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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-106-11

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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.
regarding Natural Gas Commodity Charges effective July 1, 2011
for the PNG-West and Granisle Service Areas**

BEFORE: D. Morton, Commissioner
C.A. Brown, Commissioner June 16, 2011
N.E. MacMurchy, Commissioner

O R D E R

WHEREAS:

- A. On June 8, 2011, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2011 Second Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for PNG-West and Granisle, based on forecast natural gas prices using the average of five (5) consecutive days forward price forecasts ending May 24, 2011 and forecast propane prices obtained from PNG's propane supplier on June 8, 2011 (the Report);
- B. The Report forecasts for PNG-West that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.968 which is within the established 0.95 to 1.05 dead band range guideline and requests approval to maintain effective July 1, 2011 current gas commodity rates and the current GCVA commodity credit rate rider;
- C. PNG requests approval to continue not having a 'Company use' GCVA gas cost rate rider;
- D. PNG requests approval for PNG-West to maintain the current Company use gas cost delivery rate of \$0.126/GJ and the current Company use gas commodity price of \$4.770/GJ used for price deferral accounting purposes;
- E. The Report forecasts for Granisle that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 0.913 which is outside the established 0.95 to 1.05 dead band range guideline and requests approval to increase the propane commodity rate, effective July 1, 2011;
- F. PNG requests approval for Granisle to maintain the current GCVA credit rate rider of \$0.308/GJ;
- G. The rate change proposed in the Report will increase the annual bill of a typical Granisle residential customer by approximately \$94 or 5.5 percent;

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H. The Commission concludes that the rates requested in the Report should be approved, effective July 1, 2011.

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

1. In the PNG-West Division, maintain the current gas commodity charges for core market sales customers.
2. In the PNG-West Division, maintain the current GCVA commodity credit rate rider of \$0.199/GJ and to continue having no GCVA Company use gas cost rate rider.
3. In the PNG-West Division, maintain the current Company use gas cost delivery rate and the current Company use gas commodity price used for price deferral accounting purposes.
4. In Granisle, increase the propane commodity rate to \$20.400/GJ and maintain the current GCVA credit rate rider of \$0.308/GJ.
5. PNG is to provide a descriptive explanation of the rate change by way of a customer notice for Granisle customers, to be submitted to the Commission in draft form for approval prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of June 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner