



Peace River Regional District

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REPORT

To: Chair and Directors

From: **Wayne Hiebert, Chair Utilities Committee**
Fred Banham, CAO

Date: **November 5, 2009**

Subject: **BC Utilities Commission - PNG Rate Hearings**

PURPOSE/ISSUE:

Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)") Fort St. John/Dawson Creek Division ("FSJ/DC") and Tumbler Ridge Division ("TR") 2010 Revenue Requirements Application.

RECOMMENDATION:

That the Board authorize the Utilities Committee to register the Peace River Regional District as an intervener with the BC Utilities Commission with regard to the 2010 Pacific Northern Gas Revenue Requirement Application.

BACKGROUND:

PNG is asking the BC Utilities Commission for residential gas delivery rate increases in 2010 of 9.8% in the Tumbler Ridge division (\$37/average household), and 11.8% in the Fort St John/Dawson Creek division (\$32/average household).

The Committee wants to see PNG's rationale for the proposed increases in light of the increased customer base, low gas pricing and strength of the northeast economy.

Nov 12 2009

Department Head: _____

CAO: 

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Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
Application for Approval of 2010 Revenue Requirements
for PNG (N.E.) Service Area

NOTICE OF REVENUE REQUIREMENTS APPLICATION

THE APPLICATION

On October 5, 2009, Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] Fort St. John/Dawson Creek ("FSJ/DC") and Tumbler Ridge ("TR") Divisions filed its 2010 Revenue Requirements Application (the "Application") seeking approval of delivery rate increases on an interim basis pursuant to Sections 58 and 89 of the Utilities Commission Act (the "Act"), effective January 1, 2010.

For the FSJ/DC Division, the average delivery rate increase is estimated to be approximately \$32 per year for a typical residential customer consuming 113 gigajoules ("GJ") per year. This represents an increase of approximately 11.8 percent compared to 2009 delivery rates. Similarly, an average small commercial customer consuming 564 GJ per year will pay approximately \$107 per year more for gas delivery service. This corresponds to an increase of approximately 9.9 percent compared to 2009 delivery rates.

For the FSJ/DC Division, based on the gas cost recovery and GCVA rate riders, approved by the Commission effective October 1, 2009 and the applied for delivery rates, the overall average bundled rate increase, for a typical residential customer consuming 113 GJ per year, is 3.2 percent, and for a small commercial customer consuming 564 GJ per year, is 2.5 percent.

For the TR Division, the average delivery rate increase is estimated to be approximately \$37 per year for a typical residential customer consuming 85 GJ per year. This represents an increase of approximately 9.8 percent compared to 2009 delivery rates. Similarly, an average small commercial customer consuming 657 GJ per year will pay approximately \$209 per year more for gas delivery service. This corresponds to an increase of approximately 7.9 percent compared to 2009 delivery rates.

For the TR Division, based on the gas cost recovery and GCVA rate riders, approved by the Commission effective October 1, 2009 and the applied for delivery rates, the overall average bundled rate increase, for a typical residential customer consuming 85 GJ per year, is 5.2 percent, and for a small commercial customer consuming 657 GJ per year, is 4.6 percent.

INTERIM RATES SET BY COMMISSION

Based on Commission approved common equity thickness of 36 percent and the existing 40 and 65 basis points for the FSJ/DC and TR Divisions respectively, above the Commission's low risk benchmark utility return on common equity, the Commission approved interim rates effective January 1, 2010 in Order-131-09 as follows:

For the FSJ/DC Division - residential customer delivery charge increase of \$0.196/GJ from \$2.471/GJ to \$2.667/GJ in the FSJ Division and from \$2.273/GJ to \$2.469/GJ in the DC Division; small commercial customer delivery charge increase of \$0.134/GJ from \$2.180/GJ to \$2.314/GJ in the FSJ Division and from \$1.643/GJ to \$1.777/GJ in the DC Division.

For the TR Division - residential customer delivery charge increase of \$0.381/GJ from \$4.473/GJ to \$4.854/GJ; small commercial customer delivery charge increase of \$0.279/GJ from \$4.012/GJ to \$4.291/GJ.

PUBLIC INSPECTION OF THE APPLICATION

The Application and supporting material will be made available for inspection at public libraries in Fort St. John, Dawson Creek, and Tumbler Ridge, and at the Head Office of PNG (N.E.) at Suite 950, 1185 West Georgia Street, Vancouver, BC, V6E 4E6 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3.

The Application will also be available for viewing on the PNG website at www.png.ca (www.png.ca/ir_utilities.cfm) and on the Commission's website at www.bcuc.com, which also contains detailed materials related to the Application including Commission Orders and Intervenor materials (<http://www.bcuc.com/Proceeding.aspx?ApplicationType=Current>).

REGISTERING TO PARTICIPATE

Persons who expect to actively participate in this proceeding are required to register as Intervenor with the Commission, in writing or electronic submission, by Monday, November 23, 2009, identifying their interest in the Application and the issues they intend to pursue and the nature and extent of their anticipated involvement in the review process.

Persons not expecting to actively participate, but who have an interest in the proceeding should register as Interested Parties with the Commission, in writing or electronic submission, by Monday, November 23, 2009, identifying their interest in the Application.

All submissions and/or correspondence received from active participants or the public relating to the Application will be placed on the public record and posted to the Commission's web site.

FURTHER INFORMATION

For further information, please contact Ms. Erica M. Hamilton, Commission Secretary, or Mr. Philip Nakoneshny, Director, Rates and Finance, as follows:

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