



ORDER NUMBER

G-57-20

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.
First Quarter 2020 Gas Supply Costs
for PNG-West and Granisle Service Areas

BEFORE:

B. A. Magnan, Commissioner
E. B. Lockhart, Commissioner
T. A. Loski, Commissioner
R. I. Mason, Commissioner

on March 19, 2020

ORDER

WHEREAS:

- A. On March 6, 2020, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2020 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 March 2, 2020 and propane price forecasts from the forward strip dated March 2, 2020 (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). The Guidelines include two mechanisms that must be met in order to trigger a rate change:
 - i. The ratio of the 12-month gas cost recovery revenues using current rates against the sum of the 12-month forecast gas supply costs and the GCVA balance at the end of the current quarter (R/C Ratio) must fall outside a dead band range of 0.95 to 1.05; and
 - ii. Indicative changes to gas cost commodity rates and GCVA rate riders required to reset the R/C Ratio to 1.00 over a 12-month period must exceed a \$0.50/GJ absolute change threshold;
- C. By Order G-58-19, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West effective April 1, 2019;
- D. By Order G-130-19A, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective July 1, 2019;
- E. For PNG-West, PNG forecasts the R/C Ratio to be 0.940 which is outside the established 0.95 to 1.05 dead band range. However, changes to indicative gas cost commodity rate and GCVA rate riders required to reset the R/C Ratio to 1.00 by March 31, 2021 for all customer classes are less than the \$0.50/GJ threshold set out in the

Guidelines. Based on the foregoing, PNG requests no changes to the gas commodity rates for the PNG-West service area;

- F. For PNG-West, PNG recommends retaining the GCVA commodity debit rate rider of \$0.098/GJ and the Company use GCVA gas cost credit rate rider of \$0.013/GJ;
- G. For PNG-West, PNG recommends retaining the current Company use gas cost delivery rate of \$0.093/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of \$1.823/GJ, effective April 1, 2020;
- H. For Granisle, PNG forecasts the R/C Ratio to be 1.206, which is outside the established 0.95 to 1.05 dead band range. Changes to indicative gas cost commodity rate and GCVA rate rider required to reset the R/C Ratio to 1.00 by March 31, 2021 are greater than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG requests a change to the current propane commodity rates for the Granisle service area;
- I. For Granisle, PNG recommends decreasing the propane supply commodity cost recovery rate of \$17.077/GJ to \$15.009/GJ;
- J. For Granisle, PNG recommends decreasing the current GCVA commodity rate rider from \$1.781/GJ to \$0.622/GJ; and
- K. The BCUC has reviewed PNG's Gas Cost Report and views that the changes to rates as requested by PNG in the Gas Cost Report, effective April 1, 2020, are warranted.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders the following, effective April 1, 2020:

- 1. In the PNG-West service area, no changes are required to gas commodity rates and gas cost rate riders.
- 2. In the PNG-West service area, no changes are required to the GCVA commodity rate rider and the Company Use GCVA rate rider.
- 3. In the Granisle service area, the propane commodity rate is changed to \$15.009/GJ and the GCVA commodity debit rate rider is changed to \$0.622/GJ.
- 4. PNG must 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.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of March 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner