



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-193-12**

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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
C.A. Brown, Commissioner
C. van Wermeskerken, Commissioner
December 14, 2012

ORDER

WHEREAS:

- A. On November 30, 2012, Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed their 2013 Revenue Requirements Application with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61 of the *Utilities Commission Act* (Act) seeking Commission approval to, among other things, increase its delivery rates for PNG(N.E.) FSJ/DC and decrease its delivery rates for PNG(N.E.) TR (Application);
- B. 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;
- C. 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 record the refund to customers of \$509,000 and \$108,000 for the FSJ/DC and TR Divisions, respectively, in an interest-bearing deferral account to be fully amortized into rates in 2013;
- D. 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

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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. Therefore, the forecast 2013 revenue deficiency excluding the 2012 cost of service adjustment of \$509,000 is \$783,000;

- E. 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;
- F. 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;
- G. 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;
- H. 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;
- I. The Commission considers establishing a Preliminary Regulatory Timetable for the review of the Application, and allowing Interveners to make written submissions regarding the regulatory process to be followed, is necessary and in the public interest.

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

1. The Commission approves 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. Any differences between the 2013 interim and permanent delivery rates that are determined by the Commission following

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final disposition of the Application are subject to refund/recovery, with interest at the average prime rate of PNG(N.E.)'s principal bank for its most recent year, in the manner as set out by a Commission Order that establishes permanent rates.

2. With respect to Recital C of this Order, the method by which PNG will refund customers the difference between the revenue deficiency that supported the interim rates effective January 1, 2012 and the approved 2012 revenue sufficiency is approved on an interim and refundable basis by way of Directive 1 of this Order, and is subject to further review in this proceeding.
3. The Preliminary Regulatory Timetable for the Application is set out in Appendix A to this Order.
4. 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.
5. PNG(N.E.) will publish in display-ad format, as soon as possible but no later than December 31, 2012, the Notice of Application attached as Appendix B to this Order, in such appropriate news publications as may properly provide adequate notice to the public in its service areas.
6. The Commission will accept, subject to timely filing by PNG(N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG(N.E.) is to provide notice of the interim rates to customers via a bill message, to be reviewed in advance by Commission Staff.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December 2012.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair / Commissioner

Attachments

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

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
Participant Assistance / Cost Award Budgets	Friday, February 15
PNG(N.E.) Responses to Commission and Intervener Information Request No. 1	Friday, February 22
Intervener Comments Regarding Regulatory Process	Wednesday, February 27
PNG(N.E.) Files Updated Application	Thursday, February 28
Commission and Intervener Information Request No. 2	Friday, March 22
PNG(N.E.) Responses to Commission and Intervener Information Request No. 2	Friday, April 12



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PACIFIC NORTHERN GAS (N.E.) LTD.
Application for Approval of 2013 Revenue Requirements
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**NOTICE OF REVENUE REQUIREMENTS
APPLICATION**

THE APPLICATION

On November 30, 2012, Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed their 2013 Revenue Requirements Application with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61, 89 and 90 of the *Utilities Commission Act (Act)* seeking Commission approval to, among other things, increase delivery rates for PNG(N.E.) FSJ/DC and decrease delivery rates for PNG(N.E.) TR (Application). The Application also seeks interim relief 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.

For the FSJ/DC Division, the delivery rate increase is estimated to be approximately \$0.087 per GJ for a residential customer. Based on the gas cost recovery and GCVA rate riders effective October 1, 2012 thru December 31, 2012 the overall bundled rate increase for a typical residential customer consuming 108.2 GJ per year, is 1.7 percent, an increase of \$15 per year. The delivery rate increase for a small commercial customer is estimated to be \$0.059 per GJ. Similarly, based on the gas cost recovery and GCVA rate riders effective October 1, 2012 thru December 31, 2012, the overall bundled rate increase for a typical small commercial customer consuming 498.3 GJ per year is 1.6 percent or \$57 per year.

For the TR Division, the delivery rate decrease is estimated to be approximately \$0.441 per GJ for a residential customer. Based on the gas cost recovery and GCVA rate riders effective October 1, 2012 thru December 31, 2012 the overall bundled rate decrease for a typical residential customer consuming 81.8 GJ per year, is 1.2 percent, a decrease of \$11 per year. The delivery rate decrease for a small commercial customer is estimated to be \$0.323 per GJ. Similarly, based on the gas cost recovery and GCVA rate riders effective October 1, 2012 thru December 31, 2012, the overall bundled rate decrease for a typical small commercial customer consuming 460.7 GJ per year is 0.2 percent or \$8 per year.

THE 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-193-12 establishes a Preliminary Regulatory Timetable for the review of the Application. The detailed Preliminary Regulatory Timetable can be reviewed on the Commission's website at www.bcuc.com under Current Applications.

PUBLIC INSPECTION OF THE APPLICATION

The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG(N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, BC V6E 4E6, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC V6Z 2N3.

The Application will also be available for viewing on the PNG website at www.png.ca, (www.png.ca/ir_utilities.cfm) and on the Commission's website at www.bcuc.com. The Commission's website also contains detailed materials related to the Application including Commission Orders and Intervener materials (<http://www.bcuc.com/Proceeding.aspx?ApplicationType=Current>).

REGISTERING TO PARTICIPATE

Persons who expect to actively participate in the review process must register as Interveners. Interveners will receive copies of the Application, all correspondence and filed documents. Persons not expecting to actively participate should register with the Commission as Interested Parties and will receive a copy of the Application's Executive Summary, all Orders issued, as well as the Commission's Decision.

Interveners and Interested Parties should inform the Commission Secretary, in writing or by online web registration, by Friday, January 18, 2013 of their intention to become Interveners or Interested Parties with respect to the Application.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's web site.

FURTHER INFORMATION

For further information, please contact Erica Hamilton, Commission Secretary, or Philip Nakoneshny, Director, Rates, as follows:

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