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BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-14-01

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

an Application by Pacific Northern Gas Ltd.  
for Approval of Gas Supply Charges and  
Deferral Account Rate Rider effective February 1, 2001

**BEFORE:** P. Ostergaard, Chair )  
P.G. Bradley, Commissioner ) February 1, 2001  
N.F. Nicholls, Commissioner )

**ORDER**

**WHEREAS:**

- A. Commission Order No. G-127-00, dated December 27, 2000, approved rates for Pacific Northern Gas Ltd. ("PNG") effective January 1, 2001 that were interim, and subject to refund with interest; and
- B. The approved January 1, 2001 Gas Supply Charges were based on November 23, 2000 forward gas prices for 2001, and a gas cost allocation calculation which deemed that gas commodity purchase costs are 100 percent variable charges; and
- C. The approved January 1, 2001 gas supply cost deferral account Rider for sales customers was \$0.300/GJ, based on recovery of the account balance to the end of 2000 over three years; and
- D. On January 29, 2001, PNG filed with the Commission an application to pass through increases in its gas supply costs effective February 1, 2001. Specifically, PNG applied for a \$0.475/GJ increase in the Gas Supply Charges for sales customers, based on January 29, 2001 forward gas prices for the remainder of 2001, plus a \$1.068/GJ increase in the gas supply cost deferral account Rider for sales customers, based on recovery of the forecast account balance to the end of January 2001 over the following 12 months (the "Application"); and
- E. The Application does not provide for any adjustments to rates paid by Pacific Northern Gas (N.E.) Ltd. customers; and
- F. PNG requested that the gas cost rate increases take effect February 1, 2001 and that the gas supply cost deferral account balance be recovered over 12 months, in order to improve its financial liquidity. High gas prices in December 2000 and January 2001 exacerbated PNG's liquidity problems; and
- G. The period over which the deferral account balance is recovered is a matter that parties may discuss in the March 5, 2001 public hearing that the Commission has established to deal with PNG's 2001 Revenue Requirements Application; and
- H. The Commission has reviewed the Application and is satisfied that approval of the requested change to the gas supply cost deferral account Rider is necessary, for the primary purpose of improving PNG's financial liquidity. The Commission is not satisfied that the requested Gas Supply Charge increase is appropriate at this time, as it intends to review gas commodity charges for gas utilities on a quarterly basis while gas prices remain highly volatile. PNG may file another application for changes to Gas Supply Charges in March 2001, to be effective April 1, 2001.

**NOW THEREFORE** pursuant to Sections 61(4) and 91(1) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission approves an interim increase of \$1.068/GJ to the gas supply cost deferral account Riders for Rate Schedules 1, 2, 4, 5, 6, and 7, effective February 1, 2001. Corresponding increases to minimum monthly charges for Rate Schedules 4, 5, and 6 that include a quantity of gas commodity are also approved as interim rates effective February 1, 2001.
2. The Commission declines to approve an increase to the Gas Supply Charge.
3. The interim increases may be refunded with interest at the average prime rate of PNG's principal bank following the public hearing that commences March 5, 2001 in Terrace and the ensuing Commission decision.
4. PNG is to provide all affected customers with notice of the rate changes, and is to review its communication plan, advertisements and bill inserts related to the gas price increase with Commission staff prior to release.
5. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 1<sup>st</sup> day of February 2001.

BY ORDER

*Original Signed by:*

Paul G. Bradley  
Commissioner