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Utilities Commission

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ORDER NUMBER
G-78-22

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

and

Pacific Northern Gas (N.E.) Ltd
First Quarter 2022 Gas Supply Costs
for Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

BEFORE:
B. A. Magnan, Panel Chair
C. M. Brewer, Commissioner
T. A. Loski, Commissioner
A. Pape-Salmon, Commissioner

on March 17, 2022

ORDER

WHEREAS:

A. On March 7, 2022, Pacific Northern Gas (N.E.) Ltd. (PNG[NE]) filed with the British Columbia Utilities Commission (BCUC) its 2022 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 five consecutive days of forward gas price forecasts ended February 25, 2022 (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-274-21, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company use GCVA rate rider for FSJ/DC and TR service areas effective October 1, 2021;

D. By Order G-376-21, 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, 2022;

E. For FSJ/DC, PNG(NE) forecasts the R/C Ratio to be 0.901 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 March 31, 2023 are greater than the $0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends a change to the current gas commodity rates for the FSJ/DC service, effective April 1, 2022;

F. For FSJ/DC, PNG(NE) recommends decreasing the current GCVA commodity rate rider from a debit rider of $0.197/GJ to a debit rider of $0.173/GJ and increasing the current Company use GCVA gas cost rate rider from a credit rider of $0.013/GJ to a debit rider of $0.053/GJ, effective April 1, 2022;

G. For FSJ/DC, PNG(NE) recommends retaining the current Company use gas cost delivery rate of $0.073/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of $3.840/GJ;

H. For TR, PNG(NE) forecasts the R/C Ratio to be 0.877, 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 March 31, 2023 are less than the $0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG(NE) recommends no change to the current gas commodity rates for the TR service area, effective April 1, 2022;

I. For TR, PNG(NE) recommends retaining the current GCVA commodity rate rider as a credit rider of $0.117/GJ and retaining the current Company use GCVA gas cost rate rider as a debit rider of $0.029/GJ;

J. For TR, PNG(NE) recommends retaining the current Company use gas cost delivery rate of $0.656/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of $5.137/GJ; and

K. The BCUC has reviewed PNG(NE)'s Gas Cost Report and views that the changes to the rates as recommended by PNG(NE) in the Gas Cost Report, effective April 1, 2022, are warranted.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders the following, effective April 1, 2022:

1. In the FSJ/DC service area, the gas commodity rates are changed to:

Customer Rate Class	Commodity Rate (per GJ)
Residential (RS1)	$4.790
Small Commercial Firm (RS2)	$4.780
Large Commercial Firm (RS3)	$4.679
Small Industrial (RS4)	$4.550

2. In the FSJ/DC service area, the GCVA commodity rate rider is changed to a debit rider of $0.173/GJ and the Company use GCVA rate rider is changed to a debit rider of $0.053/GJ.

3. In the 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 TR service area, no changes are required to the gas commodity rates.

5. In the TR service area, no changes are required to the GCVA commodity rate rider and the Company use GCVA rate rider.

6. In the 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) 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 17th day of March 2022.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner