



ORDER NUMBER
G-375-21

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

and

Pacific Northern Gas Ltd.
Fourth Quarter 2021 Gas Supply Costs
for PNG-West and Granisle Service Areas

BEFORE:

B. A. Magnan, Panel Chair
E. B. Lockhart, Commissioner
T. A. Loski, Commissioner
R. I. Mason, Commissioner
A. Pape-Salmon, Commissioner

on December 16, 2021

ORDER

WHEREAS:

- A. On December 7, 2021, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2021 Fourth 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 ending on November 19, 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 dated December 10, 2020, 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-273-21 dated September 16, 2021, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West effective October 1, 2021;

- E. By Order G-273-21 dated September 16, 2021, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective October 1, 2021;
- F. For PNG-West, PNG forecasts the R/C Ratio to be 1.019, which is within 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, 2022 are less than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG recommends no changes to the current gas commodity rates for the PNG-West service area, effective January 1, 2022;
- G. For PNG-West, PNG recommends retaining the current GCVA commodity debit rate rider of \$0.262/GJ and the Company Use GCVA gas cost debit rate rider of \$0.026/GJ;
- H. For PNG-West, PNG requests approval to increase the current Company use gas cost delivery rate of \$0.094/GJ to \$0.191/GJ and increase the Company Use gas commodity price used for price deferral accounting purposes from \$2.705/GJ to \$3.924/GJ, effective January 1, 2022;
- I. For Granisle, PNG forecasts the R/C Ratio to be 0.943, 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 December 31, 2022 are more than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG recommends a change to the current propane commodity rate for the Granisle service area;
- J. For Granisle, PNG recommends increasing the propane supply commodity cost recovery rate from \$20.985/GJ to \$21.852/GJ, effective January 1, 2022;
- K. For Granisle, PNG recommends increasing the current GCVA commodity debit rate rider from \$0.733/GJ to \$1.180/GJ; and
- L. The BCUC has reviewed the Gas Cost Report and determines that the changes to the rates as recommended by PNG, effective January 1, 2022, are warranted.

NOW THEREFORE pursuant to section 61(4) of the UCA, the BCUC orders the following, effective January 1, 2022:

- 1. In the PNG-West service area, no changes are required to the natural gas commodity rates.
- 2. In the PNG-West service area, no changes are required to the GCVA commodity rate rider and Company Use GCVA rate rider.
- 3. In the PNG-West service area, the Company use gas cost delivery rate is changed to \$0.191/GJ and the Company use gas commodity price is changed to \$3.924/GJ.
- 4. In the Granisle service area, the propane commodity rate is changed to \$21.852/GJ and the GCVA commodity debit rate rider is changed to \$1.180/GJ.
- 5. 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 16th day of December 2021.

BY ORDER

Original signed by :

B. A. Magnan
Commissioner