



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-4-13**

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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.
Application for Approval of 2013 Revenue Requirements
for the PNG(N.E.) Service Area

BEFORE: D.A. Cote, Panel Chair/Commissioner January 15, 2013

O R D E R

WHEREAS:

- A. On September 19, 2012, the British Columbia Utilities Commission (Commission) received a letter from Pacific Northern Gas Ltd. (PNG) requesting approval to, among other things, include the Cost Allocators and Level of Shared Services Cost Recovery Application (Shared Services Application) as part of the 2013 Revenue Requirements Application (2013 RRA). By way of letter dated October 18, 2012, the Commission approved the request to file the Shared Services Application as part of the 2013 RRA;
- B. On November 30, 2012, PNG(N.E.) Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed their 2013 RRA with the Commission, pursuant to sections 58 to 61 of the *Utilities Commission Act (Act)* (Application). The Application seeks Commission approval to, among other things, increase delivery rates for PNG(N.E.) FSJ/DC and decrease delivery rates for PNG(N.E.) TR. On the same date, PNG (West Division) filed its 2013 RRA;
- C. The Application also seeks interim relief, pursuant to sections 58 to 61, 89 and 90 of the Act, to allow PNG(N.E.) to amend its rates on an interim and refundable basis, effective January 1, 2013, pending the hearing of the Application and orders subsequent to that hearing. The interim relief is sought on the basis that on January 1, 2013 PNG(N.E.)'s rates would otherwise no longer be fair, just and not unduly discriminatory;
- D. Commission Order G-168-12 dated November 9, 2012 directed PNG(N.E.) to refund customers the difference between the revenue deficiency that supported the interim rates effective January 1, 2012 and the approved 2012 revenue sufficiency with interest at the average prime rate of the principal bank with which PNG(N.E.) conducts its business. The Application requests Commission approval to hold customer

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-4-13

2

refunds of \$509,000 and \$108,000 for the FSJ/DC and TR Divisions, respectively, in an interest-bearing deferral account and fully amortize into rates in 2013;

- E. PNG(N.E.)'s FSJ/DC Division forecasts a 2013 revenue deficiency of approximately \$274,000 comprised of a net increase in cost of service of \$823,000 and an increase in margin of \$549,000. The net increase in cost of service includes a decrease in cost of service of \$509,000 to account for the difference between the revenue deficiency that supported the interim rates effective January 1, 2012 and the approved 2012 revenue sufficiency. The forecast 2013 revenue deficiency excluding the 2012 cost of service adjustment of \$509,000 is \$783,000;
- F. PNG(N.E.)'s FSJ Division seeks Commission approval to increase the delivery charge for residential service by \$0.087/GJ from \$3.455/GJ to \$3.542/GJ representing an increase of 2.5 percent compared to the 2012 delivery rate, and for small commercial service by \$0.059/GJ from \$2.836/GJ to \$2.895/GJ corresponding to an increase of 2.1 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates for the FSJ/TR Division include the impact of the 2012 cost of service adjustment of \$509,000;
- G. PNG(N.E.)'s DC Division seeks Commission approval to increase the delivery charge for residential service by \$0.087/GJ from \$3.257/GJ to \$3.344/GJ representing an increase of 2.7 percent compared to the 2012 delivery rate, and for small commercial service by \$0.059/GJ from \$2.299/GJ to \$2.358/GJ corresponding to an increase of 2.6 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates for the FSJ/TR Division include the impact of the 2012 cost of service adjustment of \$509,000;
- H. The PNG(N.E.) TR Division forecasts a 2013 revenue sufficiency of approximately \$98,000 comprised of a net decrease in cost of service of \$6,000 and an increase in margin of \$92,000. The net decrease in cost of service includes a decrease in cost of service of \$108,000 to account for the difference between the revenue deficiency that supported the interim rates effective January 1, 2012 and the approved 2012 revenue sufficiency. Therefore, the forecast 2013 revenue deficiency excluding the 2012 cost of service adjustment of \$108,000 is \$10,000;
- I. The PNG(N.E.) TR Division seeks Commission approval to decrease the delivery charge for residential service by \$0.441/GJ from \$6.101/GJ to \$5.66/GJ representing a decrease of 7.2 percent compared to the 2012 delivery rate, and for small commercial service a decrease by \$0.323/GJ from \$5.165/GJ to \$4.842/GJ corresponding to a decrease of 6.3 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates include the 2012 cost of service adjustment of \$108,000;
- J. By way of Order G-193-12, the Commission approved for PNG(N.E.) the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim basis, effective January 1, 2013 and established a Preliminary Regulatory Timetable for the review of the Application;
- K. The Application also seeks approval of the Shared Services charges from PNG to PNG(N.E.), as proposed in the 2012 Shared Services Study and as set forth in the Application;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-4-13

3

- L. The Commission has determined that an amended Preliminary Regulatory Timetable is warranted in order to allow Interveners and Commission staff sufficient opportunity to review the 2013 Shared Services Cost Allocation to PNG(N.E) in the context of both the Application and the PNG (West Division) 2013 RRA.

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

1. The Preliminary Regulatory Timetable established by Order G-193-12 is amended and attached as Appendix A to this Order.
2. PNG(N.E.) is to provide a copy of this Commission Order, electronically where possible, to all parties who participated in the PNG(N.E.) 2012 Revenue Requirements Application proceedings.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of January 2013.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair / Commissioner

Attachment

PACIFIC NORTHERN GAS (N.E.) LTD.
Application for Approval of 2013 Revenue Requirements
for the PNG(N.E.) Service Area

AMENDED PRELIMINARY
REGULATORY TIMETABLE

ACTION	DATE (2013)
Intervener and Interested Party Registration	Friday, January 18
Commission Information Request No. 1	Friday, February 1
Intervener Information Request No. 1	Friday, February 8
Filing of Participant Assistance / Cost Award Budgets	Friday, February 15
Commission and Intervener Information Request No. 1 Regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, February 15
PNG(N.E.) Responses to Commission and Intervener Information Request No. 1	Friday, February 22
Intervener Submissions Regarding Regulatory Process	Wednesday, February 27
PNG(N.E.) Updated Application Filing	Thursday, February 28
PNG(N.E.) Responses to Commission and Intervener Information Request No. 1 Regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, March 1
Commission and Intervener Information Request No. 2	Friday, March 22
Commission and Intervener Information Request No. 2 Regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, March 22
PNG(N.E.) Responses to Commission and Intervener Information Request No. 2	Friday, April 12
PNG Responses to Commission and Intervener Information Request No. 2 Regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, April 12