



**ORDER NUMBER
G-348-23**

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

and

Pacific Northern Gas (N.E.) Ltd.
2023–2024 Revenue Requirements Application
for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions

BEFORE:

C. M. Brewer, Panel Chair
T. A. Loski, Commissioner

on December 14, 2023

ORDER

WHEREAS:

- A. On November 30, 2022, Pacific Northern Gas (N.E.) Ltd. (PNG(NE)) filed its 2023–2024 Revenue Requirements Application (RRA) with the British Columbia Utilities Commission (BCUC) for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) divisions pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act*;
- B. By Order G-373-22, the BCUC, among other things, approved PNG(NE)'s basic charges, delivery rates and Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable/recoverable basis, effective January 1, 2023. By the same order the BCUC established a regulatory timetable for the proceeding, subsequently amended by Orders G-83-23 and G-180-23, which included intervener registration, filing an amended application, two rounds of information requests (IRs) to PNG(NE), responses to IRs, status updates, and final and reply arguments;
- C. On July 21, 2023, PNG(NE) filed an evidentiary update to its RRA along with an updated application for approval of, among other things, revised 2023 and 2024 delivery rates on a permanent basis (Updated Application);
- D. On October 3, 2023, PNG(NE) filed its final argument and requested the following advanced approvals by December 15, 2023:
 - i. Approval to create the Tumbler Ridge Supply Study deferral account to capture up to \$475,000 in costs related to evaluating identified feasible long-term supply options for Tumbler Ridge; and
 - ii. Approval of the depreciation expense and net salvage amortization as determined based on the findings of a new depreciation study effective January 1, 2024;

- E. By Order G-305-23, the BCUC approved PNG(NE)'s basic charges, delivery rates and RSAM rate rider as set forth in the Updated Application, on an interim and refundable/recoverable basis, effective January 1, 2024, subject to the final decision on the Updated Application and the BCUC's final decision on Stage 2 of its Generic Cost of Capital proceeding; and
- F. The BCUC has considered PNG(NE)'s request for advanced approvals and determines that approvals, with reasons for decision to follow, are warranted.

NOW THEREFORE pursuant to sections 56(2) and 58 to 61 of the *Utilities Commission Act*, with reasons for decision to follow, the BCUC orders as follows:

1. PNG(NE) is approved to apply the depreciation rates and net salvage rates included in the new depreciation study, effective January 1, 2024.
2. PNG(NE) is approved to establish a new Tumbler Ridge Supply Study deferral account to record costs related to front-end engineering design (FEED), specifically pre-FEED and FEED costs, and transmission line inspections costs, up to \$475,000, attracting interest at PNG(NE)'s weighted average cost of capital (WACC). The disposition of this deferral account will be determined as part of the next RRA.
3. PNG(NE) is approved to establish a rate smoothing deferral account for each of the FSJ/DC and TR divisions bearing interest at PNG(NE)'s short-term interest rate to record the following amounts, subject to adjustments identified during the proceeding, along with the directives and determinations in the reasons for decision to follow:
 - FSJ/DC division: \$0.490 million of the 2023 revenue deficiency, to be amortized in 2024.
 - TR division: \$0.120 million of the 2023 revenue deficiency, to be amortized in 2024.
4. PNG(NE) is directed to establish a new deferral account (Dawson Creek Supply Study deferral account) to record initial pre-FEED and FEED costs up to \$390,000, attracting interest at PNG(NE)'s WACC. The disposition of this deferral account will be determined as part of a future RRA.
5. PNG(NE) is directed to comply with all other directives and determinations as set out in the final order and decision to follow.

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

BY ORDER

Original signed by:

C. M. Brewer
Commissioner