



**ORDER NUMBER**  
**G-94-17**

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

and

Pacific Northern Gas (N.E.) Ltd.  
Second Quarter 2017 Report on Gas Supply Costs  
for the Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

**BEFORE:**

B. A. Magnan, Commissioner/Panel Chair  
R. D. Revel, Commissioner  
R. I. Mason, Commissioner

on June 15, 2017

**ORDER**

**WHEREAS:**

- A. On June 7, 2017 Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] filed with the British Columbia Utilities Commission (Commission) its 2017 Second Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for its Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge service areas based on forecast natural gas prices using the average of 5 consecutive days forward gas price forecasts ending May 31, 2017 (Report);
- B. By Letters L-5-01 and L-40-11, the Commission set out guidelines for a trigger mechanism and rate setting methodology (Guidelines) that have generally been adopted by natural gas and propane utilities including PNG(N.E.);
- C. The Commission by Order G-190-16, established the current gas commodity rates, GCVA commodity rate rider, Company Use GCVA rate rider and Company Use delivery rate for FSJ/DC and also established the current propane commodity rate and associated rate rider for Tumbler Ridge, effective January 1, 2017;
- D. For FSJ/DC the Report forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 1.031 which is within the established 0.95 to 1.05 dead band range. In addition, the differences between the January 1, 2017 rates and indicative July 1, 2017 rates are less than the \$0.50/GJ trigger in respect of each customer class. Based on the foregoing, PNG(N.E.) requests no rate changes to the gas commodity rates for FSJ/DC effective July 1, 2017;
- E. PNG(N.E.) requests for FSJ/DC to maintain the current GCVA commodity credit rate rider of \$0.181/GJ and to maintain the Company Use GCVA gas cost debit rate rider of \$0.016/GJ, effective July 1, 2017;

- F. PNG(N.E.) requests for FSJ/DC to maintain the current Company Use gas cost delivery rate of \$0.042/GJ and to maintain the Company Use gas commodity price of \$2.382/GJ used for price deferral accounting purposes effective July 1, 2017;
- G. For Tumbler Ridge the Report forecasts that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months to be 0.917 which is below the established 0.95 to 1.05 dead band range. In addition, the differences between the January 1, 2017 rates and indicative July 1, 2017 rates are greater than the \$0.50/GJ trigger for all customer classes. Based on the foregoing, PNG(N.E.) requests approval to increase the gas commodity rates for Tumbler Ridge effective July 1, 2017;
- H. PNG(N.E.) requests approval for Tumbler Ridge to reduce the current GCVA commodity credit rate rider from \$0.430/GJ to \$0.148/GJ and to change the Company Use GCVA gas cost rate credit rider from \$0.292/GJ to a debit rate rider of \$0.073/GJ, effective July 1, 2017;
- I. PNG(N.E.) requests approval for Tumbler Ridge to maintain the current Company Use gas cost delivery rate of \$0.385/GJ and to maintain the Company Use gas commodity price of \$3.693/GJ used for price deferral accounting purposes, effective July 1, 2017;
- J. The net impact of the rate changes requested in the Report to a Tumbler Ridge residential customer is a rate increase of \$0.661/GJ effective July 1, 2017, which represents an increase of approximately \$48.70, or 4.5 percent, for a typical residential customer with an average annual consumption of 73.7 GJ; and
- K. The Commission reviewed the Report and considers that the recommendations and requested rate changes are warranted.

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

1. In the PNG (N.E.) FSJ/DC service area, no changes are required to the current natural gas commodity rates and associated rate riders and they will remain unchanged effective July 1, 2017.
2. In the PNG (N.E.) Tumbler Ridge service area, the gas commodity charges are increased to \$3.707/GJ for the residential (RS1), small commercial (RS2) and large commercial firm (RS3) customers, effective July 1, 2017.
3. In the PNG (N.E.) Tumbler Ridge service area, the GCVA commodity credit rate rider is decreased from \$0.430/GJ to \$0.148/GJ and the Company Use GCVA gas cost credit rate rider of \$0.292/GJ is increased to a debit rate rider of \$0.073/GJ, effective July 1, 2017.
4. In the PNG (N.E.) Tumbler Ridge service area, the Company Use gas cost delivery rate of \$0.385/GJ and the Company Use gas commodity price of \$3.693/GJ used for price deferral accounting purposes each remain unchanged effective July 1, 2017.
5. Pacific Northern Gas (N.E.) 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 15<sup>th</sup> day of June 2017.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner