



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-43-13**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

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

and

Pacific Northern Gas (N.E.) Ltd.
Application for Approval of 2013 Revenue Requirements
for the PNG(N.E.) Service Area

BEFORE: D.A. Cote, Panel Chair/Commissioner March 20, 2013

O R D E R

WHEREAS:

- A. On September 19, 2012, the British Columbia Utilities Commission (Commission) received a letter from Pacific Northern Gas Ltd. (PNG) requesting approval to, among other things, include the Cost Allocators and Level of Shared Services Cost Recovery Application (Shared Services Application) as part of the 2013 Revenue Requirements Application (2013 RRA). By way of letter dated October 18, 2012, the Commission approved the request to file the Shared Services Application as part of the 2013 RRA;
- B. On November 30, 2012, Pacific Northern Gas (N.E.) Ltd. {PNG(N.E.)} Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) Divisions filed their 2013 RRA (Application) with the Commission, pursuant to sections 58 to 61 of the *Utilities Commission Act* (Act). The Application seeks Commission approval to, among other things, increase delivery rates for PNG(N.E.) FSJ/DC and decrease delivery rates for PNG(N.E.) TR. On the same date, PNG (West Division) filed its 2013 RRA;
- C. The Application also seeks interim relief, pursuant to sections 58 to 61, 89 and 90 of the Act, to allow PNG(N.E.) to amend its rates on an interim and refundable basis, effective January 1, 2013, pending the hearing of the Application and orders subsequent to that hearing. The interim relief is sought on the basis that on January 1, 2013, PNG(N.E.)'s rates would otherwise no longer be fair, just and not unduly discriminatory;
- D. Commission Order G-168-12 dated November 9, 2012, directed PNG(N.E.) to refund customers the difference between the revenue deficiency that supported the interim rates effective January 1, 2012, and the approved 2012 revenue sufficiency with interest at the average prime rate of the principal bank with which PNG(N.E.) conducts its business. The Application requests Commission approval to hold customer refunds of \$509,000 and \$108,000 for the FSJ/DC and TR Divisions, respectively, in an interest-bearing deferral account and to fully amortize these amounts into 2013 rates;
- E. PNG(N.E.)'s FSJ/DC Division forecasts a 2013 revenue deficiency of approximately \$274,000 comprised of a net increase in cost of service of \$823,000 and an increase in margin of \$549,000. The net increase in cost of service includes a decrease in cost of service of \$509,000 to account for the difference between the revenue deficiency that supported

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the interim rates effective January 1, 2012, and the approved 2012 revenue sufficiency. The forecast 2013 revenue deficiency excluding the 2012 cost of service adjustment of \$509,000 is \$783,000;

- F. PNG(N.E.)'s FSJ Division seeks Commission approval to increase the delivery charge for residential service by \$0.087/GJ from \$3.455/GJ to \$3.542/GJ representing an increase of 2.5 percent compared to the 2012 delivery rate, and for small commercial service by \$0.059/GJ from \$2.836/GJ to \$2.895/GJ corresponding to an increase of 2.1 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates for the FSJ/TR Division include the impact of the 2012 cost of service adjustment of \$509,000;
- G. PNG(N.E.)'s DC Division seeks Commission approval to increase the delivery charge for residential service by \$0.087/GJ from \$3.257/GJ to \$3.344/GJ representing an increase of 2.7 percent compared to the 2012 delivery rate, and for small commercial service by \$0.059/GJ from \$2.299/GJ to \$2.358/GJ corresponding to an increase of 2.6 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates for the FSJ/TR Division include the impact of the 2012 cost of service adjustment of \$509,000;
- H. The PNG(N.E.) TR Division forecasts a 2013 revenue sufficiency of approximately \$98,000 comprised of a net decrease in cost of service of \$6,000 and an increase in margin of \$92,000. The net decrease in cost of service includes a decrease in cost of service of \$108,000 to account for the difference between the revenue deficiency that supported the interim rates effective January 1, 2012 and the approved 2012 revenue sufficiency. Therefore, the forecast 2013 revenue deficiency excluding the 2012 cost of service adjustment of \$108,000 is \$10,000;
- I. The PNG(N.E.) TR Division seeks Commission approval to decrease the delivery charge for residential service by \$0.441/GJ from \$6.101/GJ to \$5.66/GJ representing a decrease of 7.2 percent compared to the 2012 delivery rate, and for small commercial service a decrease by \$0.323/GJ from \$5.165/GJ to \$4.842/GJ corresponding to a decrease of 6.3 percent compared to the 2012 delivery rate. The proposed 2013 interim and refundable delivery rates include the 2012 cost of service adjustment of \$108,000;
- J. By way of Order G-193-12, the Commission approved for PNG(N.E.) the delivery rates and the Rate Stabilization Adjustment Mechanism (RSAM) rider set forth in the Application on an interim basis, effective January 1, 2013 and established a Preliminary Regulatory Timetable for the review of the Application;
- K. By way of Order G-4-13, the Commission established an Amended Preliminary Regulatory Timetable in order to allow Interveners and Commission staff sufficient opportunity to review the 2013 Shared Services Cost Allocation to PNG(N.E) in the context of both the Application and the PNG (West Division) 2013 RRA;
- L. By way of letter dated February 26, 2013, the British Columbia Pensioners' and Seniors Organization *et al.* (BCPSO) provided submissions on the regulatory process (BCPSO Submissions). BCPSO submits that they do not support a negotiated settlement process and that they suggest a written hearing process;
- M. By way of letter dated March 7, 2013, the Commission requested written comments from PNG on the BCPSO Submissions;
- N. On March 11, 2013, the Commission received written comments from PNG stating that "...PNG had recommended that the Applications be settled under a negotiated settlement process, but is amenable to proceed with a written hearing process";

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- O. The Commission has considered the submissions on the regulatory process received from PNG and BCPSO, which do not include any objections to a written hearing process.

NOW THEREFORE the Commission orders as follows:

1. The Pacific Northern Gas (N.E.) Ltd. 2013 Revenue Requirements Application will be reviewed by way of a written public hearing.
2. The Further Amended Regulatory Timetable for the review of the 2013 Revenue Requirements Application is set out in Appendix A to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2013.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair/Commissioner

Attachment

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**FURTHER AMENDED
REGULATORY TIMETABLE**

ACTION	DATE (2013)
Commission and Intervener Information Requests No. 2	Friday, March 22
Commission and Intervener Information Requests No. 2 regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, March 22
PNG(N.E.) Responses to Commission and Intervener Information Requests No. 2	Friday, April 12
PNG Responses to Commission and Intervener Information Requests No. 2 regarding Shared Service Charges by PNG to PNG(N.E.)	Friday, April 12
PNG Final Argument	Monday, April 29
Intervener Final Argument	Monday, May 13
PNG Reply Argument	Tuesday, May 21