



**ORDER NUMBER
G-79-22**

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

Pacific Northern Gas Ltd.
First Quarter 2022 Gas Supply Costs
for PNG-West and Granisle 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 Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2022 First 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 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-273-21 dated September 16, 2021, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company use GCVA rate rider for PNG-West, effective October 1, 2021;
- D. By Order G-375-21 dated December 16, 2021, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective January 1, 2022;

- E. By Order G-375-21, the BCUC approved the current Company use gas cost delivery rate and the Company use gas commodity price used for price deferral accounting purposes for PNG-West, effective January 1, 2022;
- F. For PNG-West, PNG forecasts the R/C Ratio to be 0.898, 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 recommends a change to the current gas commodity rates for the PNG-West service, effective April 1, 2022;
- G. For PNG-West, PNG recommends decreasing the current GCVA commodity rate rider from a debit rider of \$0.262/GJ to a debit rider of \$0.233/GJ and decreasing the current Company use GCVA gas cost rate rider from a debit rider of \$0.026/GJ to a debit rider of \$0.011/GJ, effective April 1, 2022;
- H. For PNG-West, PNG recommends retaining the current Company use gas cost delivery rate of \$0.191/GJ and retaining the Company use gas commodity price used for price deferral accounting purposes of \$3.924/GJ;
- I. For Granisle, PNG forecasts the R/C Ratio to be 0.891, 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 March 31, 2023, are more 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 from \$21.852/GJ to \$23.363/GJ, effective April 1, 2022;
- J. For Granisle, PNG recommends increasing the current GCVA commodity debit rate rider from a debit rider of \$1.180/GJ to a debit rider of \$2.499/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 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 PNG-West service area, the gas commodity rates are changed to:

Customer Rate Class	Commodity Rate (per GJ)
Residential (RS1)	\$5.228
Commercial Firm (RS2, RS3)	\$5.142
Small Industrial (RS4)	\$4.670
Commercial Interruptible (RS5)	\$4.396
Seasonal Off Peak (RS6)	\$4.382
NGV (RS7)	\$4.536

2. In the PNG-West service area, the GCVA commodity rate rider is changed to a debit rider of \$0.233/GJ and the Company use GCVA rate rider is changed to a debit rider of \$0.011/GJ.
3. In the PNG-West service area, no changes are required to the Company use gas cost delivery rate and the Company use gas commodity price.

4. In the Granisle service area, the propane commodity rate is changed to \$23.363/GJ and the GCVA commodity rate rider is changed to a debit rider of \$2.499/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 17th day of March 2022.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner