



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-45-15**

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

and

Pacific Northern Gas (N.E.) Ltd.
An Application regarding Natural Gas Commodity Charges effective April 1, 2015
for the Fort St. John/Dawson Creek and Tumbler Ridge 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 (N.E.) Ltd. [PNG (N.E.)] 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 its Fort St. John/Dawson Creek (FSJ/DC) and the Tumbler Ridge (TR) service areas, based on forecast natural gas prices using the average of 5 consecutive days forward gas price forecasts ending February 27, 2015 (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 (N.E.);
- C. The Commission, by Order G-137-14, established the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider for FSJ/DC and TR, effective October 1, 2014. Through Order G-194-14 the gas commodity rates, GCVA commodity rate rider and Company Use GCVA gas cost rate rider for FSJ/DC and TR were maintained effective January 1, 2015;
- D. For FSJ/DC, PNG (N.E.) forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.652, 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

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Order G-194-14 and indicative April 1, 2015 rates are greater than the \$0.50/GJ trigger for each customer class. Based on the foregoing, PNG (N.E.) requests approval to decrease the gas commodity rates for the FSJ/DC service area effective April 1, 2015;

- E. For the FSJ/DC service area, PNG (N.E.) requests approval to change the current GCVA commodity debit rate rider from \$0.362/GJ to a credit rate rider of \$0.228/GJ and to change the Company Use GCVA gas cost debit rate rider from \$0.016/GJ to a credit rate rider of \$0.022/GJ, effective April 1, 2015;
- F. For the FSJ/DC service area, PNG (N.E.) requests to maintain the current Company Use gas cost delivery rate of \$0.052/GJ and to maintain the Company Use gas commodity price of \$3.316/GJ used for price deferral accounting purposes, effective April 1, 2015;
- G. The net impact of the requested commodity rate changes on a FSJ/DC residential customer is a rate decrease of \$1.728/GJ, effective April 1, 2015, which represents a decrease of approximately \$189.30 or 17.2 percent, for a typical PNG (N.E.) FSJ/DC residential customer's annual bill based on current rates with an average annual consumption of 109.6 GJ;
- H. For TR, PNG (N.E.) forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.644 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-194-14 and indicative April 1, 2015 rates are greater than the \$0.50/GJ trigger for each customer class. Based on the foregoing, PNG (N.E.) requests approval to decrease the gas commodity rates for the TR service area effective April 1, 2015;
- I. For the TR service area, PNG (N.E.) requests to change the current GCVA commodity debit rate rider \$0.657/GJ to a credit rate rider of \$0.391/GJ and to increase the Company Use GCVA gas cost credit rate rider from \$0.198/GJ to \$0.456/GJ, effective April 1, 2015;
- J. For the TR service area, PNG (N.E.) requests to maintain the current Company Use gas cost delivery rate of \$0.574/GJ and to maintain the Company Use gas commodity price of \$4.773/GJ used for price deferral accounting purposes, effective April 1, 2015;
- K. The net impact of the requested commodity rate changes on a TR residential customer is a rate decrease of \$2.466/GJ, effective April 1, 2015, which represents a decrease of approximately \$200.47 or 16.3 percent, for a typical TR residential customer's annual bill based on current rates with an average annual consumption of 81.3 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 (N.E.) FSJ/DC service area, the natural gas commodity rates are set as follows, effective April 1, 2015.

Customer Rate Class	Commodity Rate
Residential (Rate Schedule 1)	\$2.831/GJ
Small Commercial (Rate Schedule 2)	\$2.846/GJ
Large Commercial Firm (Rate Schedule 3)	\$2.743/GJ
Small Industrial Sales (Rate Schedule 4)	\$2.678/GJ

2. In the PNG (N.E.) FSJ/DC 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 \$0.228/GJ and \$0.022/GJ, respectively, effective April 1, 2015.
3. In the PNG (N.E.) FSJ/DC service area, the current Company Use gas cost delivery rate of \$0.052/GJ and Company Use gas commodity price of \$3.316/GJ remain unchanged, effective April 1, 2015.
4. In the PNG (N.E.) Tumbler Ridge service area, the natural gas commodity rate for the residential (RS1), small commercial (RS2) and large commercial (RS3) customers is set at of \$3.819/GJ, effective April 1, 2015.
5. In the PNG (N.E.) Tumbler Ridge service area, the GCVA commodity rate rider is set as a credit rate rider of \$0.391/GJ and the Company Use GCVA gas cost credit rate rider is set at \$0.456/GJ effective April 1, 2015.
6. In the PNG (N.E.) Tumbler Ridge service area, the current Company Use gas cost delivery rate of \$0.574/GJ and the Company Use gas commodity price of \$4.773/GJ remain unchanged, effective April 1, 2015.
7. PNG (N.E.) must notify all affected customers of the rate changes by way of a bill insert or bill message with the next monthly gas billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2015.

BY ORDER

Original signed by:

D. Morton
Commissioner