



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-44-15**

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Pacific Northern Gas Ltd.  
An Application regarding Natural Gas Commodity Charges effective April 1, 2015  
for the PNG-West and Granisle Service Areas

**BEFORE:**

L. F. Kelsey, Commissioner  
C. A. Brown, Commissioner  
K. A. Keilty, Commissioner  
N. E. MacMurchy, Commissioner  
I. F. MacPhail, Commissioner  
B. A. Magnan, Commissioner  
D. M. Morton, Commissioner  
R. D. Revel, Commissioner

March 19, 2015

**O R D E R**

**WHEREAS:**

- A. On March 6, 2015, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its First Quarter 2015 Report on Gas Supply Costs and Gas Cost Variance Account (GCVA) balances for the PNG-West and Granisle service areas, based on forecast natural gas prices using the average of 5 consecutive days forward price forecasts ending February 27, 2015, and forecast propane prices obtained from PNG's propane supplier on March 5, 2014 (Report);
- B. By Letters L-5-01 and L-40-11, the Commission set out guidelines for a trigger mechanism and rate methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG;
- C. The Commission, by Order G-136-14, established the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider for PNG-West, effective October 1, 2014. Through Order G-193-14 the gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider for PNG-West were maintained effective January 1, 2015;

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- D. For PNG-West, PNG forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.515, which is outside the established 0.95 to 1.05 dead band range. In addition, the differences between the gas commodity rates approved by the Commission in Order G-193-14 and indicative April 1, 2015 rates are greater than the \$0.50/GJ trigger for each customer class. Based on the foregoing, PNG requests approval to decrease the gas commodity rates for the PNG-West service area effective April 1, 2015;
- E. For the PNG-West service area, PNG requests approval to change the current GCVA commodity debit rate rider from \$0.241/GJ to a credit rate rider of \$0.163/GJ and to change the Company Use GCVA gas cost debit rate rider from \$0.004/GJ to a credit rate rider of \$0.018/GJ, effective April 1, 2015;
- F. For the PNG-West service area, PNG requests to maintain the current Company Use gas cost delivery rate of \$0.092/GJ and to maintain the Company Use gas commodity price of \$3.567/GJ used for price deferral accounting purposes, effective April 1, 2015;
- G. The net impact of the requested commodity rate changes on a PNG-West residential customer is a rate decrease of \$1.595/GJ, effective April 1, 2015, which represents a decrease of approximately \$114.85 or 7.9 percent, for a typical residential customer's annual bill based on current rates with an average annual consumption of 72 GJ;
- H. By Order G-193-14, the propane commodity rate and the associated GCVA commodity credit rate rider were decreased for the Granisle service area effective January 1, 2015;
- I. For Granisle, PNG forecasts that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 1.247, which is outside the established 0.95 to 1.05 dead band range. In addition, the differences between the propane commodity rates approved by the Commission in Order G-193-14 and indicative April 1, 2015 rates are greater than the \$0.50/GJ trigger;
- J. For Granisle, PNG requests approval to decrease the propane commodity from \$17.340/GJ to \$14.423/GJ and to increase the current GCVA commodity credit rate rider of \$0.973/GJ to \$1.294, both effective April 1, 2015;
- K. The net impact on a Granisle propane customer is a rate decrease of \$3.238/GJ, effective April 1, 2015, which represents a decrease of approximately \$171.61 or 11.9 percent for a typical Granisle propane customer's annual bill based on current rates with an average annual consumption of 53 GJ; and
- L. The Commission determines that the rate changes requested in the Report are warranted and should be approved.

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**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the British Columbia Utilities Commission orders the following:

1. In the PNG-West service area, the natural gas commodity rates are set as follows, effective April 1, 2015.

| <b>Customer Rate Class</b>                 | <b>Commodity Rate</b> |
|--|-----------------------|
| Residential (Rate Schedule 1)              | \$3.209/GJ            |
| Commercial Firm (Rate Schedules 2, 3)      | \$3.212/GJ            |
| Small Industrial (Rate Schedule 4)         | \$2.866/GJ            |
| Commercial Interruptible (Rate Schedule 5) | \$2.610/GJ            |
| Seasonal Off Peak (Rate Schedule 6)        | \$2.602/GJ            |
| Natural Gas Vehicle (Rate Schedule 7)      | \$2.696/GJ            |

2. In the PNG-West service area, the Gas Cost Variance Account (GCVA) commodity rate rider and the Company Use GCVA gas cost rate rider are set as credit rate riders of \$0.163/GJ and \$0.018/GJ, respectively, effective April 1, 2015.
3. In the PNG-West service area, the current Company Use gas cost delivery rate of \$0.092/GJ and Company Use gas commodity price of \$3.567/GJ remain unchanged effective April 1, 2015.
4. In the Granisle service area, the propane commodity rate and the GCVA commodity credit rate rider are set at \$14.423/GJ and \$1.294/GJ respectively, effective April 1, 2015.
5. PNG must notify all affected customers of the rate changes by way of a bill insert or bill message with the next monthly billing.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 20<sup>th</sup> day of March 2015.

BY ORDER

*Original signed by:*

D. Morton  
Commissioner