

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-121-15**

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

and

Pacific Northern Gas Ltd.  
Application for Reconsideration of Order G-104-15A  
No changes to 2015 Delivery Rates and  
Changes to the 2015 Revenue Stabilization Adjustment Mechanism Rider  
for the PNG-West Service Area

**BEFORE:** C. A. Brown, Commissioner/Panel Chair  
K. A. Keilty, Commissioner July 21, 2015  
D. M. Morton, Commissioner

**O R D E R**

**WHEREAS:**

- A. On November 28, 2014, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission), pursuant to sections 59 to 61, 89 and 90 of the *Utilities Commission Act* (UCA), an Application for No Changes to 2015 Delivery Rates and Changes to the 2015 Revenue Stabilization Adjustment Mechanism (RSAM) Rider (Original Application);
- B. On March 9, 2015, PNG filed an amended application (Application) that included an increase in the forecast revenue deficiency to \$175,000, up from \$117,000 in the Original Application;
- C. On June 18, 2015, the Commission issued Order G-104-15A and attached reasons for decision that included determinations with respect to the 2015 delivery rates, the annualized 2015 RSAM rider and changes to the deferral accounts as set forth in the Application;
- D. By letter dated June 23, 2015, PNG filed a Request for Reconsideration and Variance of Commission Order G-104-15A contending that the Commission Panel made an error in fact, and requested a variance to section 6 (a) of the Order (Reconsideration Application). Section 6 (a) of the Order directed PNG to revise the demand forecast for the residential use per account by using the previous forecast methodology, reducing the revenue deficiency by \$42,000;

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- E. By letter dated June 25, 2015, the Commission established Phase One of the reconsideration process wherein it requested, among other things, comments from interveners on whether there should be reconsideration based on the Commission Phase I Reconsideration Criteria followed by a response from PNG. Parties using the rational that the Commission made an error in fact or law were requested to provide support that the claim of an error is substantiated on a *prima facie* basis and the error has significant material implications;
- F. On June 30, 2015, British Columbia Old Age Pensioners' Organization et al. (BCOAPO) filed comments on the Reconsideration Application;
- G. On July 3, 2015, PNG submitted a response to the BCOAPO comments; and
- H. The Commission reviewed the Reconsideration Application and considers that a reasonable basis exists to allow the reconsideration process to proceed to Phase Two.

**NOW THEREFORE** as set out in the Reasons for Decision attached as Appendix B, the Commission orders as follows:

1. The Commission approves that Pacific Northern Gas Ltd. (PNG)'s application for Reconsideration of Order G-104-15A may proceed to the second phase of the reconsideration process. Phase Two of the reconsideration process is established to examine the issue of the amount of \$42,000 that was disallowed in reference to the impact on the delivery margin of the new methodology for forecasting residential use per account, and what the implications are for the revenue requirement.
2. The reconsideration process will include all items and evidence put forward by PNG in its Reconsideration Application, as well as any additional evidence PNG may wish to submit to support its Reconsideration Application, in the context of the scope of Directive 1 of this order. In addition, any items of evidence in the Original Application that are relevant to the scope of issues identified in Directive No. 1 of this order will be included.
3. The regulatory timetable, attached as Appendix A to this order, is established for Phase Two of the reconsideration process and schedules the following matters: updating the Reconsideration Application to provide new evidence, information requests to PNG, information responses from PNG, and arguments from the parties.
4. The parties are to file submissions on the issue of costs for this Reconsideration Application, and whether costs ought to be borne by the shareholder or ratepayers.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 21<sup>st</sup> day of July of 2015.

BY ORDER

*Original signed by:*

C. A. Brown  
Commissioner/Panel Chair

Attachments

Orders/G-121-15\_PNG\_Reconsideration of G-104A 2-15 Delivery Rates and RSAM

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**REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATE (2015)</b>
PNG Update to Reconsideration Application	Tuesday, July 28
Commission and Intervener Information Request No. 1	Wednesday, August 5
PNG Response to Commission and Intervener Information Request No. 1	Wednesday, August 12
PNG Final Argument	Wednesday, August 19
Intervener Final Argument	Wednesday, August 26
PNG Reply Argument	Wednesday, September 2

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**REASONS FOR DECISION**

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This is an application by Pacific Northern Gas Ltd. (PNG, Applicant) requesting reconsideration of Order G-104-15A (Order), an order respecting the 2015 Delivery Rates and changes to the revenue stabilization adjustment mechanism (RSAM) rider (Reconsideration Application). On June 23, 2015, PNG filed its request with the British Columbia Utilities Commission (Commission) for reconsideration contending that the Commission Panel made an error in fact, and requested a variance to section 6 (a) of the Order. Section 6 (a) of the Order directed PNG to revise the demand forecast for the residential use per account by using the previous forecast methodology, reducing the revenue deficiency by \$42,000.

In the Reasons for Decision, attached to Appendix A to the Order, the Commission Panel stated that PNG had not provided supporting evidence that the new methodology is more accurate than the existing methodology and noted that any differential between the 2015 forecast and actual revenues will end up in the RSAM account to be recovered in the following year, resulting in a timing difference only.<sup>1</sup>

In response to PNG's Reconsideration Application, the Commission established a Phase One reconsideration process and requested, among other things, comments from interveners on whether there should be reconsideration based on the Phase One Commission Reconsideration Criteria, followed by a response from PNG. Parties using the rationale that the Commission made an error in fact or law were requested to provide support that the claim of error is substantiated on a *prima facie* basis and the error has significant material implications.

In its June 30, 2015 response, BCOAPO responded directly to the questions posed in the Commission's request for comments. BCOAPO submits that the Commission did not make an error in fact or law but simply made its decision on the evidence before it.<sup>2</sup> In particular, BCOAPO submits that the PNG witness unambiguously stated that the impact of the change to the new residential use per account forecast methodology was to increase the revenue deficiency by \$42,000.<sup>3</sup> BCOAPO also submits that there is no just cause for reconsideration because PNG did not correct the record because it was not specifically asked to do so.<sup>4</sup>

In its response to BCOAPO's comments, PNG submits that it clearly and accurately answered the questions as posed, that it is clear that there has been a misunderstanding in PNG's interpretation of the information requested, and that they would have interpreted the question as intended if it had been asked differently.<sup>5</sup> PNG further submits that "it does not believe that it is the Commission's intent to effectively disallow \$21,000 of PNG's delivery margin through this misunderstanding."<sup>6</sup>

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<sup>1</sup> Order G-104-15A, Appendix A, p. 4.

<sup>2</sup> Exhibit C1-1, p. 5.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid, p. 6.

<sup>5</sup> Exhibit B-2, p. 2.

<sup>6</sup> Ibid.

### Commission determination

**The Panel approves that PNG's application for reconsideration of Order G-104-15A may proceed to the second phase of the reconsideration process. PNG must restrict the scope of the reconsideration to the issue of the amount of \$42,000 that was disallowed in reference to the impact on the delivery margin of the new methodology for forecasting residential use per account.**

The Panel has considered the evidence and the Commission Reconsideration Guidelines:

1. The Panel has reviewed the Application and the submissions of the parties respecting the first phase reconsideration application, and are not convinced that there has been an error in fact or law by the Commission. Submissions that the Applicant was not asked the right question is not evidence of an error of fact or law by the Commission.
2. PNG has not provided evidence that there is a fundamental change in circumstance or facts since the Decision.
3. PNG has not provided evidence that a basic principle was not raised in the original proceedings.
4. PNG has not provided evidence that a new principle has arisen as a result of the Decision.
5. While PNG has not made specific just cause submissions in its reconsideration application, the Panel exercising its discretion finds that a reasonable basis exists to allow a reconsideration.

The Panel acknowledges BCOAPO's submissions that, with respect to just cause, PNG "is requesting a reconsideration which is not supported by any of the evidence on the record including in its original (November 28, 2014) and amended (March 9, 2015) applications." BCOAPO further submits that PNG did not correct the record because it was not specifically asked to do so and that PNG would have realized, given the Information Requests (IRs) cited above and the questioning at the Streamlined Review Process (SRP), that the methodological change was 'in play' and, as such, the answers provided in IRs and SRP responses were to be relied upon. In BCOAPO's view, "there is no just cause for reconsideration and .... the request for reconsideration be denied."<sup>7</sup>

PNG, in its Reconsideration Application (Exhibit B-1), suggests that the reduction of \$42,000 to the revenue deficiency is an error: that \$21,000 of that calculation was not due to the change in methodology for the residential use per account forecast. Rather it was due to a one-time adjustment carried over from 2014. PNG considers that there has been a misunderstanding in PNG's interpretation of an Information Request from the Original Application. "PNG does not believe that it is the Commission's intent to effectively disallow \$21,000 of PNG's delivery margin through this misunderstanding."<sup>8</sup>

The Panel finds that this issue of a \$21,000 error, as provided for in the Reconsideration Application, provides "just cause" for the Panel to use its discretion to approve this application.

For these reasons, this Reconsideration Application is approved to move to the second phase of the reconsideration process. In Phase Two, PNG should provide further evidence to support the one-time calculation of \$21,000 as an error, and whether this error impacts the delivery margin.

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<sup>7</sup> Exhibit C1-1, pp. 5-6.

<sup>8</sup> Exhibit B-2, p. 2.