



**ORDER NUMBER
G-221-18**

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

and

Pacific Northern Gas Ltd.
2018–2019 Revenue Requirements Application
Negative Salvage Transition Compliance Filing and Request for Approval of 2019 Permanent Rates

BEFORE:

D. A. Cote, Panel Chair
A. K. Fung, QC, Commissioner

on November 26, 2018

ORDER

WHEREAS:

- A. On September 28, 2018, Pacific Northern Gas Ltd. (PNG) filed its compliance filing pursuant to Directive 16 of Order G-151-18 (Compliance Filing), consisting of a report on PNG and Pacific Northern Gas (N.E.) Ltd.'s transition to negative salvage accounting as described in Section 6.2.1 of the reasons for decision attached as Appendix A to Order G-151-18;
- B. On August 15, 2018, the British Columbia Utilities Commission (BCUC) issued Order G-151-18 with reasons for decision in the PNG 2018–2019 Revenue Requirements Application for its West division, approving the 2019 delivery rate on an interim and refundable/recoverable basis, effective January 1, 2019, pending the BCUC review of the negative salvage compliance filing and the BCUC's determination on the timing of the phase-in period for negative salvage accounting;
- C. On October 26, 2018, BCUC staff issued clarification questions on the Compliance Filing to PNG, and PNG responded on October 31, 2018;
- D. On November 7, 2018, PNG filed by letter an amendment to its negative salvage accounting methodology proposed in the Compliance Filing (Amendment); and
- E. The BCUC has completed its review of the Compliance Filing, PNG's response to BCUC staff questions and the Amendment, and considers that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, the BCUC orders as follows:

1. PNG's current 2019 interim rates are approved on a permanent basis, effective January 1, 2019, subject to the adjustments resulting from Directive 2 of this order. PNG must inform all customers of permanent rates by way of written notice to be included with their next customer invoice.
2. PNG is directed to phase-in provisions for negative salvage values over a 5-year period commencing on January 1, 2019 as presented in the Compliance Filing and the Amendment.
3. PNG is directed to establish a rate base deferral account to capture the provisions for net salvage values, effective January 1, 2019, as presented in the Compliance Filing and the Amendment.
4. PNG is directed to re-calculate the 2019 revenue requirements and delivery rate changes in a new compliance filing, and file revised regulatory schedules and tariff pages with the BCUC in accordance with the terms of this order within 30 days of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of November 2018.

BY ORDER

Original Signed By:

D. A. Cote
Commissioner