



**ORDER NUMBER**  
**G-53-23**

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

Pacific Northern Gas (N.E.) Ltd.  
First Quarter 2023 Gas Supply Costs for Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

**BEFORE:**

B. A. Magnan, Panel Chair  
T. A. Loski, Commissioner  
A. Pape-Salmon, Commissioner

on March 16, 2023

**ORDER**

**WHEREAS:**

- A. On March 7, 2023, Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] filed with the British Columbia Utilities Commission (BCUC) its 2023 First 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 February 17, 2023 (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-365-22 dated December 15, 2022, 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, 2023;
- D. By Order G-365-22 the BCUC also approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for FSJ/DC and TR service areas, effective January 1, 2023;
- E. For FSJ/DC, PNG(NE) forecasts the R/C Ratio to be 1.803 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 March 31, 2024 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 April 1, 2023;

- F. For FSJ/DC, PNG(NE) recommends increasing the current GCVA commodity credit rate rider from \$0.271/GJ to a credit rate rider of \$0.276/GJ and decreasing the current Company use GCVA gas cost rate rider from \$0.000/GJ to a credit rate rider of \$0.025/GJ;
- G. For FSJ/DC, PNG(NE) recommends retaining the current Company Use gas cost delivery rate of \$0.081/GJ and retaining the Company Use gas commodity price used for price deferral accounting purposes of \$4.646/GJ;
- H. For TR, PNG(NE) forecasts the R/C Ratio to be 2.171, 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 March 31, 2024 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 April 1, 2023;
- I. For TR, PNG(NE) recommends increasing the current GCVA commodity credit rate rider from \$0.427/GJ to a credit rate rider of \$1.109/GJ and decreasing the current Company use GCVA gas cost credit rate rider from \$0.799/GJ to a credit rate rider of \$0.577/GJ, effective April 1, 2023;
- J. For TR, PNG(NE) recommends retaining the current Company Use gas cost delivery rate of \$0.575/GJ and retaining the Company Use gas commodity price used for price deferral accounting purposes of \$6.011/GJ;
- K. The BCUC has reviewed the Gas Cost Report and determines that the changes to the rates as recommended by PNG(NE), effective April 1, 2023, are warranted.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders the following, effective April 1, 2023:

1. In the FSJ/DC service area, the changes are required to the natural gas commodity rates:

Customer Rate Class	Commodity Rate (per GJ)
Residential (RS1)	\$3.016
Small Commercial Firm (RS2)	\$3.028
Large Commercial Firm (RS3)	\$2.870
Small Industrial (RS4)	\$2.728

2. In the FSJ/DC service area, the GCVA commodity rate rider is changed to a credit rate rider of \$0.276/GJ and the Company use GCVA rate rider is changed to a credit rate rider of \$0.025/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 \$3.681/GJ.

5. In the TR service area, the GCVA commodity rate rider is changed to a credit rider of \$1.109/GJ and the Company Use GCVA rate rider is changed to a credit rider of \$0.577/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 March 2023.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner