



**ORDER NUMBER
G-325-20**

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

Pacific Northern Gas (N.E.) Ltd
Fourth Quarter 2020 Gas Supply Costs
for Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

BEFORE:

B. A. Magnan, Commissioner
E. B. Lockhart, Commissioner
T. A. Loski, Commissioner
R. I. Mason, Commissioner

on December 10, 2020

ORDER

WHEREAS:

- A. On December 4, 2020, Pacific Northern Gas (N.E.) Ltd. (PNG(NE)) filed with the British Columbia Utilities Commission (BCUC) its 2020 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 five consecutive days of forward gas price forecasts which ended November 27, 2020 (Q4 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-161-20, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for the FSJ/DC service area effective July 1, 2020, and by Order G-238-20A approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for the TR service area effective October 1, 2020;
- D. By Order G-325-19, the BCUC approved the current Company Use gas cost delivery rate and the Company Use gas commodity price used for price deferral accounting purposes effective January 1, 2020;

- E. For FSJ/DC, PNG(NE) forecasts the R/C Ratio to be 0.921 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 December 31, 2021 are lower than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends no changes to the current gas commodity rates for the FSJ/DC service area, effective January 1, 2021;
- F. For FSJ/DC, PNG(NE) recommends retaining the current GCVA commodity debit rate rider of \$0.089/GJ and retaining the current Company Use GCVA gas cost credit rate rider of \$0.016/GJ;
- G. For FSJ/DC, PNG(NE) requests approval to increase the current Company Use gas cost delivery rate of \$0.036/GJ to \$0.048/GJ, and increase the Company Use gas commodity price used for price deferral accounting purposes from \$1.768/GJ to \$2.650/GJ, effective January 1, 2021;
- H. For TR, PNG(NE) forecasts the R/C Ratio to be 1.083, 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 December 31, 2021 are lower than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends no change to the current gas commodity rates for the TR service area, effective January 1, 2021;
- I. For TR, PNG(NE) recommends retaining the current GCVA commodity credit rate rider of \$0.079/GJ and retaining the current Company Use GCVA gas cost credit rate rider of \$0.021/GJ;
- J. For TR, PNG(NE) requests approval to increase the current Company Use gas cost delivery rate of \$0.504/GJ to \$0.588/GJ, and increase the Company Use gas commodity price used for price deferral accounting purposes from \$3.038/GJ to \$3.897/GJ, effective January 1, 2021; and
- K. The BCUC has reviewed PNG(NE)'s Q4 Gas Cost Report and views that the changes to the rates as recommended by PNG(NE) in the Gas Cost Report, effective January 1, 2021, are warranted.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders the following, effective January 1, 2021:

1. In the FSJ/DC service area, no changes are required to the gas commodity rates.
2. In the FSJ/DC service area, no changes are required to the GCVA commodity rate rider and the Company Use GCVA rate rider.
3. In the FSJ/DC service area, the Company Use gas cost delivery rate is increased to \$0.048/GJ and the Company Use gas commodity price is increased to \$2.650/GJ.
4. In the TR service area, no changes are required to the gas commodity rates.
5. In the TR service area, no changes are required to the GCVA commodity rate rider and the Company Use GCVA rate rider.
6. In the TR service area, the Company Use gas cost delivery rate is increased to \$0.588/GJ and the Company Use gas commodity price is increased to \$3.897/GJ.

7. PNG(NE) must notify all customers that are affected by the rate changes 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 10th day of December 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner