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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-36-13**

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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 April 1, 2013
for the PNG-West and Granisle Service Areas**

BEFORE: B.A. Magnan, Commissioner
C.A. Brown, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner
March 14, 2013

O R D E R

WHEREAS:

- A. On March 7, 2013, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2013 First 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 consecutive days forward price forecasts ending February 22, 2013, and forecast propane prices obtained from PNG's propane supplier on March 7, 2013 (Report);
- B. By Letter L-40-11, the Commission set out a guideline trigger mechanism and rate methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG;
- C. For PNG-West, the current gas commodity rates, GCVA commodity rate rider, and Company Use GCVA gas cost rate rider were established by Order G-86-12;
- 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 0.947 which is outside the established 0.95 to 1.05 dead band range; however, the differences between the January 1, 2013 and indicative April 1, 2013 rates are less than the \$0.50/GJ trigger in respect of each customer class and PNG requests no changes to the gas commodity rates effective April 1, 2013;
- E. For PNG-West, PNG recommends maintaining the current GCVA commodity rate debit rider of \$0.178/GJ and the Company Use GCVA gas cost debit rate rider of \$0.043/GJ, effective April 1, 2013;
- F. For PNG-West, the current Company Use gas cost delivery rate and Company Use gas commodity price used for deferral accounting purposes were established by Order G-194-12;

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- 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 April 1, 2013;
- H. 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 0.943 which is outside the established 0.95 to 1.05 dead band range and greater than the \$0.50/GJ minimum rate change threshold, and requests approval to increase the propane commodity rate from \$15.868/GJ to \$16.589/GJ, effective April 1, 2013;
- I. For Granisle, PNG requests approval to decrease the GCVA commodity credit rate rider from \$1.532/GJ to \$1.379/GJ, effective April 1, 2013;
- J. The net impact on a Granisle customer is a rate increase of \$0.874/GJ, effective April 1, 2013;
- K. The Commission reviewed the Report and concludes that the rates requested in the Report should be approved, effective April 1, 2013.

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

- 1. For the Pacific Northern Gas Ltd. West Division, rates will remain unchanged effective April 1, 2013.
- 2. For the Granisle Division, the Commission approves increasing the propane commodity rate from \$15.868/GJ to \$16.589/GJ, and decreasing the Gas Cost Variance Account commodity credit rate rider from \$1.532/GJ to \$1.379/GJ, effective April 1, 2013.
- 3. Pacific Northern Gas Ltd. must provide a descriptive explanation of the rate changes by way of a customer notice for all affected customers, to be submitted to the Commission in draft form prior to its release.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of March 2013.

BY ORDER

Original signed by:

B.A. Magnan
Commissioner