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E-File

April 21, 2023

British Columbia Utilities Commission
Suite 410 - 900 Howe Street
Vancouver, BC V6Z 2N3

File No.: 4.2 (2023)

Attention: Patrick Wruck
Commission Secretary

Dear Mr. Wruck:

**Re: Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
Application for Approval of Consolidation of Commodity Costs**

Accompanying please find the application by Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (collectively, PNG) to the British Columbia Utilities Commission (BCUC) pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) seeking approval pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) for the consolidation of commodity-related charges across all service areas, including PNG-West, PNG-West (Granisle), PNG(NE) Tumbler Ridge (TR) and PNG(NE) Fort St. John (FSJ) and Dawson Creek (DC) (Application).

In addition to a proposed consolidation of gas commodity costs, both natural gas and propane, PNG is also proposing to allocate storage and gas transportation costs solely by customer rate class rather than by the current two-step process whereby these costs are first allocated by service area and then by rate class. Further, PNG proposes to consolidate all commodity, storage and gas transportation costs into a single Gas Cost Variance Account (GCVA) rather than the current maintenance of four GCVA accounts (PNG-West, PNG-West (Granisle), PNG(NE) FSJ/DC and PNG(NE) TR); this will result in a common GCVA commodity rate rider for all PNG customers regardless of their geographic location or source of supply.

The rate setting mechanisms proposed in this Application will provide Granisle propane customers and Tumbler Ridge natural gas customers with greater rate stability and commodity cost relief from what have traditionally been more volatile and higher rates, while having minimal impacts to other customers in PNG-West and PNG(NE) FSJ/DC. The proposed

consolidation of commodity-related charges will provide PNG with postage stamp commodity rates, consistent with other utilities in British Columbia, and will simplify the administration of commodity rate setting.

To assist the regulatory review process, PNG has provided a copy of this Application to parties registered as Interveners in PNG's 2023-2024 Revenue Requirements Applications and PNG's Application for Approval of a Low Carbon Energy Cost Recovery Mechanism and Biomethane Purchase Agreements proceedings, including the British Columbia Public Interest Advocacy Centre (BCPIAC), representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organization of BC, Disability Alliance BC, and the Tenant Resource and Advisory Centre et al. (BCOAPO), the Residential Consumer Intervener Association (RCIA) and the BC Sustainable Energy Association (BCSEA) on this submission.

Please direct any questions regarding this letter to my attention.

Sincerely,

Original on file signed by:

Verlon G. Otto

cc: Leigha Worth (BCPIAC) – BCOAPO (ed@bcpiac.org)
Samuel Mason – RCIA (smason@midgard-consulting.com)
Tom Hackney – BCSEA (thackney@shaw.ca)



PACIFIC NORTHERN GAS LTD.

and

PACIFIC NORTHERN GAS (N.E.) LTD.

Application to the

British Columbia Utilities Commission

for Approval of the

Consolidation of Gas Supply Costs

April 21, 2023

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1 Application Overview

In this application (Application), Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (PNG(NE)) (collectively, PNG) are seeking British Columbia Utilities Commission (BCUC) approval, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), for the consolidation of commodity-related charges across all service areas, including PNG-West, PNG-West (Granisle), PNG(NE) Tumbler Ridge (TR) and PNG(NE) Fort St. John (FSJ) and Dawson Creek (DC).

In addition to a proposed consolidation of gas commodity costs, both natural gas and propane, PNG is also proposing to allocate storage and gas transportation costs solely by customer rate class rather than by the current two-step process whereby these costs are first allocated by service area and then by rate class. Further, PNG proposes to consolidate all commodity, storage and gas transportation costs into a single Gas Cost Variance Account (GCVA) rather than the current maintenance of four GCVA accounts (PNG-West, PNG-West (Granisle), PNG(NE) FSJ/DC and PNG(NE) TR); this will result in a common GCVA commodity rate rider for all PNG customers regardless of their geographic location or source of supply.

The rate setting mechanisms proposed in this Application will provide Granisle propane customers and Tumbler Ridge natural gas customers with greater rate stability and commodity cost relief from what have traditionally been more volatile and higher rates, while having minimal impacts to other customers in PNG-West and PNG(NE) FSJ/DC. The proposed consolidation of commodity-related charges will provide PNG with postage stamp commodity rates, consistent with other utilities in British Columbia, and will simplify the administration of commodity rate setting.

For the reasons detailed in the subsequent sections of this submission, PNG submits that this Application is in the public interest and respectfully requests that the BCUC grant the approvals sought.

1.1 The Applicant

PNG is a company formed under the laws of British Columbia and is a wholly owned subsidiary of TriSummit Utilities Inc. (TSU), a North American company with rate-regulated distribution,

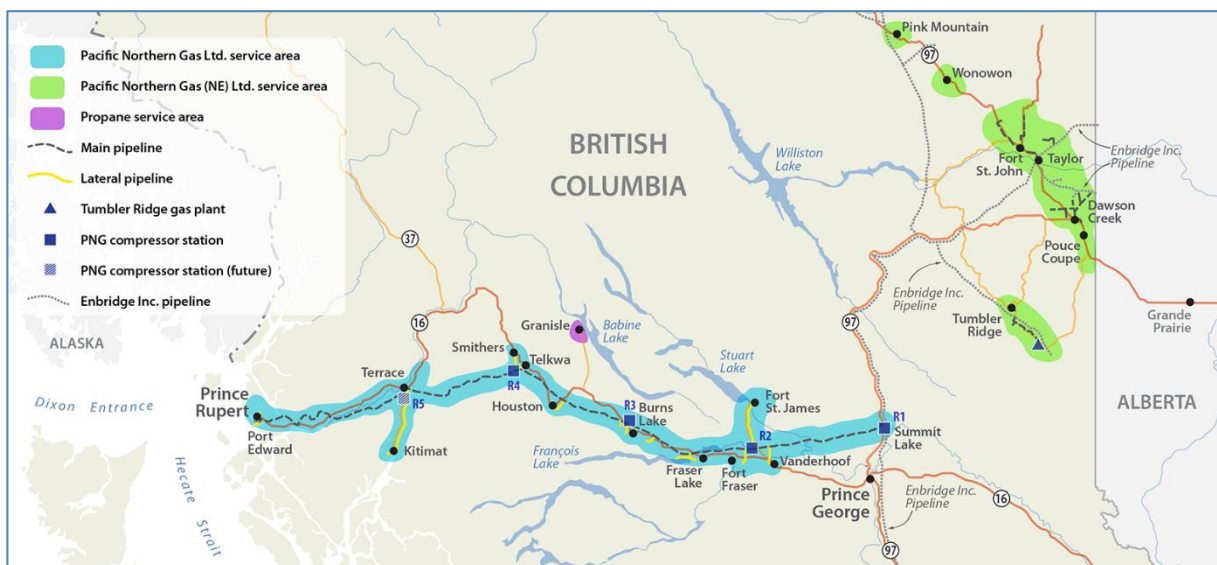
transmission and storage utility businesses and renewable power generation assets. PNG's head office is located at Suite 750, 888 Dunsmuir Street, Vancouver, British Columbia.

PNG has a western division, PNG-West, that owns and operates a natural gas transmission and distribution system in west central British Columbia. The pipeline system commences at Summit Lake, just north of Prince George, and extends west to the deep-water ports of Prince Rupert and Kitimat. PNG-West serves approximately 20,600 natural gas customers in these communities as well as in Port Edward, Terrace, Smithers, Telkwa, Houston, Burns Lake, Fraser Lake, Fort St. James and Vanderhoof. PNG-West also serves approximately 130 propane customers in the community of Granisle, BC.

PNG is the parent company of PNG(NE) which owns and operates natural gas distribution systems and a gas processing plant in northeastern BC. PNG(NE) provides service to approximately 21,600 natural gas customers in the communities of Fort St. John, Dawson Creek and Tumbler Ridge.

The layout of the PNG-West and PNG(NE) transmission, distribution and processing assets is illustrated in Figure A.

Figure A: Overview of the PNG and PNG(NE) Natural Gas Pipeline Systems



1.2 Approvals Sought

In this Application, PNG is seeking an Order of the BCUC granting the approvals as described below, pursuant to sections 58 to 61 of the *Utilities Commission Act*.

- 1) Approval for the consolidation of commodity-related and other costs for all service areas, including Granisle propane and Tumbler Ridge division natural gas supply costs, and to establish a consolidated gas supply commodity charge common to all rate classes based on forecast annual demand.
- 2) Approval for the consolidation of storage and transportation-related costs for all service areas, and to establish consolidated gas supply demand charges applicable to each rate class based on rate class peak day demand and forecast annual demand.
- 3) Approval to accumulate and track all commodity, storage and transportation-related costs in a common Gas Cost Variance Account (GCVA), and to establish a consolidated GCVA Company use rate rider and a consolidated GCVA commodity rate rider common to all rate classes.
- 4) Approval to amend the rate schedules for service to Granisle propane customers to incorporate the consolidated GCVA Company use rate rider.

A draft form of the BCUC Order detailing the approvals sought by PNG has been set out as **Appendix A** to this Application.

1.3 Regulatory Process

1.3.1 Proposed Regulatory Timetable

PNG proposes that this Application be reviewed through a written review process with a single round of information requests under the timetable proposed in Table 1.

Table 1: Proposed Regulatory Timetable

Regulatory Timetable Action	Date (2023)
PNG Submits Application to BCUC	Friday, April 21
Intervener Registration	Friday, May 26
BCUC Information Request No. 1	Tuesday, June 6
Intervener(s) Information Request No. 1	Thursday, June 15
PNG Responds to Information Request No. 1	Thursday, June 29
PNG Final Argument	Monday, July 17
Intervener(s) Final Argument	Thursday, July 27
PNG Reply Argument	Friday, August 4
Anticipated BCUC Approval	Friday, September 8
Planned Implementation of Consolidated Rates	Sunday, October 1

To assist the regulatory review process, PNG has provided a copy of this Application to parties registered as interveners in the regulatory proceedings for the review of the PNG-West and PNG(NE) 2023-2024 Revenue Requirements Applications and PNG's Application for Approval of a Low Carbon Energy Cost Recovery Mechanism and Biomethane Purchase Agreements.

1.3.2 Principal Contact

All notices and other communications in connection with this Application should be directed to:

Verlon Otto, Director Regulatory Affairs
Pacific Northern Gas Ltd.
Suite 750, 888 Dunsmuir Street
Vancouver, British Columbia V6C 3K4
Tel: 604-697-6218
Fax: 604-697-6210
E-mail: votto@png.ca

2 Background

In this Application, PNG is proposing to consolidate PNG's gas commodity costs across the various PNG service areas including PNG-West, PNG-West (Granisle), PNG(NE) TR and PNG(NE) FSJ/DC. In addition to the consolidation of gas commodity costs, PNG is also proposing to allocate storage and gas transportation costs solely by customer rate class rather than by the current two-step process whereby these costs are first allocated by service area and then by rate class. Further, PNG proposes to consolidate all commodity, storage and gas transportation costs into a single Gas Cost Variance Account (GCVA) rather than the current maintenance of four GCVA accounts (PNG-West, PNG-West (Granisle), PNG(NE) FSJ/DC and PNG(NE) TR); this will result in common GCVA commodity rate rider for all PNG customers regardless of their geographic location or source of supply.

The proposed changes to the commodity rate setting mechanisms will provide Granisle propane customers and Tumbler Ridge natural gas customers with greater rate stability and gas cost relief from traditionally higher and more volatile rates, while having minimal impacts to other customers in both PNG-West and PNG(NE) FSJ/DC.

2.1 Rate Consolidation Opportunities

In the decisions accompanying Order G-164-18 approving the PNG(NE) FSJ/DC and TR 2018-2019 Revenue Requirements Application (RRA) and Order G-255-20 and Order G-263-20 approving the PNG-West and PNG(NE) FSJ/DC and TR 2020-2021 RRAs, respectively, the BCUC expressed concern with rising costs, decreasing system throughput, and declining customer use per account and submitted that it may be in the best interests of both the shareholder and ratepayers for PNG to examine the long-term plans of its utilities and the continued viability of their current rate design as part of the utilities' next revenue requirements applications. PNG was urged to focus on the consideration and development of a comprehensive business strategy to address the current challenges, which may necessitate consideration of rate design changes including postage stamp rates and/or amalgamation of its various entities to reduce costs on a consolidated basis or produce greater operational efficiencies for the mutual benefit of ratepayers and the shareholder.

In response to the concerns highlighted by the BCUC, PNG has evaluated and identified two rate design and consolidation opportunities that could benefit PNG customers with the highest rates and also reduce regulatory and administrative burden:

- 1) The first opportunity involves the consolidation of PNG's gas commodity costs across the various PNG service areas (the subject of this Application); and
- 2) The second opportunity involves the potential harmonization of delivery rates for all PNG service areas (PNG-West and PNG(NE) FSJ/DC and TR); this opportunity is presently under evaluation and will be the subject of a future application to the BCUC.

2.2 Consolidation of Commodity Rates

At present, as outlined in the table that follows, PNG has four different commodity rates across its divisions.

Table 2: Commodity Cost Summary (Rates Effective April 1, 2023)

Division	Fuel Type	Residential Commodity Rate (\$/GJ)
PNG-West	Natural Gas	3.365
PNG-West – Granisle	Propane	20.424
PNG(NE) FSJ/DC	Natural Gas	3.016
PNG(NE) TR	Natural Gas	3.681

As illustrated, there is variability in the commodity rates among the divisions, with customers in the non-integrated parts of the system (Granisle and TR) paying notably more for the commodity.

The development of the Granisle propane system arose due to the community being uneconomic to connect to the PNG-West natural gas system given the community's distance relative to the rest of the system and the modest demand. Customers served by the Granisle air-propane system pay significantly more for energy than customers served by PNG's integrated natural gas systems, and also experience much greater volatility in the commodity charge due to the inherently higher and more volatile propane commodity cost.

Given the distance of the community of Tumbler Ridge from integrated natural gas transportation infrastructure and nearby natural gas reserves, the TR natural gas system was built upon and is supplied by a small natural gas processing facility owned by PNG. The processing facility is situated some distance from the community and processes raw sour gas supplied by a sole supplier, Canadian Natural Resources Ltd. (CNRL), that is collected from regional gas fields via CNRL's raw gas gathering system. The TR processing plant removes impurities (such as hydrogen sulfide) from the raw gas in order to deliver pipeline quality natural gas to PNG's customers in the TR service area, including CNRL. In recent years, CNRL has charged PNG a premium on natural gas supplied to recover the cost of gathering system infrastructure required by CNRL to connect to raw gas fields located further away; this is reflected in the higher commodity cost paid by Tumbler Ridge customers compared to that paid by customers in Fort St. John and Dawson Creek.

As noted, the TR processing facility is located some distance from the community and sales gas is delivered to the district and customers by means of a 40-kilometre transmission line. Taken together, the cost of operating the processing plant and the transmission line result in Tumbler Ridge customers also paying a higher delivery rate than customers in Fort St. John and Dawson Creek.

2.3 Reduction in Commodity Rate Volatility

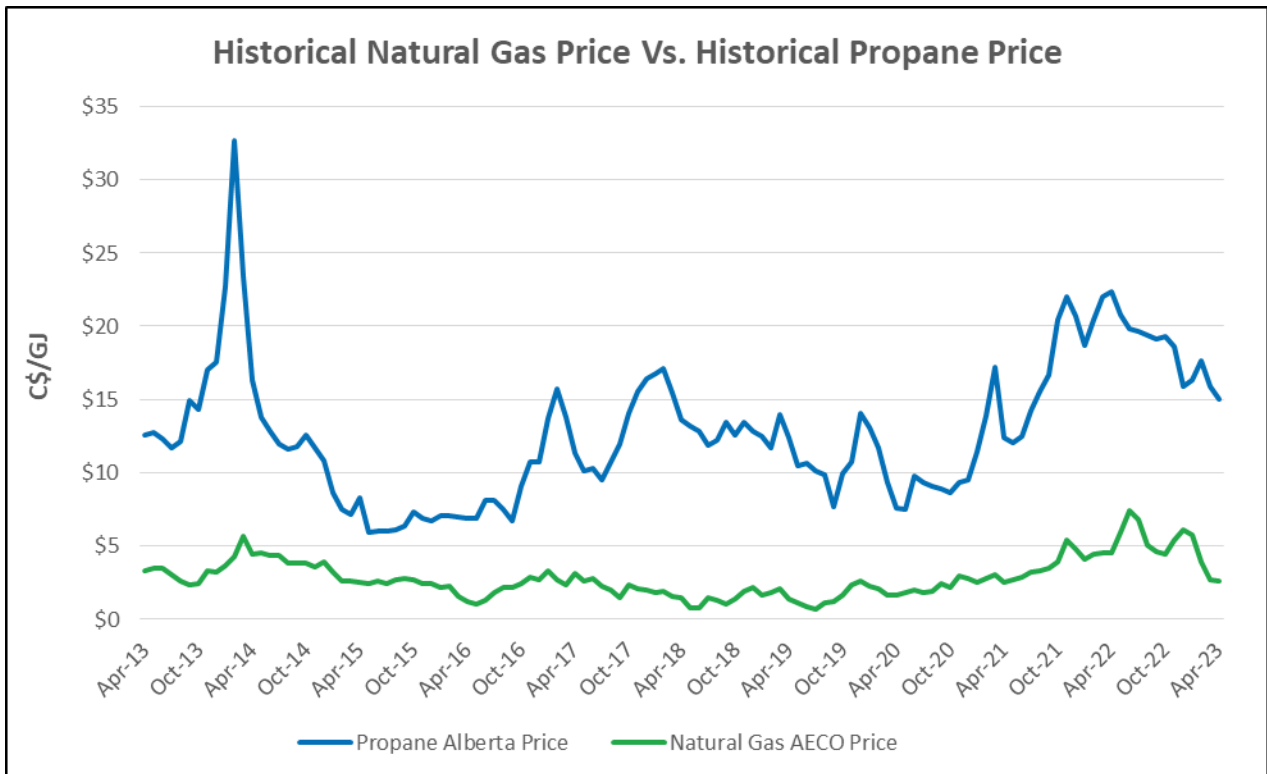
In an effort to provide greater rate certainty and stability, and to not have Granisle and Tumbler Ridge customers pay significantly higher burner tip rates due to their unique location in PNG's entire service territory, PNG is proposing to consolidate the commodity cost across all PNG divisions. The proposed consolidation of commodity costs would result in postage stamp or common commodity rates for each customer class across PNG's divisions; this would bring PNG's commodity rate design in alignment with the generally accepted rate making principle in British Columbia of postage stamp rates.

2.3.1 Granisle

Over the past 10 years, propane has had both higher prices than natural gas on an energy equivalent basis as well as greater volatility in pricing. As a result, residents of Granisle have paid higher commodity costs and have seen greater fluctuations in commodity prices than PNG's natural gas customers. Figure B provides a comparison of historical monthly prices for

natural gas at the AECO benchmark price and for propane at the Alberta price (Granisle propane supply is sourced from Alberta) for the period April 2013 to April 2023, illustrating the higher price of propane and the increased volatility as compared to natural gas.

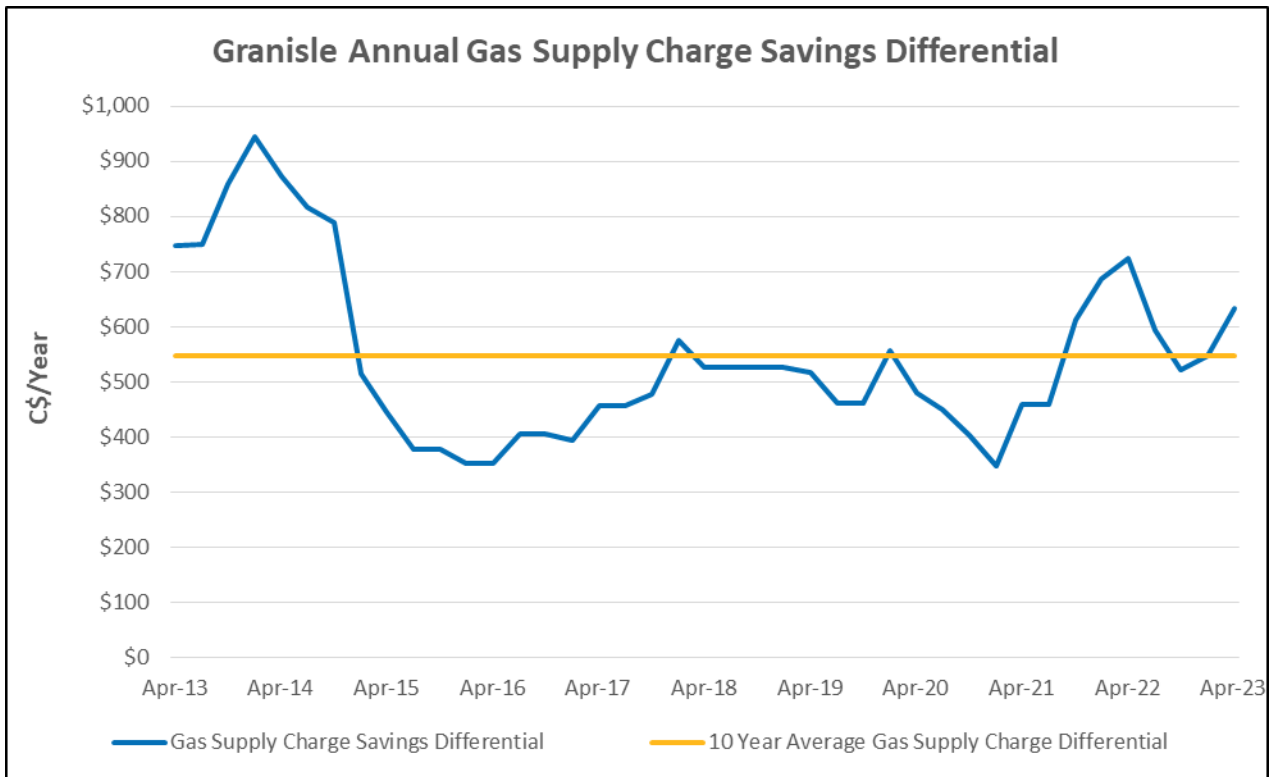
Figure B: Comparison of Historical Propane and Natural Gas Commodity Prices



The higher, more volatile propane prices are reflected in the rates PNG charges its customers in Granisle on a flowthrough cost basis, with propane commodity rates often fluctuating in excess of \$2 per GJ up or down each quarter.

