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VANCOUVER, BC V6Z 2N3 CANADA
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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-208-15

TELEPHONE: (604) 660-4700
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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.
2016-2017 Revenue Requirements Application
for the PNG (N.E.) Service Area

BEFORE: K. A. Keilty, Panel Chair/Commissioner
H. G. Harowitz, Commissioner December 18, 2015
R. D. Revel, Commissioner

O R D E R

WHEREAS:

- A. On August 23, 2013, the British Columbia Utilities Commission (Commission) issued Order G-131-13 concurrently with its Decision on the Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] 2013 Revenue Requirements Application (RRA) and directed PNG (N.E.) to, among other things, file its 2014 RRA for a period of two years. By Order G-168-13 dated October 10, 2013, the Commission varied Order G-131-13 to instead require PNG (N.E.) to file its RRA for a period of two years commencing in test years 2016 and 2017;
- B. On November 30, 2015, PNG (N.E.) filed its 2016-2017 RRA with the Commission for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions pursuant to sections 58 to 61 of the *Utilities Commission Act* (the UCA), seeking, among other things, approval to increase 2016 delivery rates (Application);
- C. PNG (N.E.) also seeks relief pursuant to sections 58 to 61, 89 and 90 of the UCA to allow PNG (N.E.) to amend its rates on an interim and refundable basis, effective January 1, 2016, pending the regulatory process for the review of the Application and orders subsequent to this process;
- D. PNG (N.E.) forecasts a 2016 revenue deficiency of approximately \$1.383 million for the FSJ/DC Division comprised of a net increase in cost of service of \$1.126 million and a decrease in margin of \$0.257 million. PNG (N.E.) forecasts a 2016 revenue deficiency for the TR Division of approximately \$0.036 million comprised of a net decrease in cost of service of \$0.159 million offset by a decrease in margin of \$0.195 million;

- E. PNG (N.E.) is seeking approval to increase the delivery rates on an interim and refundable basis for the FSJ/DC Division to cover the forecast 2016 revenue deficiency for the following rate classes, among other rate classes included in Appendix A to this order:
1. a 12.5 percent increase from \$3.419/GJ to \$3.846/GJ for FSJ Residential service and a 13.3 percent increase from \$3.221/GJ to \$3.648/GJ for DC Residential service; and
 2. a 10.4 percent increase from \$2.793/GJ to \$3.083/GJ for FSJ Small Commercial service and a 12.9 percent increase from \$2.256/GJ to \$2.546/GJ for DC Small Commercial service;

PNG (N.E.) is also seeking approval to increase in the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable basis for the FSJ/DC Division applicable to Residential and Small Commercial customers of \$0.202/GJ from (\$0.146)/GJ to \$0.056/GJ;

- F. PNG (N.E.) is seeking approval to increase the delivery rates on an interim and refundable basis for the TR Division to cover the forecast 2016 revenue deficiency for the following rate classes, among other rate classes included in Appendix A to this order:
1. a 3.2 percent increase from \$5.864/GJ to \$6.054/GJ for TR Residential service; and
 2. a 2.8 percent increase from \$4.915/GJ to \$5.055/GJ for TR Small Commercial service;

PNG (N.E.) is also seeking approval to increase the RSAM rate rider on an interim and refundable basis for the TR Division applicable to Residential and Small Commercial customers of \$0.456/GJ from \$0.456/GJ to \$0.912/GJ;

- G. With respect to the two year RRA, PNG (N.E.) submits in its Application that it will seek approval of permanent 2016 rates and interim 2017 rates in the Updated Application, to be filed at the end of February 2016. PNG (N.E.) plans to file an application in the first quarter of 2017 to apply for permanent 2017 rates effective January 1, 2017;
- H. PNG (N.E.) proposes a negotiated settlement process (NSP) or a written hearing process for the review of the Application and recommends that the Commission seek comments from PNG (N.E.) and interveners on the appropriate regulatory process;
- I. The Commission has commenced review of the Application and finds that establishment of interim rates and a preliminary Regulatory Timetable is warranted.

NOW THEREFORE pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

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1. The British Columbia Utilities Commission approves the delivery rates and the Rate Stabilization Adjustment Mechanism rider set forth in the Application and included in Appendix A to this order on an interim basis, effective January 1, 2016. Any differences between the interim and permanent rates that are determined by the Commission following final disposition of the Application are subject to refund/recovery, with interest, at the average prime rate of Pacific Northern Gas (N.E.) Ltd.'s principal bank for its most recent year, in the manner as set out by a Commission order that establishes permanent rates.
2. The preliminary Regulatory Timetable for the review of the Application is established, as set out in Appendix B to this order.
3. A Procedural Conference will be held on Friday, January 29, 2016, in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8 to address the regulatory process to be followed, the scope of the review and the content of the Updated Application.
4. Interveners and interested parties who wish to participate in the regulatory proceeding are to register with the Commission through the Commission's website at www.bcuc.com or in writing by the date established in the preliminary Regulatory Timetable attached as Appendix B to this order. Those requesting intervenor status are to specifically state the nature of their interest in the Application and identify generally the issues that they intend to pursue and the extent of their anticipated involvement in the proceeding.
5. Pacific Northern Gas (N.E.) Ltd. is to provide a copy, electronically where possible, of this order including the preliminary Regulatory Timetable attached as Appendix B to this order, to all parties who registered and/or participated in the Pacific Northern Gas (N.E.) Ltd. 2014 Revenue Requirements Application proceeding.
6. The Application and supporting material are to be made available for inspection at the following locations: Public libraries in Fort St. John, Dawson Creek and Tumbler Ridge; the head office of Pacific Northern Gas Ltd. at Suite 950, 1185 West Georgia Street, Vancouver, BC, V6E 4E6; and the British Columbia Utilities Commission office at Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3. Pacific Northern Gas Ltd. is to also make the Application available on its website at www.png.ca.
7. Pacific Northern Gas (N.E.) Ltd. is to publish in display-ad format, as soon as reasonably possible but no later than Wednesday, December 30, 2015, the Notice of Application attached as Appendix C to this order, in such appropriate news publications as may properly provide adequate notice to the public in the affected service area.
8. Pacific Northern Gas (N.E.) Ltd. is to provide its customers with a bill message notice of the interim rates with its next customer mailing.

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9. Pursuant to section 61 of the *Utilities Commission Act*, Pacific Northern Gas (N.E.) Ltd. is to file amended tariff rate schedules, in accordance with the terms of this order, within 15 business days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of December 2015.

BY ORDER

Original signed by:

K. A. Keilty
Commissioner

Attachments

Pacific Northern Gas (N.E.) Ltd. - Fort St. John / Dawson Creek Division
Summary of Interim Rates Effective January 1, 2016
(\$/GJ unless otherwise specified)

Customer Class - Fort St John Division	Rate effective June 1, 2015	Proposed interim rate January 1, 2016	Customer Class - Dawson Creek Division	Rate effective June 1, 2015	Proposed interim rate January 1, 2016
Residential (RS 1)			Residential (RS 1)		
Delivery charge	3.419	3.846	Delivery charge	3.221	3.648
RSAM	(0.146)	0.056	RSAM	(0.146)	0.056
Small Commercial (RS 2)			Small Commercial (RS 2)		
Delivery charge	2.793	3.083	Delivery charge	2.256	2.546
RSAM	(0.146)	0.056	RSAM	(0.146)	0.056
Large Commercial (RS 3)			Large Commercial Service (RS 3)		
Delivery charge	2.110	2.317	Delivery charge	1.562	1.769
Commercial Transportation (RS 23)			Commercial Transportation (RS 23)		
Delivery charge	2.188	2.426	Delivery charge	1.640	1.878
Small Industrial (RS 4)			Small Industrial (RS 4)		
Delivery charge	1.145	1.304	Delivery charge	1.413	1.572
Small Industrial Service (RS 6)			Small Industrial Service (RS 7)		
Delivery charge	1.3133	1.4718	Delivery charge	0.2050	0.2050
Small Industrial Service (RS 10)					
Delivery charge	0.4533	0.5611			
Small Industrial Service (RS 11)					
Delivery charge	0.4115	0.5278			

Pacific Northern Gas (N.E.) Ltd. - Tumbler Ridge Division
Summary of Interim Rates Effective January 1, 2016
(\$/GJ unless otherwise specified)

Customer Class	Rate effective June 1, 2015	Proposed interim rate January 1, 2016
Residential (RS1)		
Delivery charge	5.864	6.054
RSAM	0.456	0.912
Small Commercial (RS2)		
Delivery charge	4.915	5.055
RSAM	0.456	0.912
Large Commercial (RS3)		
Delivery charge	4.088	4.201
Industrial Transport (CNRL)		
Delivery charge	0.338	0.350

Pacific Northern Gas (N.E.) Ltd.
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REGULATORY TIMETABLE

ACTION	DATE (2016)
Intervener and Interested Party Registration	Friday, January 15
Procedural Conference *	Friday, January 29
Submission of Updated Application	Monday, February 29
Further Process to be Determined	

*Location: Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, BC V6Z 2K8

PUBLIC NOTICE

BRITISH COLUMBIA UTILITIES COMMISSION



PACIFIC NORTHERN GAS (NE) LTD. APPLICATION FOR APPROVAL OF 2016-2017 REVENUE REQUIREMENTS FOR THE PNG (N.E.) SERVICE AREA

On November 30, 2015, Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] filed its 2016-2017 Revenue Requirements Application for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions (Application) with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act* (UCA) seeking Commission approval to, among other things, increase the 2016 delivery rates. The Application also seeks relief to allow PNG (N.E.) to amend its rates on an interim and refundable basis, effective January 1, 2016, pending the regulatory process for the review of the Application and orders subsequent to that process.

