



ORDER NUMBER
G-58-19

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.
First Quarter 2019 Gas Supply Costs
for PNG-West and Granisle Service Areas

BEFORE:

B. A. Magnan, Commissioner
R. D. Revel, Commissioner
R. I. Mason, Commissioner
T. A. Loski, Commissioner

on March 14, 2019

ORDER

WHEREAS:

- A. On March 7, 2019, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2019 First Quarter gas supply costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on the average of five consecutive days of forward natural gas price forecasts ended February 27, 2019 and propane price forecasts from the forward strip dated February 25, 2019 (the Gas Cost Report);
- B. The BCUC established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 (together the Guidelines);
- C. By Order G-186-17, the BCUC approved the current gas commodity rates and GCVA commodity rate rider for PNG-West effective January 1, 2018. By Order G-242-18, the BCUC approved the current Company use GCVA rate rider for PNG-West effective January 1, 2019. By Order G-61-18, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective April 1, 2018;
- D. For PNG-West, PNG forecasts the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months for core market sales to be 0.740, which is outside the established 0.95 to 1.05 dead band range. The indicative April 1, 2019 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by March 31, 2020 where greater than the \$0.50/GJ threshold as set out in the Guidelines. Based on the foregoing, PNG requests changes to the gas commodity rates for the PNG-West service area effective April 1, 2019;
- E. For PNG-West, PNG requests decrease in the GCVA commodity credit rate rider from \$0.396/GJ to \$0.013/GJ and a change in the Company use gas price and unaccounted for gas (UAF) volume deferral

account GCVA rate rider from a credit rate rider of \$0.009/GJ to a debit rate rider of \$0.098/GJ, effective April 1, 2019;

- F. For PNG-West, PNG requests maintaining the current Company use gas cost delivery rate of \$0.061/GJ and maintaining the Company use gas commodity price used for price deferral accounting purposes of \$1.377/GJ, effective April 1, 2019;
- G. For Granisle, PNG forecasts the R/C Ratio to be 1.012, which is within the established 0.95 to 1.05 dead band range. The indicative April 1, 2019 gas cost commodity rate and GCVA rate rider changes required to achieve a R/C Ratio of 1.00 by March 31, 2020 is \$0.249 /GJ, which is less than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG requests no changes to the propane commodity rates for the Granisle service area effective April 1, 2019;
- H. For Granisle, PNG requests maintaining the current GCVA commodity rate rider of \$5.446/GJ, effective April 1, 2019;
- I. The BCUC has reviewed PNG's Gas Cost Report and concludes that the rates requested in the Gas Cost Report are warranted, effective April 1, 2019.

NOW THEREFORE pursuant to section 61(4) of the UCA, the BCUC orders as follows:

1. In the PNG-West service area, the natural gas commodity rates are set as follows:

Customer Rate Class	Commodity Rate
Residential (RS1)	\$2.274/GJ
Commercial Firm (RS2, RS3)	\$2.260/GJ
Small Industrial (RS4)	\$1.740/GJ
Commercial Interruptible (RS5)	\$1.419/GJ
Seasonal Off Peak (RS6)	\$1.209/GJ
NGV (RS7)	\$1.497/GJ

2. In the PNG-West service area, the GCVA commodity rate rider is set as a credit rate rider of \$0.013/GJ and the Company use GCVA rate rider is set as a debit rate rider of \$0.098/GJ.
3. In the PNG-West service area, no changes are required to the Company use gas cost delivery rate and the Company use gas commodity price.
4. In the Granisle service area, no changes are required to propane commodity rates and propane cost rate riders.
5. PNG will notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly billing.
6. PNG must file amended Tariff pages with the BCUC, for endorsement, in accordance with the terms of this Order within 30 days of the date of this Order.
7. PNG must file with all future quarterly gas cost reports the effect of proposed rate changes on forecasted GCVA balances for the following year.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of March 2019.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner