



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-198-15**

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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 January 1, 2016
for the Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

BEFORE: L. F. Kelsey, Commissioner
H. G. Harowitz, Commissioner December 10, 2015
K. A. Keilty, Commissioner
D. M. Morton, Commissioner

O R D E R

WHEREAS:

- A. On December 2, 2015, Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] filed with the British Columbia Utilities Commission (Commission) its Fourth Quarter 2015 Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas, based on forecast natural gas prices using the average of five consecutive days forward gas price forecasts ending November 20, 2015 (Report);
- B. By Letters L-5-01 and L-40-11, the Commission set out guidelines for a trigger mechanism and rate setting methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG (N.E.);
- C. The Commission, by Order G-45-15, established the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate riders for FSJ/DC and TR, effective April 1, 2015. The gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate riders for FSJ/DC and TR were maintained effective July 1, 2015 and October 1, 2015 through Letters L-24-15 and L-37-15 respectively;
- D. For FSJ/DC, PNG (N.E.) forecasts the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 1.607, which is outside the established 0.95 to 1.05 dead band range. In addition, the difference between the gas commodity rates established by Order G-45-15 and indicative January 1, 2016 rates for each customer rate class is greater than the \$0.50/GJ trigger threshold set out in the Guidelines. Based on the foregoing, PNG (N.E.) requests approval to decrease the gas commodity rates for the FSJ/DC service area effective January 1, 2016;

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- E. For FSJ/DC, PNG (N.E.) requests approval to increase the current GCVA commodity credit rate rider from \$0.228/GJ to \$0.567/GJ and to decrease the Company Use GCVA credit rate rider from \$0.022/GJ to \$0.014/GJ, effective January 1, 2016;
- F. For FSJ/DC, PNG (N.E.) requests approval to decrease the Company Use gas cost delivery rate from \$0.052/GJ to \$0.033/GJ and to decrease the Company Use commodity price from \$3.316/GJ to \$1.898/GJ, effective January 1, 2016;
- G. The average net impact of the requested commodity rate changes on a FSJ/DC residential customer is a rate decrease of \$0.354/GJ, effective January 1, 2016, which represents a decrease of approximately \$38.01 or 4.4 percent for a typical residential customer's annual bill based on current rates with an average annual consumption of 107.4 GJ. The average net impact was calculated using the delivery rate changes requested in the PNG's FSJ/DC 2016/2017 Revenue Requirement Application (RRA), filed on November 30, 2015;
- H. For TR, PNG (N.E.) forecasts the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 1.353, which is outside the established 0.95 to 1.05 dead band range. In addition, the difference between the gas commodity rates established by Order G-45-15 and indicative January 1, 2016 rates for each customer rate class is greater than the \$0.50/GJ trigger threshold set out in the Guidelines. Based on the foregoing, PNG (N.E.) requests approval to decrease the gas commodity rates for the TR service area effective January 1, 2016;
- I. For TR, PNG (N.E.) requests approval to increase the current GCVA commodity credit rate rider from \$0.391/GJ to \$0.603/GJ and to decrease the Company Use GCVA credit rate rider from \$0.456/GJ to \$0.438/GJ, effective January 1, 2016;
- J. For TR, PNG (N.E.) requests approval to decrease the Company Use gas cost delivery rate from \$0.574/GJ to \$0.410/GJ and to decrease the Company Use commodity price from \$4.773/GJ to \$3.136/GJ, effective January 1, 2016;
- K. The net impact of the requested commodity rate changes on a TR residential customer is a rate decrease of \$0.395/GJ, effective January 1, 2016, which represents a decrease of approximately \$31.56 or 3.1 percent, for a typical residential customer's annual bill based on current rates with an average annual consumption of 79.8 GJ. The net impact was calculated using the delivery rate changes requested in the PNG's TR 2016/2017 RRA, filed on November 30, 2015; and
- L. The Commission determines the rate changes requested by PNG (N.E.) 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 January 1, 2016.

Customer Rate Class	Commodity Rate
Residential (RS1)	\$2.198/GJ
Small Commercial (RS2)	\$2.214/GJ
Large Commercial Firm (RS3)	\$2.103/GJ
Small Industrial Sales (RS4)	\$2.013/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 rate rider are set as credit rate riders of \$0.567/GJ and \$0.014/GJ respectively, effective January 1, 2016.
3. In the PNG (N.E.) FSJ/DC service area, the Company Use gas cost delivery rate and Company Use commodity price are set as \$0.033/GJ and \$1.898/GJ respectively, effective January 1, 2016.
4. In the PNG (N.E.) TR service area, the natural gas commodity rates for the residential (RS1), small commercial (RS2) and large commercial (RS3) customers are set at \$3.136/GJ, effective January 1, 2016.
5. In the PNG (N.E.) TR service area, the Gas Cost Variance Account (GCVA) commodity rate rider and the Company Use GCVA rate rider are set as credit rate riders of \$0.603/GJ and \$0.438/GJ respectively, effective January 1, 2016.
6. In the PNG (N.E.) TR service area, the Company Use gas cost delivery rate and Company Use commodity price are set as \$0.410/GJ and \$3.136/GJ respectively, effective January 1, 2016.
7. Pacific Northern Gas (N.E.) Ltd. 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 14th day of December 2015.

BY ORDER

Original signed by:

D. M. Morton
Commissioner