



ORDER NUMBER
G-334-24

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

and

Pacific Northern Gas Ltd.
Fourth Quarter 2024 Gas Supply Costs
for PNG-West and Granisle Service Areas

BEFORE:

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

on December 12, 2024

ORDER

WHEREAS:

- A. On December 3, 2024, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2024 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 15, 2024 (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 dated November 25, 2022, the BCUC approved the adjustment mechanisms for the Low Carbon Commodity Charge and the Low Carbon Cost Recovery (LCCR) 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-346-23 dated December 14, 2023, the BCUC approved the current commodity cost recovery charges, GCVA Commodity rate rider and Company use GCVA rate rider, the Company use gas delivery rate, and the Company use gas commodity price used for price deferral accounting purposes for the PNG-West and Granisle service areas, effective January 1, 2024;

- E. By Order G-346-23 dated December 14, 2023, the BCUC approved retaining the Low Carbon Commodity Charge of \$27.50/GJ and approved the LCCR rate rider of \$0.007/GJ for PNG-West and Granisle service areas, effective January 1, 2024;
- F. For the PNG-West and Granisle service areas, PNG forecasts the consolidated R/C Ratio to be 1.206, 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, 2025, are not greater than the \$0.50/GJ threshold set out in the Guidelines for all rate classes. Based on the foregoing, PNG recommends no changes to the current gas commodity rates for the PNG-West and Granisle service areas, effective January 1, 2025;
- G. For the PNG-West and Granisle service areas, PNG recommends retaining the current GCVA commodity credit rate rider of \$0.294/GJ and retaining the current Company use GCVA gas cost credit rate rider of \$0.075/GJ, effective January 1, 2025;
- H. For the PNG-West and Granisle service areas, PNG recommends increasing the current Company use gas cost delivery rate from \$0.128/GJ to \$0.147/GJ and decreasing the Company use gas commodity price used for price deferral accounting purposes from \$2.489/GJ to \$2.115/GJ, effective January 1, 2025;
- I. For the PNG-West and Granisle service areas, PNG recommends retaining the current Low Carbon Commodity charge and decreasing the LCCR debit rate rider from \$0.007/GJ to \$0.002/GJ, effective January 1, 2025; and
- J. The BCUC has reviewed the Gas Cost Report and considers that the following determinations are warranted.

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

1. In the PNG-West and Granisle service areas, the commodity cost recovery charges are approved to remain unchanged, effective January 1, 2025.
2. In the PNG-West and Granisle service areas, the GCVA commodity rate rider and the Company use GCVA rate rider are approved to remain unchanged, effective January 1, 2025.
3. In the PNG-West and Granisle service areas, the Company use gas cost delivery rate is approved to increase from \$0.128/GJ to \$0.147/GJ, and the Company use gas commodity price is approved to decrease from \$2.489/GJ to \$2.115/GJ, effective January 1, 2025.
4. In the PNG-West and Granisle service areas, the Low Carbon Commodity Charge is approved to remain unchanged, and the LCCR rate rider is approved to decrease from \$0.007/GJ to \$0.002/GJ, effective January 1, 2025.
5. PNG 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.
6. PNG is directed to file with the BCUC the rate schedules reflecting the approvals for endorsement by January 31, 2025, in conjunction with any other rate changes approved by the BCUC effective January 1, 2025.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2024.

BY ORDER

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner