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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-86-12**

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Pacific Northern Gas Ltd.  
regarding Natural Gas Commodity Charges effective July 1, 2012  
for the PNG-West and Granisle Service Areas

**BEFORE:** L.F. Kelsey, Commissioner  
C.A. Brown, Commissioner June 21, 2012  
N.E. MacMurchy, Commissioner  
D.M. Morton, Commissioner  
R.D. Revel, Commissioner

### **O R D E R**

**WHEREAS:**

- A. On June 7, 2012, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) the 2012 Second Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for PNG-West and Granisle, based on forecast natural gas prices using the average of five consecutive days forward price forecasts ending May 18, 2012, and forecast propane prices obtained from PNG's propane supplier on May 30, 2012 (the Report);
- B. 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 1.142 which is outside the established 0.95 to 1.05 dead band range, and requests approval to decrease gas commodity rates effective July 1, 2012;
- C. For PNG-West, PNG requests approval to change the GCVA commodity rate rider from a credit of \$0.024/GJ to a debit of \$0.178/GJ and to increase the Company Use GCVA gas cost debit rate rider from \$0.028/GJ to \$0.043/GJ, effective July 1, 2012;
- D. For PNG-West, PNG requests approval to make no changes to the current Company Use gas cost delivery rate of \$0.094/GJ and the Company Use gas commodity price of \$3.646/GJ used for price deferral accounting purposes;
- E. 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 1.569 which is outside the established 0.95 to 1.05 dead band range, and requests approval to decrease the propane commodity rate from \$21.130/GJ to \$14.497/GJ, effective July 1, 2012;

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- F. For Granisle, PNG requests approval to increase the GCVA commodity credit rate rider from \$0.245/GJ to \$1.183/GJ, effective July 1, 2012;
- G. The Commission has reviewed the Report and concludes that the rates requested in the Report are warranted.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act* the Commission orders the following:

1. In the PNG-West Division, the Commission approves decreasing the gas commodity charges to \$3.375/GJ, \$3.365/GJ, \$3.189/GJ, \$3.015/GJ, \$3.294/GJ and \$3.138/GJ for the residential (RS1), commercial firm (RS2/RS3), small industrial (RS4), commercial interruptible (RS5), seasonal off peak (RS6) and NGV (RS7) sales customers, respectively, effective July 1, 2012.
2. In the PNG-West Division, the Commission approves changing the GCVA commodity rate rider from a credit of \$0.024/GJ to a debit of \$0.178/GJ and increasing the Company Use GCVA gas cost debit rate rider from \$0.028/GJ to \$0.043/GJ, effective July 1, 2012.
3. In the PNG-West Division, the Commission accepts that no changes are required to the current Company Use gas cost delivery rate and to the current Company Use gas commodity price used for price deferral accounting purposes.
4. In Granisle, the Commission approves decreasing the propane commodity rate from \$21.130/GJ to \$14.497/GJ, and increasing the GCVA commodity credit rate rider from \$0.245/GJ to \$1.183/GJ, effective July 1, 2012.
5. PNG-West is to provide a descriptive explanation of the rate changes by way of a customer notice for all affected customers, to be submitted to the Commission in draft form prior to its release.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 21<sup>st</sup> day of June 2012.

BY ORDER

*Original signed by:*

D.M. Morton  
Commissioner