



July 16, 2020

Sent via email

Letter L-46-20

Re: Pacific Northern Gas Ltd. – Complaint – British Columbia Utilities Commission Review

Thank you for your emails to the BC Utilities Commission (BCUC). BCUC staff reviewed your Complaint using the criteria of whether the utility reasonably responded to the customer's concern(s) and whether the utility followed its Tariff and the *Utilities Commission Act*.

The BCUC has completed its review of your Complaint. We have evaluated Pacific Northern Gas Ltd.'s (PNG) response to your concerns and PNG's obligations under its Tariff and the *Utilities Commission Act* (UCA). The BCUC is satisfied that PNG has reasonably responded to your concerns and acted within its Tariff and the UCA.

This letter outlines the BCUC's review process, and then provides a summary of your Complaint, the issues raised, a summary of the submissions the BCUC has gathered from you and PNG, the BCUC's review of each issue, concluding with the BCUC's determination.

Review of the Complaint

The BCUC received your Complaint on December 10, 2019, regarding a lack of fiscal responsibility by PNG. Specifically, regarding PNG's capital project justification process.

After receiving your Complaint, BCUC staff provided PNG an opportunity to respond to your Complaint:

- PNG provided its response on January 9, 2020;
- You provided additional comments on January 30, 2020;
- BCUC staff requested further details from the complainant on February 12, 2020; and
- The BCUC received responses to the Information requests from the Complainant on February 12, 2020.

Review Process

Summary of the Complaint

The BCUC received a complaint from an individual wishing to remain anonymous regarding concerns with PNG's capital project justification process. The Complainant stated that they "suspected gross mis-spending on projects with little or no justification. Many capital projects initiated by PNG are suspect of being justified to the BCUC using choice fancy wording, but in reality hold no merit."

In your Complaint you asked the BCUC to address the following concern:

The Complainant requested the BCUC to conduct a review of PNG's capital project justification process and spending. Three projects were identified but will not be named due to confidentiality concerns.

Review of issues

PNG's capital project justification process

The BCUC reviewed the three projects addressed in the complaint and found that one project was cancelled, one was examined as part of PNG(NE) 2018-2019 Revenue Requirements Application and the third has not been submitted to the BCUC for assessment.

The BCUC notes that the Complainant expressed concerns regarding PNG's project justification and spending stating, "gross mis-spending on projects with little or no justification." Further requesting a review of project spending dating back to 2015.

PNG reviewed the complaint regarding capital project justification and stated that it "has stringent capital management practices" and that "PNG stands behind the matters it asks the BCUC to adjudicate upon, to the point that, as the BCUC will recall, PNG has been ready to amend or withdraw applications where it has any concerns with any element of their content or their continued relevance." Further, PNG believes that the lack of details in the complaint impairs the utility's ability to respond substantively to the allegations and requests that should the complaint proceed, PNG should be made aware of the identity of the complainant.

In its response, PNG requested the BCUC to either provide the identity of the complainant, or the basis for the request for anonymity.

The BCUC notes that in an additional response, the Complainant stated that they are not satisfied with PNG's response and proposed the following routes for the BCUC to investigate the allegations.

1. Full documentation of PNG's quoted capital management practice.
2. Representative sample of projects demonstrating how PNG is following their stringent capital management practice. This should include at least 3 examples from past budget submissions, IE: 2016-2017, 2018-2019.

The BCUC staff note that a revenue requirements application process provides an opportunity for the BCUC to review and test both the planned and actual capital additions and expenditures by PNG. If issues arise during the process, they would be reviewed for any prudency concerns and/or disallowance of costs.

With respect to the concerns raised by the Complainant and the subsequent preliminary investigation the BCUC staff are satisfied that PNG have reasonably responded to the allegations presented by the complainant and acted in accordance with the Tariff.

Given your interest in PNG's Capital expenditures, you may wish to participate in future proceedings concerning revenue requirements applications or CPCN applications. The BCUC's application review process is public where members of the public are encouraged to participate by submitting letters of comments or registering as an intervener. Based on the evidence presented and reviewed in the proceeding, the BCUC then makes a determination on the application.

Comments from the public form an important part of the evidence used by Commissioners to make a determination in a hearing. Please visit our website to learn more about how you can stay informed about BCUC proceedings and participate in a hearing: <https://www.bcuc.com/get-involved/get-involved-proceeding.html>

Summary

Based on our review of your Complaint and related correspondence provided in this matter, the BCUC staff sees no indication that PNG was in contravention of its Tariff or the UCA.

Accordingly, your file is closed.

Office of the Ombudsperson

If you have concerns about how the BCUC handled your complaint, you may wish to contact the Office of the Ombudsperson. The Office of the Ombudsperson receives enquiries and complaints about the practices and services of public agencies within its jurisdiction. Their role is to impartially investigate complaints to determine whether public agencies have acted fairly and reasonably, and whether their actions and decisions were consistent with relevant legislation, policies and procedures.

If you decide to file a complaint with the Ombudsperson, they will review the BCUC's process to ensure it was fair. Though this may not result in a different outcome for you, the Office could request that the BCUC reopen its investigation.

Provided is a link to the Office of the Ombudsperson's website: <https://www.bcombudsperson.ca/>. You can also call their Office toll-free at 1-800-567-3247. An employee at the Office will be able to assist you and inform you of your options.

Thank you again for contacting the BCUC.

Sincerely,

Original signed by:

Marija Tresoglavic
Acting Commission Secretary

DD/dg