



LETTER L-5-14

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 45953

ERICA HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

VIA EMAIL

jkennedy@png.ca

January 28, 2014

PNG (NE) 2014 REVENUE REQUIREMENTS

EXHIBIT A-5

Ms. Janet P. Kennedy
Vice President, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
Suite 950
1185 West Georgia Street
Vancouver, BC V6E 4E6

Dear Ms. Kennedy:

Re: Pacific Northern Gas (N.E.) Ltd.
2014 Revenue Requirements Application
Tumbler Ridge Division – Adverse Rate Impacts on Core Market

On November 29, 2013, Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] filed its 2014 Revenue Requirements Application (2014 RRA) for the Fort St. John/Dawson Creek (FSJ/DC) and the Tumbler Ridge (TR) divisions of PNG (N.E.). As part of the 2014 RRA, PNG (N.E.) TR Division forecasts a 2014 revenue deficiency of approximately \$0.239 million and requests an increase to the delivery charge for residential service of approximately 20.0 percent compared to the 2013 delivery charge, as well as an increase to the small commercial service of approximately 17.4 percent.

On December 5, 2013, the Commission issued Order G-209-13 approving PNG (N.E.)'s request for interim delivery rates, as set forth in the 2014 RRA, effective January 1, 2014. The Commission also established a Preliminary Regulatory Timetable for review of the 2014 RRA.

By letter dated January 15, 2014, PNG (N.E.) submitted a letter to the Commission outlining the factors contributing to the forecast 2014 revenue deficiency in Tumbler Ridge. PNG (N.E.) also noted that its 2014 RRA includes PNG (N.E.)'s recommendation to implement a permanent compressed natural gas (CNG) Virtual Pipeline. The Commission's determination regarding PNG (N.E.)'s Application for a Certificate of Public Convenience and Necessity (CPCN) to Acquire, Construct, Own and Operate a CNG Virtual Pipeline is still pending.

As part of PNG (N.E.)'s January 15, 2014 letter to the Commission, PNG (N.E.) proposes potential interim measures that could be taken to mitigate the forecast 2014 delivery rate increase in the event that the CNG Virtual Pipeline CPCN is approved by the Commission. PNG (N.E.) also states that it "welcomes the Commission's and Intervener thoughts on the foregoing proposition."

On January 17, 2014, the British Columbia Pensioners' and Seniors' Organization et al. (BCPSO), who is a Registered Intervener in both the PNG West and PNG (N.E.) 2014 RRA proceedings, filed a letter with the

Commission requesting clarity as to whether it should provide comments on PNG (N.E.)'s January 15, 2014 letter, and if so, what the deadline would be for submitting its comments. This letter is enclosed.

PNG (N.E.)'s January 15, 2014 letter has been posted as Exhibit B-4 to the PNG (N.E.) 2014 RRA proceeding.

In consideration of the fact that the Commission's determination on the CNG Virtual Pipeline CPCN is still pending, the Commission finds that it is premature to address any proposals for mitigation of the 2014 forecast delivery rate increase to Tumbler Ridge.

The Commission is not seeking submissions on PNG (N.E.)'s January 15, 2014 letter at this time. The Commission advises PNG (N.E.) to formally address the issues and potential strategies for mitigating the 2014 delivery rate increase to Tumbler Ridge as part of its 2014 RRA Application Update. All parties registered to participate in the 2014 RRA will then have the opportunity to address these issues and proposals through the Information Request process and as part of the Final and Reply Argument phase of the proceeding.

The Commission will issue an amended regulatory timetable establishing a date for the filing of PNG (N.E.)'s Application Update and for the second round of Information Requests in due course.

Yours truly,

Erica Hamilton

SW/kbb

Enclosure

cc: Registered Interveners