

September 19, 2019

Sent via email

Letter L-48-19

Ms. Janet P. Kennedy
Vice-President, Regulatory Affairs & Gas Supply
Pacific Northern Gas (N.E.) Ltd.
2550-1066 West Hastings Street
Vancouver, BC V6E 3X2
jkennedy@png.ca

Re: Pacific Northern Gas (N.E.) Ltd. – Fort St. John/Dawson Creek and Tumbler Ridge Service Areas – Third Quarter 2019 Report on Gas Supply Costs

Dear Ms. Kennedy:

On September 6, 2019, Pacific Northern Gas (N.E.) Ltd. (PNG [NE]) filed with the British Columbia Utilities Commission (BCUC) its Third Quarter 2019 Report on Gas Supply Costs and the Gas Cost Variance Account (GCVA) balances, which contained information for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas (Report).

The BCUC, by Letters L-5-01 and L-40-11, set out a guideline trigger mechanism and rate change methodology that has generally been adopted by natural gas and propane utilities including PNG (NE).

In the Report, for the FSJ/DC service area PNG (NE) forecasts the ratio of the 12-month forecast commodity cost recovery revenue from customers using current rates to the sum of the 12-month forecast commodity supply costs and the GCVA balance at September 30, 2019 (R/C Ratio) to be 1.038. The R/C Ratio is within the dead band range of 0.95 to 1.05 set out in the Guidelines. The total indicative gas cost and GCVA commodity rate rider for all customer classes ranges from \$0.006/GJ to \$0.128/GJ, which is inside the \$0.50/GJ threshold set out in the Guidelines. According to the Guidelines the requirements for both rate change mechanisms must be met to trigger a rate change. PNG (NE) recommends that no changes to the FSJ/DC gas commodity rates and gas cost rate riders be made at this time.

For the TR service area PNG (NE) forecasts the R/C Ratio to be 1.067. The R/C Ratio is outside the dead band range of 0.95 to 1.05 set out in the Guidelines. The total indicative gas cost and GCVA commodity rate rider for all customer classes is \$0.296/GJ, which is inside the \$0.50/GJ threshold set out in the Guidelines. According to the Guidelines the requirements for both rate change mechanisms must be met to trigger a rate change. PNG (NE) recommends that no changes to the TR gas commodity rates and gas cost rate riders are made at this time.

The BCUC notes that Order G-59-19, dated March 13, 2019, approved the current gas commodity rates and GCVA commodity rate rider for the FSJ/DC and TR service areas effective April 1, 2019. 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.

The BCUC reviewed the Report considering the Guidelines and accepts PNG (NE)'s recommendations that no changes to the gas commodity rates and gas cost rate riders are required for both of the FSJ/DC and TR service areas. The rates established under the above noted order will remain unchanged effective October 1, 2019.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

SO/jo