



**ORDER NUMBER**  
**G-187-17**

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

and

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

**BEFORE:**

B. A. Magnan, Commissioner  
R. I. Mason, Commissioner  
R. D. Revel, Commissioner

December 14, 2017

**ORDER**

**WHEREAS:**

- A. On December 4, 2017, Pacific Northern Gas (N.E.) Ltd. [PNG (N.E.)] filed with the British Columbia Utilities Commission (Commission) its 2017 Fourth 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 (TR) service areas, based on forecast natural gas prices using the average of five consecutive days forward price forecasts ending November 21, 2017 (the Gas Cost 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. For FSJ/DC, PNG (N.E.) forecasts the ratio of 12 month forecast gas cost recovery revenue from customers using current rates to the sum of the 12 month forecast gas supply costs and the GCVA balance at December 31, 2017 (R/C Ratio) to be 1.438, which is outside the established 0.95 to 1.05 dead band range. The indicative January 1, 2018 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2018 for all customer classes range from \$0.506/GJ to \$0.656/GJ and are greater than the \$0.50/GJ threshold set out in the Guidelines. PNG (N.E.) notes that both rate change mechanisms are triggered and that a decrease in gas commodity rates for FSJ/DC, effective January 1, 2018, is warranted as per the Guidelines;
- D. For FSJ/DC, the indicative rate changes calculated as per the Guidelines include an increase in the GCVA commodity credit rate rider from \$0.298/GJ to \$0.460/GJ and a decrease in the Company Use gas price and unaccounted for gas (UAF) volume deferral account GCVA credit rate rider from \$0.072/GJ to \$0.043/GJ, effective January 1, 2018;

- E. For TR, PNG (N.E.) forecasts the R/C Ratio to be 1.492, which is outside the established 0.95 to 1.05 dead band range. The indicative January 1, 2018 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2018 is \$1.054/GJ, and is greater than the \$0.50/GJ threshold set out in the Guidelines. PNG (N.E.) notes that both rate change mechanisms are triggered and that a decrease in gas commodity rates for TR, effective January 1, 2018, is warranted as per the Guidelines;
- F. For TR, the indicative rate changes calculated as per the Guidelines include an increase in the GCVA commodity credit rate rider from \$0.180/GJ to \$0.641/GJ and an increase in the Company Use gas price and UAF volume deferral account GCVA credit rate rider of \$0.034/GJ to \$0.080/GJ, effective January 1, 2018;
- G. For FSJ/DC, PNG (N.E.) requests approval to decrease the current Company Use gas cost delivery rate, which is a component of the delivery charge, from \$0.042/GJ to \$0.031/GJ and decrease the Company use gas commodity price used for price deferral accounting purposes from \$2.382/GJ to \$1.446/GJ effective January 1, 2018;
- H. For TR, PNG (N.E.) requests approval to increase the current Company Use gas cost delivery rate, which is a component of the delivery charge, from \$0.385/GJ to \$0.404/GJ and decrease the Company use gas commodity price used for price deferral accounting purposes from \$3.693/GJ to \$2.689/GJ effective January 1, 2018;
- I. The net impact of the requests in the Gas Cost Report to a FSJ/DC residential customer is a rate decrease of \$0.090/GJ, effective January 1, 2018. Relative to current rates, this translates to an \$8.83 decrease, or 1.0%, in the annual bill for a typical residential customer with an average annual consumption of 98.7 GJ;
- J. The net impact of the requests in the Gas Cost Report to a TR residential customer is a rate decrease of \$0.006/GJ, effective January 1, 2018. Relative to current rates, this translates to a \$0.43 decrease in the annual bill for a typical residential customer with an average annual consumption of 69.5 GJ; and
- K. The Commission reviewed PNG's Gas Cost Report and concludes that the rates requested in the Gas Cost Report should be approved, effective January 1, 2018.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act* the Commission orders the following, effective January 1, 2018:

1. In the PNG (N.E.) Fort St. John/Dawson Creek (FSJ/DC) service area, the natural gas commodity rates are set as follows:

Customer Rate Class	Commodity Rate
Residential (RS1)	\$1.779/GJ
Small Commercial Firm (RS2)	\$1.778/GJ
Large Commercial Firm (RS3)	\$1.682/GJ
Small Industrial (RS4)	\$1.530/GJ

2. In the PNG (N.E.) FSJ/DC service area, the Gas Cost Variance Account (GCVA) commodity rate rider is set as a credit rate rider of \$0.460/GJ and the Company Use GCVA rate rider is set as a credit rate rider of \$0.043/GJ.

3. In the PNG (N.E.) FSJ/DC service area, the Company Use gas cost delivery rate and Company Use commodity price are set at \$0.031/GJ and \$1.446/GJ respectively.
4. In the PNG(N.E.) Tumbler Ridge (TR) service area, the natural gas commodity rates for the residential (RS1), small commercial (RS2) and large commercial (RS3) customers are set at \$2.689/GJ.
5. In the PNG (N.E.) TR service area, the GCVA commodity rate rider and the Company Use GCVA rate rider are set as credit rate riders of \$0.641/GJ and \$0.080/GJ, respectively.
6. In the PNG (N.E.) TR service area, the Company Use gas cost delivery rate and Company Use commodity price are set at \$0.404/GJ and \$2.689/GJ, respectively.
7. PNG (N.E.) 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 14<sup>th</sup> day of December 2017.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner