



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-137-14**

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

and

**Pacific Northern Gas (N.E.) Ltd.
Application regarding Natural Gas Commodity Charges effective October 1, 2014
for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions**

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
H.G. Harowitz, Commissioner
K.A. Keilty, Commissioner
N.E. MacMurchy, Commissioner
I.F. MacPhail, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

September 11, 2014

O R D E R

WHEREAS:

- A. On September 3, 2014, Pacific Northern Gas Ltd. filed on behalf of Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] the 2014 Third Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge Divisions, based on forecast natural gas prices using the average of five consecutive days forward gas price forecasts ending August 27, 2014 (Report);
- B. For the FSJ/DC Division 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 1.239 which is outside the established 0.95 to 1.05 dead band range. In addition, the differences between the gas commodity rates approved in British Columbia Utilities Commission (Commission) Order G-44-14 and indicative October 1, 2014 rates are greater than the \$0.50/GJ trigger in respect of each customer class. Based on the foregoing, PNG(N.E.) requests approval to decrease the gas commodity rates for the FSJ/DC Division effective October 1, 2014;

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- C. PNG(N.E.) requests for the FSJ/DC Division to decrease the current GCVA commodity rate rider from \$0.578/GJ to \$0.362/GJ and to decrease the Company Use GCVA gas cost rate rider from \$0.023/GJ to \$0.016/GJ, effective October 1, 2014;
- D. PNG(N.E.) requests for the FSJ/DC Division to maintain the current Company Use gas cost delivery rate of \$0.055/GJ and to maintain the Company Use gas commodity price of \$3.236/GJ used for price deferral accounting purposes effective October 1, 2014;
- E. The net impact of the requested commodity rate changes on a FSJ/DC residential customer is a rate decrease of \$1.027/GJ, effective October 1, 2014, which is equivalent to a decrease of approximately \$111 or 9.6 percent per year for a typical FSJ/DC residential customer's annual bill based on an average annual consumption of 108 GJ;
- F. For the Tumbler Ridge Division 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 1.162 which is above the established 0.95 to 1.05 dead band range. In addition, the differences between the gas commodity rates approved by the Commission in Order G-44-14 and indicative October 1, 2014 rates are greater than the \$0.50/GJ trigger. Based on the foregoing, PNG(N.E.) requests approval to decrease the gas commodity rates for the Tumbler Ridge Division effective October 1, 2014;
- G. PNG(N.E.) requests for the Tumbler Ridge Division to decrease the current GCVA commodity rate rider from \$0.910/GJ to \$0.657/GJ and to change the Company Use GCVA gas cost rate debit rider from \$0.045/GJ to a credit rider of \$0.198/GJ, effective October 1, 2014;
- H. PNG(N.E.) requests approval for the Tumbler Ridge Division to maintain the current Company Use gas cost delivery rate of \$0.305/GJ and to maintain the Company Use gas commodity price of \$4.408/GJ used for price deferral accounting purposes, effective October 1, 2014;
- I. The net impact of the requested commodity rate changes on a Tumbler Ridge customer is a rate decrease of \$1.157/GJ, effective October 1, 2014, which is equivalent to a decrease of approximately \$96 or 7.9 percent per year for a typical Tumbler Ridge residential customer's annual bill based on an average annual consumption of 83 GJ; and
- J. The Commission determines that the rate changes requested in the Report are warranted and should be approved.

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

1. In the PNG(N.E.) FSJ/DC Division, the Commission approves decreasing the gas commodity charges to \$3.931/GJ, \$3.941/GJ, \$3.837/GJ and \$3.740/GJ for the residential (RS1), small commercial (RS2), large commercial firm (RS3) and small industrial sales (RS4) customers, respectively, effective October 1, 2014.
2. In the PNG(N.E.) FSJ/DC Division, the Commission approves decreasing the Gas Cost Variance Account (GCVA) commodity rate rider from \$0.578/GJ to \$0.362/GJ and decreasing the Company Use GCVA gas cost rate debit rider from \$0.023/GJ to \$0.016/GJ, effective October 1, 2014.
3. In the PNG(N.E.) FSJ/DC Division, the Commission approves maintaining the Company Use gas cost delivery rate of \$0.055/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$3.236/GJ effective October 1, 2014.
4. In the PNG(N.E.) Tumbler Ridge Division, the Commission approves decreasing the gas commodity charges to \$4.979/GJ for the residential (RS1), small commercial (RS2) and large commercial firm (RS3) customers, effective October 1, 2014.
5. In the PNG(N.E.) Tumbler Ridge Division, the Commission approves decreasing the GCVA commodity debit rate rider from \$0.910/GJ to \$0.657/GJ and changing the Company Use GCVA gas cost debit rate rider from \$0.045/GJ to a credit rate rider of \$0.198/GJ, effective October 1, 2014.
6. In the PNG(N.E.) Tumbler Ridge Division, the Commission approves maintaining the Company Use gas cost delivery rate of \$0.305/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$4.408/GJ effective October 1, 2014.
7. PNG(N.E.) must notify all affected customers of the rate changes by way of a bill insert or bill message to be submitted to the Commission for review prior to its release with the next monthly gas billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of September, 2014.

BY ORDER

Original signed by:

D.M. Morton
Commissioner