



ORDER NUMBER
G-346-23

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

and

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

BEFORE:

B. A. Magnan, Panel Chair
E. B. Lockhart, Commissioner
W. Royle, Commissioner
E.A. Brown, Commissioner

on December 14, 2023

ORDER

WHEREAS:

- A. On December 7, 2023, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2023 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 28, 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 gigajoule (\$/GJ) absolute change threshold;
- C. By Order G-339-22, the BCUC approved a Low Carbon Energy Commodity Charge of \$27.50/GJ and a Low Carbon Energy Cost Recovery rate rider of \$0.00/GJ and also approved adjustment mechanisms for the Low Carbon Energy Commodity Charge and the Low Carbon Energy Cost Recovery rate rider to be reviewed on an annual basis as part of PNG's quarterly gas cost reporting to the BCUC;

- D. By Order G-364-22A 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;
- E. By Order G-52-23 dated March 16, 2023, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West, effective April 1, 2023;
- F. By Order G-245-23 dated September 14, 2023, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective October 1, 2023;
- G. By Order G-292-23, the BCUC directed PNG to establish its commodity cost recovery charges effective January 1, 2024, based on a consolidated gas supply commodity charge common to all PNG and Pacific Northern Gas (N.E.) Ltd. (PNG(NE)) service areas (PNG-West, Granisle and PNG(NE)'s Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas) and all rate classes, and consolidated gas supply demand charges for each rate class based on the allocation of consolidated storage and transportation costs across all service areas;
- H. By Order G-292-23, the BCUC approved the consolidation of PNG-West, Granisle, FSJ/DC, and TR GCVA balances into a single account at the time of commodity cost consolidation and also approved the establishment of a consolidated GCVA commodity rate rider and a consolidated GCVA Company use rate rider;
- I. By Order G-292-23, the BCUC also approved that the same Company use delivery rate rider charged to PNG-West customers also be applied to Granisle customers;
- J. For PNG-West, PNG forecasts the consolidated R/C Ratio to be 1.152, 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 December 31, 2024 are not greater than the \$0.50/GJ threshold set out in the Guidelines for all rate classes. However, PNG recommends a change to the current gas commodity rates for the PNG-West service area, effective January 1, 2024, in order to establish the consolidated gas supply commodity charge and the consolidated gas supply demand charges;
- K. For PNG-West, PNG recommends changing the current GCVA commodity debit rate rider from \$0.035/GJ to a credit rate rider of \$0.294/GJ and changing the Company Use GCVA gas cost debit rate rider from \$0.012/GJ to a credit rate rider of \$0.075/GJ;
- L. For PNG-West, PNG recommends changing the current Company use gas cost delivery rate of \$0.200/GJ to \$0.128/GJ and changing the Company Use gas commodity price used for price deferral accounting purposes from \$4.779/GJ to \$2.489/GJ, effective January 1, 2024;
- M. For Granisle, PNG forecasts the consolidated R/C Ratio to be 1.152, which is outside the established 0.95 to 1.05 dead band range. Changes to the indicative gas cost commodity rates and GCVA rate rider required to reset the R/C Ratio to 1.00 by December 31, 2024 are more than the \$0.50/GJ threshold set out in the Guidelines. PNG recommends a change to the current gas cost commodity rates for the Granisle service area, effective January 1, 2024, in order to establish the consolidated gas supply commodity charge and the consolidated gas supply demand charges;
- N. For Granisle, PNG recommends changing the current GCVA Commodity debit rate rider from \$0.502/GJ to a credit rate rider of \$0.294/GJ and establishing a Company Use GCVA gas cost credit rate rider of \$0.075/GJ;

- O. For Granisle, PNG recommends introducing the PNG-West Company use gas cost delivery rate of \$0.128/GJ and establishing the Company use gas commodity price used for price deferral accounting purposes of \$2.489/GJ, effective January 1, 2024;
- P. For PNG-West, PNG recommends no change to the current Low Carbon Energy Commodity charge and PNG recommends increasing the Low Carbon Energy Cost Recovery rate rider from \$0.000/GJ to a debit rate rider of \$0.007/GJ, effective January 1, 2024; and
- Q. The BCUC has reviewed the Gas Cost Report and determines that the changes to the rates as recommended by PNG, effective January 1, 2024, are warranted.

NOW THEREFORE pursuant to section 61(4) of the UCA, the BCUC orders the following, effective January 1, 2024:

- 1. In the PNG-West and Granisle service areas, the commodity cost recovery charges are changed to:

Customer Rate Class	Commodity Cost Recovery Charge (per GJ)
Residential (RS1/RS1P)	\$2.891
Small Commercial Firm (RS2/RS2P)	\$2.876
Commercial Firm (RS2, RS3)	\$2.879
Small Industrial (RS4)	\$2.649
Commercial Interruptible (RS5)	\$2.489
Seasonal Off Peak (RS6)	\$2.693
NGV (RS7)	\$2.585

- 2. In the PNG-West and Granisle service areas, the GCVA commodity rate rider is changed to a credit rider of \$0.294/GJ and the Company Use GCVA rate rider is changed to a credit rate rider of \$0.075/GJ.
- 3. In the PNG-West and Granisle service areas, the Company use gas cost delivery rate is set to \$0.128/GJ and the Company use gas commodity price is set to \$2.489/GJ.
- 4. In the PNG-West service area, no change is required to the Low Carbon Energy Commodity Charge and the Low Carbon Energy Cost Recovery rate rider is changed from \$0.000/GJ to \$0.007/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.
- 6. PNG is directed to file revised tariff pages with the BCUC within 10 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December 2023.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner