



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-31-14

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

and

Pacific Northern Gas Ltd.
Application for Approval of 2014 Revenue Requirements
for the PNG-West Service Area

BEFORE: D.A. Cote, Panel Chair/Commissioner
C.A. Brown, Commissioner
C. van Wermeskerken, Commissioner
March 11, 2014

O R D E R

WHEREAS:

- A. On November 29, 2013, Pacific Northern Gas Ltd. (PNG) filed its 2014 Revenue Requirements Application with the British Columbia Utilities Commission (Commission) pursuant to sections 58 to 61 of the *Utilities Commission Act (UCA)* seeking, among other things, Commission approval to increase delivery rates as a result of increases in cost of service and decreased deliveries to some customer classes (Application);
- B. The Application also seeks interim relief pursuant to sections 58 to 61, 89 and 90 of the UCA to allow PNG to amend its rates on an interim and refundable basis, effective January 1, 2014, pending the hearing of the Application and orders subsequent to that hearing. The interim relief is sought on the basis that on January 1, 2014 PNG's rates would otherwise no longer be fair, just and not unduly discriminatory;
- C. PNG forecasts a 2014 revenue deficiency of approximately \$0.916 million comprised of a net increase in cost of service of \$1.150 million and an increase in margin of \$0.234 million;
- D. The Application seeks Commission approval to increase the delivery charge for residential service by \$0.348/GJ from \$11.732/GJ to \$12.080/GJ representing an increase of 3.0 percent compared to the 2013 delivery rate, for small commercial service by \$0.270/GJ from \$9.925/GJ to \$10.195/GJ corresponding to an increase of 2.7 percent compared to the 2013 delivery rate, and for Granisle propane service by \$0.247/GJ from \$6.589/GJ to \$6.836/GJ corresponding to an increase of 3.8 percent compared to the 2013 delivery rate;

- E. PNG proposes that the Application be reviewed by way of a Negotiated Settlement Process (NSP) and include two rounds of Information Requests (IRs);
- F. By way of Order G-208-13 dated December 5, 2013, the Commission approved for PNG the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim basis, effective January 1, 2014, and established a Preliminary Regulatory Timetable for the review of the Application. The Order set the filing deadline for Intervener submissions on the regulatory process at Friday, February 21, 2014;
- G. By way of letter dated February 21, 2014, the British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO), the only Intervener registered in this proceeding, provided submissions on the regulatory process. BCPSO submitted that their preference is for a written hearing rather than an NSP and that they consider a workshop to be useful;
- H. Further to the procedural comments submitted on February 21, 2014, BCPSO submitted an additional letter on March 3, 2014 stating that while their preference remains a written hearing process, the BCPSO is agreeable to an NSP subject to the following processes being included as part of the regulatory proceeding:
- a second round of IRs;
 - the separation of the NSP into an "issues" component and a "negotiation" component, with at least one full day in between the two components to provide adequate time to consider the issues; and
 - the inclusion of the BCPSO's consultant James Wightman as a participant in the NSP via teleconference, schedule permitting.
- BCPSO further submits that should the situation arise where a negotiated settlement is not able to be reached on all issues, they may request that these unresolved issues be dealt with through a written hearing process;
- I. By way of letter dated March 7, 2014, PNG responded to the BCPSO's March 3, 2014 letter. PNG reiterated its original proposal that the Application be addressed by way of NSP and indicated that it is amenable to the conditions stipulated by the BCPSO;
- J. The Commission has considered the submissions from PNG and BCPSO on the regulatory process.

NOW THEREFORE the Commission orders as follows:

1. The Pacific Northern Gas Ltd. 2014 Revenue Requirements Application shall be reviewed by way of a Negotiated Settlement Process and will include a second round of Information Requests as set out in Appendix A to this Order.

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2. Commission staff shall perform the role of Active Participant in the Negotiated Settlement Process, as outlined in the Negotiated Settlement Process Policy, Procedures and Guidelines attached as Appendix A to Order G-11-12. Additionally, Commission staff may perform the role of Advisor in the Negotiated Settlement Process.
3. The timing of the Negotiated Settlement Process and the establishment of the Participants shall be determined in due course.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of March, 2014.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachment

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REGULATORY TIMETABLE

ACTION	DATE (2014)
Commission and Intervener Information Requests No. 2	Thursday, April 10
Filing of Participant Assistance/Cost Award Budgets	Tuesday, April 15
PNG Responses to Commission and Intervener Information Requests No. 2	Friday, May 2
Negotiated Settlement Process — Issues Day	TBD
Negotiated Settlement Process — Commencement of Negotiations	TBD