Fort St. John and Dawson Creek Division

PNG (N.E.) is requesting a delivery rate increase on an interim and refundable basis of 12.5 percent from \$3.419/GJ to \$3.846/GJ for FSJ Residential service, a 13.3 percent increase from \$3.221/GJ to \$3.648/GJ for DC Residential service, a 10.4 percent increase from \$2.793/GJ to \$3.083/GJ for FSJ Small Commercial service, and a 12.9 percent increase from \$2.256/GJ to \$2.546/GJ for DC Small Commercial service.

Based on the gas cost recovery and Gas Cost Variance Account (GCVA) rate riders effective June 1, 2015 through December 31, 2015, the overall bundled rate increase for a typical residential customer consuming 107.4 GJ per year, is 7.5 percent, an increase of \$65 per year. The delivery rate increase for a small commercial customer is estimated to be \$0.290 per GJ. Similarly, the overall bundled rate increase for a typical small commercial customer consuming 475.0 GJ per year is 7.1 percent or \$225 per year.

PNG (N.E.) is also requesting an increase in the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable basis applicable to residential and small commercial customers of \$0.202/GJ from (\$0.146)/GJ to \$0.056/GJ.

Tumbler Ridge Division

PNG (N.E.) is requesting a delivery rate increase on an interim and refundable basis of 3.2 percent from \$5.864/GJ to \$6.054/GJ for residential service, and a 2.8 percent increase from \$4.915/GJ to \$5.055/GJ for small commercial service.

Based on the gas cost recovery and GCVA rate riders effective June 1, 2015 through December 31, 2015, the overall bundled rate increase for a typical residential customer consuming 79.8 GJ per year, is 3.8 percent, an increase of \$38 per year. The delivery rate increase for a small commercial customer is estimated to be \$0.140 per GJ. Similarly, the overall bundled rate increase for a typical small commercial customer consuming 417.0 GJ per year is 4.1 percent or \$180 per year.

PNG (N.E.) is also requesting an increase in the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable basis applicable to residential and small commercial customers of \$0.456/GJ from \$0.456/GJ to \$0.912/GJ.

REGULATORY PROCESS

The Commission wishes to hear from affected parties before determining the public process necessary for the disposition of the Application. Commission Order G-208-15 establishes a preliminary Regulatory Timetable and a Procedural Conference on Friday, January 29, 2016.

HOW TO GET INVOLVED

Persons wishing to actively participate in the proceeding must register as an intervenor through the Commission's website at www.bcuc.com or in writing by Friday, January 15, 2016. Registrants must identify the issues they intend to pursue and indicate the extent of their anticipated involvement in the review process. Intervenor will each receive a copy of all non-confidential correspondence and filed documentation, and must provide an email address if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as an interested party through the Commission's website or in writing, by Friday, January 15, 2016, identifying their interest in the proceeding. Interested parties receive a copy of the decision when it is released. Please note that only those parties who register on the Commission's website will receive electronic notice of submissions.

Letters of comment may also be submitted. All submissions and/or correspondence received relating to the Application are provided to the panel and all participants in the proceeding. Submissions are placed on the public record and posted to the Commission's website. By participating and/or providing comment on the application, you agree that all submissions will be placed on the public record and posted on the Commission's website.

If you wish to attend the Procedural Conference please register with the Commission Secretary using the contact information provided at the end of this notice.

Procedural Conference	
Date:	The Commission will consider the regulatory process to be followed, the scope of the review and the content of the Updated Application.
	Friday, January 29, 2016
Location:	Commission Hearing Room 12 th Floor, 1125 Howe Street Vancouver, BC

VIEW THE APPLICATION

The Application and all supporting documentation are available on the Commission's website on the "Current Applications" page. If you would like to review the material in hard copy, it is available to be viewed at the locations below:

British Columbia Utilities Commission Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 Phone: 604-660-4700 Toll Free: 1-800-663-1385 www.bcuc.com	Pacific Northern Gas Ltd. Suite 950, 1185 West Georgia Street Vancouver, BC V6E 4E6 Phone: 604-691-5680 Toll Free: 1-800-667-2297 www.png.ca
Public Libraries Fort St. John, Dawson Creek and Tumbler Ridge	

FOR MORE INFORMATION OR TO REGISTER

For more information or to register please visit www.bcuc.com or contact the Commission Secretary at commission.secretary@bcuc.com or Philip Nakoneshny, Director, Rates, as listed above.