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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-96-13**

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

and**

**Pacific Northern Gas Ltd.
an Application regarding Natural Gas Commodity Charges effective July 1, 2013
for the Pacific Northern Gas West and Granisle Service Areas**

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner June 13, 2013
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On June 7, 2013, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2013 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 5 consecutive days forward price forecasts, ending May 31, 2013, and forecast propane prices obtained from PNG's propane supplier also on May 31, 2013 (the Report);
- B. By Letter L-40-11, the Commission set out a guideline trigger mechanism and rate methodology (Guidelines) that have been generally adopted by natural gas and propane utilities including PNG;
- C. For PNG-West, Order G-86-12 established the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider;
- D. For PNG-West, the Report forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.825, which is outside the established 0.95 to 1.05 dead band range, and rate changes are greater than the \$0.50/gigajoule (GJ) minimum threshold for the majority of customer classes. The Report requests approval for the PNG-West Division to increase gas commodity rates, effective July 1, 2013;

- E. For PNG-West, PNG requests approval to decrease the GCVA commodity debit rate rider from \$0.178/GJ to \$0.153/GJ and to change the Company Use GCVA gas cost debit rate rider from \$0.043/GJ to a credit rate rider of \$0.002/GJ, effective July 1, 2013;
- F. For PNG-West, Order G-194-12 established the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes ;
- G. For PNG-West, PNG recommends maintaining the current Company Use gas cost delivery rate of \$0.092/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$3.242/GJ, effective July 1, 2013;
- H. The net impact on a PNG-West residential customer is a rate increase of \$0.720/GJ, effective July 1, 2013;
- I. For Granisle, Order G-36-13 established the current propane commodity rate and the GCVA commodity rate rider ;
- J. For Granisle, the Report forecasts that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 0.973 which is within the established 0.95 to 1.05 dead band range. PNG recommends maintaining the current propane commodity rate of \$16.589/GJ, effective July 1, 2013;
- K. For Granisle, PNG recommends no change to the current GCVA commodity credit rate rider of \$1.379/GJ, effective July 1, 2013;
- L. The Commission reviewed the Report and as per the Guidelines, concludes that the rates requested in the Report should be approved, effective July 1, 2013.

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

- 1. In the Pacific Northern Gas Ltd. (PNG) West Division, an increase of the gas commodity charges to \$4.165/GJ, \$4.144/GJ, \$3.872/GJ, \$3.704/GJ, \$3.609/GJ and \$3.763/GJ for the residential (RS1), commercial firm (RS2/RS3), small industrial (RS4), commercial interruptible (RS5), seasonal off peak (RS6) and natural gas vehicle (RS7) sales customers, respectively, effective July 1, 2013.
- 2. In the PNG-West Division, a decrease of the Gas Cost Variance Account (GCVA) commodity debit rate rider from \$0.178/GJ to \$0.153/GJ and a change of the Company Use Gas Cost Variance Account (GCVA) gas cost debit rate rider from \$0.043/GJ to a credit rate rider of \$0.002/GJ, effective July 1, 2013.

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3. In the PNG-West Division, no change to the current Company Use gas cost delivery rate of \$0.092/GJ and no change to the current Company Use gas commodity price, used for price deferral accounting purposes, of \$3.242/GJ, effective July 1, 2013.
4. In Granisle, no change to the current gas commodity charge of \$16.589/GJ and no change to the GCVA commodity credit rate rider of \$1.379/GJ, effective July 1, 2013.
5. PNG-West Division must notify all affected customers of the rate change by way of a bill insert or bill message with the next monthly gas billing, to be submitted to the Commission prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of June 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner