



**ORDER NUMBER**  
**G-242-18**

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

and

Pacific Northern Gas Ltd.  
Fourth Quarter 2018 Gas Supply Costs  
for PNG-West and Granisle Service Areas

**BEFORE:**

R. I. Mason, Commissioner  
D. J. Enns, Commissioner  
B. A. Magnan, Commissioner

on December 13, 2018

**ORDER**

**WHEREAS:**

- A. On December 4, 2018, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) its 2018 Fourth Quarter Gas Supply Costs and Gas Cost Variance Account (GCVA) balances for its PNG-West and Granisle service areas, based on the average of five consecutive days of forward natural gas price forecasts ended November 28, 2018 and propane price forecasts from the forward strip dated December 4, 2018 (the Gas Cost Report);
- B. The BCUC established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 (together the Guidelines);
- C. By Order G-186-17, the BCUC approved the current gas commodity rates, GCVA commodity rate rider and Company Use GCVA rate rider for PNG-West effective January 1, 2018;
- D. By Order G-61-18, the BCUC approved the current propane commodity rate and associated GCVA commodity rate rider for Granisle, effective April 1, 2018;
- E. For PNG-West, PNG 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, 2018 (R/C Ratio) to be 0.891, which is outside the established 0.95 to 1.05 dead band range. However, the difference between rates at October 1, 2018 and indicative rates at January 1, 2019 for all customer classes are less than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG requests no changes to the gas commodity rates for the PNG-West service area, as exceeding both the R/C Ratio dead band range and the \$0.50/GJ threshold is required in order to trigger a rate change;

- F. For PNG-West, PNG recommends maintaining the GCVA commodity credit rate rider of \$0.396/GJ and the Company use GCVA gas cost credit rate rider of \$0.009/GJ;
- G. For PNG-West, PNG requests approval to increase the current Company use gas cost delivery rate of \$0.058/GJ to \$0.061/GJ, and decrease the Company use gas commodity price used for price deferral accounting purposes from \$1.529/GJ to \$1.377/GJ, effective January 1, 2019;
- H. For Granisle, PNG forecasts the R/C Ratio to be 0.958, which is within the established 0.95 to 1.05 dead band range. The indicative January 1, 2019 gas cost commodity rate and GCVA rate rider changes required to achieve an R/C Ratio of 1.00 by December 31, 2019 is greater than the \$0.50/GJ threshold set out in the Guidelines. Based on the foregoing, PNG requests no change to the current propane commodity rates for the Granisle service area, as exceeding both the R/C Ratio dead band range and the \$0.50/GJ threshold is required in order to trigger a rate change;
- I. For Granisle, PNG recommends maintaining the current GCVA commodity rate rider of \$5.446/GJ,;
- J. The BCUC has reviewed PNG's Gas Cost Report and concludes that the rates requested in the Gas Cost Report should be approved, effective January 1, 2019.

**NOW THEREFORE** pursuant to section 61(4) of the UCA, the BCUC orders the following, effective January 1, 2019:

1. In the PNG-West service area, no changes are required to gas commodity rates and gas cost rate riders. The Company Use gas cost delivery rate is changed to \$0.061/GJ and the Company Use gas commodity price is changed to \$1.377/GJ.
2. In the Granisle service area, no changes are required to the propane commodity rate and GCVA commodity debit rate rider.
3. PNG must notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly billing.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 13<sup>th</sup> day of December 2018.

BY ORDER

*Original signed by:*

R. I. Mason  
Commissioner