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ORDER NUMBER
G-292-22

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

and

Pacific Northern Gas (N.E.) Ltd.
2022 Revenue Requirements Application
for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions

BEFORE:
A. K. Fung, KC, Panel Chair
A. C. Dennier, Commissioner
B. A. Magnan, Commissioner

on October 21, 2022

ORDER

WHEREAS:

A. On November 30, 2021, Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] filed its 2022 Revenue Requirements Application (RRA) with the British Columbia Utilities Commission (BCUC) for the Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) (Original Application);

B. By Order G-379-21, the BCUC, among other things, approved PNG(NE)'s delivery rates and Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable/recoverable basis, effective January 1, 2022, and established a regulatory timetable for the proceeding, subsequently amended by Order G-56-22. The timetable included intervener registration, filing an amended application, BCUC and intervener information requests (IRs) No. 1 and 2, responses to IRs, written final argument and reply argument;

C. British Columbia Old Age Pensioner’s Organization, Active Support Against Poverty, Council of Senior Citizen’s Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Center, known collectively as BCOAPO et al. (BCOAPO), Residential Consumer Intervener Association (RCIA), and the District of Tumbler Ridge registered as interveners in the proceeding;

D. On March 7, 2022, PNG(NE) filed its amended application for approval of 2022 (Test Year) delivery rates on a permanent basis (Application);

E. In its Application, PNG(NE) seeks approval to increase delivery rates on a permanent basis for the FSJ/DC Division to recover the forecast 2022 revenue deficiency for the following rate classes, among other rate classes:

1. A 7.4 percent increase from $5.465/gigajoule (GJ) to $5.870/GJ for FSJ Residential service and a 7.7 percent increase from $5.267/GJ to $5.672/GJ for DC Residential service;
2. A 6.6 percent increase from $4.166/GJ to $4.440/GJ for FSJ Small Commercial service and a 7.5 percent increase from $3.629/GJ to $3.903/GJ for DC Small Commercial service; and

PNG(NE) is also seeking approval for a decrease in the RSAM rate rider on a permanent basis for the FSJ/DC Division applicable to Residential and Small Commercial customers from a debit rider of $0.054/GJ to a credit rider of $0.284/GJ;

F. In its Application, PNG(NE) seeks approval to increase delivery rates on a permanent basis for the TR Division to recover the forecast 2022 revenue deficiency for the following rate classes, among other rate classes:

1. A 10.9 percent increase from $10.499/GJ to $11.638/GJ for TR Residential service;
2. A 10.1 percent increase from $8.295/GJ to $9.135/GJ for TR Small Commercial service; and

PNG(NE) is also seeking approval for a decrease in the RSAM rate rider on a permanent basis for the TR Division applicable to Residential and Small Commercial customers from a credit rider of $0.309/GJ to a credit rider of $0.366/GJ; and

G. The BCUC has considered the Application, evidence and submissions of the parties and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the UCA and for the reasons provided in the decision issued concurrently with this order, the BCUC orders as follows:

1. PNG(NE) is approved to recover the 2022 revenue requirement and the resultant delivery rate changes on a permanent basis, effective January 1, 2022, for the FSJ/DC and TR Divisions, as filed in the Application and subject to the following:
    - The adjustments identified by PNG(NE) during the proceeding, as summarized in Section 4 of its final argument; and
    - The directives and determinations outlined in this order and the decision issued concurrently.
2. PNG(NE) is approved to set the RSAM rate rider as set forth in the Application, on a permanent basis, effective January 1, 2022.
3. PNG(NE) is approved to record its allocation of the TriSummit Utilities Inc. (TSU) Shared Corporate Services Costs in the 2022 revenue requirements, subject to the BCUC directed adjustments to these costs as identified in the PNG-West 2022 RRA Decision and accompanying Order G-281-22.
4. PNG(NE) is directed to update the 2022 forecast capital expenditures for the FSJ/DC Division in its final regulatory schedules to reflect the proposed adjustment to the Mobile/Heavy Equipment line item.
5. PNG(NE) is approved to record unplanned capital expenditures of $2.192 million incurred in 2021 related to the Reinforcement Project as capital additions in 2021 in PNG(NE)’s rate base for the FSJ/DC Division for the purposes of setting rates going forward.
6. PNG(NE) is approved to amortize the COVID-19 deferral account balance of $747,000 and $38,000 for the FSJ/DC and TR Divisions, respectively, as at December 31, 2021 in the 2022 Test Year. PNG(NE) is

also approved to maintain this deferral account for the Test Year 2022 and beyond and to continue to capture costs and savings due to the pandemic on an ongoing basis. In the event that the pandemic ceases to be of concern after 2022, PNG(NE) is directed to address, as part of its next RRA, the disposition of the balance in the COVID-19 deferral account and the potential closure of the account after 2022 if warranted.

7. PNG(NE) is approved to establish the Incremental CCA deferral account to record the capital cost allowance (CCA) on unplanned capital expenditures in 2021, attracting interest at PNG(NE)'s short-term interest rate. The balance is to be fully amortized in 2022. As the federal Accelerated Investment Incentive will continue until 2027, PNG(NE) is further approved to maintain the Incremental CCA deferral account from 2022 to 2027 to capture any CCA on PNG(NE)'s unplanned capital expenditures during that period, with an amortization period of one year.

8. PNG(NE) is approved to establish the CIS Project Recoveries deferral account to record net SAP CIS [Customer Information System] Project recoveries realized in 2020 and 2021, attracting interest at PNG(NE)'s short-term interest rate. The balance is to be fully amortized in 2022, and the deferral account to be dissolved thereafter.

9. PNG(NE) is approved to establish the Shared Corporate Services Costs Variance deferral account to record its portion of the variances in actual TSU Shared Corporate Services Costs from forecast amounts, including those realized in 2020 and 2021, attracting interest at PNG(NE)'s short-term interest rate. The December 31, 2021 balance is to be fully amortized in 2022. PNG(NE) is also approved to maintain the Shared Corporate Services Costs Variance deferral account beyond 2022 to capture annual variances in PNG(NE)'s actual TSU Shared Corporate Services Costs from forecast amounts, with an amortization period of one year.

10. PNG(NE) is approved to continue the unaccounted for gas (UAF) Volume deferral account on the basis that the UAF volume forecast is set at 1.0 percent of deliveries for the FSJ/DC Division and at zero for the TR Division, and to record a UAF loss of up to 1.5 percent for FSJ/DC and 1.0 percent for TR in Test Year 2022 without having to seek further BCUC approval.

11. PNG(NE) is directed to re-calculate the 2022 revenue requirements and delivery rate changes reflecting the adjustments summarized in final argument, along with the directives and determinations outlined in this order and further described in the decision issued concurrently. PNG(NE) is directed to file revised regulatory schedules with the BCUC for endorsement within 30 days of this order.

12. PNG(NE) is directed to collect from/refund to customers the difference between the 2022 interim delivery rates and the 2022 permanent delivery rates, together with the difference between the interim and permanent 2022 RSAM rate rider, at the average prime rate of PNG(NE)'s principal bank for its most recent year.

13. PNG(NE) must inform all customers of permanent 2022 delivery rates by way of written notice to be included with their next customer invoice after PNG(NE)'s compliance filing has been accepted by the BCUC.

14. PNG(NE) is directed to comply with all other directives contained in the decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of October 2022.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner