



**ORDER NUMBER
G-341-23**

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

and

Pacific Northern Gas Ltd.
Tax Benefit Deferral Account for the West Division

BEFORE:

M. Jaccard, Commissioner

on December 12, 2023

ORDER

WHEREAS:

- A. On November 2, 2023, Pacific Northern Gas Ltd. (PNG) submitted an application (Application) to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) for approval to establish a Tax Benefit deferral account for the West Division (PNG-West) to record recently assessed income tax benefits arising from Scientific Research and Experimental Development (SR&ED) claims, as well as potential future tax benefits, including possible SR&ED claims for future years. PNG proposes that the deferral account attract interest at its short-term interest rate and that the disposition of the deferral account balance be addressed in the next Revenue Requirements Application (RRA) proceeding, presently anticipated for 2025-2026;
- B. In the Application, PNG stated that it received a favourable assessment from the Canada Revenue Agency (CRA) in October 2023 for its 2021 and 2022 SR&ED claims, resulting in a net tax benefit of \$0.942 million after tax and contingency-based consultant fees. PNG opted not to recognize any tax benefit until such time as there was evidence supporting that its SR&ED claims had been reviewed and assessed by the CRA; and
- C. The BCUC has completed its review of the Application and makes the following determinations.

NOW THEREFORE pursuant to section 59 to 61 of the UCA, the BCUC orders as follows:

- 1. PNG is approved to establish the Tax Benefit deferral account for PNG-West, accruing interest at PNG's short-term interest rate.
- 2. PNG is approved to record in the Tax Benefit deferral account the recently assessed tax benefits arising from its 2021 and 2022 SR&ED claims as well as potential future tax benefits.
- 3. PNG is directed to include a proposal for the disposition of the existing balance of the Tax Benefit deferral account as part of its next RRA for PNG-West.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2023.

BY ORDER

Original signed by:

M. Jaccard
Commissioner