



**ORDER NUMBER**  
**G-89-16**

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

and

Pacific Northern Gas Ltd.  
An Application regarding Natural Gas Commodity Charges effective July 1, 2016  
for the PNG-West and Granisle Service Areas

**BEFORE:**

H. G. Harowitz, Commissioner  
D. J. Enns, Commissioner  
R. D. Revel, Commissioner

on June 16, 2016

**ORDER**

**WHEREAS:**

- A. On June 7, 2016, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (Commission) its 2016 Second Quarter 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 May 31, 2016, and forecast propane prices obtained from PNG's propane supplier also on June 1, 2016 (Report);
- B. By Letters L-5-01 and L-40-11, the Commission set out guidelines for commodity rate setting including thresholds for triggering commodity rate changes (Guidelines) that have generally been accepted by natural gas and propane utilities including PNG;
- C. The Commission, by Order G-197-15, established the current gas commodity rates, GCVA commodity rate riders and Company Use GCVA rate rider for PNG-West and Granisle, as applicable, to be effective January 1, 2016;
- D. For PNG-West, the Report forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.904, which is outside the established 0.95 to 1.05 dead band range. However, the differences between the January 1, 2016 and indicative July 1, 2016 rates are less than the \$0.50/GJ trigger in respect of the each customer classes. Based on the foregoing, PNG requests no changes to the gas commodity rates effective July 1, 2016;
- E. For PNG-West, PNG requests maintaining the GCVA commodity credit rate rider of \$0.450/GJ and the Company Use GCVA gas cost debit rate rider of \$0.012/GJ, effective July 1, 2016;

- F. For PNG-West, PNG recommends maintaining the current Company Use gas cost delivery rate of \$0.060/GJ and maintaining the Company Use gas commodity price used for price deferral accounting purposes of \$1.927/GJ effective July 1, 2016;
- G. For Granisle, the Report forecasts that the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months would be 0.858, which is outside the established 0.95 to 1.05 dead band range and the indicative rate change is also greater than the \$0.50/GJ trigger, therefore PNG requests approval to increase the current propane commodity rate from \$11.674/GJ to \$13.096/GJ, effective July 1, 2016;
- H. For Granisle, PNG requests approval to reduce the current GCVA commodity credit rate rider of \$1.843/GJ to \$1.632/GJ, effective July 1, 2016;
- I. The net impact of the requested commodity rate changes on a Granisle residential customer is a rate increase of \$1.633/GJ, effective July 1, 2016, which represents an increase in the total bill of approximately \$61 or 7.4 percent, for a typical residential customer's annual bill based on current delivery rates and an average annual consumption of 37.2 GJ; and
- J. The Commission reviewed the Report and determines that the rate changes requested in the Report are warranted and should be approved.

**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, no changes are required to the current commodity rates and they will remain unchanged effective July 1, 2016.
2. For the Granisle service area, the propane commodity rate is increased from \$11.674/GJ to \$13.096/GJ, and the Gas Cost Variance Account commodity rate rider is changed from a credit rider of \$1.843/GJ to a credit rider of \$1.632/GJ, effective July 1, 2016.
3. Pacific Northern Gas 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 17<sup>th</sup> day of June 2016.

BY ORDER

*Original signed by:*

H. G. Harowitz  
Commissioner