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web site: <http://www.bcuc.com>

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-207-15**

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

and

Pacific Northern Gas Ltd.
2016-2017 Revenue Requirements Application
for the PNG - West Service Area

BEFORE: K. A. Keilty, Panel Chair/Commissioner
H. G. Harowitz, Commissioner December 18, 2015
R. D. Revel, Commissioner

O R D E R

WHEREAS:

- A. On August 1, 2013, the British Columbia Utilities Commission (Commission) issued Order G-114-13 concurrently with its decision on the Pacific Northern Gas Ltd. (PNG) 2013 Revenue Requirements Application (RRA) and directed PNG to, among other things, file its 2014 RRA for a period of two years. By Order G-168-13 dated October 10, 2013, the Commission varied Order G-114-13 to instead require PNG to file its RRA for a period of two years commencing in test years 2016 and 2017;
- B. On November 30, 2015, PNG filed its 2016-2017 RRA with the Commission pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) seeking, among other things, approval to increase 2016 delivery rates as a result of a net increase in cost of service offset by increased deliveries (Application);
- C. PNG also seeks relief pursuant to sections 58 to 61, 89 and 90 of the UCA to allow PNG to amend its rates on an interim and refundable basis, effective January 1, 2016, pending the regulatory process for the review of the Application and orders subsequent to this process;
- D. PNG forecasts a 2016 revenue deficiency of approximately \$0.568 million comprised of a net increase in cost of service of \$2.992 million and an increase in margin of \$2.424 million;
- E. PNG is seeking approval to increase delivery rates on an interim and refundable basis to cover the forecast 2016 revenue deficiency for the following rate classes, among other rate classes, included in Appendix A to this order:
 - a 1.8 percent increase from \$11.775/GJ to \$11.987/GJ for Residential service;
 - a 1.7 percent increase from \$9.941/GJ to \$10.109/GJ for Small Commercial service; and
 - a 2.2 percent increase from \$6.678/GJ to \$6.822/GJ for Granisle Propane service;

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PNG is also seeking approval to increase in the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable basis applicable to Residential, Small Commercial and Commercial Transport customers from \$0.243/GJ to \$0.851/GJ;

- F. With respect to the two year RRA, PNG submits in its Application that it will seek approval of permanent 2016 rates and interim 2017 rates in the Updated Application to be filed at the end of February 2016. PNG plans to file an application in the first quarter of 2017 to apply for permanent 2017 rates effective January 1, 2017;
- G. PNG proposes a negotiated settlement process (NSP) or a written hearing process for the review of the Application and recommends that the Commission seek comments from PNG and interveners on the appropriate regulatory process; and
- H. The Commission has commenced review of the Application and finds that establishment of interim rates and a preliminary Regulatory Timetable is warranted.

NOW THEREFORE pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. The British Columbia Utilities Commission approves the delivery rates and the Rate Stabilization Adjustment Mechanism rider set forth in the Application and included in Appendix A to this order on an interim basis, effective January 1, 2016. Any differences between the interim and permanent rates that are determined by the Commission following final disposition of the Application are subject to refund/recovery, with interest, at the average prime rate of Pacific Northern Gas Ltd.'s principal bank for its most recent year, in the manner as set out by a Commission order that establishes permanent rates.
2. The preliminary Regulatory Timetable for the review of the Application is established, as set out in Appendix B to this order.
3. A Procedural Conference will be held on Friday, January 29, 2016 in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8 to address the regulatory process to be followed, the scope of the review and the contents of the Updated Application.
4. Intervenors and interested parties who wish to participate in the regulatory proceeding are to register with the Commission through the Commission's website at www.bcuc.com or in writing by the date established in the preliminary Regulatory Timetable attached as Appendix B. Those requesting intervenor status are to specifically state the nature of their interest in the Application and identify generally the issues that they intend to pursue and the extent of their anticipated involvement in the proceeding.

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5. Pacific Northern Gas Ltd. is to provide a copy, electronically where possible, of this Commission order including the preliminary Regulatory Timetable attached as Appendix B, to all parties who registered and/or participated in the 2015 Application for No Changes to 2015 Delivery Rates and Changes to the 2015 Revenue Stabilization Adjustment Mechanism Rider for the Pacific Northern Gas Ltd. - West Service Area.
6. The Application and supporting material are to be made available for inspection at the following locations: public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James; the head office of Pacific Northern Gas Ltd. at Suite 950, 1185 West Georgia Street, Vancouver, BC, V6E 4E6; and the British Columbia Utilities Commission office at Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3. Pacific Northern Gas Ltd. is to also make the Application available on its website at www.png.ca.
7. Pacific Northern Gas Ltd. is to publish in display-ad format, as soon as reasonably possible but no later than Wednesday, December 30, 2015, the Notice of Application attached as Appendix C to this order, in such appropriate news publications as may properly provide adequate notice to the public in the affected service area.
8. Pacific Northern Gas Ltd. is to provide its customers with a bill message notice of the interim rates with its next customer mailing.
9. Pursuant to section 61 of the *Utilities Commission Act*, Pacific Northern Gas Ltd. is to file amended tariff rate schedules, in accordance with the terms of this order, within 15 business days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of December 2015.

BY ORDER

Original Signed By:

K. A. Keilty
Commissioner

Attachments

Pacific Northern Gas Ltd.
2016-2017 Revenue Requirements Application
for the PNG – West Service Area

Pacific Northern Gas Ltd. (PNG - West Division)
Summary of Interim Rates Effective January 1, 2016
(\$/GJ unless otherwise specified)

Customer Class	Rate Effective July 1, 2015	Proposed Interim Rate January 1, 2016
Residential (RS 1)		
<u>Natural Gas</u>		
Delivery charge	11.775	11.987
RSAM	0.243	0.851
<u>Propane</u>		
Delivery charge	6.678	6.822
Small Commercial Sales (RS 2)		
Delivery charge	9.941	10.109
RSAM	0.243	0.851
Large Commercial Sales (RS 3)		
Delivery charge	7.991	8.119
Commercial Transport (RS 22)		
Delivery charge	9.941	10.109
RSAM	0.243	0.851
Commercial Transport (RS 33)		
Delivery charge	7.991	8.119
Small Industrial Sales (RS 4)		
Delivery charge	3.547	3.605
Commercial Interruptible Sales (RS 5)		
Delivery charge	4.867	4.946
Seasonal Off-Peak (RS 6)		
<u>Off Peak (Mar - Nov)</u>		
Delivery charge	7.057	7.173
<u>Peak (Dec - Feb)</u>		
Delivery charge	15.009	15.125
NGV (RS 7)		
Delivery charge	3.470	3.526
Thompson Creek Mine (Supp No. 2)		
Firm	3.3484	3.4066
Rio Tinto Alcan (Supp No. 7, 7A)		
Firm	2.8818	2.9274
BC Hydro (Supp No. 10)		
Int.	3.1654	3.2154
Interruptible Sales/Service		
Int.	3.1654	3.2154

Pacific Northern Gas Ltd.
2016-2017 Revenue Requirements Application
for the PNG – West Service Area

REGULATORY TIMETABLE

ACTION	DATE (2016)
Intervener and Interested Party Registration	Friday, January 15
Procedural Conference*	Friday, January 29
PNG files Updated Application	Monday, February 29
Further Process to be Determined	

*Location: Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, BC V6Z 2K8

PUBLIC NOTICE

BRITISH COLUMBIA UTILITIES COMMISSION



PACIFIC NORTHERN GAS LTD. APPLICATION FOR APPROVAL OF 2016-2017 REVENUE REQUIREMENTS FOR THE PNG WEST SERVICE AREA

On November 30, 2015, Pacific Northern Gas Ltd. (PNG) filed its 2016-2017 Revenue Requirements Application (Application) with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act* (UCA) seeking Commission approval to, among other things, increase the 2016 delivery rates. The Application also seeks relief to allow PNG to amend its rates on an interim and refundable basis, effective January 1, 2016, pending the regulatory process for the review of the Application and orders subsequent to that process.

PNG is requesting a delivery rate increase on an interim and refundable basis of 1.8 percent from \$11.775/GJ to \$11.987/GJ for residential service, a 1.7 percent increase from \$9.941/GJ to \$10.109/GJ for small commercial service, and a 2.2 percent increase from \$6.678/GJ to \$6.822/GJ for Granisle propane service.

Based on the gas cost recovery and Gas Cost Variance Account (GCVA) rate riders effective April 1, 2015 through December 31, 2015, the overall average bundled rate increase for a typical residential customer consuming 70.5 GJ per year is 4.3 percent, an increase of \$56 per year. Similarly, the overall bundled rate increase for a typical small commercial customer consuming 316.4 GJ per year is 4.7 percent or \$235 per year and for Granisle residential propane customers consuming 38.8 GJ per year the overall average bundled rate increase is 0.7 percent, an increase of \$6 per year.

PNG is also requesting an increase in the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider on an interim and refundable basis applicable to residential and small commercial customers of \$0.608/GJ from \$0.243/GJ to \$0.851/GJ.

REGULATORY PROCESS

The Commission wishes to hear from affected parties before determining the public process necessary for the disposition of the Application. Commission Order G-207-15 establishes a preliminary Regulatory Timetable and a Procedural Conference on Friday, January 29, 2016.

HOW TO GET INVOLVED

Persons wishing to actively participate in the proceeding must register as an intervener through the Commission's website at www.bcuc.com or in writing by Friday, January 15, 2016. Registrants must identify the issues they intend to pursue and indicate the extent of their anticipated involvement in the review process. Interveners will each receive a copy of all non-confidential correspondence and filed documentation, and must provide an email address if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as an interested party through the Commission's website or in writing, by Friday, January 15, 2016, identifying their interest in the proceeding. Interested parties receive a copy of the decision when it is released. Please note that only those parties who register on the Commission's website will receive electronic notice of submissions.

Letters of comment may also be submitted. All submissions and/or correspondence received relating to the Application are provided to the panel and all participants in the proceeding. Submissions are placed on the public record and posted to the Commission's website. By participating and/or providing comment on the application, you agree that all submissions will be placed on the public record and posted on the Commission's website.

If you wish to attend the Procedural Conference please register with the Commission Secretary using the contact information provided at the end of this notice.

	Procedural Conference
	The Commission will consider the regulatory process to be followed, the scope of the review and the contents of the Updated Application.
Date:	Friday, January 29, 2016
Time:	9:00 a.m.
Location:	Commission Hearing Room 12 th Floor, 1125 Howe Street Vancouver, BC

VIEW THE APPLICATION

The Application and all supporting documentation are available on the Commission's website on the "Current Applications" page. If you would like to review the material in hard copy, it is available to be viewed at the locations below:

<p>British Columbia Utilities Commission Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 Phone: 604-660-4700 Toll Free: 1-800-663-1385 www.bcuc.com</p>	<p>Pacific Northern Gas Ltd. Suite 950, 1185 West Georgia Street Vancouver, BC V6E 4E6 Phone: 604-691-5680 Toll Free: 1-800-667-2297 www.png.ca</p>
<p>Public Libraries Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James</p>	

FOR MORE INFORMATION OR TO REGISTER

For more information or to register please visit www.bcuc.com or contact the Commission Secretary at commission.secretary@bcuc.com or Philip Nakoneshny, Director, Rates, as listed above.