



ORDER NUMBER
G-19-24

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 January 22, 2024

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* (Original Application);
- 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 riders 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, G-102-23, G-124-23 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. British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Center, known collectively as BCOAPO et al. and Residential Consumer Intervener Association participated as interveners in the proceeding;
- D. On February 28, 2023, PNG(NE) filed its amended application for approval of, among other things, 2023 and 2024 (Test Period or Test Year(s)) delivery rates on a permanent basis (Application);
- E. 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);

- F. PNG(NE) requests that the following exhibits be kept confidential on the basis that they contain sensitive information relating to PNG(NE)'s assets or commercially sensitive information as outlined in PNG(NE)'s public exhibits and further discussed in Section 16.1 of PNG(NE)'s final argument (Confidential Exhibits):
- i. Exhibit B-1-2, PNG(NE) filing confidential Appendix E to the Original Application;
 - ii. Exhibit B-6 (excluding Section A), PNG(NE) confidential responses to BCUC Confidential IR No. 1;
 - iii. Exhibit B-8-1, PNG(NE) confidential responses to RCIA Confidential IR No. 1; and
 - iv. Exhibit B-9-1, PNG(NE) filing confidential status update and recommendation on further process;
- G. In its Updated Application, PNG(NE) seeks approval to increase its basic charges and delivery rates on a permanent basis for the FSJ/DC division to recover the forecast 2023 revenue deficiency for the following rate classes, among other rate classes:
1. For Residential service, a 6.4 percent increase in the basic charge from \$7.00/month to \$7.45/month and a 6.4 percent increase in the delivery rate for FSJ from \$5.839/Gigajoule (GJ) to \$6.210/GJ and a 6.6 percent increase in the delivery rate for DC from \$5.641/GJ to \$6.012/GJ;
 2. For Small Commercial service, a 6.4 percent increase in the basic charge from \$7.00/month to \$7.45/month and a 6.2 percent increase in the delivery rate for FSJ from \$4.419/GJ to \$4.693/GJ and a 7.1 percent increase in the delivery rate for DC from \$3.882/GJ to \$4.156/GJ; and
- PNG(NE) also seeks approval to increase the RSAM rate rider on a permanent basis for the FSJ/DC division applicable to Residential and Small Commercial customers from a credit rider of \$0.235/GJ to a credit rider of \$0.206/GJ;
- H. In its Updated Application, PNG(NE) seeks approval to increase its basic charges and delivery rates on a permanent basis for the TR division to recover the forecast 2023 revenue deficiency for the following rate classes, among other rate classes:
1. For Residential service, an 8.2 percent increase in the basic charge from \$8.50/month to \$9.20/month and an 8.2 percent increase in the delivery rate from \$10.968/GJ to \$11.868/GJ;
 2. For Small Commercial service, an 8.4 percent increase in the basic charge from \$8.50/month to \$9.21/month and an 8.3 percent increase in the delivery rate from \$8.641/GJ to \$9.362/GJ; and
- PNG(NE) also seeks approval to increase the RSAM rate rider on a permanent basis for the TR division applicable to Residential and Small Commercial customers from a credit rider of \$0.306/GJ to a credit rider of \$0.189/GJ;
- I. In its Updated Application, as amended in its final argument, PNG(NE) seeks approval to increase its basic charges and delivery rates, on an interim and refundable/recoverable basis, for the FSJ/DC and TR divisions to recover the forecast 2024 revenue deficiency, subject to the BCUC's final decision on Stage 2 of its Generic Cost of Capital (GCOC) proceeding and adjustments identified during this proceeding. PNG(NE) also seeks approval to increase the RSAM rate rider on an interim and refundable basis applicable to Residential and Small Commercial customers from a credit rider of \$0.206/GJ to a credit rider of \$0.051/GJ for the FSJ/DC division and to decrease the RSAM rate rider for the TR division from a credit rider of \$0.189/GJ to a credit rider of \$0.217/GJ, effective January 1, 2024;

- J. By Order G-305-23, the BCUC approved PNG(NE)'s basic charges, delivery rates and RSAM rate riders 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 GCOC proceeding;
- K. By Order G-348-23, the BCUC made certain advanced approvals with reasons to follow; and
- L. The BCUC has considered the Application, evidence and submissions of the parties and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* and for the reasons provided in the decision issued concurrently with this order, the BCUC orders as follows:

1. The basic charges, delivery rates, and RSAM rate riders that were approved on an interim basis by Order G-373-22, are approved on a permanent basis, effective January 1, 2023.
2. For each of the FSJ/DC and TR divisions, PNG(NE) is directed to establish a deferral account (2023 Rate Variance deferral account) accruing interest at the average prime rate of PNG(NE)'s principal bank for its most recent year to record the difference between the following:
 - i. The permanent 2023 delivery rates and the adjusted 2023 delivery rates based on PNG(NE)'s compliance filing that reflect the adjustments summarized in Appendix A to the decision issued concurrently, along with the directives and determinations outlined in this order and the decision issued concurrently; and
 - ii. The permanent 2023 basic charges and the adjusted 2023 basic charges based on PNG(NE)'s compliance filing that reflect the adjustments summarized in Appendix A to the decision issued concurrently, along with the directives and determinations outlined in this order and the decision issued concurrently.

The disposition of the 2023 Rate Variance deferral account will be determined as part of the next RRA.

3. PNG(NE) is directed to record the difference between the 2023 permanent RSAM rate rider and the RSAM rate rider as proposed in the Updated Application in the RSAM interest bearing deferral account for each of the FSJ/DC and TR divisions. The disposition of this difference will be determined as part of the next RRA.
4. PNG(NE) is directed to update the 2024 interim basic charges, delivery rates and RSAM rate riders in its compliance filing to reflect the adjustments summarized in Appendix A to the decision issued concurrently, and the directives and determinations outlined in this order and the decision issued concurrently. PNG(NE) is further directed to include in its compliance filing, the mechanism to recover any difference between the 2024 interim rates approved by Order G-305-23 and the 2024 interim rates resulting from this order and the decision issued concurrently.
5. PNG(NE) is directed to file its next depreciation study as part of its RRA for test year 2026. Additionally, PNG(NE) is directed to discuss the work carried out on the economic planning horizon in its next RRA.
6. PNG(NE) is directed to update the Test Period forecast capital expenditures in its compliance filing to reflect the proposed adjustments summarized in Appendix A to the decision issued concurrently with this order.

7. PNG(NE) is directed to change the interest rate for its existing long-term non-rate base deferral accounts from the previously approved weighted average cost of debt to PNG(NE)'s weighted average cost of capital, commencing in Test Year 2023, and to continue using this approach going forward, subject to future determinations from the GCOC proceeding.
8. The Confidential Exhibits will be kept confidential due to their commercially sensitive nature until the BCUC determines otherwise.
9. PNG(NE) is directed to file its compliance filing, including the revised regulatory schedules, with the BCUC for endorsement within 30 days of this order.
10. PNG(NE) must inform all customers of permanent 2023 basic charges and delivery rates by way of written notice to be included with its next customer invoice after PNG(NE)'s compliance filing has been accepted by the BCUC.
11. PNG(NE) is directed to comply with all other directives and determinations outlined in the decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of January 2024.

BY ORDER

Original signed by:

C. M. Brewer
Commissioner