Ltd.
Fourth Quarter 2019 Gas Supply Costs
for Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

BEFORE:

B. A. Magnan, Commissioner
R. D. Revel, Commissioner
T. A. Loski, Commissioner

on December 12, 2019

ORDER

WHEREAS:

- A. On December 4, 2019, Pacific Northern Gas (N.E.) Ltd. (PNG (NE)) filed with the British Columbia Utilities Commission (BCUC) its 2019 Fourth Quarter Gas Supply Costs and Gas Cost Variance Account (GCVA) balances for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas, based on the average of five consecutive days of forward natural gas price forecasts ended November 22, 2019 (the Gas Cost Report);
- B. The BCUC established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 (together the Guidelines). The Guidelines include two mechanisms that must be met in order to trigger a rate change:
 - i. The ratio of the 12-month gas cost recovery revenues using current rates against the sum of the 12-month forecast gas supply costs and the GCVA balance at the end of the current quarter (R/C Ratio) must fall outside a dead band range of 0.95 to 1.05; and
 - ii. Indicative changes to gas cost commodity rates and GCVA rate riders required to reset the R/C ratio to 1.00 over a 12-month period must exceed a \$0.50/GJ absolute change threshold;
- C. By Order G-59-19 dated March 14, 2019, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for the FSJ/DC and TR service areas effective April 1, 2019;
- D. For FSJ/DC, PNG (NE) forecasts the R/C Ratio to be 0.858, which is outside the established 0.95 to 1.05 dead band range. Changes to indicative gas cost commodity rate and GCVA rate riders required to reset the R/C Ratio. The indicative January 1, 2020 gas cost commodity rate and GCVA rate rider changes

required to achieve an R/C Ratio of 1.00 by December 31, 2020 for all customer classes are less than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG (NE) requests no changes to the gas commodity rates for the FSJ/DC service area;

- E. For FSJ/DC, PNG (NE) recommends maintaining the GCVA commodity credit rate rider at \$0.081/GJ and maintaining the Company use GCVA gas cost credit rate rider at \$0.116/GJ;
- F. For FSJ/DC, PNG (NE) requests approval to increase the current Company use gas cost delivery rate of \$0.029/GJ to \$0.036/GJ, and to increase the Company use gas commodity price used for price deferral accounting purposes from \$1.278/GJ to \$1.768/GJ, effective January 1, 2020;
- G. For TR, PNG (NE) forecasts the R/C Ratio to be 1.021, which is within the established 0.95 to 1.05 dead band range. The indicative January 1, 2020 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2020 for all customer classes is less than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) requests no changes to the gas commodity rates for the TR service area;
- H. For TR, PNG (NE) recommends maintaining the current GCVA commodity credit rate rider of \$0.010/GJ and maintaining the Company use GCVA gas cost credit rate rider of \$0.198/GJ;
- I. For TR, PNG (NE) requests approval to increase the current Company use gas cost delivery rate of \$0.407/GJ to \$0.504/GJ, and to increase the Company use gas commodity price used for price deferral accounting purposes from \$2.464/GJ to \$3.038/GJ, effective January 1, 2020; and
- J. The BCUC has reviewed PNG (NE)'s Gas Cost Report and concludes that the rates requested in the Gas Cost Report should be approved, effective January 1, 2020.

NOW THEREFORE pursuant to section 61(4) of the UCA, the BCUC orders the following, effective January 1, 2020:

- 1. In the FSJ/DC service area, no changes are required to gas commodity rates and gas cost rate riders, the Company Use gas cost delivery rate is changed to \$0.036/GJ and the Company Use gas commodity price is changed to \$1.768/GJ.
- 2. In the TR service area, no changes are required to gas commodity rates and gas cost rate riders, the Company Use gas cost delivery rate is changed to \$0.504/GJ and the Company Use gas commodity price is changed to \$3.038/GJ.
- 3. PNG (NE) will notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly billing.
- 4. PNG (NE) is directed to file revised tariff pages with the BCUC within 15 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2019.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner