



**ORDER NUMBER  
G-326-20**

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

Pacific Northern Gas Ltd.  
Fourth 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 December 10, 2020

**ORDER**

**WHEREAS:**

- A. On December 4, 2020, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2020 Fourth Quarter Gas Supply Costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on five consecutive days of forward gas and propane price forecasts which ended November 27, 2020 (Q4 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-162-20, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West effective July 1, 2020;
- D. By Order G-324-19, the BCUC approved the current Company Use gas cost delivery rate and the Company Use gas commodity price used for price deferral accounting purposes effective January 1, 2020;

- E. By Order G-237-20, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective October 1, 2020;
- F. For PNG-West, PNG forecasts the R/C Ratio to be 0.922, which is outside the established 0.95 to 1.05 dead band range. Changes to the indicative gas cost commodity rates and GCVA rate riders required to reset the R/C Ratio to 1.00 by December 31, 2021 are within the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG recommends no changes to the current gas commodity rates for the PNG-West service area, effective January 1, 2021;
- G. For PNG-West, PNG recommends retaining the current GCVA commodity debit rate rider of \$0.093/GJ and the Company Use GCVA gas cost debit rider of \$0.025/GJ, effective January 1, 2021;
- H. For PNG-West, PNG requests approval to increase the current Company Use gas cost delivery rate of \$0.093/GJ to \$0.094/GJ, and increase the Company Use gas commodity price used for price deferral accounting purposes from \$1.823/GJ to \$2.705/GJ, effective January 1, 2021;
- I. For Granisle, PNG forecasts the R/C Ratio to be 0.947, which is outside the established 0.95 to 1.05 dead band range. Changes to the indicative propane cost commodity rate and GCVA rate rider required to reset the R/C Ratio to 1.00 by December 31, 2021 is greater than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG recommends a change to the current propane commodity rate for the Granisle service area;
- J. For Granisle, PNG recommends increasing the current GCVA commodity debit rate rider from \$0.504/GJ to a debit rate rider of \$2.740/GJ; and
- K. The BCUC has reviewed PNG's Gas Cost Report and views that the changes to the rates as recommended by PNG in the Gas Cost Report, effective January 1, 2021, are warranted.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders the following, effective January 1, 2021:

1. In the PNG-West service area, no changes are required to the gas commodity rates.
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 PNG-West service area, the Company Use gas cost delivery rate is increased to \$0.094/GJ, and the Company Use gas commodity price is increased to \$2.705/GJ.
4. In the Granisle service area, the propane commodity rate is decreased to \$12.342/GJ, and the GCVA commodity debit rate rider is increased to \$2.740/GJ.
5. PNG must notify all customers that are affected by the rate changes 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 10<sup>th</sup> day of December 2020.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner