



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-152-13**

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

and

a Request by Pacific Northern Gas Ltd.
and Pacific Northern Gas (N.E.) Ltd.
for Variance of Decision G-89-13
2012 Pension and Non-Pension Benefits Decision

BEFORE: L.A. O'Hara, Panel Chair/Commissioner
C. van Wermeskerken, Commissioner September 17, 2013

O R D E R

WHEREAS:

- A. On November 30, 2012, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (PNG) applied to the British Columbia Utilities Commission (Commission) pursuant to sections 58, 59, 60, 89 and 80 of the *Utilities Commission Act* for, among other things, approval to recognize an After-tax Pension Asset in rate base as of December 31, 2012.
- B. After a written hearing, pursuant to Order G-89-13 dated June 6, 2013, the Commission determined the following regarding the After-tax Pension Asset:
 - Directive 1: PNG is granted its request to recognize the After-tax Pension Asset in rate base as of December 31, 2012, to compensate PNG for the financing costs of its After-tax Cash Contributions in excess of the Pension Expense.
 - Directive 2: PNG is directed to calculate the applicable After-tax Pension Asset at December 31, 2012, in accordance with all findings in Section 3.4 of the attached Reasons for Decision and file it with the Commission within 30 calendar days after the date of this Order, and attach a schedule showing the details of the calculation.
 - Directive 3: PNG is directed to file additional After-tax Pension Asset reconciliation schedules as determined in Section 3.6 of the attached Reasons for Decisions in all future Revenue Requirement Applications and to file a draft of the schedules within 45 calendar days after the date of the Order, to be reviewed and approved by the Commission upon its satisfaction.
- C. On July 3, 2013, PNG submitted a request for an extension of the time to submit the required compliance filing to Friday September 13, 2013.

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- D. The Commission approved PNG's request by way of a letter dated July 4, 2013 and on September 13, 2013, PNG filed the compliance filing.
- E. As part of the compliance filing PNG requested that the Commission reconsider the findings in Section 3.4 of the attached Reasons for Decision to Order G-89-13, regarding the calculation of the After-tax Cash Contribution that is used to calculate of the After-tax Net Pension Asset.
- F. PNG states that it believes the Commission calculated the After-tax Cash Contribution without regard to an employer's contribution of \$0.552 million for the period October 1, 2010 to December 31, 2010.
- G. PNG states that if the Commission reconsiders the calculation of the After-tax Cash Contribution then the After-tax Net Pension Asset will be \$2.908 million, which is very close to the \$2.75 million After-tax Pension Asset that PNG originally applied for.
- H. PNG further requests that the Commission determine the After-tax Pension Asset in rate base as of December 31, 2012 to be \$2.75 million, rather than the higher amount of \$2.908 million, as it is equal to the amount as reported on the annual financial statements. PNG states that this will eliminates the administrative requirement to maintain and track two separate balances and perform annual reconciliations.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, the Commission orders as follows:

- 1. Order G-89-13 is varied to allow the inclusion of the \$0.552 million employer's cash contribution from October 1, 2010 to December 31, 2010, which results in an After-tax Pension Asset of \$2.908 million.
- 1. Order G-89-13 is varied to include the After-tax Pension Asset in rate base as of December 31, 2012, of \$2.75 million to reduce further regulatory burden to Pacific Northern Gas Ltd.
- 2. This Order does not address directive 3 from Order G-89-13. The Commission will review that portion of the compliance filing in due course.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of September 2013.

BY ORDER

Original signed by:

L.A. O'Hara
Panel Chair/Commissioner