



**ORDER NUMBER**  
**G-245-23**

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

Pacific Northern Gas Ltd.  
Third Quarter 2023 Gas Supply Costs for PNG-West and Granisle Service Areas

**BEFORE:**

B. A. Magnan, Panel Chair  
E. B. Lockhart, Commissioner  
T. A. Loski, Commissioner  
E. Brown, Commissioner

on September 14, 2023

**ORDER**

**WHEREAS:**

- A. On September 8, 2023, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2023 Third Quarter Gas Supply Costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on five consecutive days of a forward natural gas price forecast ended August 29, 2023, and a forward propane price forecast ended August 29, 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-149-23, dated June 15, 2023, the BCUC approved the current natural gas commodity rates, GCVA Commodity rate rider and Company Use GCVA rate rider for PNG-West and the current propane commodity rate and associated GCVA Commodity rate rider for Granisle, effective July 1, 2023;
- D. By Order G-364-22A, the BCUC approved the current Company Use gas cost delivery rate and the Company Use gas commodity price used for price deferral accounting purposes for PNG-West, effective January 1, 2023;
- E. For PNG-West, PNG forecasts the R/C Ratio to be 0.957, 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 September 30, 2024, are less than the \$0.50/GJ threshold set out in the Guidelines. Based on the

foregoing, PNG recommends no change to the current gas commodity rates for the PNG-West service, effective July 1, 2023;

- F. For PNG-West, PNG recommends retaining the current GCVA Commodity debit rate rider of \$0.035/GJ and retaining the current Company use GCVA gas cost debit rate rider of \$0.012/GJ;
- G. For PNG-West, PNG recommends retaining the current Company use gas cost delivery rate of \$0.200/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of \$4.779/GJ;
- H. For Granisle, PNG forecasts the R/C Ratio to be 1.110, 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, 2024, 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 from \$18.659/GJ to \$18.248/GJ, effective October 1, 2023;
- I. For Granisle, PNG recommends decreasing the current GCVA Commodity debit rate rider from \$2.157/GJ to \$0.502/GJ; and
- J. The BCUC has reviewed PNG's Gas Cost Report and views that the changes to the rates as recommended by PNG in the Gas Cost Report, effective October 1, 2023, are warranted.

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

- 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 the Company Use GCVA rate rider;
- 3. In the PNG-West service area, no changes are required to the Company Use gas cost delivery rate and the Company Use gas commodity price;
- 4. In the Granisle service area, the propane commodity rate is changed from \$18.659/GJ to \$18.248/GJ and the GCVA commodity debit rate rider is changed from \$2.157/GJ to \$0.502/GJ; and
- 5. PNG 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.
- 6. PNG is directed to file revised tariff pages with the BCUC within 15 days of the date of this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 14<sup>th</sup> day of September 2023.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner