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ORDER NUMBER
G-59-19

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

and

Pacific Northern Gas (N.E.) Ltd.
First Quarter 2019 Gas Supply Costs
for Fort St. John/Dawson Creek and Tumbler Ridge 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 (N.E.) Ltd. [PNG(NE)] filed with the British Columbia Utilities Commission (BCUC) its 2019 First Quarter gas supply costs and Gas Cost Variance Account (GCVA) balances for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas, based on the average of five consecutive days of forward natural gas price forecasts ended February 27, 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-187-17, dated December 14, 2017, the BCUC approved the current gas commodity rates and GCVA commodity rate rider for the FSJ/DC and TR service areas effective January 1, 2018. By Order No. G-241-18 dated December 13, 2018, the BCUC approved the current Company use GCVA rate rider for the FSJ/DC and TR service areas effective January 1, 2019;

D. For FSJ/DC, PNG(NE) 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 0.766, 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 for all customer classes are greater than the $0.50/GJ threshold set out in the Guidelines. PNG(NE) notes that both rate change mechanisms are triggered and requests that a change in gas commodity rates for FSJ/DC, effective April 1, 2019, is warranted as per the Guidelines;

E. For FSJ/DC, PNG(NE) requests approval to decrease the GCVA commodity credit rate rider from $0.460/GJ to $0.081/GJ and to change the Company use gas price and unaccounted for gas (UAF) volume deferral account

GCVA rate rider from a credit rate rider of $0.043/GJ to a debit rate rider of $0.116/GJ, effective April 1, 2019;

F. For FSJ/DC, PNG(NE) requests maintaining the current Company use gas cost delivery rate of $0.029/GJ and maintaining the Company use gas commodity price used for price deferral accounting purposes of $1.278/GJ, effective April 1, 2019;

G. For TR, PNG(NE) forecasts the R/C Ratio to be 0.726, 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 for all customers is greater than the $0.50/GJ threshold set out in the Guidelines. PNG(NE) notes that both rate change mechanisms are triggered and requests that a change in gas commodity rates for TR, effective April 1, 2019, is warranted as per the Guidelines;

H. For TR, PNG(NE) requests approval to decrease the GCVA commodity credit rate rider from $0.641/GJ to $0.010/GJ and to increase in the Company use gas price and unaccounted for gas (UAF) volume deferral account GCVA credit rate rider from $0.080/GJ to $0.198/GJ, effective April 1, 2019;

I. For TR, PNG(NE) requests maintaining the current Company use gas cost delivery rate of $0.407/GJ and maintaining the Company use gas commodity price used for price deferral accounting purposes of $2.464/GJ, effective April 1, 2019;

J. The BCUC has reviewed PNG(NE)'s Gas Cost Report and concludes that the rates requested in the Gas Cost Report are warranted, effective April 1, 2019.

NOW THEREFORE the BCUC orders as follows:

1. In the PNG(NE) Fort St. John/Dawson Creek (FSJ/DC) service area, the natural gas commodity rates are set as follows:

Customer Rate Class	Commodity Rate
Residential (RS1)	$1.796/GJ
Small Commercial Firm (RS2)	$1.801/GJ
Large Commercial Firm (RS3)	$1.687/GJ
Small Industrial (RS4)	$1.493/GJ

2. In the FSJ/DC service area, the GCVA commodity rate rider is set as a credit rate rider of $0.081/GJ and the Company Use GCVA rate rider is set as a debit rate rider of $0.116/GJ.

3. In the PNG(NE) FSJ/DC service area, no changes are required to the Company use gas cost delivery rate and the Company use gas commodity price.

4. In the PNG(NE) TR service area, the natural gas commodity rates for the residential (RS1), small commercial (RS2) and large commercial (RS3) customers are set at $2.829/GJ.

5. In the PNG(NE) TR service area, the Gas Cost Variance Account (GCVA) commodity rate rider is set as a credit rate rider of $0.010/GJ and the Company use GCVA rate rider is set as a credit rate rider of $0.198/GJ.

6. In the PNG(NE) TR service area, no changes are required to the Company use gas cost delivery rate and the Company use gas commodity price.

7. PNG(NE) 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.

8. PNG(NE) 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.

9. PNG(NE) 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