



ORDER NUMBER
G-347-23

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

Pacific Northern Gas (N.E.) Ltd.
Fourth Quarter 2023 Gas Supply Costs
for Fort St. John/Dawson Creek and Tumbler Ridge 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 (N.E.) Ltd. [PNG(NE)] filed with the British Columbia Utilities Commission (BCUC) its 2023 Fourth 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 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 per 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 cost reporting to the BCUC;
- D. 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 for the FSJ/DC and TR service areas, effective January 1, 2023;

- E. By Order G-53-23 dated March 16, 2023, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for the FSJ/DC service area, effective April 1, 2023;
- F. By Order G-246-23 dated September 14, 2023, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for the TR service area, 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(NE) and Pacific Northern Gas Ltd. (PNG) service areas (FSJ/DC and TR, and PNG's PNG-West and Granisle 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 FSJ/DC, TR, PNG-West and Granisle 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. For FSJ/DC, PNG(NE) 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 less than the \$0.50/GJ threshold set out in the Guidelines. However, PNG(NE) recommends a change to the current commodity cost recovery charges for the FSJ/DC service area, effective January 1, 2024, in order to establish the consolidated gas supply commodity charge and the consolidated gas supply demand charge;
- J. For FSJ/DC, PNG(NE) recommends changing the current GCVA commodity credit rate rider from \$0.276/GJ to \$0.294/GJ and changing the current Company use GCVA gas cost rate credit rider from \$0.025/GJ to \$0.075/GJ;
- K. For FSJ/DC, PNG(NE) recommends changing the current Company use gas cost delivery rate of \$0.081/GJ to \$0.053/GJ and changing the Company use gas commodity price used for price deferral accounting purposes from \$4.646/GJ to \$2.489/GJ;
- L. For TR, PNG(NE) 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 less than the \$0.50/GJ threshold set out in the Guidelines. However, PNG(NE) recommends a change to the current commodity cost recovery charges for the TR service area, effective January 1, 2024, in order to establish the consolidated gas supply commodity charge and the consolidated gas supply demand charge;
- M. For TR, PNG(NE) recommends changing the current GCVA commodity credit rate rider from \$0.827/GJ to \$0.294/GJ and changing the current Company use GCVA gas cost credit rate rider from \$0.611/GJ to \$0.075/GJ, effective January 1, 2024;
- N. For TR, PNG(NE) requests approval to change the current Company use gas cost delivery rate of \$0.575/GJ to \$0.421/GJ and to change the Company use gas commodity price used for price deferral accounting purposes from \$6.011/GJ to \$2.489/GJ, effective January 1, 2024;
- O. For FSJ/DC and TR, PNG(NE) recommends no change to the current Low Carbon Energy Commodity charge and PNG recommends changing 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

- P. The BCUC has reviewed the Gas Cost Report and determines that the changes to the rates as recommended by PNG(NE), effective January 1, 2024, are warranted.

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

1. In the FSJ/DC and TR service areas, the commodity cost recovery charges are changed to:

Customer Rate Class	Commodity Cost Recovery Charge (per GJ)
Residential (RS1)	\$2.891
Small Commercial Firm (RS2)	\$2.876
Large Commercial Firm (RS3)	\$2.879
Small Industrial (RS4)	\$2.649

2. In the FSJ/DC and TR service areas, the GCVA commodity rate rider is changed to a credit rate 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 FSJ/DC service area, the Company Use gas cost delivery rate is set to \$0.053/GJ and the Company Use gas commodity price is set to \$2.489/GJ.
4. In the TR service area, the Company Use gas cost delivery rate is set to \$0.421/GJ and the Company Use gas commodity price is set to \$2.489/GJ.
5. In the FSJ/DC and TR service areas, no change is required to the current Low Carbon Energy Commodity charge and the Low Carbon Energy Cost Recovery rate rider is changed from \$0.000/GJ to a debit rate rider of \$0.007/GJ.
6. 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.
7. 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