Figure C that follows illustrates the annual savings to Granisle residential customers, using their average consumption in that year, if they were paying the same commodity rate as PNG-West's natural gas residential customers. For this illustrative 10-year period, annual savings for a residential customer range from \$349 to \$945, with average annual savings of approximately \$500.

Figure C: Annual Savings for Granisle Residential Customers

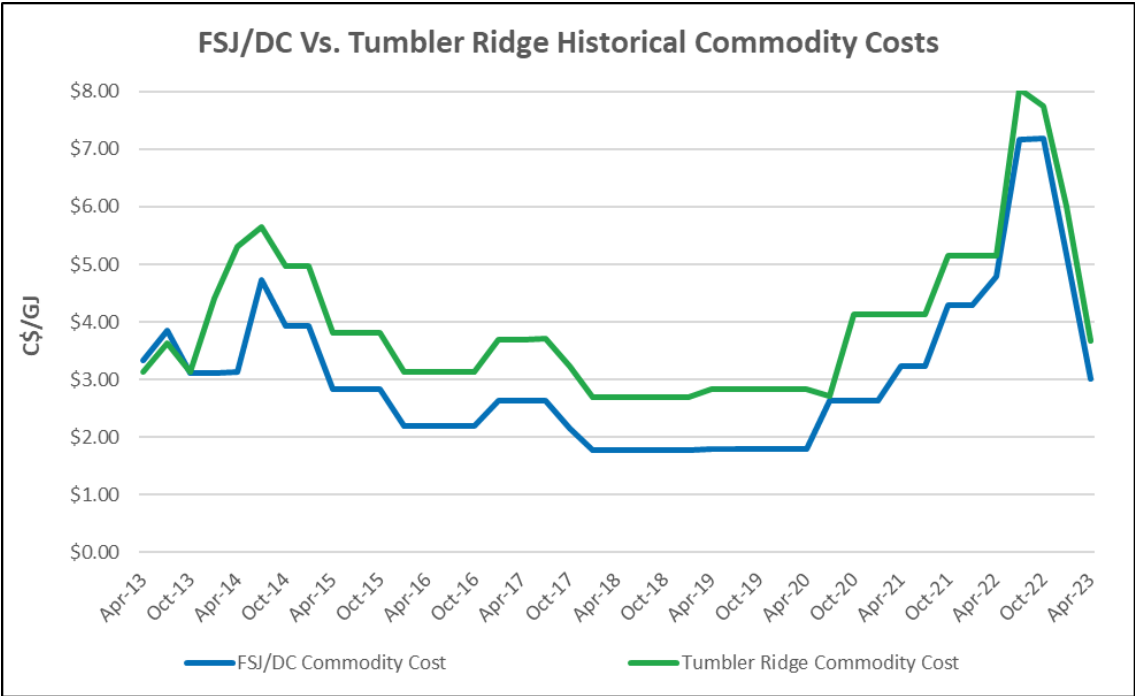


2.3.2 Tumbler Ridge

As previously described, PNG purchases raw gas from CNRL that is collected from regional gas fields via CNRL's raw gas gathering system. PNG removes the impurities from the raw gas using its processing plant in order to deliver pipeline quality natural gas to PNG's customers, including CNRL. Currently PNG pays a premium of \$1.26 per GJ to the Station 2 commodity cost to CNRL for the raw gas.

These higher prices for gas have been reflected in the rates PNG charges its customers in Tumbler Ridge. Figure D provides a comparison of the historical natural gas commodity rates of a TR division residential customer compared to the rates for a FSJ and DC division residential customer. As illustrated, while the TR customer rates reflect the incremental CNRL premium, there is no difference in volatility between the divisions.

Figure D: Historical Natural Gas Commodity Rates – FSJ/DC vs TR



3 Proposed Changes

PNG proposes to consolidate gas supply costs of all PNG service areas, being PNG-West, PNG-West Granisle, PNG(NE) FSJ/DC and PNG(NE) TR, so that all PNG customers in the same rate class pay the same commodity charge regardless of their geographic location or source of supply. The rate setting mechanisms proposed in this Application will provide Granisle propane customers and Tumbler Ridge natural gas customers with greater rate stability and commodity cost relief from what have traditionally been more volatile and higher rates, while having minimal impacts to other customers in PNG-West and PNG(NE) FSJ/DC. The proposed consolidation of commodity-related charges will provide PNG with postage stamp commodity rates, consistent with other utilities in British Columbia, and will simplify the administration of commodity rate setting.

In order to facilitate the proposed harmonization of gas supply costs, PNG will require changes to the accounting treatment of PNG's various gas supply portfolios and the rate setting mechanism for the commodity charges. These proposed changes are described in the sections that follow.

3.1 Changes to Accounting for Gas Supply Costs

Demand in Granisle and TR make up a small portion of PNG's overall energy demand. Forecast 2023 demand for Granisle is 6 TJs while forecast 2023 demand for TR is 149 TJs, which combined represents approximately 1.9 percent of PNG's overall energy demand. As described previously, Granisle has experienced significantly higher commodity costs for propane than PNG natural gas customers and TR commodity costs have been higher than for PNG's other natural gas service areas. Given the relatively small proportion of the total gas supply requirement that Granisle and TR represent of PNG's overall gas supply requirements, upon consolidation the higher commodity costs of both Granisle and Tumbler Ridge will have minimal impacts to other customers. As illustrated previously in Figure B, propane experiences substantially more price volatility than natural gas; accordingly, the consolidation of gas supply costs and implementation of common commodity rates will replace propane cost volatility with more stable gas costs which provides price stability for customers.

PNG's gas supply portfolio consists of contracts with a variety of counterparties for both daily and monthly priced supply. PNG's commodity rates are set on a prospective basis under the

guidelines established by the BCUC for gas cost rate setting via the quarterly reporting on gas supply costs to the BCUC. PNG captures the variances between forecast and actual commodity costs in the GCVA. These variances are currently tracked separately for each area and are adjusted quarterly, as appropriate, to recover or refund the respective balances.

With the gas cost consolidation, PNG proposes the following changes to its accounting for gas supply costs:

- All natural gas and propane supply costs will be consolidated across all service areas in order to establish a common commodity rate applicable to all rate classes;
- Storage and transportation costs will be consolidated by customer rate class; and
- All gas commodity, storage, and transportation costs will be consolidated in a common GCVA charge across service areas.

PNG's proposal will result in modest increases for certain customer rate classes while stabilizing rates for customers who are most vulnerable to market volatility and cost increases. Further, PNG will realize efficiencies of process through proposed rate setting mechanisms that involve less administration. The consolidation of gas costs will not impact PNG's contracting planning for natural gas and propane supply requirements and PNG will continue to reconcile its physical natural gas and propane volumes separately.

3.2 Changes to Commodity Rate Setting

To consolidate all of PNG's gas supply costs, both Granisle propane and TR natural gas supply portfolio costs must be incorporated into PNG's total cost of gas. In the discussion that follows, PNG presents illustrative examples of the rate impacts of implementing the proposed rate setting changes. In this analysis, PNG has used the following assumptions to calculate the illustrative consolidated commodity charge:

- Natural gas and propane physical supply costs are based on PNG's 2023 First Quarter Report on Gas Supply Costs, accepted under BCUC Orders G-52-23 and G-53-23; and

- Energy volumes are based on the 2023 demand forecasts as submitted in the PNG-West and PNG(NE) Amended 2023-2024 Revenue Requirements Applications submitted to the BCUC on February 28, 2023.

As noted, the comparative changes to commodity charges are for illustrative purposes. While PNG proposes to consolidate its natural gas and propane commodity costs, the actual implementation of consolidated rates will occur in concurrence with commodity rate changes as per PNG's earliest quarterly report on gas supply costs to the BCUC following approval of this Application. The remainder of this section details the proposed changes to each commodity charge component.

3.2.1 Demand Charge

The demand charge is comprised of gas storage and transportation service costs which PNG and, in turn, its customers, are obliged to pay including contracted demand charges that are levied regardless of gas volumes delivered. Historically, PNG's storage and transportation costs have first been allocated to PNG-West and FSJ and DC based on peak day gas requirements, and subsequently distributed to each customer rate class through their contribution to the division's total peak day gas requirement. As Granisle and Tumbler Ridge are non-integrated systems, no transportation or storage costs have previously been assigned to these service areas.

Under PNG's proposed commodity cost consolidation, storage and transportation costs will be shared across all service areas and all customer rate classes on a pro rata basis by each consolidated rate class's contribution to total system peak day demand. The incorporation of Granisle and TR rate classes into the demand charge allocation will result in unit demand charges (the allocated demand charge divided by the projected annual gas requirements) for every customer classification receiving gas on a firm basis.

3.2.2 Commodity Cost

3.2.2.1 Commodity Cost Pool

Commodity costs consist of physical supply purchases, storage withdrawals and injections, and off-system sales. Currently, these aggregated costs are proportionally allocated based on monthly demand, first to the PNG-West, FSJ and DC service areas and subsequently to

customer classifications. For Granisle and TR, the cost of propane and natural gas supply is exclusively calculated for those systems. PNG proposes to consolidate Granisle and TR physical supply purchases with those of PNG-West, FSJ and DC into a single consolidated commodity cost pool.

Also included as an element of the PNG-West, FSJ and DC commodity costs are specific costs related to transportation, motor fuel taxes, natural gas carbon taxes, and interconnection fees. Currently, PNG assigns these costs to the three service areas through a combination of direct association or proportional allocation using peak day gas requirements. Going forward, PNG proposes to include these costs in the common consolidated commodity cost pool and to harmonize the basis of allocation.

3.2.2.2 Commodity Cost Allocation

PNG proposes to allocate the consolidated commodity cost pool, including both physical supply and the noted specific costs, by total annual forecast demand for all service areas. PNG's proposal will result in a common commodity rate across applicable customer rates classes, regardless of their geographic location.

3.2.3 Gas Cost Variance Account (GCVA)

As discussed in previous sections, the GCVA acts as an adjustment mechanism that recovers or refunds the differences between actual gas supply costs and the forecast costs and projected net recoveries from customers for each service area. The GCVAs encompass two rate riders, the GCVA commodity rate rider and the GCVA Company use rate rider, that act as tools for collection or disbursement of these differences from or to PNG customers. As part of the commodity cost consolidation, PNG proposes to establish consolidated common rates for each of the GCVA rate riders, rather than continue to maintain independent rate riders for each division.

PNG notes that, historically, there has not been GCVA Company use rate rider element to the Granisle propane residential and small commercial rates. While Granisle propane does have nominal Company use gas requirements, for administrative efficiency the associated costs have been aggregated with the PNG-West Company use costs. With the establishment of consolidated common GCVA rate riders, PNG proposes that a Company use rate rider element

be added to the Granisle propane residential and small commercial tariffs. Included as **Appendix B** are proforma samples of the tariff sheets illustrating this proposed change.

3.3 Customer Impacts of Proposed Changes

3.3.1 Rate Impacts

3.3.1.1 Demand and Commodity Cost Consolidation

Table 3 that follows provides the illustrative rate impacts of the proposed changes to consolidate demand-related and commodity costs that are reflected in the gas supply charge on customer bills. The table provides the normalized bill impacts when comparing the rates approved April 2023 to the rates from the proposed consolidation of these two rate elements.

Table 3: Illustrative Customer Bill Impacts – Consolidated Commodity Rates

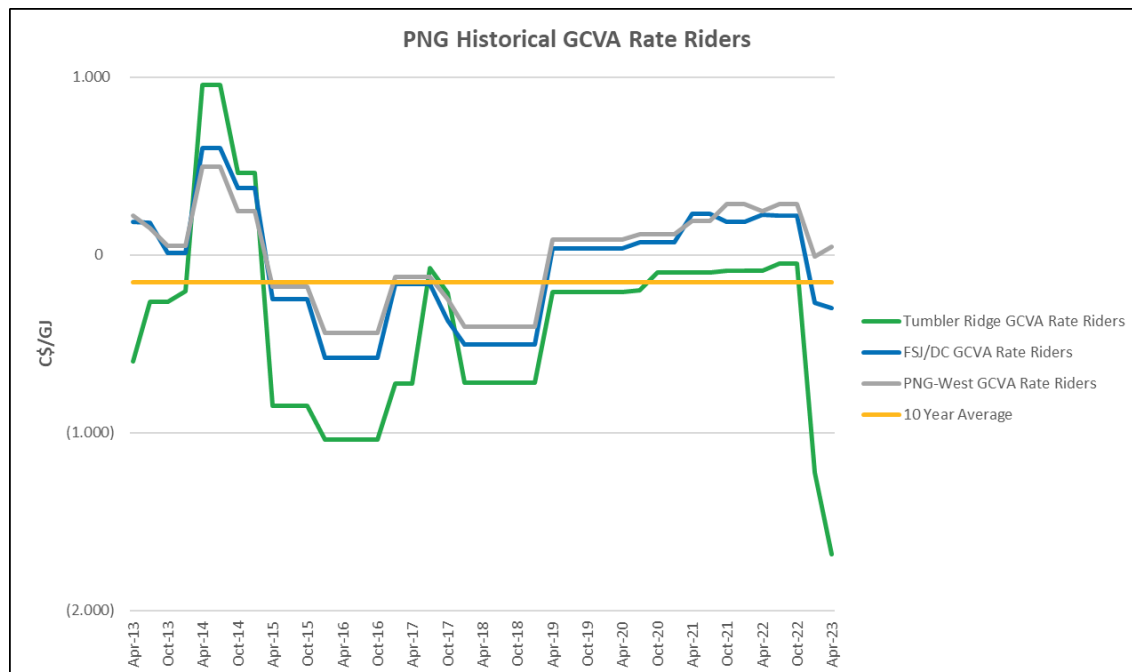
		Gas Supply Charge Change	
Rate Schedule	Average UPA (GJ)	Annual Bill Impact (\$)	Annual Bill Impact (%)
PNG-West			
Residential (RS 1)	68.0	(17)	(1.2%)
Small Commercial (RS 2)	325.1	(43)	(0.7%)
Large Commercial (RS 3)	39,756.9	(5,089)	(0.8%)
Small Industrial (RS 4)	80,937.9	18,373	2.2%
Commercial Interruptible (RS 5)	12,460.0	2,392	1.6%
Seasonal Off-Peak (RS 6)	4,833.3	3,596	5.2%
Granisle (Propane)			
Residential (RS 1P)	37.2	(644)	(45.5%)
Small Commercial (RS 2P)	231.9	(4,017)	(49.5%)
Fort St. John			
Residential (RS 1)	105.6	11	0.8%
Small Commercial (RS 2)	485.8	37	0.7%
Large Commercial (RS 3)	15,118.7	3,598	2.5%
Small Industrial (RS 4)	34,966.7	5,665	2.0%
Dawson Creek			
Residential (RS 1)	100.3	10	0.8%
Small Commercial (RS 2)	483.9	37	0.7%
Large Commercial (RS 3)	9,925.0	2,362	2.6%
Small Industrial (RS 4)	47,500.0	7,695	2.0%
Tumbler Ridge			
Residential (RS 1)	73.0	(41)	(3.0%)
Small Commercial (RS 2)	411.6	(237)	(3.8%)
Large Commercial (RS 3)	8,399.5	(4,813)	(4.4%)

This summary illustrates that demand and commodity cost consolidation will have varying bill impacts for customers, with considerable decreases projected for Granisle and TR customers and generally nominal impacts for other customers.

3.3.1.2 GCVA Consolidation

The forecast bill impacts presented in Table 3 exclude the influences of the consolidation of the GCVA. The GCVA, a mechanism to capture and refund or collect variances between forecast and actual commodity costs, can show considerable volatility and thus skews the evaluation of the impacts of the commodity cost consolidation. Figure E that follows provides a historic view of aggregate GCVA rate riders (GCVA Company use rate rider and GCVA commodity rider) for each service area.

Figure E: 10-Year Comparison of Aggregate GCVA Rate Riders



Noteworthy in this figure is the recent downtrend in the GCVA rate element. For context on this decline, PNG observes that market prices for natural gas reached 10-year highs during 2022; as PNG's commodity rates are based on forecast amounts, this translated into significantly higher commodity rates in the last half of that year. Natural gas commodity prices were extremely volatile in October and November 2022, and considerably less than the forecast costs on which the Q4 2022 commodity rates were set. This factor, combined with high winter

demand, generated significant credit additions to the GCVAs for all divisions. As can be seen in Figure E, this was particularly noteworthy for TR where, as an isolated system, the aggregate GCVA rate riders for TR effective April 1, 2023, exhibit an extraordinary decrease from the past ten years. PNG observes that this volatility and the resultant aggregate GCVA credit rate riders reflect an annual bill impact that distorts the proposed benefits to be realized by TR customers with the gas cost consolidation.

3.3.1.3 Illustrative Bill Impacts

Further details on the comparison of illustrative impacts of consolidated commodity rates and harmonization of the GCVA rate riders to rate elements approved effective April 1, 2023, as well as illustrative bill comparisons, are included for reference as **Appendix C**. These illustrative impacts are based upon the commodity costs, gas commodity rates, GCVA balances and customer demand underlying PNG's First Quarter 2023 Report on Gas Supply Costs that was accepted by the BCUC under Orders G-52-23 and G-53-23.

3.3.1.4 Supporting Analysis

Detailed information supporting the rate impact analysis is provided in **Appendix D** and **Appendix E**. Appendix D includes the gas commodity cost consolidation summary and related changes under this Application's proposal. The gas summary is supported by excerpts of Tab Schedules submitted in the PNG-West and PNG(NE) 2023-2024 Revenue Requirements Applications but utilizing a gas commodity cost consolidation perspective. Tables include individual division rate changes, eligible Company use gas cost calculations using the proposed rate setting mechanism, and PNG's proposed demand charge allocation whereby applicable customer rate classes across the system are portioned by peak day gas requirement. In addition, Appendix E includes excerpts of PNG-West and PNG(NE) quarterly reports on gas supply costs with a consolidated view of the proposed GCVA balance and its associated rate riders.

3.3.2 Administrative Impacts

Currently, PNG prepares and files quarterly commodity cost reports with the BCUC that make recommendations for commodity related rate changes for each of PNG-West, Granisle, FSJ/DC and TR. As such, PNG is required to undertake multiple analysis and cost allocations

and then make recommendations for changes to commodity rates and GCVA rate riders for each service area. In turn, the BCUC is required to review the analyses and rate change recommendations for each service area.

Moving to “postage stamp” rates – that is common commodity rates and common GCVA rate riders – would reduce administrative time on this rate setting function and would also create regulatory efficiencies. Further, implementing postage stamp rates aligns with the approach prevalent across other BC utilities, and is consistent with the BCUC’s direction to PNG, in both Order G-263-19 and Order G-263-20, to explore consolidation opportunities including implementation of postage stamp rates across the PNG service areas.

3.3.3 Impact to Greenhouse Gas Emissions

PNG does not expect any meaningful impacts on greenhouse gas emissions as a result of the proposed changes to commodity rates. The majority of PNG customers will experience modest changes in rates which are not expected to have any material impact on consumption. That said, the significant decrease in Granisle propane rates could result in Granisle customers increasing consumption.

Currently the average annual use per account (UPA) of Granisle customers is approximately one half of the average UPA for the PNG-West service area. PNG does not have a significant amount of data from its recent Residential End-Use Survey on Granisle customer’s energy consumption, however PNG concludes that the lower use per account is due to smaller dwellings and the use of wood burning stoves and fireplaces, as well as the use of portable electric heaters to reduce the reliance on higher-cost propane for space heating. With a lower cost for propane service, PNG considers it possible that some customers will increase their reliance on propane for space heating. However, given that the Village of Granisle consists of only approximately 130 customers, approximately 20 of which reside there only in the summer, any increase in consumption of propane would result in a de minimis increase in greenhouse gas emissions.

4 Stakeholder Engagement

To inform stakeholders and to seek feedback on PNG's proposal to consolidate commodity costs across PNG service areas, the company undertook a robust engagement initiative with various stakeholders including municipal governments, commercial/industrial customers and intervener groups. PNG also created regional public awareness of the proposed changes through digital advertising, social media, and two virtual public information sessions.

4.1 General Outreach

PNG developed a comprehensive outreach approach to create awareness of its proposed gas supply consolidation. During 2022, numerous outreach materials were developed and actions were taken to encourage stakeholder engagement. The following is a summary of outreach materials; copies of these materials have been included as **Appendix F** for reference.

- Communications Plan (Appendix F.1) – Strategy and execution for stakeholder engagement;
- Proposed Gas Cost Consolidation Website Copy (Appendix F.2) – Framework for public website;
- Frequently Asked Questions (Appendix F.3) – FAQs to address prospective recurring questions;
- Digital Display Advertisements (Appendix F.4) – Ads to inform and direct audiences to website;
- Customer Invitation Letter (Appendix F.5) – Customer rate classes that were adversely impacted in PNG's preliminary gas commodity cost consolidation analysis received e-mail invitations directly;
- Internal Invitation Letter (Appendix F.6) – Letter delivered company-wide to PNG employees; and
- Peace River Regional District Presentation (Appendix F.7) – Presentation to Peace River Regional District in June 2022 discussing possibilities of consolidation.

4.2 Intervener Meetings

PNG contacted the BC Sustainable Energy Association (BCSEA), the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenants Resource and Advisory Centre, and Together Again Poverty Society (BCOAPO) and the Residential Consumers Intervener Association (RCIA) to initiate discussions on PNG's proposed commodity cost harmonization. BCSEA, BCOAPO and RCIA regularly intervene in BCUC proceedings for the review of PNG's applications.

PNG met with representatives from BCSEA, BCOAPO and RCIA in early December 2022 and walked through PNG's gas cost harmonization proposal, described the impacts to customers and responded to questions from the representatives. All parties expressed support for PNG's actions to help lower bills for some of PNG's highest bill customers. BCSEA did raise concerns about how a lower commodity cost for propane customers in Granisle could incent customers to burn more propane than their historical usage. However, BCSEA did acknowledge that any increase to greenhouse gases associated with a potential increased consumption would be relatively small given that PNG only serves approximately 130 customers in Granisle.

4.3 Municipal Government Meetings

PNG met with the Peace River Regional District, as well as with the mayors of Tumbler Ridge, Fort St. John and Dawson Creek to have initial discussions and share information regarding the possibility of gas cost consolidation in June 2022. Based on their respective feedback, PNG scheduled two virtual information sessions following the October 2022 municipal elections. These virtual information sessions were held on November 9 and November 10, 2022.

4.3.1 Village of Granisle

The Village of Granisle submitted a letter of comment, dated January 24, 2022, in the proceeding to review the PNG-West 2022 Revenue Requirements Application,¹ in which the municipality expressed its concern with the high costs its residents pay for propane and the hardships it brings to its residents. On March 9, 2022, PNG met with members of the Granisle municipal council and the Member of Legislative Assembly (MLA) for the area to discuss their

¹ Exhibit E-1, BCUC proceeding to review the PNG-West 2022 Revenue Requirements Application

concerns about the high energy costs in Granisle. PNG acknowledged the high cost of propane service in Granisle relative to PNG's other service areas and explained the company had identified opportunities to reduce Granisle costs through harmonization of the company's commodity rates. Attendees from Granisle indicated it was appreciative that PNG had identified potential solutions to help residents. Included as **Appendix G** is a letter of support from the Village of Granisle dated November 21, 2022, endorsing the proposed gas commodity cost consolidation.

4.3.2 District of Tumbler Ridge

The District of Tumbler expressed its concern with the high costs its residents pay for natural gas service and the impacts it brings to its residents in its January 17, 2022 Request to Intervene in the proceeding to review the PNG(NE) 2022 Revenue Requirements Application.² In that same proceeding, a number of Letters of Comment were also submitted by residents of Tumbler Ridge, expressing their concerns for the high rates residents in Tumbler Ridge pay for natural gas.

On March 23, 2022, PNG met with the Mayor of Tumbler Ridge to discuss concerns about the high energy costs in Tumbler Ridge. PNG acknowledged the high cost of natural service in Tumbler Ridge relative to PNG's other service areas and explained the company had identified two opportunities to reduce rates in Tumbler Ridge: 1) through harmonization of the company's commodity rates; and 2) the harmonization of delivery rates across PNG's service territories. Both opportunities would provide rate relief to Tumbler Ridge residents as Tumbler Ridge experiences among the highest delivery and commodity rates of all PNG service areas. PNG explained that the commodity rate harmonization would have modest impacts but could likely be implemented on a more timely basis, while the delivery rate harmonization could have more meaningful impacts in reducing the cost for gas service but that this would require a longer timeframe to implement as it required the completion of cost of service study, rate design considerations and a more extensive regulatory review process.

² Exhibit C1-1, BCUC proceeding to review the PNG(NE) 2022 Revenue Requirements Application

4.4 Virtual Information Sessions

PNG held two virtual information sessions following the October 2022 municipal elections. These virtual information sessions were held on November 9 and November 10, 2022. Attendees included local government representatives, commercial and industrial customers, an area MLA, as well as residential customers. The information sessions included a presentation by PNG of its proposed approach to harmonizing gas costs and the respective illustrative impacts to customers in each rate class across PNG's service areas. A copy of the presentation has been included as **Appendix H** for reference. Participants were provided an opportunity to ask questions as well as to provide feedback on the PNG proposals by way of an online form or a dedicated email address.

4.4.1 Participant Feedback

Four participants provided feedback via the online form, with three of those participants expressing support for PNG's proposal. The sole participant who did not support the proposed consolidation requested additional information via the online form, but the participant did not reply to an invitation by PNG to identify the information necessary to inform their consideration of PNG's proposal. Two of the participants who supported the proposal posed additional comments as follows:

- "PNG should be tying into the coastal gas link line to reduce the rediculus [sic] delivery charges we are paying."
- "A common price for natural gas makes sense. Including propane in that common rate does not make sense due to significant difference in cost (that are undoubtedly passed along to other customers in some way)."

In response to the first comment, PNG submits that no changes are being proposed to the delivery charges as part of this Application; as indicated previously, PNG plans to continue the review of viable delivery rate amalgamation opportunities in 2023. Further, in response to the second comment, PNG observes that it has previously established that including propane supply costs in a common commodity rate has a very modest rate impact to the remaining customers due to Granisle propane supply representing 0.8 percent of PNG's overall energy

demand (as alluded to in Section 3.1). PNG agrees that a common commodity rate is in the public interest and will provide benefits to the majority of customers served.

4.4.2 Change in Values Presented in Information Sessions

In consideration of the foregoing information session presentations, PNG observes that certain annual bill differences illustrated in Table 3 (see Section 3.3.1.1) are directionally different from those presented in the information sessions (see Appendix H, slides 15-20). Specifically, PNG(NE) FSJ and DC Residential and Small Commercial customer bill impacts presented in Table 3 show modest increases, whereas in the information session presentation these rates show modest bill decreases. The primary cause for these minor directional shifts is that the information session analysis was based on PNG's 2022 demand forecast and the analysis supporting this Application is based on the 2023 demand forecast, and these forecasts have differing demand profiles and peak day gas requirements for each service area and customer class.

5 Conclusion

In this Application, PNG has presented a comprehensive gas cost consolidation proposal. PNG's proposal is a calculated approach to consolidating its commodity rate setting mechanisms that achieves efficiencies of process, enforces rate stability to PNG's customers who are subject to the highest rate volatility and supports the postage stamp rate approach that is prevalent in other BC utilities. In addition, the proposed commodity cost consolidation provides rate relief to those customers currently paying the highest commodity rates, while having only a modest impact on other customers. In addition, the proposed consolidation of costs would alleviate administrative requirements as demand charges, commodity costs, and GCVA rate setting mechanisms are simplified. Further, the proposal will not impact PNG's physical commodity management.

PNG submits that the proposal set forth in this Application is in the public interest and respectfully requests that the BCUC grant the approvals sought.

APPENDICES

- Appendix A Draft Order
- Appendix B Proforma Tariff Sheets for Granisle
- Appendix C Effective Rate Comparison
- Appendix D Commodity Charge Consolidation
- Appendix E GCVA Rate Rider Comparison
- Appendix F Stakeholder Outreach Materials
- Appendix G Village of Granisle Letter of Support
- Appendix H 2022 Information Session Presentation

Appendix A Draft Order



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Utilities Commission

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ORDER NUMBER

G-??-23

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473 and

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd

Application to Consolidate Gas Supply Costs

for the PNG-West, Granisle, Fort St. John/Dawson Creek and Tumbler Ridge Service Areas

BEFORE:

???????, Commissioner

???????, Commissioner

???????, Commissioner

on September ??, 2023

ORDER

WHEREAS:

- A. On April 21, 2023, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] (collectively, PNG) applied to the British Columbia Utilities Commission (BCUC) for approval to consolidate Granisle propane and Tumbler Ridge (TR) natural gas commodity supply costs with the PNG-West division and the PNG(NE) Fort St. John/Dawson Creek (FSJ/DC) division natural gas supply resource costs and to implement a revised commodity rate setting mechanism and to establish a consolidated gas supply commodity charge common to all rate classes, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) (Application);
- B. PNG also seeks approval to allocate consolidated storage and transportation costs across all divisions and to establish consolidated gas supply demand charges for each rate class;
- C. PNG also seeks approval to consolidate the PNG-West, Granisle propane, FSJ/DC and TR Gas Cost Variance Account (GCVA) balances into a single account and to establish a consolidated GCVA Company use rate rider and a consolidated GCVA commodity rate rider common to all rate classes;
- D. Further, PNG seeks approval to amend the rate schedules for service to Granisle propane customers to incorporate the GCVA Company use rate rider;
- E. PNG submits that the proposed rate setting mechanism will provide Granisle and TR customers with rate stability that matches the stability of the natural gas rates for PNG-West and FSJ/DC customer and will provide commodity rate relief to Granisle propane and TR natural gas customers;

- F. The BCUC has reviewed the Application, the evidence and submissions by all parties in this proceeding and finds that the following determinations are warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the UCA, and for the reasons attached to this order, the BCUC orders as follows:

1. PNG is approved to consolidate its natural gas supply portfolio costs including Granisle propane supply and TR natural gas supply portfolio costs as described in the Application and to establish a consolidated gas supply commodity charge common to all rate classes.
2. PNG is approved to allocate consolidated storage and transportation costs across all divisions and to establish consolidated gas supply demand charges for each rate class as described in the Application.
3. PNG is approved to consolidate the PNG-West, Granisle propane, FSJ/DC and TR Gas Cost Variance Account (GCVA) balances into a single account and to establish a consolidated GCVA Company use rate rider and a consolidated GCVA commodity rate rider common to all rate classes.
4. PNG is directed to implement the approved changes effective the same date that rate changes are approved in PNG's next Report on Gas Supply Costs.

DATED at the City of Vancouver, in the Province of British Columbia, this ?? day of September 2023.

BY ORDER

???????

Commissioner

Appendix B Proforma Tariff Sheets for Granisle

**Granisle Propane Service
in PNG-West Service Area**

<u>Delivery Charges</u>		N
Basic Charge⁽¹⁾	\$ 11.49 /mo.	
Delivery Charge	\$ 8.008 /GJ	
Interim Rate Adjustment Rider	\$ (0.016) /GJ	
<u>Company Use Rider⁽²⁾</u>	<u>\$ (0.011) /GJ</u>	N
<u>Subtotal of \$/GJ Delivery Charges</u>	<u>\$ 7.981 /GJ</u>	N / D
<u>Commodity Charges</u>		N
Commodity Cost Recovery Charge	\$ 3.117 /GJ	D
GCVA Rider⁽²⁾	<u>\$ (0.140) /GJ</u>	D
<u>Subtotal of \$/GJ Commodity Charges</u>	<u>\$ 2.977 /GJ</u>	N / D
Total \$/GJ Delivery + Commodity Charges	<u>\$ 10.958 /GJ</u>	D

1. The Basic Charge may be billed, at the option of Pacific Northern Gas, as a daily charge equal to 12 times the \$/month charge divided by the number of days in the year.
2. The Riders refund to and/or recover from Customers the credit/debit balances in Pacific Northern Gas' Rate Stabilization Adjustment Mechanism ("RSAM") and Gas/Propane Cost Variance ("GCVA") Accounts.
3. The Tomslake System Monthly Charge applies at the request of a Tomslake customer upon commencement of service in lieu of payment of a lump sum contribution of \$1,420. The charge applies for 20 consecutive years regardless of whether a new customer takes over the premise.

Franchise Fee Charge – A Franchise Fee Charge of 3.00% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality to which Pacific Northern Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No: G-XX-23

Issued By: Gordon Doyle
President

Effective Date: April 1, 2023

[number] Revision of Page R1-2

Commission Secretary: _____

Accepted for Filing: _____

**Granisle Propane Service
in PNG-West Service Area**

<u>Delivery Charges</u>		N
Basic Charge⁽¹⁾	\$ 11.49 /mo.	
Delivery Charge	\$ 8.008 /GJ	
Interim Rate Adjustment Rider	\$ (0.016) /GJ	
<u>Company Use Rider⁽²⁾</u>	<u>\$ (0.011) /GJ</u>	N
<u>Subtotal of \$/GJ Delivery Charges</u>	<u>\$ 7.981 /GJ</u>	N / D
<u>Commodity Charges</u>		N
Commodity Cost Recovery Charge	\$ 3.117 /GJ	D
GCVA Rider⁽²⁾	<u>\$ (0.140) /GJ</u>	D
<u>Subtotal of \$/GJ Commodity Charges</u>	<u>\$ 2.977 /GJ</u>	N / D
Total \$/GJ Delivery + Commodity Charges	<u>\$ 10.958 /GJ</u>	D

1. The Basic Charge may be billed, at the option of Pacific Northern Gas, as a daily charge equal to 12 times the \$/month charge divided by the number of days in the year.
2. The Riders refund to and/or recover from Customers the credit/debit balances in Pacific Northern Gas' Rate Stabilization Adjustment Mechanism ("RSAM") and Gas/Propane Cost Variance ("GCVA") Accounts.
3. The Tomslake System Monthly Charge applies at the request of a Tomslake customer upon commencement of service in lieu of payment of a lump sum contribution of \$1,420. The charge applies for 20 consecutive years regardless of whether a new customer takes over the premise.

Franchise Fee Charge – A Franchise Fee Charge of 3.00% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality to which Pacific Northern Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No: G-XX-23

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President

Effective Date: April 1, 2023

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Appendix C Effective Rate Comparison

Effective Gas Cost Comparison

Table 1

PNG-West				
Q2 2023 Gas Cost Comparison				
Residential (RS 1)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	3.365	3.117	(0.248)	(7.4)%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	3.400	2.977	(0.423)	(12.4)%
Use Per Account (GJ):				
	68.0			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(1.56)	
Total Commodity Charges			(28.76)	
Total			(30.33)	(13.1)%
PNG-West				
Q2 2023 Gas Cost Comparison				
Small Commercial (RS 2)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	3.236	3.104	(0.132)	(4.1)%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	3.271	2.964	(0.307)	(9.4)%
Use Per Account (GJ):				
	325.1			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(7.48)	
Total Commodity Charges			(99.81)	
Total			(107.28)	(10.1)%

Effective Gas Cost Comparison

Table 2

PNG-West				
Q2 2023 Gas Cost Comparison				
Large Commercial (RS 3)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	3.236	3.108	(0.128)	(4.0)%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	3.271	2.968	(0.303)	(9.3)%
Use Per Account (GJ):				
	39,756.9			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(914.41)	
Total Commodity Charges			(12,046.33)	
Total			(12,960.74)	(9.9)%
PNG-West				
Q2 2023 Gas Cost Comparison				
Small Industrial (RS 4)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	2.663	2.890	0.227	8.5%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	2.698	2.750	0.052	1.9%
Use Per Account (GJ):				
	80,937.9			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(1,861.57)	
Total Commodity Charges			4,208.77	
Total			2,347.20	1.1%

Effective Gas Cost Comparison

Table 3

PNG-West				
Q2 2023 Gas Cost Comparison				
Commercial Interruptible (RS 5)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	2.548	2.740	0.192	7.5%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	2.583	2.600	0.017	0.7%
Use Per Account (GJ):				
	12,460.0			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(286.58)	
Total Commodity Charges			211.82	
Total			(74.76)	(0.2)%
PNG-West				
Q2 2023 Gas Cost Comparison				
Seasonal Off-Peak (RS 6)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	0.012	(0.011)	(0.023)	(191.7)%
(\$/GJ)				
Commodity Charge	2.185	2.929	0.744	34.1%
GCVA Commodity Rider	0.035	(0.140)	(0.175)	(500.0)%
Total Commodity Charges (\$/GJ)	2.220	2.789	0.569	25.6%
Use Per Account (GJ):				
	4,833.3			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(111.17)	
Total Commodity Charges			2,750.17	
Total			2,639.00	24.5%

Effective Gas Cost Comparison

Table 4

Granisle		Q2 2023 Gas Cost Comparison			
Residential (RS 1P)	Effective Apr. 1'23	Proposed Changes	Variance	%	
(\$/GJ)	A	B	C = B - A	D = C/A	
GCVA Company Use Delivery Rider	N/A	(0.011)	(0.011)	(100.0)%	
(\$/GJ)					
Commodity Charge	20.424	3.117	(17.307)	(84.7)%	
GCVA Commodity Rider	2.016	(0.140)	(2.156)	(106.9)%	
Total Commodity Charges (\$/GJ)	22.440	2.977	(19.463)	(86.7)%	
Use Per Account (GJ):	<div>37.2</div>				
Annual Impact (\$)					
GCVA Co. Use Delivery Rider			(0.41)		
Total Commodity Charges			(724.02)		
Total			(724.43)	(86.8)%	

Granisle	Q2 2023 Gas Cost Comparison			
Small Commercial (RS 2P)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	N/A	(0.011)	(0.011)	(100.0)%
(\$/GJ)				
Commodity Charge	20.424	3.104	(17.320)	(84.8)%
GCVA Commodity Rider	2.016	(0.140)	(2.156)	(106.9)%
Total Commodity Charges (\$/GJ)	22.440	2.964	(19.476)	(86.8)%
Use Per Account (GJ):	<div>231.9</div>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			(0.41)	
Total Commodity Charges			(4,516.48)	
Total			(4,516.89)	(86.8)%

Effective Gas Cost Comparison

Table 5

Fort St. John				
Q2 2023 Gas Cost Comparison				
Residential (RS 1)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	3.016	3.117	0.101	3.3%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.740	2.977	0.237	8.6%
Use Per Account (GJ):				
105.6				
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			1.48	
Total Commodity Charges			25.03	
Total			26.51	9.2%
Fort St. John				
Q2 2023 Gas Cost Comparison				
Small Commercial (RS 2)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	3.028	3.104	0.076	2.5%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.752	2.964	0.212	7.7%
Use Per Account (GJ):				
485.8				
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			6.80	
Total Commodity Charges			102.99	
Total			109.79	8.3%

Effective Gas Cost Comparison

Table 6

Fort St. John				
Q2 2023 Gas Cost Comparison				
Large Commercial (RS 3)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	2.870	3.108	0.238	8.3%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.594	2.968	0.374	14.4%
Use Per Account (GJ):	15,118.7			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			211.66	
Total Commodity Charges			5,654.41	
Total			5,866.07	15.1%
Fort St. John				
Q2 2023 Gas Cost Comparison				
Small Industrial (RS 4)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	2.728	2.890	0.162	5.9%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.452	2.750	0.298	12.2%
Use Per Account (GJ):	34,966.7			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			489.53	
Total Commodity Charges			10,420.07	
Total			10,909.60	12.9%

Effective Gas Cost Comparison

Table 7

Dawson Creek				
Q2 2023 Gas Cost Comparison				
Residential (RS 1)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	3.016	3.117	0.101	3.3%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.740	2.977	0.237	8.6%
Use Per Account (GJ):	100.3			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			1.40	
Total Commodity Charges			23.77	
Total			25.18	9.2%
Dawson Creek				
Q2 2023 Gas Cost Comparison				
Small Commercial (RS 2)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	3.028	3.104	0.076	2.5%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.752	2.964	0.212	7.7%
Use Per Account (GJ):	483.9			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			6.77	
Total Commodity Charges			102.59	
Total			109.36	8.3%

Effective Gas Cost Comparison

Table 8

Dawson Creek		Q2 2023 Gas Cost Comparison		
Large Commercial (RS 3)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	2.870	3.108	0.238	8.3%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.594	2.968	0.374	14.4%
Use Per Account (GJ):	<u>9,925.0</u>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			138.95	
Total Commodity Charges			3,711.95	
Total			3,850.90	15.1%
Dawson Creek		Q2 2023 Gas Cost Comparison		
Small Industrial (RS 4)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.025)	(0.011)	0.014	(56.0)%
(\$/GJ)				
Commodity Charge	2.728	2.890	0.162	5.9%
GCVA Commodity Rider	(0.276)	(0.140)	0.136	(49.3)%
Total Commodity Charges (\$/GJ)	2.452	2.750	0.298	12.2%
Use Per Account (GJ):	<u>47,500.0</u>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			665.00	
Total Commodity Charges			14,155.00	
Total			14,820.00	12.9%

Effective Gas Cost Comparison

Table 9

Tumbler Ridge		Q2 2023 Gas Cost Comparison		
Residential (RS 1)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.577)	(0.011)	0.566	(98.1)%
(\$/GJ)				
Commodity Charge	3.681	3.117	(0.564)	(15.3)%
GCVA Commodity Rider	(1.109)	(0.140)	0.969	(87.4)%
Total Commodity Charges (\$/GJ)	2.572	2.977	0.405	15.7%
Use Per Account (GJ):	<u>73.0</u>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			41.32	
Total Commodity Charges			29.57	
Total			70.88	48.7%

Tumbler Ridge		Q2 2023 Gas Cost Comparison		
Small Commercial (RS 2)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.577)	(0.011)	0.566	(98.1)%
(\$/GJ)				
Commodity Charge	3.681	3.104	(0.577)	(15.7)%
GCVA Commodity Rider	(1.109)	(0.140)	0.969	(87.4)%
Total Commodity Charges (\$/GJ)	2.572	2.964	0.392	15.2%
Use Per Account (GJ):	<div>411.6</div>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			232.97	
Total Commodity Charges			161.35	
Total			394.31	48.0%

Effective Gas Cost Comparison

Table 10

Tumbler Ridge				
Q2 2023 Gas Cost Comparison				
Large Commercial (RS 3)	Effective Apr. 1'23	Proposed Changes	Variance	%
(\$/GJ)	A	B	C = B - A	D = C/A
GCVA Company Use Delivery Rider	(0.577)	(0.011)	0.566	(98.1)%
(\$/GJ)				
Commodity Charge	3.681	3.108	(0.573)	(15.6)%
GCVA Commodity Rider	(1.109)	(0.140)	0.969	(87.4)%
Total Commodity Charges (\$/GJ)	2.572	2.968	0.396	15.4%
Use Per Account (GJ):	<u>8,399.5</u>			
Annual Impact (\$)				
GCVA Co. Use Delivery Rider			4,754.12	
Total Commodity Charges			3,326.20	
Total			8,080.32	48.2%

Pacific Northern Gas Ltd.
(PNG-West Division)

Bill Comparison
April 2023 to Proposed Consolidation

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill	Annual Bill	
					Estimate \$	Difference	
						\$	%
Residential:	68.0 GJ						
Monthly Fixed Charge		2.028	137.88	2.028	137.88	-	-
Delivery Charge		13.868	943.02	13.868	943.02	-	-
Company Use Charge		0.200	13.60	0.200	13.60	-	-
GCVA Co. Use Rider		0.012	0.82	(0.011)	(0.75)	(1.57)	-
RSAM Rider		(0.016)	(1.09)	(0.016)	(1.09)	0.00	-
Interim Rate Refund Rider		(1.250)	(85.00)	(1.250)	(85.00)	-	-
			1,009.23		1,007.66	(1.57)	(0.2%)
Gas Supply Charge		3.365	228.82	3.117	211.96	(16.86)	(7.4%)
GCVA Rider		0.035	2.38	(0.140)	(9.52)	(11.90)	-
			231.20		202.44	(28.76)	(12.4%)
Carbon Tax		3.2384	220.21	3.2384	220.21	-	-
		\$21.480 /GJ	\$1,460.64	\$21.034 /GJ	\$1,430.31	(\$30.33)	(2.1%)
Small Commercial:	325.1 GJ						
Monthly Fixed Charge		0.987	320.76	0.987	320.76	-	-
Delivery Charge		11.651	3,787.74	11.651	3,787.74	-	-
Company Use Charge		0.200	65.02	0.200	65.02	-	-
GCVA Co. Use Rider		0.012	3.90	(0.011)	(3.58)	(7.48)	-
RSAM Rider		(1.250)	(406.38)	(1.250)	(406.38)	0.00	-
Interim Rate Refund Rider		(0.012)	(3.90)	(0.012)	(3.90)	-	-
			3,767.14		3,759.66	(7.48)	(0.2%)
Gas Supply Charge		3.236	1,052.02	3.104	1,009.11	(42.91)	(4.1%)
GCVA Rider		0.035	11.38	(0.140)	(45.51)	(56.89)	-
			1,063.40		963.60	(99.80)	(9.4%)
Carbon Tax		3.2384	1,052.80	3.2384	1,052.80	-	-
		\$18.097 /GJ	\$5,883.34	\$17.767 /GJ	\$5,776.06	(\$107.28)	(1.8%)

Pacific Northern Gas Ltd.
(PNG-West Division)
Bill Comparison

Table 12

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Large Commercial:	39.8 TJ						
Monthly Fixed Charge		0.048	1,925.40	0.048	1,925.40	-	-
Delivery Charge		9.317	370,414.80	9.317	370,414.80	-	-
Company Use Charge		0.200	7,951.38	0.200	7,951.38	-	-
GCVA Co. Use Rider		0.012	477.08	(0.011)	(437.33)	(914.41)	-
RSAM Rider		0.000	-	0.000	-	0.00	-
Interim Rate Refund Rider		(0.009)	(0.36)	(0.009)	(0.36)	-	-
			380,768.30		379,853.89	(914.41)	(0.2%)
Gas Supply Charge		3.236	128,653.25	3.108	123,564.37	(5,088.88)	(4.0%)
GCVA Rider		0.035	1,391.49	(0.140)	(5,565.96)	(6,957.45)	-
			130,044.74		117,998.41	(12,046.33)	(9.3%)
Carbon Tax		3.2384	128,748.66	3.2384	128,748.66	-	-
		\$16.078 /GJ	\$639,561.70	\$15.752 /GJ	\$626,600.96	(\$12,960.74)	(2.0%)
Small Industrial:	80.9 TJ						
Monthly Fixed Charge		0.065	5,271.84	0.065	5,271.84	-	-
Delivery Charge		4.159	336,620.80	4.159	336,620.80	-	-
Company Use Charge		0.200	16,187.58	0.200	16,187.58	-	-
GCVA Co. Use Rider		0.012	971.26	(0.011)	(890.32)	(1,861.58)	-
RSAM Rider		0.000	-	0.000	-	0.00	-
Interim Rate Refund Rider		(0.003)	-	(0.003)	-	-	-
			359,051.48		357,189.90	(1,861.58)	(0.5%)
Gas Supply Charge		2.663	215,537.67	2.890	233,910.58	18,372.91	8.5%
GCVA Rider		0.035	2,832.83	(0.140)	(11,331.31)	(14,164.14)	-
			218,370.50		222,579.27	4,208.77	1.9%
Carbon Tax		3.2384	262,109.35	3.2384	262,109.35	-	-
		\$10.370 /GJ	\$839,531.33	\$10.399 /GJ	\$841,878.52	\$2,347.19	0.3%

Pacific Northern Gas Ltd.
(PNG-West Division)
Bill Comparison

Table 13

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate	Annual Bill Difference	
					\$	\$	%
Commercial Interruptible:	12.5 TJ						
Monthly Fixed Charge		0.129	1,605.84	0.129	1,605.84	-	-
Delivery Charge		5.693	70,934.78	5.693	70,934.78	-	-
Company Use Charge		0.200	2,492.00	0.200	2,492.00	-	-
GCVA Co. Use Rider		0.012	149.52	(0.011)	(137.06)	(286.58)	-
RSAM Rider		0.000	-	0.000	-	0.00	-
Interim Rate Refund Rider		(0.005)	(0.06)	(0.005)	(0.06)	-	-
			75,182.08		74,895.50	(286.58)	(0.4%)
Gas Supply Charge		2.548	31,748.08	2.740	34,140.40	2,392.32	7.5%
GCVA Rider		0.035	436.10	(0.140)	(1,744.40)	(2,180.50)	-
			32,184.18		32,396.00	211.82	0.7%
Carbon Tax		3.2384	40,350.46	3.2384	40,350.46	-	-
		\$11.850 /GJ	\$147,716.72	\$11.844 /GJ	\$147,641.96	(\$74.76)	(0.1%)
Seasonal Off Peak:	4.8 TJ						
Monthly Fixed Charge		0.332	1,604.64	0.332	1,604.64	-	-
Delivery Charge		8.280	40,020.00	8.280	40,020.00	-	-
Company Use Charge		0.200	966.67	0.200	966.67	-	-
GCVA Co. Use Rider		0.012	58.00	(0.011)	(53.17)	(111.17)	-
RSAM Rider		0.000	-	0.000	-	0.00	-
Interim Rate Refund Rider		(0.024)	(0.12)	(0.024)	(0.12)	-	-
			42,649.19		42,538.02	(111.17)	(0.3%)
Gas Supply Charge		2.185	10,560.83	2.929	14,156.83	3,596.00	34.1%
GCVA Rider		0.035	169.17	(0.140)	(676.67)	(845.84)	-
			10,730.00		13,480.16	2,750.16	25.6%
Carbon Tax		3.2384	15,652.27	3.2384	15,652.27	-	-
		\$14.258 /GJ	\$69,031.46	\$14.804 /GJ	\$71,670.45	\$2,638.99	3.8%

Granisle Propane

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Residential:	37.2 GJ						
Monthly Fixed Charge		3.706	137.86	3.706	137.86	-	-
Delivery Charge		8.008	297.90	8.008	297.90	(0.00)	(0.0%)
GCVA Co. Use Rider		0.000	0.00	(0.011)	(53.17)	(53.17)	-
Interim Rate Refund Rider		(0.016)	-0.60	(0.016)	(0.60)	-	-
			435.16		381.99	(53.17)	(12.2%)
Gas Supply Charge		20.424	759.77	3.117	115.96	(643.81)	(84.7%)
GCVA Rider		2.016	75.00	(0.140)	(5.21)	(80.20)	-
			834.77		110.75	(724.01)	(86.7%)
Carbon Tax		3.9306	146.22	3.9306	146.22	-	-
		\$38.069 /GJ	1,416.15	\$18.595 /GJ	\$638.97	(\$777.19)	(54.9%)
Small Commercial:	231.9 GJ						
Monthly Fixed Charge		0.595	137.98	0.595	137.98	-	-
Delivery Charge		8.008	1,857.06	8.008	1,857.06	(0.00)	(0.0%)
GCVA Co. Use Rider		0.000	0.00	(0.011)	(53.17)	(53.17)	-
Interim Rate Refund Rider		(0.016)	-3.71	(0.016)	(3.71)	-	-
			1,991.33		1,938.16	(53.17)	(2.7%)
Gas Supply Charge		20.424	4,736.33	3.104	719.82	(4,016.51)	(84.8%)
GCVA Rider		2.016	467.51	(0.140)	(32.47)	(499.98)	-
			5,203.84		687.35	(4,516.48)	(86.8%)
Carbon Tax		3.9306	911.51	3.9306	911.51	-	-
		\$34.958 /GJ	8,106.68	\$15.471 /GJ	\$3,537.02	(\$4,569.66)	(56.4%)

**Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)**

**Bill Comparison
April 2023 to Proposed Consolidation**

FORT ST. JOHN AREA

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Residential:	105.6 GJ						
Monthly Fixed Charge		0.855	90.24	0.855	90.24	-	-
Delivery Charge		6.269	662.01	6.269	662.01	-	-
Company Use Charge		0.081	8.55	0.081	8.55	-	-
GCVA Co. Use Rider		(0.025)	(2.64)	(0.011)	(1.16)	1.48	-
RSAM Rider		(0.113)	(11.93)	(0.113)	(11.93)	-	-
Interim Rate Refund Rider		(0.054)	(5.70)	(0.054)	(5.70)	-	-
			740.53		742.01	1.48	0.2%
Gas Supply Charge		3.016	318.49	3.117	329.16	10.67	3.4%
GCVA Rider		(0.276)	(29.15)	(0.140)	(14.78)	14.37	-
			289.34		314.38	25.04	8.7%
Carbon Tax		3.2384	341.98	3.2384	341.98	-	-
		\$12.991 /GJ	\$1,371.85	\$13.242 /GJ	\$1,398.37	\$26.52	1.9%
Small Commercial:	485.8 GJ						
Monthly Fixed Charge		0.186	90.36	0.186	90.36	-	-
Delivery Charge		4.737	2,301.23	4.737	2,301.23	-	-
Company Use Charge		0.081	39.35	0.081	39.35	-	-
GCVA Co. Use Rider		(0.025)	(12.15)	(0.011)	(5.34)	6.81	-
RSAM Rider		(0.113)	(54.90)	(0.113)	(54.90)	-	-
Interim Rate Refund Rider		(0.037)	(17.97)	(0.037)	(17.97)	-	-
			2,345.92		2,352.73	6.81	0.3%
Gas Supply Charge		3.028	1,471.00	3.104	1,507.92	36.92	2.5%
GCVA Rider		(0.276)	(134.08)	(0.140)	(68.01)	66.07	-
			1,336.92		1,439.91	102.99	7.7%
Carbon Tax		3.2384	1,573.21	3.2384	1,573.21	-	-
		\$10.819 /GJ	\$5,256.05	\$11.045 /GJ	\$5,365.85	\$109.80	2.1%

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John Division)
Bill Comparison

Table 16

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Large Commercial:	15.1 TJ						
Monthly Fixed Charge		0.128	1,935.84	0.128	1,935.84	-	-
Delivery Charge		3.515	53,142.39	3.515	53,142.39	-	-
Company Use Charge		0.081	1,224.62	0.081	1,224.62	-	-
GCVA Co. Use Rider		(0.025)	(377.97)	(0.011)	(166.31)	211.66	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.026)	(393.09)	(0.026)	(393.09)	-	-
			55,531.79		55,743.45	211.66	0.4%
Gas Supply Charge		2.870	43,390.80	3.108	46,989.06	3,598.26	8.3%
GCVA Rider		(0.276)	(4,172.77)	(0.140)	(2,116.62)	2,056.15	-
			39,218.03		44,872.44	5,654.41	14.4%
Carbon Tax		3.2384	48,960.54	3.2384	48,960.54	-	-
		\$9.505 /GJ	\$143,710.36	\$9.893 /GJ	\$149,576.43	\$5,866.07	4.1%
Small Industrial:	35.0 TJ						
Monthly Fixed Charge		0.151	5,295.84	0.151	5,295.84	-	-
Delivery Charge		2.135	74,653.83	2.135	74,653.83	-	-
Company Use Charge		0.081	2,832.30	0.081	2,832.30	-	-
GCVA Co. Use Rider		(0.025)	(874.17)	(0.011)	(384.63)	489.54	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.024)	(839.20)	(0.024)	(839.20)	-	-
			81,068.60		81,558.14	489.54	-
Gas Supply Charge		2.728	95,389.07	2.890	101,053.67	5,664.60	5.9%
GCVA Rider		(0.276)	(9,650.80)	(0.140)	(4,895.33)	4,755.47	-
			85,738.27		96,158.34	10,420.07	12.2%
Carbon Tax		3.2384	113,236.05	3.2384	113,236.05	-	-
		\$8.009 /GJ	\$280,042.92	\$8.321 /GJ	\$290,952.53	\$10,909.61	3.9%

**Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)**

**Bill Comparison
April 2023 to Proposed Consolidation**

DAWSON CREEK AREA

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Residential:	100.3 GJ						
Monthly Fixed Charge		0.900	90.24	0.900	90.24	-	-
Delivery Charge		6.071	608.92	6.071	608.92	-	-
Company Use Charge		0.081	8.12	0.081	8.12	-	-
GCVA Co. Use Rider		(0.025)	(2.51)	(0.011)	(1.10)	1.41	-
RSAM Rider		(0.113)	(11.33)	(0.113)	(11.33)	-	-
Interim Rate Refund Rider		(0.054)	(5.42)	(0.054)	(5.42)	-	-
			688.02		689.43	1.41	0.2%
Gas Supply Charge		3.016	302.50	3.117	312.64	10.14	3.4%
GCVA Rider		(0.276)	(27.68)	(0.140)	(14.04)	13.64	-
			274.82		298.60	23.78	8.7%
Carbon Tax		3.2384	324.81	3.2384	324.81	-	-
		\$12.838 /GJ	\$1,287.65	\$13.089 /GJ	\$1,312.84	\$25.19	2.0%
Small Commercial:	483.9 GJ						
Monthly Fixed Charge		0.187	90.36	0.187	90.36	-	-
Delivery Charge		4.200	2,032.38	4.200	2,032.38	-	-
Company Use Charge		0.081	39.20	0.081	39.20	-	-
GCVA Co. Use Rider		(0.025)	(12.10)	(0.011)	(5.32)	6.78	-
RSAM Rider		(0.113)	(54.68)	(0.113)	(54.68)	-	-
Interim Rate Refund Rider		(0.037)	(17.90)	(0.037)	(17.90)	-	-
			2,077.26		2,084.04	6.78	0.3%
Gas Supply Charge		3.028	1,465.25	3.104	1,502.03	36.78	2.5%
GCVA Rider		(0.276)	(133.56)	(0.140)	(67.75)	65.81	-
			1,331.69		1,434.28	102.59	7.7%
Carbon Tax		3.2384	1,567.06	3.2384	1,567.06	-	-
		\$10.283 /GJ	\$4,976.01	\$10.509 /GJ	\$5,085.38	\$109.37	2.2%

Pacific Northern Gas (N.E.) Ltd.
(Dawson Creek Division)
Bill Comparison

Table 18

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$/ GJ	Annual Bill Estimate \$	Proposed Rates \$/ GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Large Commercial:	9.9 TJ						
Monthly Fixed Charge		0.195	1,935.84	0.195	1,935.84	-	-
Delivery Charge		2.967	29,447.48	2.967	29,447.48	-	-
Company Use Charge		0.081	803.93	0.081	803.93	-	-
GCVA Co. Use Rider		(0.025)	(248.13)	(0.011)	(109.18)	138.95	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.026)	(258.05)	(0.026)	(258.05)	-	-
			31,681.07		31,820.02	138.95	0.4%
Gas Supply Charge		2.870	28,484.75	3.108	30,846.90	2,362.15	8.3%
GCVA Rider		(0.276)	(2,739.30)	(0.140)	(1,389.50)	1,349.80	-
			25,745.45		29,457.40	3,711.95	14.4%
Carbon Tax		3.2384	32,141.12	3.2384	32,141.12	-	-
		\$9.024 /GJ	\$89,567.64	\$9.412 /GJ	\$93,418.54	\$3,850.90	4.3%
Small Industrial:	47.5 TJ						
Monthly Fixed Charge		0.111	5,295.60	0.111	5,295.60	-	-
Delivery Charge		2.403	114,142.50	2.403	114,142.50	-	-
Company Use Charge		0.081	3,847.50	0.081	3,847.50	-	-
GCVA Co. Use Rider		(0.025)	(1,187.50)	(0.011)	(522.50)	665.00	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.024)	(1,140.00)	(0.024)	(1,140.00)	-	-
			120,958.10		121,623.10	665.00	-
Gas Supply Charge		2.728	129,580.00	2.890	137,275.00	7,695.00	5.9%
GCVA Rider		(0.276)	(13,110.00)	(0.140)	(6,650.00)	6,460.00	-
			116,470.00		130,625.00	14,155.00	12.2%
Carbon Tax		3.2384	153,824.00	3.2384	153,824.00	-	-
		\$8.237 /GJ	\$391,252.10	\$8.549 /GJ	\$406,072.10	\$14,820.00	3.8%

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)

Bill Comparison
April 2023 to Proposed Consolidation

Average of Fort St. John and Dawson Creek

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Residential:	103.0 GJ						
Monthly Fixed Charge		0.877	90.24	0.877	90.24	-	-
Delivery Charge		6.170	635.20	6.170	635.20	-	-
Company Use Charge		0.081	8.34	0.081	8.34	-	-
GCVA Co. Use Rider		(0.025)	(2.57)	(0.011)	(1.13)	1.44	-
RSAM Rider		(0.113)	(11.63)	(0.113)	(11.63)	-	-
Interim Rate Refund Rider		(0.054)	(5.56)	(0.054)	(5.56)	-	-
			714.02		715.46	1.44	0.2%
Gas Supply Charge		3.016	310.50	3.117	320.90	10.40	3.3%
GCVA Rider		(0.276)	(28.41)	(0.140)	(14.41)	14.00	-
			282.09		306.49	24.40	8.6%
Carbon Tax		3.2384	333.39	3.2384	333.39	-	-
		\$12.914 /GJ	\$1,329.50	\$13.165 /GJ	\$1,355.34	\$25.84	1.9%
Small Commercial:	484.9 GJ						
Monthly Fixed Charge		0.186	90.36	0.186	90.36	-	-
Delivery Charge		4.469	2,166.55	4.469	2,166.55	-	-
Company Use Charge		0.081	39.27	0.081	39.27	-	-
GCVA Co. Use Rider		(0.025)	(12.12)	(0.011)	(5.33)	6.79	-
RSAM Rider		(0.113)	(54.79)	(0.113)	(54.79)	-	-
Interim Rate Refund Rider		(0.037)	(17.94)	(0.037)	(17.94)	-	-
			2,211.33		2,218.12	6.79	0.3%
Gas Supply Charge		3.028	1,468.13	3.104	1,504.97	36.84	2.5%
GCVA Rider		(0.276)	(133.82)	(0.140)	(67.88)	65.94	-
			1,334.31		1,437.09	102.78	7.7%
Carbon Tax		3.2384	1,570.14	3.2384	1,570.14	-	-
		\$10.551 /GJ	\$5,115.78	\$10.777 /GJ	\$5,225.35	\$109.57	2.1%

Note: This bill comparison is the average of the uses per account and rates that apply to each of the Fort St. John and Dawson Creek delivery areas.

Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)
Bill Comparison

Table 20

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$/GJ	Annual Bill Estimate \$	Proposed Rates \$/GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Large Commercial:	12.5 TJ						
Monthly Fixed Charge		0.155	1,935.84	0.155	1,935.84	-	-
Delivery Charge		3.241	40,583.39	3.241	40,583.39	-	-
Company Use Charge		0.081	1,014.27	0.081	1,014.27	-	-
GCVA Co. Use Rider		(0.025)	(313.05)	(0.011)	(137.74)	175.31	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.026)	(325.57)	(0.026)	(325.57)	-	-
			42,894.88		43,070.19	175.31	0.4%
Gas Supply Charge		2.870	35,937.77	3.108	38,917.98	2,980.21	8.3%
GCVA Rider		(0.276)	(3,456.04)	(0.140)	(1,753.06)	1,702.98	-
			32,481.73		37,164.92	4,683.19	14.4%
Carbon Tax		3.2384	40,550.83	3.2384	40,550.83	-	-
		\$9.258 /GJ	\$115,927.44	\$9.646 /GJ	\$120,785.94	\$4,858.50	4.2%
Small Industrial:	41.2 TJ						
Monthly Fixed Charge		0.128	5,295.72	0.128	5,295.72	-	-
Delivery Charge		2.269	93,558.43	2.269	93,558.43	-	-
Company Use Charge		0.081	3,339.90	0.081	3,339.90	-	-
GCVA Co. Use Rider		(0.025)	(1,030.83)	(0.011)	(453.57)	577.26	-
RSAM Rider		0.000	-	0.000	-	-	-
Interim Rate Refund Rider		(0.024)	(989.60)	(0.024)	(989.60)	-	-
			100,173.62		100,750.88	577.26	-
Gas Supply Charge		2.728	112,484.53	2.890	119,164.33	6,679.80	5.9%
GCVA Rider		(0.276)	(11,380.40)	(0.140)	(5,772.67)	5,607.73	-
			101,104.13		113,391.66	12,287.53	12.2%
Carbon Tax		3.2384	133,530.03	3.2384	133,530.03	-	-
		\$8.120 /GJ	\$334,807.78	\$8.432 /GJ	\$347,672.57	\$12,864.79	3.8%

Note: This bill comparison is the average of the uses per account and rates that apply to each of the Fort St. John and Dawson Creek delivery areas.

Pacific Northern Gas (N.E.) Ltd.
(Tumbler Ridge Division)
Bill Comparison
April 2023 to Proposed Consolidation

Customer Classification	Annual Use	Permanent Rates Apr. 1, 2023 \$ / GJ	Annual Bill Estimate \$	Proposed Rates \$ / GJ	Annual Bill Estimate \$	Annual Bill Difference	
						\$	%
Residential:	73.0 GJ						
Monthly Fixed Charge		1.522	111.12	1.522	111.12	0.00	-
Delivery Charge		11.953	872.57	11.953	872.57	0.00	-
Company Use Charge		0.575	41.98	0.575	41.98	0.00	-
GCVA Co. Use Rider		(0.577)	(42.12)	(0.011)	(0.80)	41.32	-
RSAM Rider		0.022	1.61	0.022	1.61	-	-
Interim Rate Refund Rider		(0.651)	(47.52)	(0.651)	(47.52)	-	-
			937.64		978.96	41.32	4.4%
Gas Supply Charge		3.681	268.71	3.117	227.54	(41.17)	(15.3%)
GCVA Rider		(1.109)	(80.96)	(0.140)	(10.22)	70.74	-
			187.75		217.32	29.57	15.7%
Carbon Tax		3.2384	236.40	3.2384	236.40	-	-
		\$18.655 /GJ	\$1,361.79	\$19.626 /GJ	\$1,432.68	\$70.89	5.2%
Small Commercial:	411.6 GJ						
Monthly Fixed Charge		0.271	111.36	0.271	111.36	0.00	-
Delivery Charge		9.430	3,881.39	9.430	3,881.39	0.00	-
Company Use Charge		0.575	236.67	0.575	236.67	0.00	-
GCVA Co. Use Rider		(0.577)	(237.49)	(0.011)	(4.53)	232.96	-
RSAM Rider		0.022	9.06	0.022	9.06	-	-
Interim Rate Refund Rider		(0.513)	(211.15)	(0.513)	(211.15)	-	-
			3,789.84		4,022.80	232.96	6.1%
Gas Supply Charge		3.681	1,515.10	3.104	1,277.61	(237.49)	(15.7%)
GCVA Rider		(1.109)	(456.48)	(0.140)	(57.62)	398.86	-
			1,058.62		1,219.99	161.37	15.2%
Carbon Tax		3.2384	1,332.93	3.2384	1,332.93	-	-
		\$15.018 /GJ	\$6,181.39	\$15.976 /GJ	\$6,575.72	\$394.33	6.4%
Large Commercial:	8.4 TJ						
Monthly Fixed Charge		0.013	111.48	0.013	111.48	-	-
Delivery Charge		7.739	65,003.73	7.739	65,003.73	-	-
Company Use Charge		0.575	4,829.71	0.575	4,829.71	-	-
GCVA Co. Use Rider		(0.577)	(4,846.51)	(0.011)	(92.39)	4,754.12	-
RSAM Rider		(0.412)	(3,460.59)	(0.412)	(3,460.59)	-	-
			61,637.82		66,391.94	4,754.12	7.7%
Gas Supply Charge		3.681	30,918.56	3.108	26,105.65	(4,812.91)	(15.6%)
GCVA Rider		(1.109)	(9,315.39)	(0.140)	(1,175.93)	8,139.46	-
			21,603.17		24,929.72	3,326.55	15.4%
Carbon Tax		3.2384	27,200.94	3.2384	27,200.94	-	-
		\$13.149 /GJ	\$110,441.93	\$14.111 /GJ	\$118,522.60	\$8,080.67	7.3%

Appendix D Commodity Charge Consolidation

1 **Gas Summary (PNG West, Fort St. John, Dawson Creek, Tumbler Ridge, Granisle)**

Table 1

2

3

4

5 **Demand Volume - Forecast 2023 (GJ)**

6 PNG West

7 Granisle (Propane)

8 Fort St. John

9 Dawson Creek

10 Tumbler Ridge

11 **Total Demand Volume¹**

12

13 **Peak Day Requirement (%)**

14 PNG West

15 Granisle (Propane)¹

16 Fort St. John

17 Dawson Creek

18 Tumbler Ridge

19 **Total Peak Day Requirement**

20

21 **Cost of Gas (\$)**

22 Demand Costs

23 Other Commodity Costs

24 Demand & Other Commodity Costs

25

26 Gas Commodity Costs (incl. TR and Granisle)

27 **Total Cost of Gas**

28

29 **Allocated Commodity Costs (\$/GJ)**

30 Demand Cost Rate

31 Other Commodity Rate

32 Gas Commodity Rate

33 **Total Allocated Commodity Costs**

34

35 1) Total Forecast 2023 demand volumes presented represents demand for all sales customer classes

Total (a) = sum (b) to (h)	Residential (RS1) (b)	Small Commercial (RS2) (c)	Large Commercial (RS3) (d)	Small Industrial (RS4) (e)	Company Use (f)	Large Commercial - Int (RS5) (g)	Seasonal Off-Peak (RS6) (h)
3,886,474	1,221,095	815,430	636,110	971,255	165,784	62,300	14,500
6,353	4,730	1,623	-	-	-	-	-
2,629,854	1,191,304	838,292	241,900	314,700	43,658	-	-
1,336,202	645,912	435,598	138,950	95,000	20,742	-	-
148,709	81,543	41,985	16,799	-	8,382	-	-
8,007,592	3,144,584	2,132,928	1,033,759	1,380,955	238,566	62,300	14,500
45.51%	18.34%	11.82%	9.22%	5.64%	0.49%	-	-
0.00%	0.00%	-	-	-	-	-	-
34.45%	17.23%	11.73%	3.39%	1.83%	0.27%	-	-
17.77%	9.20%	5.98%	1.92%	0.55%	0.12%	-	-
2.27%	1.27%	0.63%	0.25%	-	0.12%	-	-
100.00%	46.05%	30.16%	14.77%	8.02%	1.00%		
2,579,888	1,186,648	777,236	380,723	206,772	25,768	-	2,741
229,686	90,198	61,180	29,652	39,611	6,843	1,787	416
2,809,574	1,276,846	838,416	410,375	246,383	32,611	1,787	3,156
21,713,437	8,526,874	5,783,661	2,803,147	3,744,606	646,897	168,933	39,318
24,523,011	9,803,720	6,622,077	3,213,522	3,990,989	679,508	170,720	42,475
0.322	0.377	0.364	0.368	0.150	0.108	-	0.189
0.029	0.029	0.029	0.029	0.029	0.029	0.029	0.029
2.712	2.712	2.712	2.712	2.712	2.712	2.712	2.712
3.062	3.117	3.104	3.108	2.890	2.848	2.740	2.929

Pacific Northern Gas Ltd.
(PNG-West Division)

Table 2

DERIVATION OF CONSOLIDATED GAS SUPPLY COST PROPOSED RATE CHANGES

Using Average of 5 Day Forward Strip ending February 17, 2023

Customer Classification	Gas Supply Costs Rates Effective April 1, 2023				Consolidated Gas Supply Costs Proposed Rates				Consolidated Gas Supply Cost Proposed Rate Changes			
	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)	Demand ⁽¹⁾ (\$/GJ)	Commodity ⁽²⁾ (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas ⁽³⁾ (\$/GJ)	Demand ⁽¹⁾ (\$/GJ)	Commodity ⁽²⁾ (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas ⁽³⁾ (\$/GJ)
Residential (RS1)	0.627	2.738	3.365	0.200	0.377	2.740	3.117	0.141	(0.250)	0.002	(0.248)	(0.059)
Small Commercial Firm (RS2)	0.606	2.630	3.236	0.200	0.364	2.740	3.104	0.141	(0.242)	0.110	(0.132)	(0.059)
Large Commercial Firm (RS3)	0.606	2.630	3.236	0.200	0.368	2.740	3.108	0.141	(0.238)	0.110	(0.128)	(0.059)
Commercial Interruptible (RS5)	0.000	2.548	2.548	0.200	0.000	2.740	2.740	0.141	0.000	0.192	0.192	(0.059)
Small Industrial (RS4)	0.243	2.420	2.663	0.200	0.150	2.740	2.890	0.141	(0.093)	0.320	0.227	(0.059)
Seasonal Off Peak (RS6)	0.192	1.993	2.185	0.200	0.189	2.740	2.929	0.141	(0.003)	0.747	0.744	(0.059)
NGV (RS7) ⁽⁴⁾	0.146	2.416	2.562	0.200	0.000	2.740	2.740	0.141	(0.146)	0.324	0.178	(0.059)
Transportation Service	0.000	0.000	0.000	0.200	0.000	0.000	0.000	0.141	0.000	0.000	0.000	(0.059)

Notes: 1. The demand charges represent the projected fixed costs payable by PNG regardless of the quantity of gas purchased.

PNG's demand charges relate to the firm service it holds on the Spectra Energy Pipeline system and fixed fees payable to its energy management service provider.
Only those customers receiving gas on a firm basis pay demand charges to PNG as part of their gas supply charge.

2. The commodity charges are payable for each GJ of gas purchased by PNG. The commodity charges represent PNG's projection of its commodity costs based on its projected gas supply purchases.

3. The unit Company use gas cost rate is determined by dividing the total projected cost of Company use gas by projected gas sales to all customer classes.

4. There are currently no customers in NGV (RS7) rate class, therefore no Demand or Commodity are allocated to this rate class.

Table 3

**Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)**

Determination of Consolidated Gas Supply Cost Proposed Rate Changes

Using Average of 5 Day Forward Strip ending February 17, 2023

Customer Classification	Gas Supply Costs Rates Effective April 1, 2023				Consolidated Gas Supply Costs Proposed Rates				Consolidated Gas Supply Cost Proposed Rate Changes			
	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)
Residential (RS1)	0.178	2.838	3.016	0.081	0.377	2.740	3.117	0.052	0.199	(0.098)	0.101	(0.029)
Small Commercial (RS2)	0.172	2.856	3.028	0.081	0.364	2.740	3.104	0.052	0.192	(0.116)	0.076	(0.029)
Large Commercial (RS3)	0.172	2.698	2.870	0.081	0.368	2.740	3.108	0.052	0.196	0.042	0.238	(0.029)
Small Industrial (RS4)	0.072	2.656	2.728	0.081	0.150	2.740	2.890	0.052	0.078	0.084	0.162	(0.029)
Company Use				0.081				0.052				(0.029)
Transportation Service				0.081				0.052				(0.029)

Notes:

- 1) The demand charges represent the projected fixed costs payable by PNG regardless of the quantity of gas purchased.
- 2) The commodity charges are payable for each GJ of gas purchased by PNG. The commodity charges represent PNG's projection of its commodity costs based on its projected gas supply purchases.
- 3) The unit Company use gas cost is determined by dividing the projected cost of Company use gas by gas sales.

Pacific Northern Gas (N.E.) Ltd.
(Tumbler Ridge Division)

Table 4

Determination of Consolidated Gas Supply Cost Proposed Rate Changes

Using Average of 5 Day Forward Strip ending February 17, 2023

Customer Classification	Gas Supply Costs Rates Effective April 1, 2023				Consolidated Gas Supply Costs Proposed Rates				Consolidated Gas Supply Cost Proposed Rate Changes			
	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)	Demand (1) (\$/GJ)	Commodity (2) (\$/GJ)	Total D&C (\$/GJ)	Company Use Gas (3) (\$/GJ)
Residential (RS1)	0.000	3.681	3.681	0.575	0.377	2.740	3.117	0.380	0.377	(0.941)	(0.564)	(0.195)
Small Commercial (RS2)	0.000	3.681	3.681	0.575	0.364	2.740	3.104	0.380	0.364	(0.941)	(0.577)	(0.195)
Large Commercial (RS3)	0.000	3.681	3.681	0.575	0.368	2.740	3.108	0.380	0.368	(0.941)	(0.573)	(0.195)
Industrial Sales (RS4)	0.000	3.681	3.681	0.575	0.150	2.740	2.890	0.380	0.150	(0.941)	(0.791)	(0.195)

Notes:

- 1) The demand charges represent the projected fixed costs payable by PNG regardless of the quantity of gas purchased.
- 2) The commodity charges are payable for each GJ of gas purchased by PNG. The commodity charges represent PNG's projection of its commodity costs based on its projected gas supply purchases.
- 3) The unit Company use gas cost is determined by dividing the projected cost of Company use gas by gas sales.

Pacific Northern Gas Ltd.
(PNG-West Division)

Table 5

Granisle 2023 Proposed Residential Propane Cost Forecast
February 17, 2023 Price Notification

Conversion from Litres to GJ 25.59 MJ/L						Consolidated Gas Supply Cost Proposed Rate Changes			
Month	Propane Requirement Litres	Forecast Propane Price (\$/L)	Total Propane Cost (\$)	Propane Requirement GJ	Propane Supply Price (\$)	Demand (\$/GJ)	Commodity (\$/GJ)	Total D&C (\$/GJ)	Streamed Cost (\$)
Jan-23	35,639	0.5661	20,176	912	2,499	0.377	2.740	3.117	2,843
Feb-23	25,010	0.5745	14,368	640	1,754	0.377	2.740	3.117	1,995
Mar-23	21,063	0.5548	11,685	539	1,477	0.377	2.740	3.117	1,680
Apr-23	17,702	0.4289	7,593	453	1,241	0.377	2.740	3.117	1,412
May-23	10,199	0.4288	4,374	261	715	0.377	2.740	3.117	814
Jun-23	5,862	0.4296	2,518	150	411	0.377	2.740	3.117	468
Jul-23	3,791	0.4296	1,628	97	266	0.377	2.740	3.117	302
Aug-23	3,634	0.4449	1,617	93	255	0.377	2.740	3.117	290
Sep-23	7,073	0.4653	3,291	181	496	0.377	2.740	3.117	564
Oct-23	12,466	0.5049	6,294	319	874	0.377	2.740	3.117	994
Nov-23	18,093	0.5361	9,700	463	1,269	0.377	2.740	3.117	1,443
Dec-23	24,306	0.5596	13,601	622	1,704	0.377	2.740	3.117	1,939
Total	184,838	0.5239	96,845	4,730	12,962	0.377	2.740	3.117	14,745

Pacific Northern Gas Ltd.
(PNG-West Division)

Granisle 2023 Proposed Small Commercial Propane Cost Forecast
February 17, 2023 Price Notification

Conversion from Litres to GJ 25.59 MJ/L						Consolidated Gas Supply Cost Proposed Rate Changes			
Month	Propane Requirement Litres	Forecast Propane Price (\$/L)	Total Propane Cost (\$)	Propane Requirement GJ	Propane Supply Price (\$)	Demand (\$/GJ)	Commodity (\$/GJ)	Total D&C (\$/GJ)	Streamed Cost (\$)
Jan-23	10,590	0.5661	5,995	271	743	0.364	2.740	3.104	845
Feb-23	8,832	0.5745	5,074	226	619	0.364	2.740	3.104	705
Mar-23	6,487	0.5548	3,599	166	455	0.364	2.740	3.104	517
Apr-23	7,347	0.4289	3,151	188	515	0.364	2.740	3.104	586
May-23	3,556	0.4288	1,525	91	249	0.364	2.740	3.104	284
Jun-23	2,735	0.4296	1,175	70	192	0.364	2.740	3.104	218
Jul-23	1,407	0.4296	604	36	99	0.364	2.740	3.104	112
Aug-23	899	0.4449	400	23	63	0.364	2.740	3.104	72
Sep-23	2,892	0.4653	1,346	74	203	0.364	2.740	3.104	231
Oct-23	4,767	0.5049	2,407	122	334	0.364	2.740	3.104	380
Nov-23	6,409	0.5361	3,436	164	449	0.364	2.740	3.104	511
Dec-23	7,503	0.5596	4,198	192	526	0.364	2.740	3.104	599
Total	63,423	0.5189	32,910	1,623	4,447	0.364	2.740	3.104	5,059

**Pacific Northern Gas Ltd.
(PNG-West Division)**

Table 6

Determination of Proposed 2023 Unit Company Use Gas Cost Rate

Using Average of 5 Day Forward Strip ending February 17, 2023	
Demand Cost	\$12,718
Commodity Charge	\$454,295
Motor Fuel Tax	40,653
B.C.S.S. Tax	20,599
ICE Levy	1,177
Carbon Tax	317,085
Total Company Use Gas Cost	<u>\$846,527</u>
Total Company use gas requirement	165,784 GJ
Total GJ attracting margin, excl'd Granisle propane system	6,018,929 GJ
2023 Unit Company Use Gas Cost Rate	
\$0.141 /GJ	\$846,527
	6,018,929
Commodity Cost of Company Use Gas per GJ Purchased	
\$2.740 /GJ	\$454,295
	165,784

**Pacific Northern Gas (N.E.) Ltd.
(Fort St. John/Dawson Creek Division)**

Table 7

Determination of Proposed 2023 Unit Company Use Gas Cost Rate

Using Average of 5 Day Forward Strip ending February 17, 2023	
Demand Cost	\$10,038
Commodity Cost	\$176,468
B.C.S.S. Tax	2,521
Ice Levy	144
Carbon Tax	38,785
	<u>\$227,957</u>
Total Company use gas requirement	64,398 GJ
Total GJ attracting margin	4,348,171 GJ
2023 Unit Company Use Gas Cost Rate	
\$0.052 /GJ	<div style="display: inline-block; text-align: right;"> <u>\$227,957</u> 4,348,171 </div>
Commodity Cost of Company Use Gas per GJ Purchased	
\$2.740 /GJ	<div style="display: inline-block; text-align: right;"> <u>\$176,468</u> 64,398 </div>

**Pacific Northern Gas (N.E.) Ltd.
(Tumbler Ridge Division)**

Table 8

Determination of Proposed 2023 Unit Company Use Gas Cost Rate

Using Average of 5 Day Forward Strip ending February 17, 2023	
Demand Cost	\$3,012
Commodity Cost	\$22,967
B.C.S.S. Tax	1,607
Ice Levy	92
Carbon Tax	<u>25,690</u>
Total Company Use Gas Cost	<u><u>\$53,368</u></u>
 Total Company use gas requirement	 8,382 GJ
Deliveries	140,327 GJ
 2023 Unit Company Use Gas Cost Rate	
\$0.380 /GJ	<u>\$53,368</u>
	140,327
 Commodity Cost of Company Use Gas per GJ Purchased	
\$2.740 /GJ	<u>\$22,967</u>
	8,382

**Pacific Northern Gas Ltd.
and Pacific Northern Gas (N.E.) Ltd.**

Table 9

**Allocation of Consolidated Proposed 2023 Demand Charges
to Firm Customer Classifications and Company Use Gas**

PNG-West, Fort St. John, Dawson Creek, Tumbler Ridge, Granisle Peak Day					
Customer Classification	2023 Peak Day Requirement ⁽¹⁾		Allocation of Demand Charges (\$)	2023 Annual Gas Requirements (GJ)	Unit Demand Charge ⁽²⁾ (\$/GJ)
	(GJ)	(%)			
Residential incl. Granisle (RS1, RS1P)	36,188	46.05	1,186,648	3,144,584	0.377
Commercial incl. Granisle (RS2, RS2P)	23,703	30.16	777,236	2,132,928	0.364
Commercial (RS3)	11,611	14.77	380,723	1,033,759	0.368
Small Industrial (RS4)	6,306	8.02	206,772	1,380,955	0.150
Seasonal Off Peak (RS6)	0	0.00	2,741	14,500	0.189
NGV (RS7)	0	0.00	0	12	0.000
Company Use	786	1.00	25,768	238,563	-----
Subtotal	78,593	100.00	2,579,888	7,945,301	
Total					
	Demand Charges net of portion allocated to seasonal off-peak (RS6) customers.		\$2,577,148		

Notes: 1. PNG allocates its demand charges to each customer classification based on the proportion their projected peak day gas requirement bears to the total projected peak day gas requirement, except for the seasonal off peak customers. The seasonal off peak (RS6) customers receive firm gas supply during the off-peak period (i.e. March 1 to November 30) and therefore they should bear some of the demand charges. Their share of the demand charges is based on applying the unit demand charge assuming a 150 percent load factor to the seasonal off peak customers' projected deliveries.

2. The unit demand charge is the allocated demand charge divided by the projected annual gas requirements for each customer classification. There is no unit demand charge for Company use gas as the demand charges and the commodity charges for company use gas are totalled and then spread over total sales (i.e. the sum of sales and transportation service).

Appendix E GCVA Rate Rider Consolidation

Table 1

Pacific Northern Gas Ltd and Pacific Northern Gas (N.E.) Ltd
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission
Projected Gas Revenue to Gas Cost Ratios
April 1, 2023 to March 31, 2024
Using Current Rates and Forecast Gas Cost Based On
Average of 5 Day Forward Strip ending February 17, 2023

Division	Forecast Gas Sales Apr. 1'23 to Mar. 31'24 (GJ)	Gas Cost Revenue Using Apr. 1 '23 Rates (\$)	GCVA Commodity Rate Rider Revenue Using Apr. 1 '23 Riders	Projected Net Revenue	Gas Cost Using Average of 5 Day Forward Strip ending February 17, 2023	Projected GCVA Balances as of Mar. 31'23	Projected Net Cost	Projected GCVA Balances as of Mar. 31'24 (excluding Company Use and UAF)	Revenue to Cost Ratios
	A	B	C	D=B+C	E	F	G=E+F	H=G-D	I=D/G
PNG									
Core Market Sales	7,769,026	\$23,837,959	(\$1,089,448)	\$22,748,511	\$23,839,334	(\$1,090,665)	\$22,748,669	\$158	1.000

* Note: Based on February 17, 2023 Propane Forward Price Strip

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
Analysis of Company Use Price and UAF Gas Volume Deferral Account

Division	GCVA Year End 2022 Balance	GCVA Year End 2022 Balance Recovered with 2023 Rate Riders Jan. 1 to Feb. 28	GCVA Deferral Jan. 1 to Feb. 28 2023	GCVA Imputed int. Jan. 1 to Feb. 28 2023	GCVA Balance as at February 28, 2023	Projected Rate Rider Recoveries Mar. 1 to Mar. 31 2023	Projected GCVA Balance as of Mar. 31 2023
	A	B	C	D	E=A+B+C+D	F	G=E+F
PNG	(\$284,119)	\$13,766	\$151,989	(\$3,858)	(\$122,222)	\$6,202	(\$116,021)

Table 2

Pacific Northern Gas Ltd and Pacific Northern Gas (N.E.) Ltd
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission
Projected Gas Revenue to Gas Cost Ratios
April 1, 2023 to March 31, 2024
Using Consolidated Proposed Rates and Gas Cost Based On
Average of 5 Day Forward Strip ending February 17, 2023

Division	Forecast Gas Sales Apr. 1'23 to Mar. 31'24 (GJ)	Gas Cost Revenue Using Proposed Rates (\$)	GCVA Commodity Rate Rider Revenue Using Proposed Riders	Projected Net Revenue	Gas Cost Using Average of 5 Day Forward Strip ending February 17, 2023	Projected GCVA Balances as of Mar. 31'23	Projected Net Cost	Projected GCVA Balances as of Mar. 31'24 (excluding Company Use and UAF)	Revenue to Cost Ratios
	A	B	C	D=B+C	E	F	G=E+F	H=G-D	I=D/G
PNG									
Core Market Sales	7,769,026	\$23,839,334	(\$1,090,665)	\$22,748,669	\$23,839,334	(\$1,090,665)	\$22,748,669	\$0	1.000

* Note: Based on February 17, 2023 Propane Forward Price Strip

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
Analysis of Company Use Price and UAF Gas Volume Deferral Account

Division	GCVA Year End 2022 Balance	GCVA Year End 2022 Balance Recovered with 2023 Rate Riders Jan. 1 to Feb. 28	GCVA Deferral Jan. 1 to Feb. 28 2023	GCVA Imputed int. Jan. 1 to Feb. 28 2023	GCVA Balance as at February 28, 2023	Projected Rate Rider Recoveries Mar. 1 to Mar. 31 2023	Projected GCVA Balance as of Mar. 31 2023
	A	B	C	D	E=A+B+C+D	F	G=E+F
PNG	(\$284,119)	\$13,766	\$151,989	(\$3,858)	(\$122,222)	\$6,202	(\$116,021)

Table 3

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission
Comparison of Gas Commodity Rates and GCVA Rate Riders By Customer Class
Rates Applicable April 1, 2023 versus Consolidated Indicative Rates

	Permanent Gas Commodity Apr. 1 '23 \$/GJ	GCVA Commodity Riders Apr. 1 '23 \$/GJ	GCVA Company Use Rider Apr. 1 '23 \$/GJ	Total Permanent Apr. 1 '23 \$/GJ	Consolidated Gas Commodity \$/GJ	Consolidated GCVA Commodity Riders \$/GJ	Consolidated GCVA Company Use Riders \$/GJ	Total Consolidated Rate \$/GJ	Apr. 1 '23 Consolidated Rates Difference \$/GJ
PNG - West									
Residential (RS1)	3.365	0.035	0.012	3.412	3.117	(0.140)	(0.011)	2.966	(0.446)
Small Commercial Firm (RS2)	3.236	0.035	0.012	3.283	3.104	(0.140)	(0.011)	2.953	(0.330)
Large Commercial Firm (RS3)	3.236	0.035	0.012	3.283	3.108	(0.140)	(0.011)	2.957	(0.326)
Small Industrial (RS4)	2.548	0.035	0.012	2.595	2.890	(0.140)	(0.011)	2.739	0.144
Commercial Interruptible (RS5)	2.663	0.035	0.012	2.710	2.740	(0.140)	(0.011)	2.589	(0.121)
Seasonal Off Peak (RS6)	2.185	0.035	0.012	2.232	2.929	(0.140)	(0.011)	2.778	0.546
NGV (RS7)	2.562	0.035	0.012	2.609	2.740	(0.140)	(0.011)	2.589	(0.020)
Company Use Delivery Rate				0.200				0.141	(0.059)
PNG (N.E.) - FSJ and Dawson Creek									
Residential (RS1)	3.016	(0.276)	(0.025)	2.715	3.117	(0.140)	(0.011)	2.966	0.251
Small Commercial (RS2)	3.028	(0.276)	(0.025)	2.727	3.104	(0.140)	(0.011)	2.953	0.226
Large Commercial Firm (RS3)	2.870	(0.276)	(0.025)	2.569	3.108	(0.140)	(0.011)	2.957	0.388
Small Industrial Sales (RS4)	2.728	(0.276)	(0.025)	2.427	2.890	(0.140)	(0.011)	2.739	0.312
Company Use Delivery Rate				0.081				0.052	(0.029)
PNG (N.E.) - Tumbler Ridge									
Residential (RS1)	3.681	(1.109)	(0.577)	1.995	3.117	(0.140)	(0.011)	2.966	0.971
Small Commercial (RS2)	3.681	(1.109)	(0.577)	1.995	3.104	(0.140)	(0.011)	2.953	0.958
Large Commercial (RS3)	3.681	(1.109)	(0.577)	1.995	3.108	(0.140)	(0.011)	2.957	0.962
Company Use Delivery Rate				0.575				0.380	(0.195)
Granisle (RS1P)	20.424	2.016	N/A	22.440	3.117	(0.140)	(0.011)	2.966	(19.474)
Granisle (RS2P)	20.424	2.016	N/A	22.440	3.104	(0.140)	(0.011)	2.953	(19.487)

Table 4

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission
Comparison of Gas Commodity Rates and GCVA Rate Riders By Customer Class
Rates Applicable April 1, 2023 versus Consolidated Proposed Rates

	Permanent Gas Commodity Apr. 1 '23 \$/GJ	GCVA Commodity Riders Apr. 1 '23 \$/GJ	GCVA Company Use Rider Apr. 1 '23 \$/GJ	Total Permanent Apr. 1 '23 \$/GJ	Proposed Gas Commodity \$/GJ	Proposed GCVA Commodity Riders \$/GJ	Proposed GCVA Company Use Riders \$/GJ	Total Proposed Rate \$/GJ	Apr. 1 '23 Proposed Rates Difference \$/GJ
PNG - West									
Residential (RS1)	3.365	0.035	0.012	3.412	3.117	(0.140)	(0.011)	2.966	(0.446)
Small Commercial Firm (RS2)	3.236	0.035	0.012	3.283	3.104	(0.140)	(0.011)	2.953	(0.330)
Large Commercial Firm (RS3)	3.236	0.035	0.012	3.283	3.108	(0.140)	(0.011)	2.957	(0.326)
Small Industrial (RS4)	2.548	0.035	0.012	2.595	2.890	(0.140)	(0.011)	2.739	0.144
Commercial Interruptible (RS5)	2.663	0.035	0.012	2.710	2.740	(0.140)	(0.011)	2.589	(0.121)
Seasonal Off Peak (RS6)	2.185	0.035	0.012	2.232	2.929	(0.140)	(0.011)	2.778	0.546
NGV (RS7)	2.562	0.035	0.012	2.609	2.740	(0.140)	(0.011)	2.589	(0.020)
Company Use Delivery Rate				0.200				0.200	0.000
PNG (N.E.) - FSJ and Dawson Creek									
Residential (RS1)	3.016	(0.276)	(0.025)	2.715	3.117	(0.140)	(0.011)	2.966	0.251
Small Commercial (RS2)	3.028	(0.276)	(0.025)	2.727	3.104	(0.140)	(0.011)	2.953	0.226
Large Commercial Firm (RS3)	2.870	(0.276)	(0.025)	2.569	3.108	(0.140)	(0.011)	2.957	0.388
Small Industrial Sales (RS4)	2.728	(0.276)	(0.025)	2.427	2.890	(0.140)	(0.011)	2.739	0.312
Company Use Delivery Rate				0.081				0.081	0.000
PNG (N.E.) - Tumbler Ridge									
Residential (RS1)	3.681	(1.109)	(0.577)	1.995	3.117	(0.140)	(0.011)	2.966	0.971
Small Commercial (RS2)	3.681	(1.109)	(0.577)	1.995	3.104	(0.140)	(0.011)	2.953	0.958
Large Commercial (RS3)	3.681	(1.109)	(0.577)	1.995	3.108	(0.140)	(0.011)	2.957	0.962
Company Use Delivery Rate				0.575				0.575	0.000
Granisle (RS1P)	20.424	2.016	N/A	22.440	3.117	(0.140)	(0.011)	2.966	(19.474)
Granisle (RS2P)	20.424	2.016	N/A	22.440	3.104	(0.140)	(0.011)	2.953	(19.487)

Table 5

**Pacific Northern Gas Ltd and Pacific Northern Gas (N.E.) Ltd
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission**

Comparison of Forward Natural Gas Price Strips

	Avg. of 5 days Ending November 18, 2022 ⁽¹⁾	Avg. of 5 days Ending February 17, 2023		Avg. of 5 days Ending November 18, 2022 ⁽¹⁾	Avg. of 5 days Ending February 17, 2023	
	STATION #2	STATION #2		AECO	AECO	
	CDN\$/GJ	CDN\$/GJ	Difference	CDN\$/GJ ⁽¹⁾	CDN\$/GJ	Difference
Jan-23	6.1501		(6.1501)	Jan-23	7.8665	(7.8665)
Feb-23	5.8363		(5.8363)	Feb-23	7.4457	(7.4457)
Mar-23	4.9121		(4.9121)	Mar-23	6.1337	(6.1337)
Apr-23	3.7379	0.9768	(2.7611)	Apr-23	4.8372	1.8968 (2.9404)
May-23	3.7068	1.1773	(2.5295)	May-23	4.6053	2.0973 (2.5080)
Jun-23	3.8115	1.4159	(2.3956)	Jun-23	4.6638	2.3359 (2.3279)
Jul-23	3.9233	1.6383	(2.2850)	Jul-23	4.7084	2.5583 (2.1501)
Aug-23	3.9382	1.6992	(2.2390)	Aug-23	4.6838	2.6192 (2.0646)
Sep-23	3.8624	1.6579	(2.2045)	Sep-23	4.6373	2.5779 (2.0594)
Oct-23	3.9236	1.7498	(2.1738)	Oct-23	4.7132	2.6698 (2.0434)
Nov-23	4.4485	2.5746	(1.8739)	Nov-23	5.1133	2.7796 (2.3337)
Dec-23	4.8729	3.0445	(1.8284)	Dec-23	5.4079	3.2495 (2.1584)
Jan-24		3.3338	3.3338	Jan-24		3.5388 3.5388
Feb-24		3.1691	3.1691	Feb-24		3.3741 3.3741
Mar-24		2.6774	2.6774	Mar-24		2.8824 2.8824
Average	4.4270	2.0929	(2.3341)	Average	5.4013	2.7150 (2.6864)

⁽¹⁾ The average of 5 days forward strip ending Nov. 18, 2022 provides a proper comparison as the gas cost rates were last revised for PNG-West, Fort St. John/Dawson Creek and Tumbler Ridge effective January 1, 2023.

Table 6

**Pacific Northern Gas Ltd and Pacific Northern Gas (N.E.) Ltd
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission**

Comparison of Forward Propane Cost Price Strips

	Avg. of 5 days Ending November 18, 2022 ⁽¹⁾	Avg. of 5 days Ending February 17, 2023		Avg. of 5 days Ending November 18, 2022 ⁽¹⁾	Avg. of 5 days Ending February 17, 2023	
	Forward Strip CDN\$/L ⁽²⁾	Forward Strip CDN\$/L ⁽²⁾	Difference	Forward Strip CDN\$/GJ ⁽²⁾	Forward Strip CDN\$/GJ ⁽²⁾	Difference
Jan-23	0.5258		(0.5258)	Jan-23	20.5471	(20.5471)
Feb-23	0.5341		(0.5341)	Feb-23	20.8714	(20.8714)
Mar-23	0.5228		(0.5228)	Mar-23	20.4299	(20.4299)
Apr-23	0.4781	0.4411	(0.0370)	Apr-23	18.6831	17.2376 (1.4455)
May-23	0.4588	0.4410	(0.0178)	May-23	17.9289	17.2337 (0.6952)
Jun-23	0.4630	0.4418	(0.0212)	Jun-23	18.0930	17.2661 (0.8269)
Jul-23	0.4657	0.4418	(0.0239)	Jul-23	18.1985	17.2638 (0.9347)
Aug-23	0.4759	0.4571	(0.0188)	Aug-23	18.5971	17.8628 (0.7343)
Sep-23	0.4925	0.4775	(0.0150)	Sep-23	19.2458	18.6612 (0.5846)
Oct-23	0.5328	0.5171	(0.0157)	Oct-23	20.8206	20.2079 (0.6127)
Nov-23	0.5610	0.5483	(0.0127)	Nov-23	21.9226	21.4267 (0.4959)
Dec-23	0.5367	0.5718	0.0351	Dec-23	20.9730	22.3431 1.3701
Jan-24		0.5783	0.5783	Jan-24		22.5995 22.5995
Feb-24		0.5867	0.5867	Feb-24		22.9261 22.9261
Mar-24		0.5670	0.5670	Mar-24		22.1563 22.1563
Average	0.5039	0.5058	0.0019		19.6926	19.7654 0.0728

⁽¹⁾ The November 18, 2022 forward strip provides a proper comparison as the propane gas cost rates were last revised as of January 1, 2023 based on this propane cost forward strip received from our propane supplier.

⁽²⁾ Price includes supplier markup of \$0.1202/L.

Table 7

**Pacific Northern Gas Ltd and Pacific Northern Gas (N.E.) Ltd
1st Quarter 2023 Gas Cost Report to the British Columbia Utilities Commission
Comparison of Company Use Gas Costs
Effective as of April 1, 2023 and Calculated Consolidated Proposed Rates**

	Indicative April 1'23	Consolidated Proposed Rates⁽¹⁾
<u>PNG-West</u>		
Co. Use Gas Cost	\$ 839,300	\$ 846,527
Co. Use Requirement (GJ)	\$ 165,784	\$ 165,784
Gas Deliveries (GJ)	\$ 6,018,929	\$ 6,018,929
Co. Use Delivery Rate \$/GJ	\$ 0.139	\$ 0.141
Co. Use Commodity Price \$/GJ	\$ 2.621	\$ 2.740
<u>PNG (N.E.) - Fort St. John/Dawson Creek</u>		
Co. Use Gas Cost	\$ 208,851	\$ 227,957
Co. Use Requirement (GJ)	\$ 64,398	\$ 64,398
Gas Deliveries (GJ)	\$ 4,348,171	\$ 4,348,171
Co. Use Delivery Rate \$/GJ	\$ 0.048	\$ 0.052
Co. Use Commodity Price \$/GJ	\$ 2.518	\$ 2.740
<u>PNG-(N.E.) - Tumbler Ridge</u>		
Co. Use Gas Cost	\$ 59,376	\$ 53,368
Co. Use Requirement (GJ)	\$ 8,382	\$ 8,382
Gas Deliveries (GJ)	\$ 140,327	\$ 140,327
Co. Use Delivery Rate \$/GJ	\$ 0.423	\$ 0.380
Co. Use Commodity Price \$/GJ	\$ 3.681	\$ 2.740

¹ This column is based on the average of the 5 days ending February 17, 2023 forward gas price strip.

Appendix F Stakeholder Outreach Materials

Appendix F.1

Gas Cost Consolidation Communications Plan October 11, 2022 – D1

Approach

IT Support

- Secure virtual town hall service provider
 - Investigating Microsoft Teams capabilities; booked demo with [Broadnet Virtual Live](#)
- Create a project email:
 - GasCostConsolidation@png.ca

Website

- URL: [Proposed Gas Cost Consolidation – Pacific Northern Gas \(png.ca\)](#)
- Create new web page, Proposed Gas Cost Consolidation. Navigation:
 - About Us > Regulatory > Proposed Gas Cost Consolidation
- Web page content will contain:
 - Overview copy weaving in key messaging
 - Q&A
 - Smart energy solutions content
 - Feedback form, closes after two weeks
 - Information session joining information/registration
 - Slide deck (following information sessions)
- Digital display advertising will point to the website

Invitation and Registration

- Prepare information email invitation
- Oversee registrations
 - Ask to register, make joining information available so registration not required

Media Relations

- Considering the low impact to most customers, media outreach is not necessary.
- Respond to reactive media requests

Advertising/Promotion

- Digital Display Ads
 - Ads will run across Glacier and Blackpress outlets, geotargeted to PNG's service territories
 - Budget for is based on the number of impressions, and type:
 - Recommended standard display versus premium display
 - For standard placement at 125,000 impressions
 - Ads include premium leaderboard 3:1, big box 1:2, and large persistent mobile banner types
- Print Ads
 - Print ads not recommended
- Social media campaign on Facebook (primary) and Twitter
 - Content to follow look and feel of digital advertising campaign
 - Push to web page for more info
 - Geotargeted Facebook boosting across with campaign goal of website visits

Appendix G.1

Post-Session To-Do's

- Consolidate/summarize feedback received for inclusion with application
- Update web copy
- Close feedback period, archive form

Rollout of Key Action Items

- Based on November 9 and November 10 Information Sessions timing, and 2-week advertising period
- **ADD IN Smart Energy Solutions Fact Sheet**
- **ADD IN Social Media content**

Actioned Items

- Selected and coordinated with the virtual community information session technology provider
- Created, and monitor on an ongoing basis, project email, GasCostConsolidation@png.ca
- Created and updated new project webpage, <https://png.ca/about-png/proposed-gas-cost-consolidation/>
 - Background information
 - Smart energy solutions information
 - Feedback form
 - Townhall joining information/registration
 - Slide deck (following town halls)
- Developed notification and post on PNG's website's home page and news section, <https://png.ca/news/png-hosts-community-information-sessions/>
- Developed and issued stakeholder email invitation
- Provided PNG's Customer Care Centre with information on Gas Cost Consolidation
- Conducted 11-day digital advertising campaign geo-targeted to all of PNG's service areas advertising virtual community information session
 - Achieved 85,919 impressions
- Posted about the virtual community information sessions on Twitter and Facebook; apply geo-targeted boosting on Facebook across PNG's service territories
 - Resulted in 74,735 impressions
- Developed virtual community information session
- Developed feedback form
- Distributed event reminder email to registered attendees
- Announced Gas Cost Consolidation project internally
- Conducted virtual community information session
- Made information session deck available on the Gas Cost Consolidation website following session
- Closed feedback form and gathered data

Gas Cost Consolidation Web Copy October 27, 2022 – Final

Navigation

New page under About Us > Regulatory > Proposed Gas Cost Consolidation

Heading

Proposed Gas Cost Consolidation

Banner



Web Copy

About the Proposed Gas Cost Consolidation

Since 1968, PNG has safely and reliably delivered natural gas to our valued customers throughout northern B.C.

PNG's pipeline systems and infrastructure deliver gas to heat to homes and businesses in the communities we serve. We operate effectively and efficiently, working hard to keep our costs low and to keep rates stable and fair.

In response to customer feedback and direction from our regulator, the British Columbia Utilities Commission (BCUC), PNG has evaluated new pricing methods for allocating gas costs to our customers.

As a result of that process, PNG now proposes to consolidate gas costs across our five service areas: PNG West, Granisle, Dawson Creek, Fort St. John and Tumbler Ridge.

Today, customers in each service area pay a different price for gas. Under our proposal, customers will pay the same price. We believe this proposed gas cost consolidation will provide customers with the right balance of pricing simplicity, fairness and efficiency. Other utilities in British Columbia also have consolidated commodity charges.

Moving to consolidated gas costs will result in modest bill reductions for most residential and small commercial customers. For example, a residential customer in PNG West, Dawson Creek and Fort St. John will see an average annual bill reduction of

Appendix F.2

approximately 1%. This equates to bill savings of about \$10 to \$20 per year, depending on the size of the home. Customers in Granisle and Tumbler Ridge will see larger bill reductions because they currently pay much higher prices for gas. A limited number of large commercial and small industrial customers in all service areas will see a modest bill increase of approximately 1% to 3%.

For more information, please see the resources below and **sign up to attend one of our virtual community information sessions on November 9 or November 10, 2022.**

Understanding How Rates are Set

PNG's rates are regulated by the BCUC, an independent regulatory body that sets rates for energy utilities in British Columbia.

Natural gas and propane are energy commodities traded on the open market like other commodities, such as wheat, coffee or lumber. As with most commodities, the market price is primarily driven by supply and demand. When demand is high and supply is low, the price typically rises. When demand is low and supply is high, the price typically drops.

PNG buys gas on behalf of our customers. We pass on these direct costs to you without markup. Simply put, **you pay what we pay.**

The gas commodity charge on your bill is made up of three parts:

- the market cost of buying gas;
- the delivery cost of transporting the gas from market to each PNG service area;
- and the cost of storage to ensure the gas is available when you need it.

PNG consolidates these gas costs into a single \$/GJ charge, called the Commodity Charge on your bill. This charge on your bill reflects the actual cost of gas you've consumed during each billing period.

The BCUC approves the pricing methodologies we use to allocate total energy commodity costs to customers. Because the cost of gas fluctuates with changes in market prices, the Commodity Charge rate on your bill can go up and down.

Currently, PNG's pricing methodology allocates gas commodity costs based on service territory, as well as by rate class. Consolidating gas costs would provide all customers in the same rate class with the same rate for the same service, regardless of where that customer is located within our system.

The other main component of your bill is the Delivery Charge. The Delivery Charge covers the costs of operating and maintaining PNG's natural gas pipeline system to deliver safe and reliable gas service to your home or business. No changes are being proposed to the delivery charge at this time. PNG plans to engage with the public on this topic in 2023.

Appendix F.2

Go to [Understanding Rates](#) for more information on how rates are set.

Impacts to Customers

The impacts of consolidating gas costs will vary depending on a customer's location (service territory) and by rate class (i.e., residential, commercial or industrial).

Moving to consolidated gas costs will result in modest bill reductions for most residential and small commercial customers in the PNG West, Dawson Creek and Fort St. John service areas. For example:

- Residential customers will see an average bill reduction in the range of 0.8% to 1.2% per year, for a typical annual savings of approximately \$10 to \$20.
- Small commercial customers will see an average bill reduction in the range of 0.7% to 1.0%, for a typical annual savings of approximately \$45 to \$60.

Customers in Granisle and Tumbler Ridge—who currently pay the highest rates due to the higher costs of serving energy to these communities—will see larger bill reductions. For example:

- In Tumbler Ridge:
 - Residential customers will see an average bill reduction of 3.2%, for a typical annual savings of approximately \$50.
 - Small commercial customers will see an average bill reduction of 3.8%, for a typical annual savings of approximately \$250.
- In Granisle, which has a population of just over 300 people and is served entirely by propane:
 - Residential customers will see an average bill reduction of 45.3%, for a typical annual savings of approximately \$650.
 - Small commercial customers will see an average bill reduction of 48.4%, for a typical annual savings of approximately \$2,350.

Bill savings are higher in Granisle because of the price difference between natural gas and propane, with propane being more expensive

Large commercial customers across PNG's service areas will see modest bill changes, ranging from an average 4.2% bill decrease in Tumbler Ridge to a 0.8% bill increase in PNG West, and a 1.1% bill increase in Dawson Creek and Fort St. John.

Small industrial customers across PNG's services areas will see modest bill changes, ranging from an average 0.1% bill increase in Dawson Creek, 0.2% average bill increase in Fort St. John, to a 1.1% average bill increase in PNG West.

PNG has a robust set of Smart Energy Solutions rebates and incentive offers available to business customers to help use less energy and save money, mitigating bill impacts. Visit our [Smart Energy Solutions](#) page to learn more about current offers. We recommend checking our website before planning any upgrades, as the Smart Energy Solutions page will be updated as new offers become available.

How Consolidated Gas Rates Work

PNG's current pricing methodology allocates gas commodity costs based on service territory, as well as by rate class. PNG's proposed pricing methodology removes location as a factor in allocating gas costs.

Consolidated gas cost rates, also known as "postage stamp rates", will provide all customers in the same rate class with the same rate for the same service, regardless of where that customer is located within our system.

This method of cost is common to gas and electricity utilities, including FortisBC and BC Hydro, and is used in most jurisdictions across North America.

PNG believes that consolidating gas costs will provide customers with the right balance of pricing simplicity, fairness and efficiency.

Virtual Community Information Sessions

PNG is committed to engaging with customers and stakeholders. We seek your feedback on our proposal to consolidate gas costs across service areas.

PNG is hosting two virtual community information sessions:

- Wednesday, November 9, 2022, 1:00pm – 2:00pm PST
- Thursday, November 10, 2022, 7:30pm – 8:30pm PST

To join a virtual community information session, [\[insert info\]](#).

Please register to attend by clicking on the link below.

[\[Insert website integration registration\]](#)

For more information on the proposed Gas Cost Consolidation, you can also read our Frequently Asked Questions [\[hyperlink to PDF\]](#).

Engagement and More Information

In addition to attending virtual community sessions, you can provide feedback or request more information:

- Complete our online [Feedback Form](#) from now until November 24, 2022
- Ask a question or provide your feedback by email at GasCostConsolidation@png.ca

Timelines

Appendix F.2

PNG is conducting this public and stakeholder engagement to support an application to the British Columbia Utilities Commission by December 2022.



Proposed Gas Cost Consolidation Frequently Asked Questions Updated October 2022

Why is PNG proposing to consolidate gas rates?

Since 1968, PNG has safely and reliably delivered natural gas to our valued customers throughout northern B.C.

PNG's pipeline systems and infrastructure deliver heat to homes and businesses in the communities we serve. We operate effectively and efficiently, working hard to keep our costs low and to keep rates stable and fair.

In response to customer feedback and direction from our regulator, the British Columbia Utilities Commission (BCUC), PNG has evaluated new pricing methods for allocating gas costs to our customers.

As a result of that process, PNG now proposes to consolidate gas costs across our five service areas: PNG West, Granisle, Dawson Creek, Fort St. John and Tumbler Ridge.

Today, customers in each service area pay a different price for gas. Under our proposal, customers will pay the same price. We believe this proposed gas cost consolidation will provide customers with the right balance of pricing simplicity, fairness and efficiency.

How will residential customers be impacted?

Moving to consolidated gas costs will result in modest bill reductions for most residential customers.

In the PNG West, Dawson Creek and Fort St. John service areas, residential customers will see an average bill reduction in the range of 0.8% to 1.2% per year, for a typical annual savings of approximately \$10 to \$20.

Customers in Granisle and Tumbler Ridge—who currently pay the highest rates due to the higher costs of serving energy to these communities—will see larger bill reductions.

- In Tumbler Ridge, residential customers will see an average bill reduction of 3.2%, for a typical annual savings of approximately \$50.
- In Granisle, which has a population of just over 300 people and is served entirely by propane, residential customers will see an average bill reduction of 45.3%, for a typical annual savings of approximately \$650. Bill savings are higher in Granisle because of the price difference between natural gas and propane, with propane being much more expensive.



How will business customers be impacted?

The impacts of consolidating gas costs will vary depending on a customer's location (service territory) and by rate class (i.e., commercial or industrial).

Moving to consolidated gas rates will result in modest bill reductions for most small commercial customers in the PNG West, Dawson Creek and Fort St. John service areas. These small commercial customers will see an average bill reduction in the range of 0.7% to 1.0%, for a typical annual savings of approximately \$45 to \$60.

Small commercial customers in Granisle and Tumbler Ridge—who currently pay the highest rates—will see larger bill reductions.

- In Tumbler Ridge, small commercial customers will see an average bill reduction of 3.8%, for a typical annual savings of approximately \$250.
- In Granisle, small commercial customers will see an average bill reduction of 48.4%, for a typical annual savings of approximately \$2,350. Bill savings are higher in Granisle because of the price difference between natural gas and propane, with propane being much more expensive

Large commercial customers across PNG's service areas will see modest bill changes, ranging from an average 4.2% bill decrease in Tumbler Ridge to a 0.8% bill increase in PNG West, and a 1.1% bill increase in Dawson Creek and Fort St. John.

Small industrial customers across PNG's services areas will see modest bill changes, ranging from an average 0.1% bill increase in Dawson Creek, 0.2% average bill increase in Fort St. John, to a 1.1% average bill increase in PNG West.

What support does PNG provide to help lower my gas bill?

PNG has a robust set of Smart Energy Solutions rebates and incentive offers available to business customers to help use less energy and save money, mitigating bill impacts.

Visit our [Smart Energy Solutions](#) page to learn more about current offers. We recommend checking our website before planning any upgrades, as the Smart Energy Solutions page will be updated as new offers become available.

To what degree will customers in Granisle and Tumbler Ridge be positively impacted?

Tumbler Ridge and Granisle currently experience the highest rates.

Based on rates effective July 1, 2022, the proposed changes would result in the following annual bill differences:

- Tumbler Ridge

- Residential: average an average bill reduction of 3.2%, for typical annual savings of approximately \$50
- Small commercial: average bill reduction of 3.8%, for typical annual savings of approximately \$250
- Large commercial: average bill reduction of 4.2%
- Granisle (propane)
 - Residential: average bill reduction of 45.3%, for a typical annual savings of approximately \$650
 - Small commercial” average bill reduction of 48.4%, for a typical annual savings of approximately \$2,350

There are no large commercial, or industrial, customers in Granisle.

How does PNG currently set commodity gas cost rates?

Natural gas and propane are energy commodities traded on the open market like other commodities, such as wheat, coffee or lumber. As with most commodities, the market price is primarily driven by supply and demand. When demand is high and supply is low, the price typically rises. When demand is low and supply is high, the price typically drops.

PNG buys gas on behalf of our customers. We pass on these direct costs to you without markup. Simply put, **you pay what we pay**.

The gas commodity charge on your bill is made up of three parts:

- the market cost of buying gas;
- the delivery cost of transporting the gas from market to each PNG service area;
- and the cost of storage to ensure the gas is available when you need it.

PNG consolidates these gas costs into a single \$/GJ charge, called the Commodity Charge on your bill. This charge on your bill reflects the actual cost of gas you've consumed during each billing period.

Go to [Understanding Rates](#) for more information on how rates are set.

How are consolidated gas rates different from how gas commodity rates are set today?

Currently, PNG's pricing methodology allocates gas commodity costs based on service territory, as well as by rate class. Consolidating gas costs would provide all customers in the same rate class with the same rate for the same service, regardless of where that customer is located within our system.

Is gas cost consolidation how other utilities set their rates?

Yes. Consolidated gas cost rates (also known as “postage stamp rates”) is a method of cost allocation common to many gas and electricity utilities, including FortisBC and BC Hydro, and is used in jurisdictions across North America.



Will consolidating gas costs impact our delivery charge rates?

No. The proposed gas cost consolidation will not impact the Delivery Charge. The Delivery Charge covers the costs of operating and maintaining PNG's natural gas pipeline system to deliver safe and reliable gas service to your home or business. No changes are being proposed to the Delivery Charge at this time. PNG plans to engage with the public on this topic in 2023.

Appendix F.4

Blackpress

JOIN US

PNG is proposing to consolidate gas costs across all service territories.

Learn more at one of our virtual community information sessions, November 9 or November 10, 2022.

REGISTER NOW

The bottom half of the banner features a photograph of a laptop on a white surface. The laptop screen displays the PNG logo, which consists of the letters 'PNG' in a bold, sans-serif font, followed by a stylized mountain range icon. Below the logo, the text 'PACIFIC NORTHERN GAS' is visible. To the left of the laptop is a glass jar filled with several wooden pencils. The background of the photograph is a light-colored, textured wall.

Glacier

PNG is proposing to consolidate gas costs across all service territories. Learn more at one of our virtual community information sessions, November 9 or November 10, 2022.

REGISTER NOW

The banner includes a small image of a laptop on the left side, displaying the PNG logo. The laptop screen shows the 'PNG' text and the mountain range icon, with 'PACIFIC NORTHERN GAS' written below. The entire banner has a blue background with white text.

Appendix F.5



Pacific Northern Gas Ltd.
750 – 888 Dunsmuir Street
Vancouver, BC V7C 3K4
Phone: 604-691-5680
Fax: 604-697-6210

RE: Proposed Gas Cost Consolidation and Virtual Information Session

Dear Customer,

PNG is proposing to consolidate gas commodity costs by rate class across our five service areas: PNG West, Granisle, Dawson Creek, Fort St. John and Tumbler Ridge.

Currently, customers in each service area pay a different gas commodity charge for gas. Under our proposal, customers would pay the same gas commodity charge.

Consolidating gas costs will provide all customers in the same rate class with the same charge for the same service, no matter where that customer is located within our system.

PNG considers that this gas cost consolidation proposal will provide customers with the right balance of pricing simplicity, fairness and efficiency.

Having common energy rates across PNG's service territory is consistent with the approach taken by other utilities in British Columbia (such as Fortis and BC Hydro) and is responsive to prior customer feedback and direction from our regulator, the British Columbia Utilities Commission.

The proposed change to PNG's cost allocation methodology will result in modest changes to customer bills. Although PNG will collect the same amount of revenue to recover its direct costs of buying, transporting and storing gas, the proposed change will result in some customers paying less and some paying more.

We invite you to join a virtual community information session to learn more!

- Wednesday, November 9, 2022, 1:00pm – 2:00pm PST
- Thursday, November 10, 2022, 7:30pm – 8:30pm PST

To join one of the information sessions, please visit: <https://png.ca/about-png/proposed-gas-cost-consolidation> and press “PLAY” to join the livestream

PNG is committed to engaging with customers and stakeholders on this proposal. We seek and value your feedback. PNG will provide a summary of engagement activities and how your feedback was considered as part of an application to the British Columbia Utilities Commission, planned for filing by year end.

Thank you!



RE: Proposed Gas Cost Consolidation and Virtual Information Session

Message to all PNG employees:

PNG is proposing to consolidate gas commodity costs by rate class across our five service areas: PNG West, Granisle, Dawson Creek, Fort St. John and Tumbler Ridge.

Currently, customers in each service area pay a different gas commodity charge for gas. Under our proposal, customers would pay the same gas commodity charge.

Consolidating gas costs will provide all customers in the same rate class with the same charge for the same service, no matter where that customer is located within our system.

PNG considers that this gas cost consolidation proposal will provide customers with the right balance of pricing simplicity, fairness and efficiency.

Having common energy rates across PNG's service territory is consistent with the approach taken by other utilities in British Columbia (such as Fortis and BC Hydro) and is responsive to prior customer feedback and direction from our regulator, the British Columbia Utilities Commission.

The proposed change to PNG's cost allocation methodology will result in modest changes to customer bills. Although PNG will collect the same amount of revenue to recover its direct costs of buying, transporting and storing gas, the proposed change will result in some customers paying less, while a limited number of large commercial and small industrial customers in all service areas will see a modest bill increase of approximately 1% to 3%.

You are welcome to join our virtual community information session to learn more:

- Thursday, November 10, 2022, 7:30pm – 8:30pm PST

To join the public information session:

- Please visit: <https://png.ca/about-png/proposed-gas-cost-consolidation>
- Then, scroll to the bottom of the page and press "PLAY" to join the livestream

Other ways to participate:

- Complete the feedback form located at the bottom of the web page, <https://png.ca/about-png/proposed-gas-cost-consolidation>
- Provide anonymous feedback by emailing gascostconsolidation@png.ca
- Reach out to myself, Liam Kelly or Dave Keir – we'd be happy to hear your feedback on the proposal and answer any questions you might have

PNG is committed to engaging with customers and stakeholders on this proposal. Many of our employees are PNG customers and we value your feedback.

PNG will provide a summary of engagement activities and how feedback was considered as part of an application to the British Columbia Utilities Commission, planned for filing by year end.

Thank you,

Gordon Doyle
Vice President, Regulatory Affairs, Legal and Gas Supply



PROBLEMS SEEING THIS EMAIL? [VIEW IN BROWSER](#)
[UNSUBSCRIBE](#)

[Pacific Northern Gas](#)
750 - 888 Dunsmuir Street, Vancouver, British Columbia V6C 3K4



Amalgamation & Gas Supply Consolidation

**Peace River Regional District
June 16, 2022**

Confidential draft for review and discussion purposes

PNG Rate Components

PNG Rates are made up of three main components:

- **Basic Monthly Charge** - a standard flat fee charged to all customers. This fee pays a portion of the cost of the facilities required by PNG to deliver gas to its customers
- **Delivery Charges** - cover the costs of maintaining the PNG natural gas system
- **Commodity Charges** - reflect the costs of buying and transporting the gas you consume during a billing period

Rate Design Timeline

GAS COST CONSOLIDATION

- **Q2-Q3 2022** - Engage with stakeholders regarding the consolidation of commodity costs
- **Q3/Q4 2022** - File an application with the BCUC seeking approval of commodity cost consolidation

DELIVERY CHARGE AMALGAMATION

- **Q1 2023** - Engage with stakeholders regarding the possible amalgamation of delivery/monthly charges across PNG service areas
- **Q2/Q3 2023** - File an application with the BCUC seeking approval of the amalgamation of delivery/monthly charges

Service Area Snapshot

- Currently PNG has four separate commodity charges for its various service areas with a large disparity in the costs to customers

Service Area	Number of Customers	Total Deliveries (GJ)	Average Residential Consumption (GJ/yr)	Delivery Charge* (\$/GJ)	Commodity Cost (\$/GJ)	Average Annual Residential Bill
DC / FSJ	20,438	4,067,443	105.5	5.772	4.233	\$1,380
Tumbler Ridge	1,226	146,762	76.4	11.640	5.139	\$1,563
PNG-West	20,565	3,673,502	72.6	13.004	4.596	\$1,554
Granisle (Propane)	134	6,175	40.0	7.522	21.852	\$1,442

**Average of DC / FSJ*

Background

- Natural gas and propane are commodities traded on the open market like other commodities such as oil, coffee or lumber.
- As with most commodities, PNG does not mark up the price it pays for the commodity. Customers pay the price we pay.
- In recent years there has been a move towards aligning rates for all customers in the same rate class within a utility – often referred to as postage stamp rates.
- The BC Utilities Commission has urged PNG to look at opportunities to consolidate rates across its service areas.
- Consolidation will reduce rates significantly for some customers in small service areas with relatively small impacts to customers in the larger areas.

Assumptions

- Comparative costs were effective January 1, 2022
 - Forecast 2022 inputs per Amended Revenue Requirements Application
 - PNG has recently applied for increased commodity charges, effective July 1
- Preliminary values presented are subject to change

Scenario Alternatives: Gas Commodity Cost Consolidation

PNG has evaluated two alternative methodologies for consolidating gas commodity rates across its service areas:

Scenario 1 - Continues the current practice of **allocating Midstream** (transportation and storage) costs **across individual service areas** based on the proportion of their individual projected peak day gas contribution to the total projected peak day requirement. Physical gas purchase costs are captured in a common pool.

Scenario 2 - **Midstream costs are pooled** for all service areas and allocated based on the proportion their projected peak day contributes to the total consolidated peak day. Physical gas purchase costs are captured in a common pool.

Scenario 1

Gas Commodity Cost Consolidation (Allocated Midstream)

Scenario 1 – Residential

	Effective Jan. 1, 2022		Proposed Changes		
Service Area	Delivery Charge* (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge* (\$/GJ)	Commodity Cost (\$/GJ)	Annual Bill Difference (\$ %)
DC / FSJ	5.772	4.233	5.772	4.190	(4) -0.3%
Tumbler Ridge	11.640	5.139	11.640	4.014	(92) -6%
PNG-West	13.004	4.596	13.004	4.615	2 0.3%
Granisle (Propane)	7.522	21.852	13.004	4.014	(485) -34%

**Average of DC / FSJ*

Scenario 1 – Small Commercial

	Effective Jan. 1, 2022		Proposed Changes		
Service Area	Delivery Charge* (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge* (\$/GJ)	Commodity Cost (\$/GJ)	Annual Bill Difference (\$ %)
DC / FSJ	4.173	4.245	4.173	4.183	(27) -0.5%
Tumbler Ridge	9.136	5.139	9.136	4.014	(403) -7%
PNG-West	10.921	4.419	10.921	4.526	35 0.6%
Granisle (Propane)	7.522	21.852	13.004	4.014	(1,725) -36%

**Average of DC / FSJ*

Scenario 2

Gas Commodity Cost Consolidation (Pooled Midstream)

Scenario 2 – Residential

	Effective Jan. 1, 2022		Proposed Changes		
Service Area	Delivery Charge* (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge* (\$/GJ)	Commodity Cost (\$/GJ)	Annual Bill Difference (\$ %)
DC / FSJ	5.772	4.233	5.772	4.370	15 1%
Tumbler Ridge	11.640	5.139	11.640	4.370	(59) -4%
PNG-West	13.004	4.596	13.004	4.370	(16) -1%
Granisle (Propane)	7.522	21.852	13.004	4.370	(471) -33%

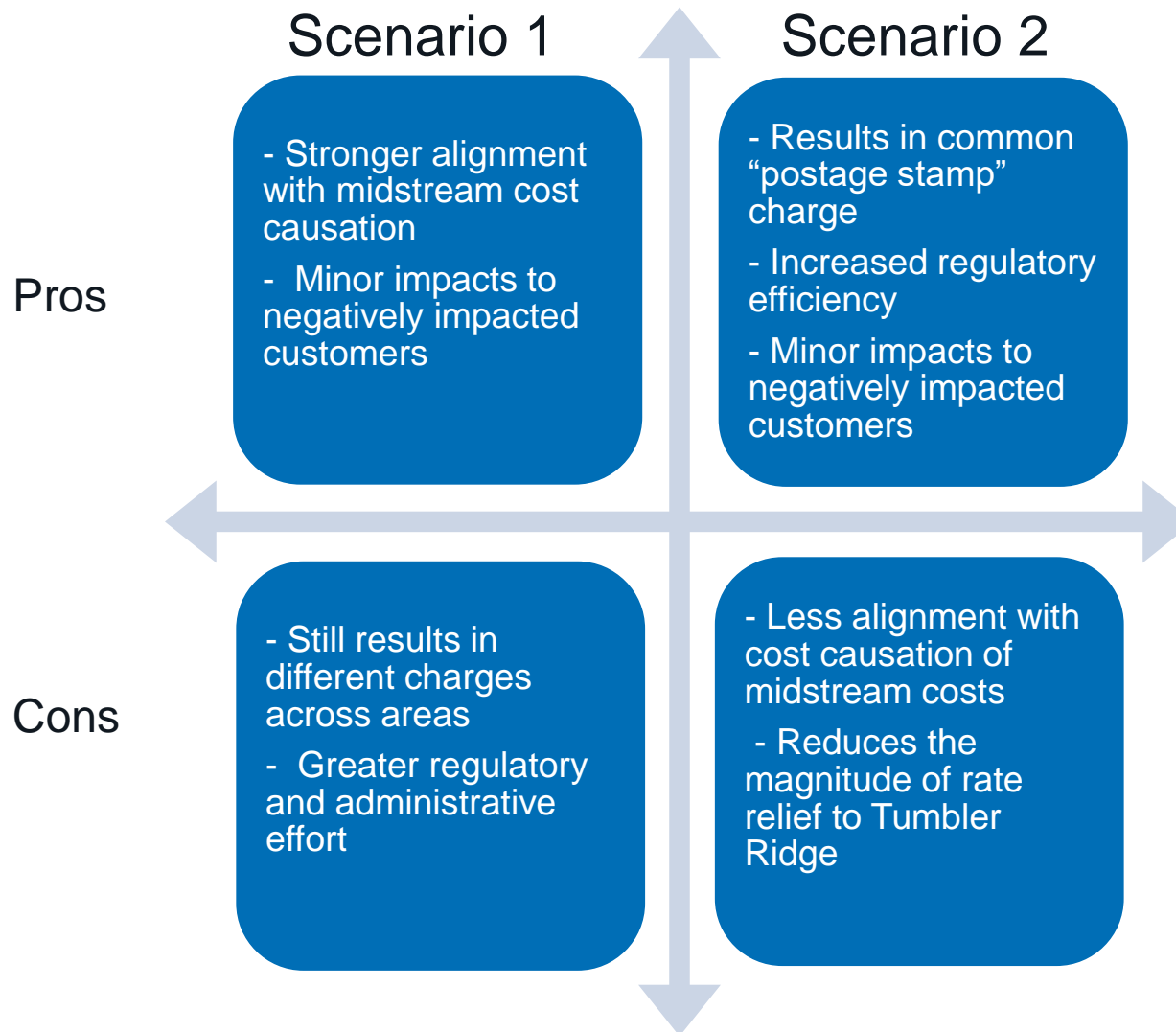
*Average of DC / FSJ

Scenario 2 – Small Commercial

	Effective Jan. 1, 2022		Proposed Changes		
Service Area	Delivery Charge* (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge* (\$/GJ)	Commodity Cost (\$/GJ)	Annual Bill Difference (\$ %)
DC / FSJ	4.173	4.245	4.173	4.358	54 1%
Tumbler Ridge	9.136	5.139	9.136	4.358	(262) -5%
PNG-West	10.921	4.419	10.921	4.358	(18) -0.3%
Granisle (Propane)	7.522	21.852	13.004	4.358	(1,676) -35%

*Average of DC / FSJ

Pros and Cons Analysis



Next Steps

- Continue Engagement
- Incorporate feedback
- File application seeking approval of commodity cost consolidation with the BCUC in late Q3 or Q4 of 2022



Appendix G Village of Granisle Letter of Support

November 21st, 2022

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

RE: PACIFIC NORTHERN GAS LTD. PROPOSED GAS COST CONSOLIDATION

Dear Sir/Madam:

On behalf of the Village of Granisle and our 337 residents, we are extremely excited to support the proposed gas cost consolidation before you for consideration.

Earlier this year, our community reached out to Pacific Northern Gas (PNG) and expressed our strong concern regarding the excessive costs our residents were receiving on their monthly billings. They responded to our concerns by providing an "Energy saving kit" as an interim measure to help their PNG customers reduce the costs.

PNG further reassured our community they would also be looking at a more fair and balanced cost scenario, reflecting similar models throughout the province. This proposal addresses our community concerns and shows both a concerted and genuine effort by PNG in their response to the Village of Granisle and transcends far beyond simple "lip service."

Our community demographic consists of a 70% senior population, most on a fixed or limited monthly income. We continue to see an unbalanced and unfair billing model, which increases both stress and hardship to our residents.

Our community has participated in the Community Informative sessions recently offered by PNG. We are cautiously optimistic the BC Utility Commission will recognize the merit in moving forward with the approval process in an expeditious and timely manner.



VILLAGE OF GRANISLE

 Fax: 1 888 335 4682

 Phone: 250 697 2248

 Email: general@villageofgranisle.ca

We, as Council, look forward to your favorable response on this new and improved Gas Cost Consolidation model.

Sincerely

A handwritten signature in blue ink, appearing to read "Linda McGuire", is written over the word "Sincerely".

Linda McGuire

Mayor

cc: Pacific Northern Gas Ltd.

Ministry of Energy, Mines and Low Carbon Innovation

MLA John Rustad

Appendix H 2022 Information Session Presentation

Proposed Gas Cost Consolidation Project

November 9 and 10, 2022

PARTICIPATE VIA:

AUDIO

Toll-free phone at 833-380-0704

VISUAL

Online via the online streaming player at
<https://png.ca/about-png/proposed-gas-cost-consolidation>



Welcome to Our Public Information Session

YOUR PNG HOSTS

Gordon Doyle

VP Regulatory Affairs, Legal & Gas Supply

David Keir

Director, Business Development
and Stakeholder Relations

Liam Kelly

Regulatory Advisor

AGENDA

- About PNG
- Overview of the Proposal
- Understanding How Rates are Set
- Impacts
- Smart Energy Solutions
- Timelines and Participation

About PNG

OPERATING IN BC FOR 50+ YEARS

- Since 1968, PNG has safely and reliably delivered natural gas to our valued customers throughout northern BC
- 42,000+ residential, commercial and industrial customers in 16 communities
- We operate effectively and efficiently, working hard to keep our costs low and to keep your rates stable and fair
- PNG's pipeline systems and infrastructure deliver gas to heat your homes and businesses



Our Infrastructure



PNG OWNS AND OPERATES:

- A natural gas transmission and distribution system in west-central B.C.
- Natural gas processing, transmission and distribution systems in northeast B.C.
- Approximately 1,200 km of transmission pipelines, 3,000 km of distribution mains and service lines

PNG Service Areas



What is a Commodity Charge?

COMMODITY CHARGES:

- Reflect the amount of gas you've consumed during your billing period

COMMODITY RATES:

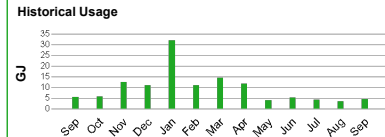
- Respond to the fluctuating market price of gas
- Contains no markup
 - Costs are passed on to customers
 - You pay what we pay

Current Charges	
Basic Charges	
Aug 12 to Sep 15	\$12.37
Delivery Charges	
Delivery Charge	
4.43 GJ @ \$13.18/GJ - Aug 12 to Sep 15	\$58.39
Company Use Delivery Rider	
4.43 GJ @ \$0.0001/GJ - Aug 12 to Sep 15	\$0.01
Company Delivery Rider	
4.43 GJ @ \$0.3337/GJ - Aug 12 to Sep 15	\$1.48
Commodity Charges	
Commodity Charge	
4.43 GJ @ \$6.657/GJ - Aug 12 to Sep 15	\$29.49
CGVA Commodity Rider	
4.43 GJ @ \$0.281/GJ - Aug 12 to Sep 15	\$1.24
Innovative Clean Energy Fund @ 0.4% *	\$0.40
Carbon Tax	
4.43 GJ @ \$2.5588/GJ - Aug 12 to Sep 15	\$11.34
Sub Total	\$111.76
Goods and Services Tax @ 5%	\$5.57
*Items are GST Exempt	
Total Current Charges	\$117.33

Payments	
Sep 15, 2022 Thank you!	\$88.74 CR

Usage A (Actual), E (Estimate)						
Meter	Read Dates		Days	Meter Reading		Type
	From	To		From	To	
713466	Aug 12	Sep 15	35	9633	9667	A

Usage	X	Volume to Energy Conversion Factor	=	(GJ)
34		0.13028		4.43



Overview of the Proposed Gas Cost Consolidation

SIMPLIFYING PRICING METHODOLOGY:

- Responds to customer feedback and direction from BCUC
- PNG proposes to consolidate gas costs across our 5 service areas
- Today, customers pay a different price
- Under our proposal, customers will pay the same price



How Commodity Rates Are Set



YOU PAY WHAT WE PAY:

- Natural gas and propane are energy commodities traded on the open market
- The market price is primarily driven by supply and demand
- **We pass on costs with no markup**
- Cost of gas fluctuates with changes in market prices

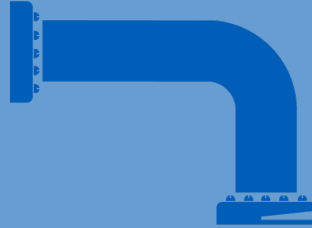
Commodity Rate Components

THE GAS COMMODITY CHARGE HAS 3 KEY PARTS:



Market Gas Cost:

to purchase gas for
our customers



Transportation Cost:

to bring gas from
market to service area

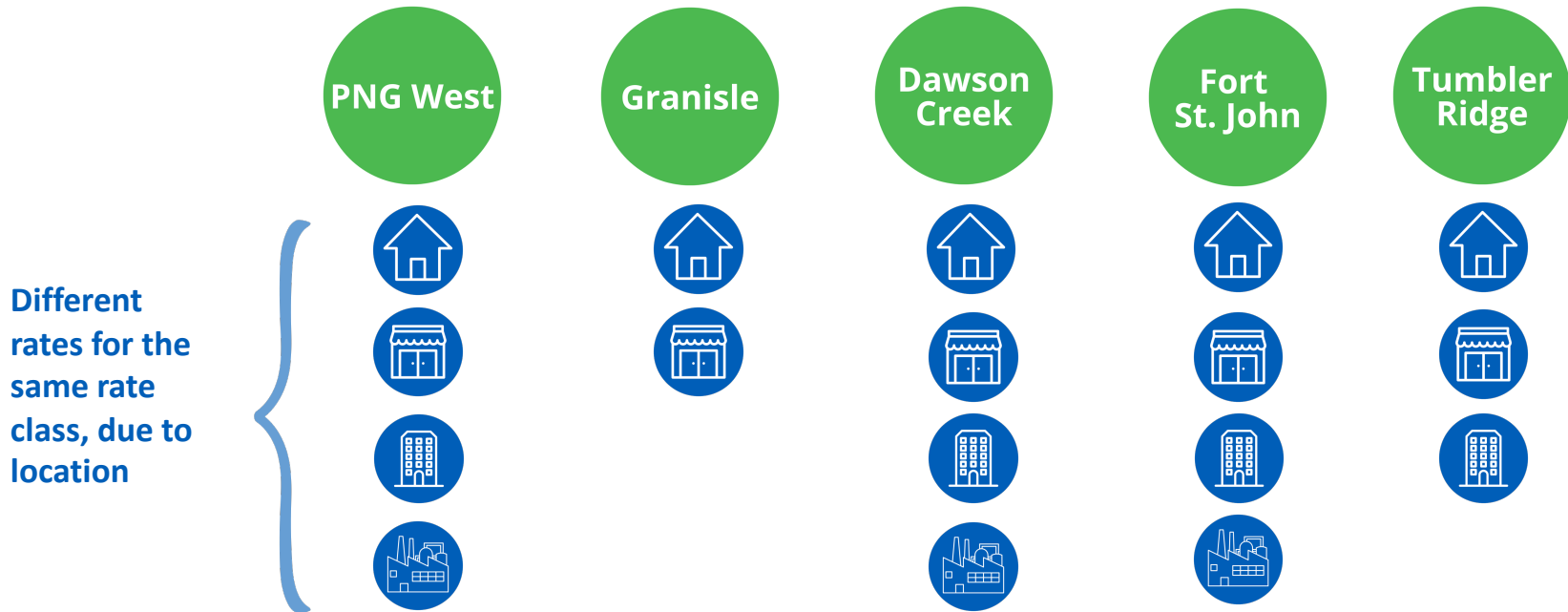


Storage Cost:

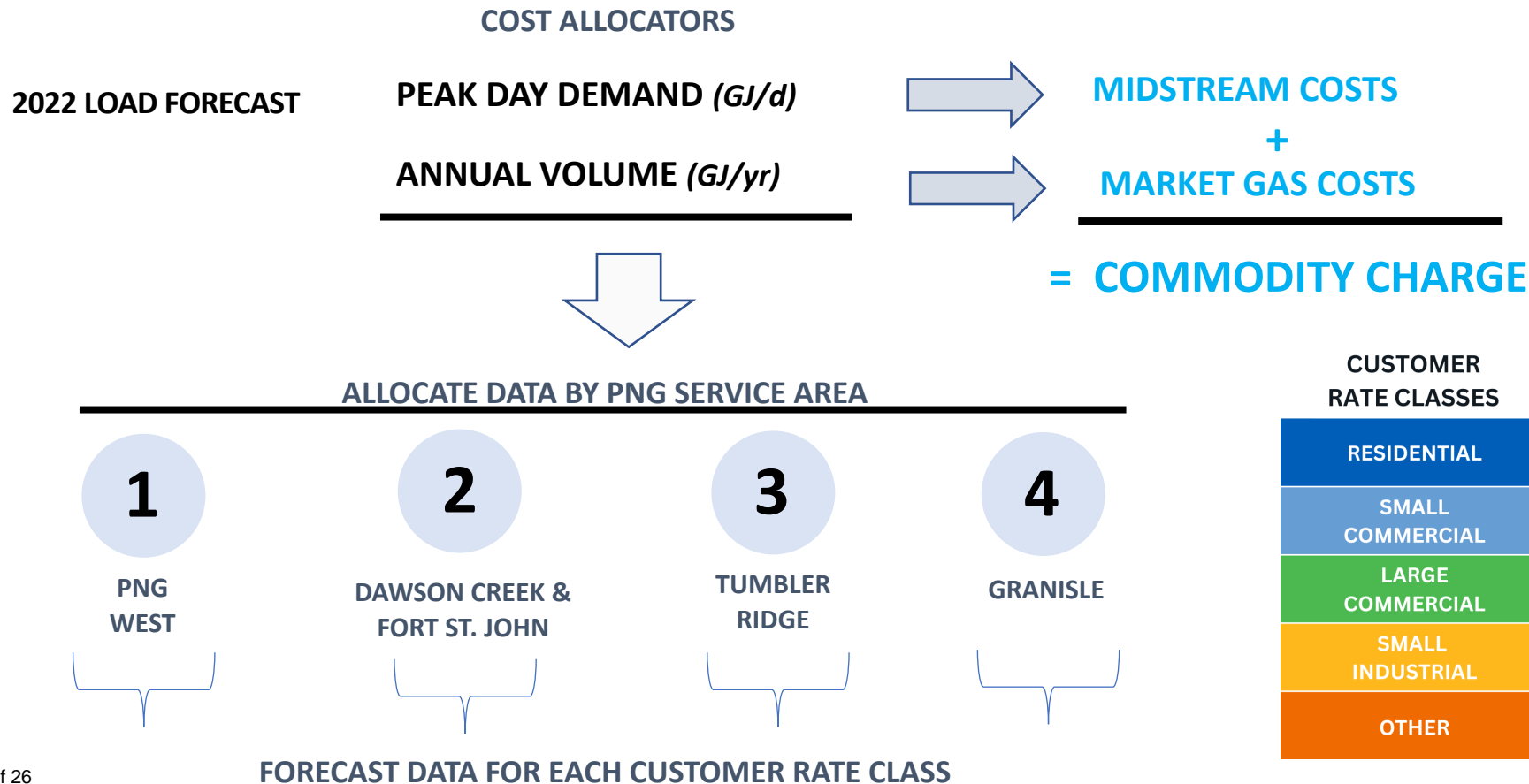
to ensure supply is
available when needed

Current Method: Different Rates

Gas commodity costs are allocated based on service territory, as well as by rate class.



Methodology – Key Elements Explained



Service Area Snapshot

Service Area	Number of Customers	Total Deliveries (GJ)	Average Residential Consumption (GJ/yr)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)
Dawson Creek	7,376	1,325,892	102.7	5.695	6.498
Fort St. John	13,062	2,741,549	108.3	5.893	6.498
Tumbler Ridge	1,226	146,762	76.4	11.638	7.099
PNG-West	20,674	3,672,547	72.6	12.989	6.657
Granisle (Propane)	134	6,175	40.0	7.514	22.944

Proposed Method: Same Rates

All customers in the same rate class have the same commodity rate for the same service, regardless of location

Same rates
for the same
rate class



Residential –
RS1



Small commercial –
RS2



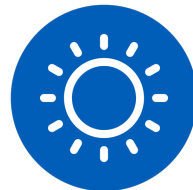
Large commercial
(firm) – RS3



Small Industrial –
RS4



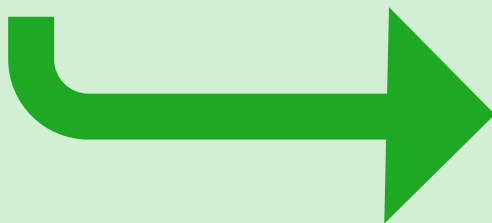
Large commercial
(interruptible) – RS5



Seasonal off-peak –
RS6

Key Assumptions

- Comparative costs effective July 1, 2022
- Forecast 2022 inputs per Amended 2022 Revenue Requirements Application
 - Peak daily demand: GJ per day
 - Annual use: GJ per year
 - Consolidate data by rate class



CUSTOMER RATE CLASSES

RESIDENTIAL

SMALL
COMMERCIAL

LARGE
COMMERCIAL

SMALL
INDUSTRIAL

OTHER

Residential Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	5.695	6.498	5.695	6.372	(13) -0.8%
Fort St. John	5.893	6.498	5.893	6.372	(14) -0.8%
Tumbler Ridge	11.638	7.099	11.638	6.372	(56) -3.2%
PNG-West	12.989	6.657	12.989	6.372	(21) -1.2%
Granisle (Propane)	7.514	22.944	7.514	6.372	(663) -45.3%

Small Commercial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	3.918	6.484	3.918	6.357	(60) -1.0%
Fort St. John	4.455	6.484	4.455	6.357	(58) -0.9%
Tumbler Ridge	9.132	7.099	9.132	6.357	(249) -3.8%
PNG-West	10.908	6.509	10.908	6.357	(48) -0.7%
Granisle (Propane)	7.514	22.944	7.514	6.357	(2,357) -48.4%

Large Commercial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	2.759	6.227	2.759	6.360	1,209 1.1%
Fort St. John	3.307	6.227	3.307	6.360	1,991 1.1%
Tumbler Ridge	7.482	7.099	7.482	6.360	(6,651) -4.2%
PNG-West	8.719	6.509	8.719	6.360	(5,890) -0.8%

Small Industrial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	2.266	6.107	2.266	6.124	612 0.1%
Fort St. John	1.998	6.107	1.998	6.124	869 0.2%
PNG-West	3.884	5.984	3.884	6.124	9,717 1.1%

PNG West Other Customers Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Commercial Interruptible	5.322	5.711	5.322	5.962	2,887 1.8%
Seasonal Off-Peak	7.738	5.586	7.738	6.165	1,930 3.4%

Impacts Summary

Rate Class	PNG West	Dawson Creek	Fort St. John	Tumbler Ridge	Granisle
Residential – RS1	-1.2%	-0.8%	-0.8%	-3.2%	-45.3%
Small commercial – RS2	-0.7%	-1.0%	-0.9%	-3.8%	-48.4%
Large commercial (firm) – RS3	-0.8%	1.1%	1.1%	-4.2%	
Small Industrial – RS4	1.1%	0.1%	0.2%		
Large commercial (interruptible) – RS5	1.8%				
Seasonal off-peak – RS6	3.4%				

Balancing Fairness & Efficiency



BENEFITS TO CUSTOMERS:

- Consolidated gas costs provide the right balance of:
 - ✓ Pricing simplicity
 - ✓ Fairness
 - ✓ Efficiency
- Consistent with other BC utilities
- Modest bill reductions for most customers

Smart Energy Solutions: Use Less, Save More

Commercial Efficient HVAC Controls Program



Up to \$3,250 in incentives

Commercial Custom Controls Program



Incentives that cover up to 25 percent of the cost

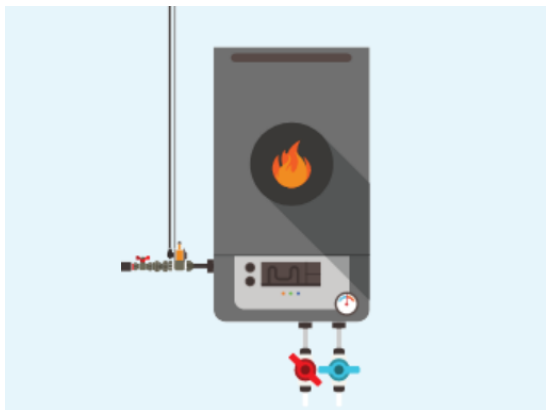
Commercial Efficient Kitchens Program



Assistance to help save on hot water costs

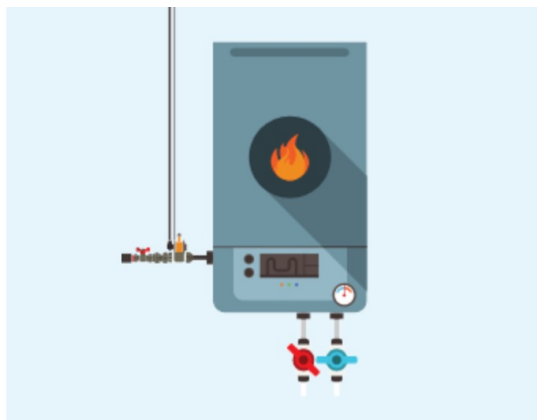
Smart Energy Solutions: Use Less, Save More

Energy Efficient Boiler Replacement Rebate



**Rebates up to
\$11,000**

Commercial Custom Controls Program



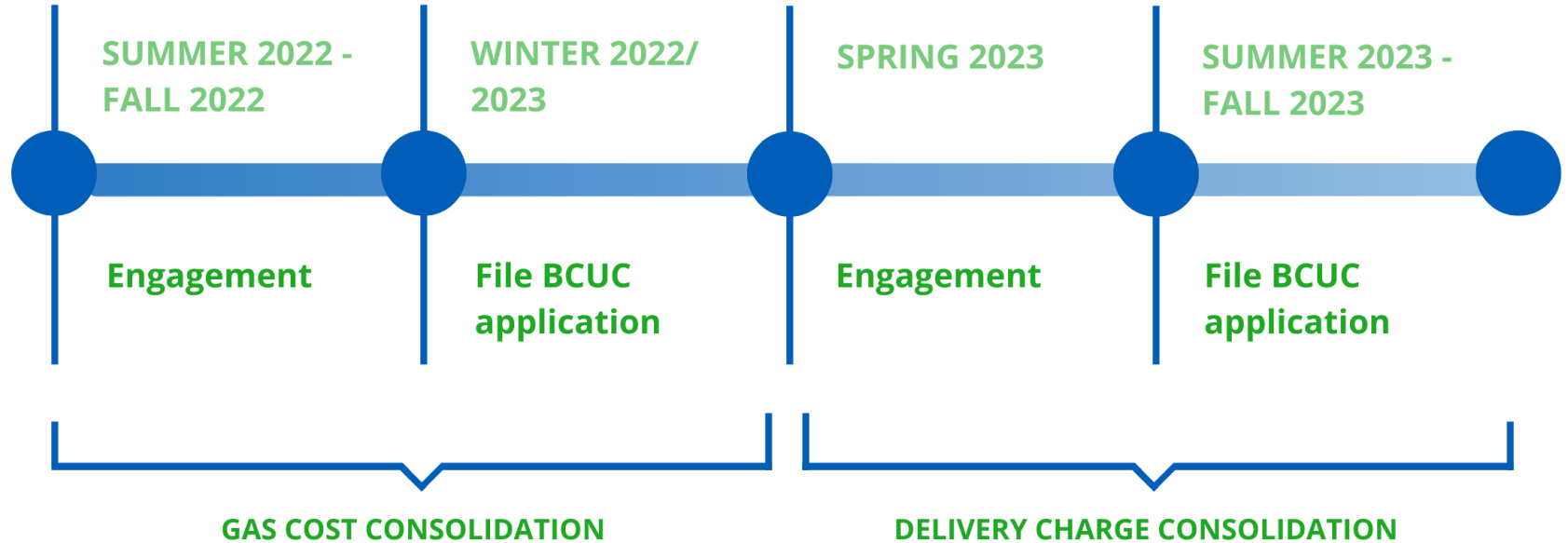
**Incentives up to
\$18,000**

Energy Efficient Water Heater Replacement Rebate



Rebates up to \$2,000

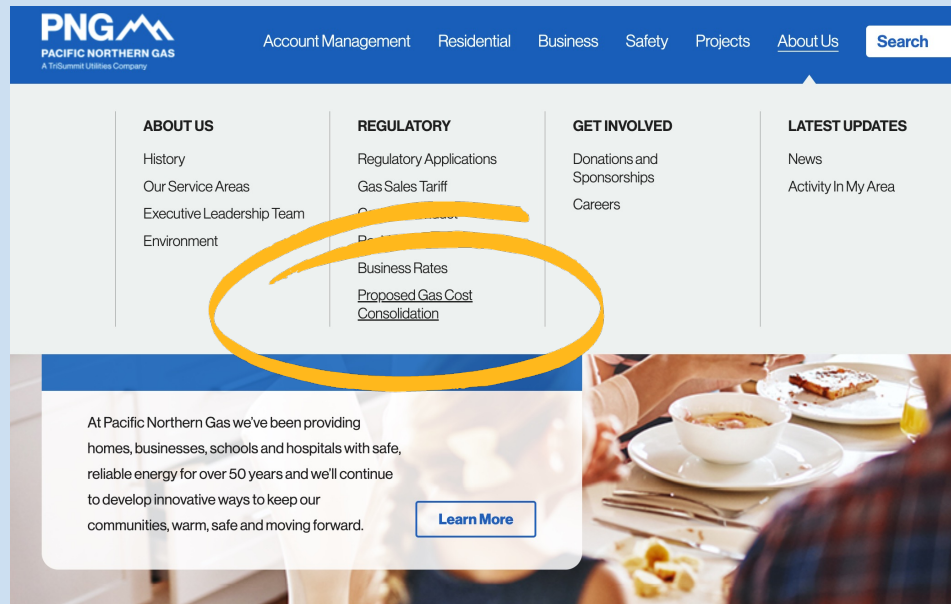
Rate Design Timeline



More Information & Participation

LEARN MORE + ENGAGE:

- ✓ Visit our website, <https://png.ca/about-png/proposed-gas-cost-consolidation/>
- ✓ Complete a feedback form by November 24
- ✓ Read our Frequently Asked Questions
- ✓ Email us: GasCostConsolidation@png.ca



Thank You for Participating

FURTHER INFORMATION OR QUESTIONS:

Project Website:

[png.ca/about-png/
proposed-gas-cost-consolidation](https://png.ca/about-png/proposed-gas-cost-consolidation)

Email:

GasCostConsolidation@png.ca

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