



**ORDER NUMBER**  
**G-237-20**

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

and

Pacific Northern Gas Ltd.  
Third Quarter 2020 Gas Supply Costs  
for PNG-West and Granisle Service Areas

**BEFORE:**

B. A. Magnan, Panel Chair  
C. Brewer, Commissioner

on September 17, 2020

**ORDER**

**WHEREAS:**

- A. On September 8, 2020, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2020 Third Quarter 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 and propane price forecasts ended August 28, 2020 (Q3 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-162-20, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West effective July 1, 2020;
- D. By Order G-57-20, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective April 1, 2020;
- E. For PNG-West, PNG forecasts the R/C Ratio to be 0.892 which is outside the established 0.95 to 1.05 dead band range. Changes to the indicative gas cost commodity rates and GCVA rate riders required to reset the R/C Ratio to 1.00 by September 30, 2021 are within the \$0.50/GJ threshold set out in the Guidelines. Based

on the foregoing, PNG recommends retaining the current gas commodity rates for the PNG-West service area, effective October 1, 2020;

- F. For PNG-West, PNG recommends retaining the current GCVA commodity debit rate rider of \$0.093/GJ and retaining the current Company use GCVA gas cost debit rate rider of \$0.025/GJ, effective October 1, 2020;
- G. For PNG-West, PNG recommends retaining the current Company use gas cost delivery rate of \$0.093/GJ and retaining the Company use gas commodity price used for deferral accounting purposes of \$1.823/GJ;
- H. For Granisle, PNG forecasts the R/C Ratio to be 1.095, which is outside the established 0.95 to 1.05 dead band range. Changes to the indicative propane cost commodity rate and GCVA rate rider required to reset the R/C Ratio to 1.00 by September 30, 2021 are more than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG recommends changes to the current propane commodity rate for the Granisle service area;
- I. For Granisle, PNG recommends decreasing the propane supply commodity cost recovery rate of \$15.009/GJ to \$13.772/GJ;
- J. For Granisle, PNG recommends decreasing the current GCVA commodity debit rate rider of \$0.622/GJ to \$0.504/GJ; and
- K. The BCUC has reviewed PNG's Q3 Gas Cost Report and views that the changes to the rates as recommended by PNG in the Q3 Gas Cost Report, effective October 1, 2020, are warranted.

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

- 1. In the PNG-West service area, no changes are required to the gas commodity rates and gas cost rate riders.
- 2. In the PNG-West service area, no changes are required to the GCVA commodity rate rider and the Company use GCVA rate rider.
- 3. In the Granisle service area, the propane commodity rate is changed to \$13.772/GJ and GCVA commodity debit rate rider is changed to \$0.504/GJ.
- 4. PNG must 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.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 17<sup>th</sup> day of September 2020.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner