



**ORDER NUMBER**  
**G-274-21**

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

Pacific Northern Gas (N.E.) Ltd.  
Third Quarter 2021 Gas Supply Costs  
for Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

**BEFORE:**

B. A. Magnan, Panel Chair  
T. A. Loski, Commissioner  
R. I. Mason, Commissioner

on September 16, 2021

**ORDER**

**WHEREAS:**

- A. On September 8, 2021, Pacific Northern Gas (N.E.) Ltd. (PNG(NE)) filed with the British Columbia Utilities Commission (BCUC) its 2021 Third 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 ended August 27, 2021 (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-325-20, 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, 2021;
- D. By Order G-73-21, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for FSJ/DC service area effective April 1, 2021. By Order G-238-20A, the BCUC 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;

- E. For FSJ/DC, PNG(NE) forecasts the R/C Ratio to be 0.761 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, 2022 are greater than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends a change to the current gas commodity rates for the FSJ/DC service area, effective October 1, 2021;
- F. For FSJ/DC, PNG(NE) recommends increasing the current GCVA commodity rate rider from a debit rider of \$0.180/GJ to a debit rider of \$0.197/GJ and decreasing the current Company use GCVA gas cost rate rider from a debit rider of \$0.052/GJ to a credit rider of \$0.013/GJ, effective October 1, 2021;
- G. For FSJ/DC, PNG(NE) recommends retaining the current Company use gas cost delivery rate of \$0.048/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of \$2.650/GJ;
- H. For TR, PNG(NE) forecasts the R/C Ratio to be 0.806, 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, 2022 are greater than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends a change to the current gas commodity rate for the TR service area, effective October 1, 2021;
- I. For TR, PNG(NE) recommends decreasing the current GCVA commodity rate rider from a credit rider of \$0.079/GJ to a credit rider of \$0.117/GJ and increasing the current Company use GCVA gas cost rate rider from a credit rider of \$0.021/GJ to a debit rider of \$0.029/GJ, effective October 1, 2021;
- J. For TR, PNG(NE) recommends retaining the current Company use gas cost delivery rate of \$0.588/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of \$3.897/GJ; and
- K. The BCUC has reviewed the Gas Cost Report and determines that the changes to the rates as recommended by PNG(NE), effective October 1, 2021, are warranted.

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

1. In the FSJ/DC service area, the natural gas commodity rates are set as follows:

Customer Rate Class	Commodity Rate
Residential (RS1)	\$4.283/GJ
Small Commercial Firm (RS2)	\$4.289/GJ
Large Commercial Firm (RS3)	\$4.145/GJ
Small Industrial (RS4)	\$4.005/GJ

2. In the FSJ/DC service area, the GCVA commodity rate rider is changed to a debit rider of \$0.197/GJ and the Company use GCVA rate rider is changed to a credit rider of \$0.013/GJ.
3. In the FSJ/DC service area, no changes are required to the Company Use gas cost delivery rate and the Company Use gas commodity price.

4. In the TR service area, the gas commodity rate is changed to \$5.156/GJ.
5. In the TR service area, the GCVA commodity rate rider is changed to a credit rider of \$0.117/GJ and the Company use GCVA rate rider is changed to a debit rider of \$0.029/GJ.
6. In the TR service area, no changes are required to the Company Use gas cost delivery rate and the Company Use gas commodity price.
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 16<sup>th</sup> day of September 2021.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner