



Verlon G. Otto
Director, Regulatory Affairs

Pacific Northern Gas Ltd.
750 – 888 Dunsmuir Street
Vancouver, BC V6C 3K4
Tel: (604) 691-5680
Fax: (604) 697-6210
Email: votto@png.ca

Via E-file

June 10, 2020

B.C. Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

File No.: 4.2.7(2020)

Attention: Marija Tresoglavic
Acting Commission Secretary

Dear Ms. Tresoglavic:

**Re: Pacific Northern Gas Ltd.
PNG-West Division
2020-2021 Revenue Requirements Application
Applicant's Final Argument**

Accompanying, please find the written Final Argument of Pacific Northern Gas Ltd. in the referenced proceeding.

Please direct any questions regarding the application to my attention.

Yours truly,

Original on file signed by:

Verlon G. Otto

Enclosure

PACIFIC NORTHERN GAS LTD.

**APPLICATION
to the
BRITISH COLUMBIA UTILITIES COMMISSION**

**FOR APPROVAL OF THE PNG-WEST DIVISION
2020-2021 REVENUE REQUIREMENTS**

APPLICANT'S FINAL ARGUMENT

June 10, 2020

TABLE OF CONTENTS

1. Introduction	1
2. Impacts of COVID-19 Pandemic	3
3. BCUC Approvals Sought	4
4. Cost of Service.....	6
5. Amortization of Option Fee Deferral Account.....	8
6. Summary of Adjustments/Corrections to Final Regulatory Schedules	9
7. Demand Forecast, Revenues and Margin.....	10
7.1 Residential and Small Commercial Demand Forecast	10
7.2 Other Customer Demand Forecasts	11
8. Operating Expenses	11
8.1 In-Line Inspection Tool Runs and Investigative Digs.....	12
8.2 System Integrity Support and Geohazard Identification and Management	13
8.3 Operation Management Staff Positions	13
8.4 Operation Field Staff Positions	14
8.5 CIS System Costs	15
9. Maintenance Expenses	16
10. Administrative and General Expenses	16
10.1 JDE, HRIS and Microsoft 365 Costs	17
10.2 Vancouver Office Rent	18
10.3 Consultant Costs	18
10.4 Insurance Costs	18
10.5 Other Matters	19
10.5.1 Shared Corporate Services Costs.....	19
10.5.2 Non-regulated Services to Affiliates.....	20
11. Transfers to Capital	21
12. Depreciation.....	22
13. Shared Services Recovery from PNG(NE)	23
14. Deferral Accounts and Amortization	23
14.1 Request to Eliminate Deferral Account	24
14.2 Request for New Deferral Accounts	24
14.2.1 Shared Corporate Services Costs Deferral	24
14.2.2 Accelerated CCA Deferral	25
14.2.3 Reinstatement of Transfer Pricing Deferral	25

TABLE OF CONTENTS

14.3 Option Fee Payment Deferral	25
14.4 RECAP Development Cost Deferral.....	26
15. Rate Base and Capital Expenditures	26
15.1 Plant in Service.....	26
15.1.1 Integrity-Related Capital Work.....	27
15.1.2 Mobile / Heavy Equipment Replacement	30
15.1.3 LNG Canada Let Down Station #1	30
15.1.4 Asset Management Systems	31
15.1.5 Compressor Overhaul Costs	31
15.2 Capital Structure and Return on Capital	32
16. Other Matters	32
16.1 Change to Unaccounted for Gas Component of Company Use Gas	32
16.2 Reporting on Significant Capital Projects	33
16.3 Automotive Cost Allocation	34
17. Customer Rates.....	35
18. Just and Reasonable Rates.....	36
19. Conclusion.....	38

1. INTRODUCTION

1. On November 29, 2019, Pacific Northern Gas Ltd. (PNG) filed its 2020-2021 Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC) seeking, among other things, approval of interim rates effective January 1, 2020 for its PNG-West Division (Exhibit B-1).

2. On December 18, 2019, the BCUC approved interim rates for PNG-West effective January 1, 2020 under BCUC Order G-330-19A (Exhibit A-2-1) and established a regulatory timetable for the proceeding to review PNG's Application. The order also included a directive for PNG to file an amended application on or before February 28, 2020 that would seek permanent rates effective January 1, 2020 and January 1, 2021.

3. The regulatory timetable established under Order G-330-19A provided for a written hearing process for the review of the Application and included provision for two rounds of information requests.

4. One party, British Columbia Old Age Pensioner's Organization, Active Support Against Poverty, Council of Senior Citizen's Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Center, known collectively as BCOAPO et al. (BCOAPO), registered as an Intervener in the proceeding. Two parties, FortisBC Energy Inc. and Ms. Kayla Tattersall, registered as Interested Parties in the proceeding. In addition, Letters of Comment were submitted in regard to PNG's application, including comments by Ms. Tattersall and additional comments from Ms. Mara Cote, Ms. Joanne Gibson and Ms. Marlene Keehn. The comments submitted expressed general concern over the proposed rate increase and PNG's already high rates.

5. On February 28, 2020 PNG filed an updated application (Amended Application) (Exhibit B-2) with the BCUC to, among other things:

- (i) Provide actual results for 2019 under an additional column heading on the regulatory schedules in the Amended Application entitled "Actual 2019";
- (ii) Reflect the impact of Actual 2019 year-end balances on the January 1, 2020 opening balances and the resulting adjustments to the forecast 2020 and 2021 cost of service;

- (iii) Adjust the 2020 and 2021 gas requirements forecasts having regard to actual deliveries in 2019, customer counts at the end of 2019 and the impact of 2019 actual amounts on the determination of the projected 2020 and 2021 use per account figures for residential and small commercial customers; and
- (iv) Reflect a number of adjustments for known updates to estimates, including economic indicators, pension and non-pension expenses and certain capital projects.

6. Two rounds of information requests on the Amended Application were issued by the BCUC to PNG. Responses were filed by PNG on April 15, 2020 and May 20, 2020 (Exhibits B-3 and B-7, respectively). The BCUC also issued a single confidential information request, which PNG responded to on April 15, 2020 (Exhibit B-4). PNG provided certain responses to information requests in Exhibit B-3 on a confidential basis and included these in Exhibit B-4. Further, PNG provided certain responses to information requests in Exhibit B-7 on a confidential basis and filed these as Exhibit B-7-1, also on May 20, 2020. PNG notes that it also submitted two evidentiary updates, including an update to the response to BCUC IR 90.1 on June 5, 2020 (Exhibit B-7-1) and an update to the response to BCUC IR 117.2, 117.3 and 117.3.1 on June 9, 2020 (Exhibit B-7-2).

7. Two rounds of information requests on the Amended Application were issued by the BCOAPO to PNG. Responses to these information requests were filed by PNG on April 15, 2020 and May 20, 2020 (Exhibits B-5 and B-8, respectively).

8. Lastly, the BCUC Panel of Commissioners issued supplemental information requests on the Amended Application. Responses were filed by PNG on June 8, 2020, including responses to information requests issued on a non-confidential (Exhibit B-9) and confidential (Exhibit B-10) basis. The remainder of this submission will address the areas of the Amended Application that were the subject of information requests during the proceeding, and sets forth PNG's Final Argument in support of its Amended Application to the BCUC for approval of the PNG-West 2020-2021 revenue requirements and resultant rates.

9. PNG's reply submission, to be filed with the BCUC on June 26, 2020, will address any issues that may be raised by the Intervener in its final submission to be filed with the BCUC on June 19, 2020.

2. IMPACTS OF COVID-19 PANDEMIC

10. Top of mind throughout this proceeding, and continuing through to the time of preparing this submission, has been the COVID-19 pandemic and the potential for impacts to the forecasts underlying the Amended Application, including demand and operating and capital costs. In response to information requests,¹ PNG observed that it was closely monitoring the effects of COVID-19 on its customers and on its current and planned operating activities, and noted that a separate application had been made to the BCUC for the creation of a COVID-19 deferral account to capture unrecovered revenues and unplanned costs arising from the COVID-19 pandemic.²

11. As the proceeding advanced, PNG addressed specific impacts of COVID-19 on the amounts underlying the Amended Application, including:

- i) **Customer Demand:** In response to BCUC IR 90.3 (Exhibit B-7) PNG indicated that it does not yet have evidence of any substantial impact to gas consumption as a result of COVID-19. PNG further noted that mechanisms are in place to capture use per account variances related to residential and small commercial customers and load variances for some large industrial customers.
- ii) **Financing Costs:** In response to BCUC IR 67.4 (Exhibit B-3) PNG observed that despite rate reductions in underlying government debt instruments, underlying rates for corporate instruments have not moved significantly, with financial institutions significantly increasing credit spread requirements and standby charges for debt that have more than offset the reductions in prime rates. PNG observed that it has established deferral accounts in place to capture variances in short-term and long-term interest rates and that it will rely on these deferral accounts to capture any differences in financing costs that may arise for Test Years 2020 and 2021.
- iii) **Capital Expenditures:** In response to BCUC IR 119.2 (Exhibit B-7), PNG advised that it has been notified by the customer that LDS#1 is likely not required until

¹ Exhibit B-3, BCUC IR 2.1; Exhibit B-5, BCOAPO IR 1's; Exhibit B-7, BCUC IR 90's; Exhibit B-8, BCOAPO IR 13.1; Exhibit B-7-2, Evidentiary Update

² Exhibit B-5, BCOAPO IR 1.1

2022 as a result of a project delay on the customer side. PNG has made the decision to delay its planned application to the BCUC for approval of the related gas sales agreement and required capital costs for the project. As such, PNG has removed the capital costs associated with LDS#1 for both Test Year 2020 and Test Year 2021, which are \$1.148 million and \$217,000, respectively. PNG has also removed the associated forecast demand (27,450 GJ) for Test Year 2021. No other impacts on PNG's capital plan have been identified.

- iv) Return on Equity: In response to BCOAPO IR 13.1 (Exhibit B-8), PNG observed that while COVID-19 has significantly increased uncertainty in the capital markets and has resulted in increased volatility, PNG is not yet in a position to quantify the extent of investor return expectations for entities similar in risk to itself. Further, PNG submitted that should the BCUC conclude that PNG's cost of capital requires review due to the impact of COVID-19, consistent with historical practice, PNG expects the BCUC to commence a separate hearing process for that purpose.

12. Other than removal of LDS#1, PNG does not believe that any significant revision to the Amended Application is warranted at this time as a result of the impacts of COVID-19.

3. BCUC APPROVALS SOUGHT

13. For the reasons set forth in this argument and in PNG's filings for this proceeding, PNG respectfully requests BCUC approval of the following:

- (i) Approval, effective January 1, 2020, on a permanent basis pursuant to sections 58 to 61 of the *Utilities Commission Act*, for the recovery of the applied for revenue deficiency and the resultant delivery rate changes presented in under Tab Schedules, Tab 6 in the table entitled "Summary of Proposed Gas Delivery Charge Rate Changes Effective January 1, 2020" as set forth under the heading "Proposed Rate Changes for Rev. Def. (\$/GJ)", subject to adjustments and undertakings identified through the regulatory review process.
- (ii) Approval, effective January 1, 2021, on a permanent basis pursuant to sections 58 to 61 of the *Utilities Commission Act*, for the recovery of the applied for revenue deficiency and the resultant delivery rate changes presented under Tab Schedules, Tab 6 in the table entitled "Summary of Proposed Gas Delivery Charge

Rate Changes Effective January 1, 2021” as set forth under the heading “Proposed Rate Changes for Rev. Def. (\$/GJ)”, subject to adjustments and undertakings identified through the regulatory review process.

- (iii) Approval of the changes and additions to PNG’s deferral accounts and amortization expenses for 2020 and 2021, pursuant to sections 58 to 61 of the *Utilities Commission Act*, as detailed in Section 2.9, Amortization, and as shown in the Continuity of Deferred Charges tables set forth in this same exhibit under Tab Schedules, Tab 2, including:
 - a) Approval to amortize a portion of the LNG Partners Option Fee Payment deferral account in 2020 and 2021 to mitigate rate impacts on customer rates, as described in Section 1.3 of the Amended Application, subject to the impact of adjustments and corrections noted in Section 6 of this submission;
 - b) Approval to create the Accelerated CCA deferral account to record the impact of taking accelerated CCA in 2019 and amortizing this to the benefit of customers in Test Year 2020, as well as the subsequent dissolution of this account after Test Year 2021; and
 - c) Approval to eliminate the PLP Project Amendment Sharing deferral account.
- (iv) Approval to create a new interest bearing deferral account to record the portion of Shared Corporate Services Costs not recovered in customer rates in Test Year 2020 nor Test Year 2021 for services received to be amortized at a future date further to BCUC approval as set forth in Section 2.5.7.1 of the Amended Application.
- (v) Approval to re-instate a one-year interest bearing Transfer Pricing deferral account to track differences between forecast and actual utility charges to non-regulated services or activities as set forth in Section 2.5.7.2 of the Amended Application.
- (vi) Approval to continue the unaccounted for gas (UAF) volume deferral account on the basis, pursuant to sections 58 to 61 of the *Utilities Commission Act*, that the UAF volume forecasts for Test Year 2020 and Test Year 2021 are set at 1 percent of deliveries with PNG recording the variance between 1 percent and a loss of up

to 1.5 percent without having to seek further BCUC approval as set forth in Section 2.2.3 of the Amended Application, and as addressed in Section 16.1 of this submission.

- (vii) Approval to capitalize costs pertaining to magnetic flux leakage (MFL) in line inspection (ILI) runs to BCUC Account 469 on the basis that they are similar to inspection activities of electro-magnetic acoustic transducer (EMAT) ILI runs, and accordingly should have the same accounting treatment, as described in Sections 8.1 and 15.1.1.2 of this submission.
- (viii) Approval of the capital reporting process proposed by PNG in response to directive 5 of BCUC Order G-151-18 as set forth in Section 3.4.1.1 of the Amended Application, and as addressed in Section 16.2 of this submission.
- (ix) Approval of the automotive cost allocation methodology proposed by PNG in response to a directive as per Section 3.0 of the BCUC's Reasons for Decision of Order G-164-18A as set forth in Section 3.4.1.7 of the Amended Application, and as addressed in Section 16.3 of this submission.

4. COST OF SERVICE

14. PNG recognizes that increases in the delivered cost of gas impacts its customers. PNG has responded by taking reasonable and prudent measures to control its costs and submits that the costs included in PNG's applied for cost of service for 2020 and 2021 are necessary and reasonable and reflect the requirements to operate PNG's system in a safe and reliable manner. PNG further submits that its forecast costs of service are prudently incurred, normal course business expenses that should be fully recoverable from ratepayers.

15. As described further in Section 6 of this submission, a number of adjustments and corrections to forecast data were identified in the course of this proceeding. These adjustments and corrections impact the cost of service for 2020 and 2021 and are summarized in a table provided in Section 6 of this submission. While PNG has proposed to reflect these impacts in the final regulatory schedules, this submission generally addresses amounts as represented in the Amended Application, noting proposed adjustments and corrections, as necessary.

16. In PNG's Amended Application, the Test Year 2020 cost of service of \$39.678 million

(excluding company use gas costs) has increased by \$1.795 million compared to \$37.882 million approved for Decision 2019. In addition, the Amended Application has forecast 2020 to have a revenue deficiency of \$0.772 million, primarily attributable to:

- i) An overall increase in operating, maintenance, and administrative and general expenses of \$3.4 million primarily due to:
 - Planned activities to address aging infrastructure concerns and ensure compliance with pipeline integrity related code, standards and regulations;
 - Additional required resources in field operations; and
 - Increased general and administrative costs for a replacement financial system and human resources information system, and higher insurance expense;
- ii) Increases in depreciation expense, property tax expense and return on rate base totalling \$0.7 million reflecting the increased capital investments; and
- iii) An increase of \$1.7 million due to the loss of the credit amortization of the 2019 rate deferral account to levelize the impact of the combined forecast increases for prior test years 2018 and 2019 on customer rates over these two years.

The adverse impacts of the above factors have been partially offset by:

- i) Higher net credit amortizations of \$1.3 million primarily due to the amortization of the ICDDA credit deferral account due to BC Hydro taking more deliveries than forecast in 2018 and 2019 as well as the amortization of the accelerated CCA taken in 2019, offsetting the recording of the second year of transition to negative salvage accounting;
- ii) Lower income taxes of \$1.3 million primarily due to more credit timing differences in Test Year 2020 arising from deductions for EMAT costs, higher CCA including the application of the accelerated CCA and higher credit amortizations of deferred charges offsetting the tax impact of the higher return on equity;
- iii) Higher overheads capitalized of \$0.6 million due to higher levels of capital programs in Test Year 2020;
- iv) Higher deliveries and related margin of \$1.0 million primarily due to activity related to the construction of the LNG Canada plant in Kitimat; and
- v) The proposed drawdown of the Option Fees deferral account by \$0.9 million to

mitigate the impact on customer rates in Test Year 2020.

17. Further, as per the Amended Application, the forecast Test Year 2021 cost of service of \$42.009 million (excluding company use gas costs) was \$2.332 million greater than that for Test Year 2020. In addition, the Amended Application has forecast 2021 to have a revenue deficiency of \$0.818 million, primarily attributable to:

- i) Higher amortization of deferred charges of \$2.2 million primarily due to the loss of the credit amortization of the ICDDA deferral account and the accelerated CCA account recognized in Test Year 2020 in addition to the recording of the third year of transition to negative salvage accounting;
- ii) Higher depreciation expense, property tax expense and return on rate base of \$1.4 million reflecting the increased capital investments;
- iii) Higher income taxes of \$0.5 million primarily due to the higher return on equity in addition to less credit timing differences in Test Year 2021; and
- iv) An increase of \$0.2 million on operating, maintenance, and administrative and general expenses.

The adverse impacts of the above factors have been partially offset by:

- i) Net higher forecast deliveries increasing margin by \$1.5 million primarily due to activity related to the construction of the LNG Canada plant in Kitimat as per contractual agreements; and
- ii) The proposed drawdown of the Option Fees deferral account by an additional \$2.8 million to mitigate the impact on customer rates in Test Year 2021, an increase of \$1.9 million compared to the proposed amortization of \$0.9 million in Test Year 2020.

5. AMORTIZATION OF OPTION FEE DEFERRAL ACCOUNT

18. PNG is seeking approval for permanent changes to the delivery charge component of its customer rates in order to recover its increased cost of service for both 2020 and 2021. PNG is cognizant of the impact of increased business activity and critical work requirements on its cost of service and customer rates. However, PNG observes that with the positive FID decision on the LNG Canada project resulting in increased economic activity in PNG's service territory, and with the optimistic Reactivated Capacity Allocation Process (RECAP) bid results,

PNG is confident it will realize significant additional revenues from new customers to the benefit of existing ratepayers in the near future.

19. To alleviate the impact of the anticipated rate increases in Test Year 2020 and Test Year 2021 and to provide customers with rate stability, PNG's Amended Application proposed the amortization of the LNG Partners Option Fee Payment deferral account by \$0.857 million in Test Year 2020 and \$2.825 million in Test Year 2021.³ PNG notes that subsequent to making adjustments and corrections to forecast data noted in the course of this proceeding and as summarized in Section 6, PNG has updated the proposed amortization of the LNG Partners Option Fee Payment deferral account to nil in Test Year 2020 and \$3.440 million in Test Year 2021.

20. PNG submits that the proposed revised drawdown of \$3.440 million from the \$4.677 million credit deferral account should be approved as a means to provide customers with rate stability and to limit delivery rate increases to inflationary amounts in each of Test Year 2020 and Test Year 2021.

6. SUMMARY OF ADJUSTMENTS/CORRECTIONS TO FINAL REGULATORY SCHEDULES

21. PNG notes that during the course of this proceeding and in responding to information requests a number of adjustments and corrections to forecast data were identified that PNG proposed to reflect in the final regulatory schedules.

22. PNG has summarized proposed adjustments and corrections in the table that follows. As noted in the table, it is estimated that the adjustments proposed by PNG for 2020 and 2021 will result in a reduction to the forecast revenue deficiency for 2020, from \$0.772 million as per the Amended Application to \$0.565 million, and a marginal decrease in the revenue deficiency for 2021 from \$0.818 million as per the Amended Application to \$0.805 million, with flow through effects on the resultant rates for these periods in comparison to those proposed in the Amended Application. PNG will reflect BCUC-approved adjustments in its final regulatory schedules.

³ Exhibit B-2, Section 1.3

Summary of Adjustments / Corrections – PNG-West

Reference	Addressed in Section	Subject	Type of Adjustment	2020 Impact on Revenue Deficiency	2021 Impact on Revenue Deficiency
BCUC IR 45.1; 114.1	12	Compressor Engine Overhaul Depreciation	Depreciation for 2020 and 2021 included in error and depreciation period corrected	\$ (68,000)	\$ (5,000)
BCUC IR 50.6	15.1.1.3	Salvus to Galloway Capital Costs	Update for capital information	(8,000)	50,000
BCUC IR 90.1; 119.2	15.1.3	LNG Canada LDS#1 Project	Remove capital project in 2020 and 2021 and related demand in 2021	25,000	231,000
BCUC IR 102.1.1	8.1 / 15.1.1.2	2020 Significant ILI Run	Proposed change in accounting treatment from O&M to capital	(1,150,000)	1,320,000
BCUC IR 103.2	8.2	New BCOGC Requests	Add new 2020 and 2021 O&M and capital for BCOGC costs	41,000	63,000
BCUC IR 114.1	15.1.5	Compressor Overhaul Costs	Reclassify capital costs from BCUC 469 to BCUC 466	80,000	(131,000)
BCUC Panel IR 2.2.1	15.1.1.3	Salvus to Galloway Development Costs	Remain as work in progress	(4,000)	(77,000)
RECAP Decision (Order G-35-20)	14.4	RECAP Development Costs	Record \$1,000,000 of approved RECAP development costs to a deferral account	19,000	10,000
Exhibit B-2 Section 1.3	5 / 14.3	Option Fee Amortization	Revise amortization for maximum 2% rate increase	857,000	(1,474,000)
Net Impact				(208,000)	(13,000)

7. DEMAND FORECAST, REVENUES AND MARGIN

23. PNG prepares forecasts of demand for its customers with the overall objective of being as accurate as possible having regard to information available at the time of developing the forecasts. PNG submits that the methodologies applied in forecasting customer demand produce reasonable results, and that the forecast demand for each customer classification for 2020 and 2021 are reasonable and should be approved as filed for rate making purposes.

7.1 Residential and Small Commercial Demand Forecast

24. As described in the Section 2.1, Demand Forecast, Revenue and Margin, of the Amended Application, the methodology applied by PNG for forecasting customer demand, including forecast customer counts and forecast Residential and Small Commercial Use per Account (UPA) for Test Year 2020 and Test Year 2021, is consistent with the methodology applied in prior years and approved by the BCUC. The BCUC had several information requests on PNG’s Residential and Small Commercial demand forecast, primarily in the context of the forecasts included in the 2019 Consolidated Resource Plan concurrently under review by the

BCUC,⁴ to which PNG responded that harmonization of the short-range forecasting methodology applied for its revenue requirements applications and the long-range forecasting methodology applied for resource planning is not appropriate, nor is it necessary.⁵ PNG submits that the methodology applied for forecasting Residential and Small Commercial demand in the Amended Application produces appropriate and reasonable results that should be approved as filed.

7.2 Other Customer Demand Forecasts

25. Consistent with prior years, the projected deliveries for other customer classes are based on methodologies consistent with past practice as approved by the BCUC, and are primarily based on a review of historical deliveries and expected customer use for 2020 and 2021 as obtained from surveys and discussions with these customers.

26. In response to BCUC information requests on the 2020 and 2021 forecast demand of 24,000 GJ for BC Hydro's Prince Rupert generating station, PNG confirmed that the forecast demand was consistent with that for the periods 2012 to 2019, and that BC Hydro confirmed this to be a reasonable proxy to use for Test Year 2020 and Test Year 2021 as it was consistent with anticipated short-term, interruptible operation on a standby basis.⁶

8. OPERATING EXPENSES

27. PNG has provided a substantial amount of information in the Exhibits filed in this proceeding to support its forecast operating expenditures for 2020 and 2021. PNG's Amended Application narrative on these expenditures was set forth in Section 2.3 of Exhibit B-2. PNG's responses to information requests further elaborate on the rationale and basis for the forecast amounts.

28. Subject to adjustments and undertakings identified through the regulatory review process (see summary provided in Section 6), operating expenses (excluding Company use gas costs) for 2020 were forecast to be \$12.349 million which is \$2.286 million or 22.7% greater compared to \$10.063 million for Decision 2019, and \$12.410 million for 2021, which is \$61,000

⁴ Exhibit B-3, BCUC IR 4's

⁵ Exhibit B-3, BCUC IR 4.3

⁶ Exhibit B-3, BCUC IR 5's

or 0.5% greater compared to 2020. In addition to general inflationary pressures on costs, the forecast cost increases are primarily driven by the following factors:

- (i) Operating costs related to planned pipeline integrity management activity, including the In-Line Inspection (ILI) program, including a significant planned run utilizing a Magnetic Flux Leakage (MFL) tool;
- (ii) Incremental activities to ensure compliance with pipeline integrity related codes, standards, and regulations, and to address aging infrastructure concerns and heightened public and stakeholder expectations;
- (iii) Increased labour costs, including provision for new positions in the areas of engineering, Indigenous Nation relations and field operations; and
- (iv) Increased customer care costs pertaining to legacy Banner CIS and new CIS system costs.

8.1 In-Line Inspection Tool Runs and Investigative Digs

29. PNG's Amended Application presented forecast costs for pipeline inspection activities for 2020 of \$961,000, compared to costs of \$176,000 forecast under Decision 2019, noting that there were no expense-based ILI runs carried out in 2019. PNG provided additional information on its planned ILI activities in response to information requests.⁷

30. Further, in response to BCUC IR 102.1.1, PNG submitted that, upon further review, it had concluded that MFL-based ILI runs and EMAT ILI runs are similar inspection activities and accordingly should have the same accounting treatment for both regulatory and financial statement purposes. On this basis, PNG submitted that significant MFL ILI runs should be capitalized to plant under BCUC Account 469 in the same manner as EMAT ILI runs. PNG noted it would continue to expense smaller regular pigging runs and any variances from these smaller regular ILI runs would continue to be recorded in a deferral account consistent with past practice. PNG submits that both of these proposed accounting treatments are in accordance with US GAAP. Consequently, PNG has proposed capital treatment for a significant MFL ILI run planned for 2020 at a forecast cost of \$817,014. This adjustment has been reflected as a reduction to PNG's operating expenses (BCUC Account 665) for 2020, with

⁷ Exhibit B-3, BCUC IR 13's and 49's; Exhibit B-7, BCUC IR 102's

an offsetting increase in capital expenditures (BCUC Account 469) (see summary provided in Section 6).

8.2 System Integrity Support and Geohazard Identification and Management

31. PNG identified that, similar to other pipeline operators, it is under increasing pressure from technical regulators (BC Oil and Gas Commission (BCOGC) and Technical Safety BC (TSBC)) and insurers to demonstrate that all risk factors are identified, qualified, quantified, and managed across each discrete pipeline segment (segment-by-segment risk assessment and response). In order to keep abreast of continual advancement in pipeline system integrity-related tools, techniques, materials, applications, and data, PNG considers it necessary to rely on external subject matter experts.

32. As noted in response to BCUC IR 14.1, PNG has made a provision of \$300,000 in each of 2020 and 2021 for this support, and submits that it intends to leverage this support for ongoing improvements to its distribution and transmission integrity management plan documentation and associated programs, and for integrity management plan audit preparation, assessments, the development of new and/or improved inspection programs and processes, and data analysis and response support.

33. In response to BCUC IRs 11.1.1, 103.1 and 103.2, PNG addressed recent BCOGC notifications on requirements for pipeline segment-by-segment risk assessment, aged pipeline condition assessment, and IMP audits for which costs had not been incorporated into PNG's Amended Application. The summary of adjustments presented in Section 6 of this submission incorporates PNG's share of the consolidated costs (for PNG-West and PNG(NE)) presented in response to BCUC IR 103.2.

34. PNG submits that its planned integrity-focused operating activities and expenditures were subject to a thorough examination and fully scrutinized via the responses provided to information requests in this proceeding.⁸

8.3 Operation Management Staff Positions

35. PNG has always been very cautious and conscientious on the matter of adding new positions to its existing organizational structure. However, in support of PNG's proposed

⁸ Exhibit B-3, BCUC IR 10's to 12's, 13's to 16's; Exhibit B-7, BCUC IR 101's to 103's

increase in both operating and operating activities associated with evolving standards, codes and regulations, aging infrastructure, new business, system betterment, and overall system integrity management, PNG has identified a need for additional technical personnel.⁹

36. PNG submits there is a need for increased engineering support and has made provision in Test Year 2020 for a new Project Engineer position to provide additional in-house engineering, asset and integrity management, and project delivery resources are required. PNG believes this resource aligns PNG's efforts to have effective project planning and execution to control scope, costs, quality, and schedule for capital and expense projects.

37. In addition, PNG submits that there is a need, and has made provision in 2020 for, in-house system integrity engineering support to address evolving technologies, regulations, codes, and standards, as well as regulator and public response to recent integrity-related industry incidents. PNG submits that this new position will focus on the highly technical and specialized nature of integrity work, and that the outputs from this individual's focused work will more completely inform inputs to the overall capital, operating and maintenance plans, and will contribute to a step change in PNG integrity management and compliance.

38. PNG has also made provision in 2020 to add a position to focus on assisting with both Indigenous relations and associated lands work. PNG's assets traverse the traditional territory of over 25 Indigenous Nations across northern British Columbia. This position will support positive interactions with Indigenous Peoples, PNG's employees, consultants and contractors in order to demonstrate respect and understanding of Indigenous Peoples' culture, values and beliefs. This position will also provide support to lands and permitting efforts, which often involve Indigenous Nations.

39. In response to information requests, PNG has confirmed that the timing of hiring for the new roles remains in line with the expectations underlying the associated costs for the positions.¹⁰

8.4 Operation Field Staff Positions

40. PNG's Amended Application also includes provision to add four utility person full-time

⁹ Exhibit B-2, Section 2.3.5

¹⁰ Exhibit B-3, BCUC IR 17.1 and 17.2; Exhibit B-7, BCUC IR 95.2

equivalent positions compared to positions incorporated into Decision 2019 costs. Two positions are to be added in 2020, and a further two are to be added in 2021.¹¹ These additional positions have been identified as necessary, primarily to meet increasing work requirements around operating and maintaining existing plant and infrastructure and for the installation of new plant and infrastructure necessary to provide service to new customers.

41. PNG has found that given the increased focus on codes, standards and regulations, more qualified and experienced candidates are needed on staff, as core knowledge on these matters is not always available from temporary employees or local contractors. This issue is pronounced by increasing stakeholder expectations stemming from industry incidents, and by an elevated focus on aging infrastructure on PNG's pipeline network. Further, the addition of these resources reflects PNG's consideration of the demographic challenges presented by existing experienced personnel nearing retirement, and the required timelines to properly train and onboard safety-sensitive positions. As it pertains to the four additional positions, PNG submits that it will directionally decrease its reliance on temporary employees, summer students, and contractors therefore offsetting most of the incremental cost of the new positions.¹²

8.5 CIS System Costs

42. PNG's Amended Application describes the rationale for a project being undertaken by PNG and its sister utilities, AUI and HGL, to jointly implement a new CIS system to replace the existing legacy systems at the respective utilities.¹³ In the course of responding to information requests in this proceeding, PNG provided a significant amount of supplemental information on the CIS project, including detailed analyses of the cost impact of the project.¹⁴ Based on evidence on record, PNG submits that pursuing a new CIS system with its affiliates is a prudent, necessary and cost-effective solution given the high likelihood that its legacy Banner CIS system is unlikely to be supported in the near future.

¹¹ Exhibit B-2, Section 2.3.5

¹² Exhibit B-3, BCUC IR 17.5; Exhibit B-7, BCUC IR 95.3

¹³ Exhibit B-2, Section 2.3.7

¹⁴ Exhibit B-3, BCUC IR 18's; Exhibit B-7, BCUC IR 96,s

9. MAINTENANCE EXPENSES

43. Information on PNG's forecast maintenance expenditures for 2020 and 2021 was set forth in Section 2.4 of the Amended Application. Maintenance expenses are forecast to be \$575,000 for 2020, which is \$70,000 or 13.9% greater compared to \$505,000 for Decision 2019, and to be \$587,000 for 2021, which is \$12,000 or 2.1% greater compared to 2020. These cost increases are primarily driven by inflationary pressures and an anticipated increase in compressor and regulating station repair and maintenance costs due to aging infrastructure.

44. In response to BCOAPO IR 4.1, which questioned whether there has been a consistent pattern of over-forecasting for PNG's operating and maintenance expenses, PNG submitted that while there have been some variances, costs have been prudently managed between the various categories to ensure the overall Operating and Maintenance budgets were effectively managed. PNG noted, for example, that within operating expenses there are often trade-offs that need to be made between company labour and external contractors. Further, the various activities performed by field staff are not undertaken in isolation, but are managed on an overall basis with trade-offs also required between operating and maintenance activities.

45. In BCOAPO IR 7.2, PNG was asked if underspending on planned and forecasted maintenance in one year typically increases the total maintenance spending required on the subject plant or equipment. PNG responded that typically, underspending on planned and forecasted maintenance in one year does not increase the total maintenance spending, however, noted that prolonged underspending on planned and forecast maintenance will give rise to increased total maintenance spending. PNG further submitted that irrespective of actual to forecast cost variances, PNG continues to maintain its assets to industry standards to ensure that they operate in a safe and efficient manner.

46. PNG submits that the information presented in this proceeding provides the basis for the BCUC to find that the applied for maintenance expenses are just, reasonable and necessary to ensure PNG is able to continue to provide safe, secure and reliable natural gas service to its customers while also meeting the requirements of its regulatory authorities.

10. ADMINISTRATIVE AND GENERAL EXPENSES

47. PNG has provided a substantial amount of information in the filed Exhibits in support of its forecast administrative and general expenditures for 2020 and 2021. PNG's Amended Application narrative on these expenditures was set forth in Section 2.5 of Exhibit B-2. PNG's

responses to information requests further elaborate on the rationale and basis for the forecast expenditures.

48. Administrative and general expenses, net of shared services cost recoveries, for 2020 were forecast to be \$9.553 million which is \$0.998 million or 11.7% greater compared to \$8.555 million for Decision 2019, and \$9.713 million for 2021, which is \$160,000 or 1.7% greater compared to 2020. In addition to general inflationary pressures on costs, the forecast cost increases are primarily driven by the following factors:

- (i) Increased contractor costs primarily pertaining to IT initiatives around the new JDE accounting system, the new UltiPro HRIS system and the transition to the Microsoft 365 platform;
- (ii) Increased rental costs for the recently relocated Vancouver office;
- (iii) Increased consultant costs primarily related to climate change policies and initiatives; and
- (iv) Increased insurance costs that reflect changes in the insurance market and PNG's recent insurance claims.

10.1 JDE, HRIS and Microsoft 365 Costs

49. PNG's Amended Application describes the rationale for a number of IT-related projects presently being undertaken by PNG and its affiliates, including joint implementation of the JDE ERP system and the UltiPro HRIS system, and the transition to the Microsoft 365 platform.¹⁵ The need for the new ERP and HRIS systems arose from the formation of TriSummit Utilities Inc. (TSU, formerly ACI) as a standalone entity, and the fact that AltaGas Ltd., the former parent company, would no longer provide certain services after June 30, 2020. The need to implement Microsoft 365 was necessitated by the fact that Microsoft is phasing out support for legacy Windows platforms.

50. In the course of responding to information requests, PNG provided a significant amount of supplemental information on these projects, including detailed analyses of cost

¹⁵ Exhibit B-2, Section 2.5.1

and operational impacts.¹⁶ Based on evidence on record, PNG submits that the joint ERP and HRIS projects and the transition to Microsoft 365 are prudent, necessary and cost-effective solutions given that legacy systems are no longer supported.

10.2 Vancouver Office Rent

51. PNG's Amended Application describes the requirement for PNG to relocate its Vancouver office, and that this move came at an increased cost due to AltaGas Ltd., PNG's former parent, deeply discounting the sublease for PNG's previous office space.¹⁷ PNG provided supplemental cost information in response to information request, and submits that the rent for the new office is considered competitive and is at the low end of the price range for other properties of similar quality that were available in downtown Vancouver.¹⁸

10.3 Consultant Costs

52. PNG has forecast increased consultant costs primarily related to consultation and engagement activity with government and industry on climate change policies and initiatives.¹⁹ PNG is working with governmental agencies and other stakeholders to identify and implement cost-effective and environmentally-responsible solutions for the reduction of greenhouse gas emissions. This work includes PNG looking for cost-competitive RNG and hydrogen supply opportunities in anticipation of the Clean BC 15% RNG mandate and engagement with both the BC Government and the Federal Government in discussions regarding the Low Carbon Fuel Standard (BC) and the Clean Fuel Standard (Federal). As the expertise needed for each of these endeavours can be very time sensitive, specific and narrow, PNG submits that it is more cost effective and efficient to engage consultants rather than adding to the PNG head count.²⁰

10.4 Insurance Costs

53. As described in PNG's Amended Application,²¹ the increase in forecast insurance costs

¹⁶ Exhibit B-3, BCUC IR 20's, 21's and 23's; Exhibit B-7, BCUC IR 97's, 98's and 104's

¹⁷ Exhibit B-2, Section 2.5.1

¹⁸ Exhibit B-7, BCUC IR 24's

¹⁹ Exhibit B-2, Section 2.5.2

²⁰ Exhibit B-3, BCUC IR 22.3

²¹ Exhibit B-2, Section 2.5.3

for 2020 reflects a significant increase in property insurance premiums. PNG has noted that the insurance market has changed significantly in the past year, primarily due to a number of major losses for insurance companies on utility-related events. This fact, in combination with PNG's recent insurance claim around the Copper River and Kleanza Creek washout events, has resulted in higher premiums on property insurance coverage compared to Decision 2019.

10.5 Other Matters

54. In the discussion that follows, PNG highlights additional changes for which approval has been sought in this Amended Application that do not have significant impacts on the cost of service in the current Test Periods.

10.5.1 Shared Corporate Services Costs

55. As described in PNG's Amended Application,²² PNG is applying to fully recover the prudently incurred Shared Corporate Services Costs that are allocated to PNG from its parent, TSU. While historically, the BCUC has generally capped recoveries of Shared Corporate Services Costs to a historic amount plus inflationary increases, PNG has represented that it expects to seek recovery of all costs allocated by its parent company associated with maintaining its capital structure, providing access to capital and delivering various other corporate services as the economic circumstances of PNG's business improves.²³

56. In the Amended Application PNG is proposing to recover in the cost of service the amount of Shared Corporate Services Costs approved under Decision 2019 plus an inflationary increase for both Test Year 2020 and Test Year 2021. To achieve this result, PNG is proposing that a new interest bearing deferral account be established to record the balance of the Shared Corporate Services Costs to be amortized at a future date. The amount of the deferral included in PNG's revenue requirements application is \$676,000 for Test Year 2020 and \$700,000 for Test Year 2021.

57. PNG deems it appropriate to seek full recovery at this time as in the first quarter of 2020, PNG has begun to benefit from incremental near-term volumes associated with energy export related business activity in its service territory.²⁴ Moreover, PNG's reactivated capacity

²² Exhibit B-2, Section 2.5.7.1

²³ PNG-West 2018-2019 Revenue Requirements Application, Section 2.5.1

²⁴ Exhibit B-3, BCUC IR 30.1

allocation process (RECAP) has yielded favourable preliminary results and PNG is very optimistic that increased utilization of available capacity from a successful RECAP will result in incremental large volume industrial transportation revenues and associated benefits to ratepayers.²⁵ PNG notes that it will rely on the Shared Corporate Services provided by TSU to provide sufficient capital and liquidity solutions for the RECAP project in order to minimize the access to capital risks for PNG and its customers.²⁶ PNG is hopeful that success with the RECAP project will enable PNG to seek amortization of the deferral account commencing in Year 2022, however, PNG cannot determine the estimated amortization period at this time as this will be dependent on the final outcome of the RECAP.

58. PNG has provided a substantial amount of information in the exhibits filed in this proceeding to support that its allocated share of costs from its parent are fair, reasonable, and prudently incurred. Moreover, PNG submits that the evidence on record supports that the allocation methodology is fair, reasonable and consistent with industry practices. PNG's responses to information requests provide further support to these assertions.²⁷

59. PNG submits that it would not realize the benefits associated with the shared services model if it were not part of TSU group of companies. Following the findings in the KPMG Report, PNG submits that the fair value of the shared services received from TSU is clearly greater than the amount that PNG pays for these services. In order to achieve a fair and reasonable result in respect of recovery of necessary costs of services for both customers and its shareholder, PNG reiterates that full recovery of prudent and reasonable costs from TSU is appropriate. PNG also believes that with the addition of a new deferral account, there will be no near-term effect on rates.

10.5.2 Non-regulated Services to Affiliates

60. As noted in PNG's Amended Application,²⁸ currently both PNG's President and Director of Business Development provide services to affiliated companies in the TSU group of companies under shared services agreements. For Test Years 2020 and 2021, PNG has estimated that the President would spend approximately 20% of her time fulfilling her affiliate

²⁵ Exhibit B-3, BCUC IR 30.2; Exhibit B-9, BCUC Panel IR 1.1

²⁶ Exhibit B-3, BCUC IR 30.2

²⁷ Exhibit B-3, BCUC IR 29's to 34's; Exhibit B-7, BCUC IR 107's to 109's

²⁸ Exhibit B-2, Section 2.5.7.2

service obligations, and that the Director of Business Development would spend approximately 30% of his time fulfilling his affiliate service obligations. As indicated in the Amended Application, the recovery of the cost of providing service to affiliated companies is reflected as a cost adjustment that reduces the general and administrative expenses included in the cost of service.

61. Given the potential for time estimates to vary from actual time spent, PNG has proposed that the one-year interest bearing Transfer Pricing deferral account that was approved in the decision on the PNG-West 2012 revenue requirement application²⁹ be reinstated and be used to capture differences between the forecast and the actual affiliate charges. PNG has provided additional information in response to information requests³⁰ on many aspects of the noted non-regulated services and PNG's proposal to make use of a deferral account to capture differences between forecast and actual charges for all employees that may be involved in providing services to affiliates, and submits that the request should be approved.

62. To conclude this section, PNG submits that the factors contributing to the increase in administrative and general expenses were subject to a thorough examination and fully scrutinized via the responses provided to information requests in this proceeding. PNG further submits that the information presented in this proceeding provide the basis for the BCUC to find that the applied for administrative and general expenses, are just, reasonable and necessary to ensure PNG is able to continue to provide safe, secure and reliable natural gas service to its customers.

11. TRANSFERS TO CAPITAL

63. PNG continues to apply the capital overhead allocation methodology established by the 2010 Overhead Capitalization Study to calculate the transfers of budgeted operating, administrative and general expenses to test year capital projects. This methodology was implemented and approved by the BCUC as part of the negotiated settlement agreement on PNG's 2011 revenue requirements application,³¹ with minor amendments approved under

²⁹ BCUC Order G-13-12

³⁰ Exhibit B-3, BCUC IR 35's; Exhibit B-7, BCUC IR 110's and 111.1

³¹ BCUC Order G-92-11, Appendix A, page 6

Decision 2012.³² PNG continues to apply the same overhead capitalization rates for both rate setting and external reporting purposes.

64. Information supporting transfers to capital is set forth under Section 2.6, Transfers to Capital (Capitalized Overhead) of the Amended Application, and is supported by additional information provided in response to information requests.³³ Transfers to capital were shown to increase from an average of \$0.859 million for the period 2015 to 2019, to \$1.490 million for 2020 and \$1.554 million for 2021.

65. The notable increase for 2020 and 2021 can be attributed to the net effect of a combination of factors, primarily to PNG-West having a greater proportion of consolidated (for both PNG-West and PNG(NE) divisions) forecast capital expenditures in Test Year 2020 and Test Year 2021 compared to Decision 2019 and to significantly greater capital expenditures forecast for 2020 and 2021 than for Decision 2019.

66. Based on the information presented in the course of this proceeding, PNG submits that the allocation method has been consistently applied and that the resulting capital allocation of overhead costs is fair and reasonable.

12. DEPRECIATION

67. As described in Section 2.8 of the Amended Application, the forecast Test Year 2020 and Test Year 2021 depreciation expense has been calculated using depreciation rates determined following the 2017 Depreciation Study, and as approved by the BCUC in Order G-164-18A on PNG's 2018-2019 revenue requirements application.

68. The forecast Test Year 2020 and Test Year 2021 cost of service also includes a provision for net salvage, as recommended in the 2017 Depreciation Study and as directed and approved by the BCUC under Order G-221-18. PNG is continuing with the phase-in provisions for negative salvage values over a 5-year period that commenced in 2019, with Test Year 2020 and Test Year 2021 representing year 2 and year 3 of the 5-year phase-in period, respectively. In this regard, PNG has incorporated negative salvage phase-in amounts of \$772,000 and \$1.157 million in incremental amortization expense for Test Year 2020 and Test Year 2021,

³² BCUC Order G-130-12, Decision, page 28

³³ Exhibit B-3, BCUC IR 36's; Exhibit B-7, BCUC IR 112.1

respectively.

69. PNG notes that the summary of adjustments presented in Section 6 of this submission incorporates an adjustment to reflect the correction of the error noted in response to BCUC IRs 45.1 and 114.1, where PNG applied a ten-year depreciation period instead of a five-year depreciation period for compressor engine overhaul costs as per Directive 14 of BCUC Order G-151-18, as well as the removal of the depreciation expense reflected in the Amended Application as the asset has not yet been placed in service.

13. SHARED SERVICES RECOVERY FROM PNG(NE)

70. PNG continues to apply the shared service cost allocation method established by the 2012 Shared Services Study that was implemented and approved by the BCUC³⁴ as part of the review of PNG's 2013 revenue requirements application.

71. Information supporting shared services cost recoveries from PNG(NE) is set forth under Section 2.11, Shared Services Recovery from PNG(NE) of the Amended Application, and supported by additional information provided in response to information requests.³⁵ PNG submits that cost pools and cost allocators have been consistently applied, and that the resulting allocations for cost recovery from PNG(NE) are fair and reasonable and should be accepted as filed.

14. DEFERRAL ACCOUNTS AND AMORTIZATION

72. Each of the deferral accounts used by PNG is described in the Amended Application under Section 2.9, Amortization. This narrative provides a description of the individual deferral accounts, as well as a discussion of changes in amortization expense from Decision 2019 to 2020 and 2021. Additional information on PNG's deferral accounts is provided in the Continuity of Deferred Charges tables provided under Tab Schedules, Tab 2, pages 17 to 20 in the Amended Application.

73. PNG notes that the BCUC's Decision on the PNG-West 2013 revenue requirements application under Order G-114-13 addressed two important issues with regards to deferral

³⁴ BCUC Order G-114-13, Decision, page 35

³⁵ Exhibit B-3, BCUC IR 46's; Exhibit B-7, BCUC IR 115.1

accounts, mainly the appropriate length of amortization period and the appropriate financing charge to be applied to balances. PNG submits that it has adhered to the criteria established under this order.

74. In the discussion that follows, PNG summarizes requests for changes to deferral accounts, including the elimination of accounts no longer necessary and the creation of new accounts. The discussion also addresses the disposition of deferred amounts, specifically where changes to previously established amortization of balances is being sought.

14.1 Request to Eliminate Deferral Account

75. PNG has requested approval to eliminate the PLP Project Amendment Sharing deferral account as it is no longer considered necessary. The establishment of this specified purpose deferral account was approved by the BCUC under Order G-151-18. A credit amount of \$200,000 was recorded in the interest bearing deferral account in 2018 and fully amortized to the benefit of ratepayers in 2019.

14.2 Request for New Deferral Accounts

76. PNG has requested three new deferral accounts, as summarized in the discussion that follows.

14.2.1 Shared Corporate Services Costs Deferral

77. As described in Section 2.5.7.1 of the Amended Application, and as discussed in Section 10.5.1 of this submission, PNG is proposing that a new interest bearing deferral account be established to record a portion of the Shared Corporate Services Costs to be amortized at a future date instead of being recovered in the period the services are received by PNG. The amount of the deferral included in PNG's revenue requirements application is \$676,000 for Test Year 2020 and \$700,000 for Test Year 2021.

78. PNG will seek approval for the amortization of this deferral account in future years as PNG attaches more customer volumes in the system. PNG has proposed that PNG's short-term interest rate be applied to the Shared Corporate Services Costs deferral account, however, PNG is amenable to applying the WACD rate if a longer amortization period is

considered more appropriate.³⁶

14.2.2 Accelerated CCA Deferral

79. As described in the Section 2.9 of the Amended Application, PNG has utilized the accelerated CCA provision available under the Canadian Federal Government's Accelerated Investment Incentive for 2019, and has recorded the effect of this action in a short-term interest deferral account. PNG seeks BCUC approval to record the impact of the accelerated CCA provision, calculated to be \$176,000, to this credit deferral account and fully amortize it in Test Year 2020 to the benefit of ratepayers. PNG has also requested the dissolution of this deferral account after Test Year 2021.

14.2.3 Reinstatement of Transfer Pricing Deferral

80. As described in Section 2.5.7.2 of the Amended Application, and as discussed in Section 10.5.2 of this submission, PNG has proposed that the one-year interest bearing Transfer Pricing deferral account that was approved in the decision on the PNG-West 2012 revenue requirement application³⁷ be reinstated and be used to capture differences between the forecast and the actual affiliate charges for non-regulated services provided to affiliated companies under shared services agreements.

14.3 Option Fee Payment Deferral

81. As described in Section 1.3 of the Amended Application, PNG had proposed the amortization of the LNG Partners Option Fee Payment deferral account by \$0.857 million in Test Year 2020 and \$2.825 million in Test Year 2021. This proposal was to alleviate the impact of the anticipated rate increases in Test Year 2020 and Test Year 2021 and to provide customers with rate stability. Through the drawdown of this deferral account by the noted amounts, delivery rate increases to customers would be approximately 2% in each of Test Year 2020 and Test Year 2021.

82. As noted in Section 6 of this submission, during the course of this proceeding and in responding to information requests a number of adjustments and corrections to forecast data were identified that PNG proposed to reflect in the final regulatory schedules. Once PNG had

³⁶ Exhibit B-7, BCUC IR 107.5

³⁷ BCUC Order G-13-12

reflected adjustments identified in Section 6, and with a view to keep delivery rate increases to an inflationary level of 2% or lower, PNG was able to amend the proposed amortization of the LNG Partners Option Fee Payment deferral, with the revised Test Year 2020 amortization reduced to nil, and the revised Test Year 2021 amortization increased to \$3.440 million.

14.4 RECAP Development Cost Deferral

83. On February 28, 2020, the BCUC issued Order G-35-20 approving PNG's application for a new large volume industrial transportation rate (RS 80) among other items pertaining to PNG's proposed process for allocation of reactivated capacity (RECAP), including approval of a new rate base deferral account to track development costs for the reactivation project estimated at \$1.0 million. As per the summary of adjustments provided in Section 6 of this submission, PNG has proposed the inclusion of this new deferral account in the final regulatory schedules.

84. PNG submits that the deferral accounts presently in place, and those that it has proposed to eliminate and to add, are appropriate and reasonable. The accounting for the deferral accounts is consistent with previously established criteria for financing charges and amortization periods, and therefore the forecast amortization for 2020 and 2021 is also considered to be appropriate and reasonable.

15. RATE BASE AND CAPITAL EXPENDITURES

85. As per the Amended Application, PNG's forecast mid-year rate base for 2020 is \$152.8 million and for 2021 is \$164.8 million (see Tab Schedules, Tab 2, page 1, line 19 in Exhibit B-2) compared to \$142.0 million at the end of 2019. These amounts are predominantly made up of mid-year values for net plant in service which is forecast to increase from \$145.3 million at the end of 2019 to \$155.9 million in 2020, and to \$168.6 million in 2021.

15.1 Plant in Service

86. PNG has forecast capital expenditures, before overhead, to be \$13.908 million in 2020 and \$15.385 million in 2021. The details and justification in support of PNG's forecast capital additions is provided in the Amended Application as per Section 2.13.1.1, Capital Additions, at page 94, with extensive additional detail provided in response to Questions 47's to 65's, inclusive, and Questions 71.1, 72.2, and 73.1 in Exhibit B-3, and in responses to Questions 116's to 126.1, inclusive, in Exhibit B-7.

87. The planned capital spending for 2020 and 2021 is of a comparable magnitude to capital expenditures in recent years, including \$17.860 million in 2018 and \$11.497 million in 2019. Additional information on significant capital items is provided in the discussion that follows.

15.1.1 Integrity-Related Capital Work

88. As described in the evidence submitted in this proceeding, a significant component of planned capital expenditures for 2020 and 2021 relates to work necessary to maintaining the integrity of PNG's transmission and distribution system aging infrastructure. Planned activities are focused on addressing aging infrastructure concerns and ensuring compliance with pipeline integrity related code, standards and regulations. While PNG is cognizant of the impact of these activities on the cost of service and customer rates, PNG submits that the planned work cannot be prudently deferred as it is critical to ensuring that natural gas service can continue to be provided to customers in a safe and reliable manner, and to ensure compliance with ever more stringent codes, standards and regulations and related industry expectations. The following provides a summary of key integrity-related activities planned for 2020 and 2021.

15.1.1.1 Investigative Dig Cut-outs

89. PNG has included provision in the Amended Application for costs to complete cut-outs following In-Line Inspections (ILI). Forecast costs of \$1.021 million for 2020 and \$1.042 million for 2021 are to address cut-outs expected as a result of past and planned ILI runs³⁸ in geographically challenging and remote areas with significantly increased logistical costs. PNG submits that the planned investigative dig repairs and pipe replacements are appropriate and necessary rehabilitation activities to ensure the integrity of PNG's pipeline system.

15.1.1.2 Transmission Mainline Repairs and Assessments

EMAT ILI Runs

90. As described in the Amended Application, with technological advances in natural gas pipeline crack detection tools, PNG's ILI plan has been revised in recent years to incorporate EMAT use where possible. This is of particular importance and necessity as PNG continues to

³⁸ Exhibit B-3, BCUC IR 47.1

manage the presence and locational prevalence of stress corrosion cracking (SCC) related to legacy pipeline materials and external coating practices. Forecast costs for 2020 of \$2.174 million pertain to three key planned EMAT runs, and 2021 costs of \$2.894 million relate to final report deliverables from the 2020 runs as well as to three additional EMAT runs.

91. In response to information requests, PNG further addressed a number of aspects pertaining to the proposed EMAT activity, including risks of delaying activities, costing of activities and the accounting treatment of costs.³⁹ PNG submits that given known stress corrosion cracking (SCC) susceptibility, it is incumbent upon PNG to complete inspections and repairs in accordance with PNG's integrity management plan.

MFL-based ILI Runs

92. As noted in Section 8.1 of this submission, in response to BCUC IR 102.1.1, PNG concluded that MFL-based ILI runs and EMAT ILI runs are similar inspection activities and accordingly should have the same accounting treatment for both regulatory and financial statement purposes. On this basis, PNG submitted that significant MFL ILI runs should be capitalized to plant under BCUC Account 469 in the same manner as EMAT ILI runs.

93. PNG has proposed capital treatment for a significant MFL ILI run planned for 2020 at a forecast cost of \$817,014. This adjustment has been reflected as an increase in capital expenditures (BCUC Account 469) with an offsetting reduction to operating expenses (BCUC Account 665) for 2020 (see summary provided in Section 6).

15.1.1.3 Salvus to Galloway Remediation Project

94. PNG's Amended Application includes provision for \$1.452 million and \$2.529 million in capital expenditures for 2020 and 2021, respectively, as part of a high priority, multi-year program focused on addressing identified integrity concerns on various segments of PNG's transmission pipeline from Salvus to Galloway, located between Terrace and Prince Rupert. Following completion of an ILI run in 2018, PNG identified a substantial quantity of metal loss and dent integrity related flaws requiring immediate prioritization and attention.

95. In response, as noted in the 2018 and 2019 approved capital programs, PNG has undertaken design, planning and prioritization of works necessary to ensure continued safe,

³⁹ Exhibit B-3, BCUC IR 13's, 49's and 59's; Exhibit B-7, BCUC 102's and 116's

reliable service and compliance with regulatory standards. Detailed design and construction package development for this remediation project has continued into 2020 in support of PNG's plan to advance an application to the BCUC in the third quarter of 2020 seeking approval for the full execution of the project with full remediation expected to be completed by 2023.

96. In response to information requests, PNG has submitted substantial supplemental information on the proposed remediation project and the forecast operating expenditures for 2020 and 2021.⁴⁰ This supplemental information has addressed many matters, including: project alternatives; risks of delay and execution; the nature of costs and cost breakdowns; accounting for costs; attribution of costs to the anticipated standalone BCUC application; and linkages to RECAP. PNG has also provided supporting engineering reports. Further, PNG has provided its rationale for seeking approval of certain costs in the Amended Application rather than in their entirety in the forthcoming standalone BCUC application.

97. PNG notes that the summary of adjustments presented in Section 6 of this submission incorporates an adjustment to the forecast costs of the Salvus to Galloway project as noted in response to BCUC IR 50.6, as well as an adjustment to the allocation of capital costs between work in progress and plant in service as noted in response to BCUC Panel IR 2.2.1.

98. As noted in the response to BCUC IR 50.9, the costs forecast for 2020 and 2021 are required to advance the Salvus to Galloway project to the point of the BCUC application and to support approval of that application, and to also progress critical and high-priority pipeline risk mitigation and procurement activities in order to avoid the loss of both the 2020 and 2021 construction windows. PNG submits that, subject to the noted cost adjustments, the costs for 2020 and 2021 should be approved.

15.1.1.4 Compressor Station Upgrades

99. As described in the Amended Application, a number of compressor station upgrades across PNG's system have been deferred and must proceed to keep the facilities in a safe operating condition. PNG has forecast costs of \$1.347 million in 2020 and \$1.239 million in 2021 for these activities.

100. In response to information requests, PNG further addressed a number of aspects

⁴⁰ Exhibit B-3, BCUC IR 50's; Exhibit B-7, BCUC IR 117's; Exhibit B-9, BCUC Panel IR 2's; Exhibit B-10/10.1

pertaining to the proposed upgrades, including risks of delaying activities, prioritization, and alternatives.⁴¹ PNG submits that given known stress corrosion cracking (SCC) susceptibility, it is incumbent upon PNG to complete inspections and repairs in accordance with PNG's integrity management plan. PNG submits that the planned compressor station improvements are necessary and should be approved.

15.1.2 Mobile / Heavy Equipment Replacement

101. As described in the Amended Application, PNG has proposed increased spending on replacement vehicles and heavy equipment for 2020 and 2021 compared to recent years, with \$1.021 million forecast for 2020 and \$1.042 million forecast for 2021. Planned vehicle replacements are all in compliance with PNG's established replacement criteria.

102. PNG notes that in recent years, investment in heavy equipment has been deferred to minimize short-term costs, however, several critical units are now at the end of life and are either becoming obsolete or repair costs are increasing to significant share of replacement cost. PNG submits that replacement of identified equipment is necessary at this time, as there is considerable risk to not doing so.⁴²

15.1.3 LNG Canada Let Down Station #1

103. PNG's Amended Application included provision for a station replacement to meet the needs of LNG Canada for all non-process related buildings on the LNG export terminal facility site in Kitimat (LDS#1). PNG noted that it has been in ongoing discussions with the customer to refine the scope of this project and on terms of a gas sales agreement in anticipation of seeking a certificate of public convenience and necessity (CPCN) for this project.

104. PNG provided supplemental information on the project, including supporting studies and a backstop agreement for preliminary project costs.⁴³ However, as noted in response to BCUC IR 119.2, PNG was notified by the customer that LDS#1 is likely not required until 2022 as a result of a project delay on the customer side. Consequently, PNG has removed the capital costs for 2020 and 2021 of \$1.148 million and \$217,000, respectively, and the forecast demand for 2021 of 27,450 GJ from the Amended Application (see Section 6 of this

⁴¹ Exhibit B-3, BCUC IR 51's; Exhibit B-7, BCUC IR 118.1

⁴² Exhibit B-3, BCUC IR 58.2

⁴³ Exhibit B-3, BCUC IR 52.4; Exhibit B-7, BCUC IR 119.1

submission). PNG will seek approval of the LDS#1 project through a separate CPCN application once commercial arrangements have been finalized and executed.

15.1.4 Asset Management Systems

105. As described in the Amended Application and further elaborated upon in response to information requests, PNG's forecast capital expenditures include costs related to several asset management and asset information systems, including costs for the final phase of the geographic information system (GIS),⁴⁴ the ongoing asset records modernization,⁴⁵ the hydraulic modelling system replacement/upgrade,⁴⁶ and the update to change management processes.⁴⁷ PNG submits that the planned investments in new and upgraded systems and processes that incorporate contemporary industry best-practices and technology are critical to its integrity management and maintenance management programs, will improve efficiency and consistency, and will improve management capabilities and the capacity for reporting and regulatory compliance.

15.1.5 Compressor Overhaul Costs

106. As described in response to BCUC IR 114.1, PNG has identified two errors in the Amended Application pertaining to the accounting treatment of a compressor engine spare and compressor engine overhaul costs. PNG has reflected the correction of these errors in the summary of adjustments presented in Section 6 of this submission.

107. Firstly, a compressor engine overhaul was undertaken in 2019 on a spare unit that remains a strategic spare unit in storage and residing at compressor station R1. As this asset has not been placed into service, it should not yet be amortized. Unfortunately, this was incorrectly reflected in the Amended Application, with depreciation of \$48,188 for this asset reflected in each of 2020 and 2021.

108. Secondly, PNG identified an accounting classification error pertaining to a 2020 capital project to overhaul compressor unit 2 at a cost of \$364,000. This capital project was incorrectly included under BCUC Account 469 (Other) as a spare compressor engine overhaul

⁴⁴ Exhibit B-3, BCUC IR 53's; Exhibit B-7, BCUC IR 123's

⁴⁵ Exhibit B-3, BCUC IR 84.4

⁴⁶ Exhibit B-3, BCUC IR 62's; Exhibit B-7, BCUC IR 125's

⁴⁷ Exhibit B-3, BCUC IR 56's; Exhibit B-7, BCUC IR 124.1

instead of BCUC Account 466 (Compressor Equipment) as a compressor unit overhaul. The two BCUC account classifications have differing tax deductibility and depreciation rates. The impact of this correction is to increase the revenue requirement by approximately \$100,000 in 2020 and to reduce the revenue requirement by approximately \$150,000 in 2021.

109. PNG submits that the evidence presented in the course of this proceeding supports the identified capital expenditures for 2020 and 2021 as prudent and necessary in order to ensure that PNG is able to continue to provide its customers with safe, reliable and secure gas delivery service in 2020, 2021 and into the future, and that they should be approved.

15.2 Capital Structure and Return on Capital

110. For the purposes of its Amended Application, PNG has used the Decision 2019 approved rate of return on common equity (ROE) of 9.50% and common equity thickness of 46.50% following the issuance of the Stage 2 GCOC Decision in 2014 and the BCUC Decision on the FortisBC Energy Inc.'s (the Benchmark Utility) application for its Common Equity Component and Return on Equity for 2016.⁴⁸ PNG notes that in the latter, the BCUC ordered no changes to the Benchmark Utility's common equity component and no changes to the ROE, and that these metrics would remain in effect until otherwise determined by the BCUC, and further, that the Automatic Adjustment Mechanism Formula was suspended indefinitely.

16. OTHER MATTERS

16.1 Change to Unaccounted for Gas Component of Company Use Gas

111. As per Section 2.2.3 of the Amended Application, PNG is seeking approval for two changes related to the unaccounted for gas (UAF) component of Company use gas: (i) PNG is seeking to set the UAF component of Company use gas to 1.0 percent; and (ii) PNG is seeking to increase the approved UAF loss cap to 1.5 percent.

112. As noted in the Amended Application, the current zero percent provision for the UAF component of Company use gas was established in 2004 and has not been changed since that time. PNG submits that its recent experience supports a change to the provision, noting that for the five-year period of 2015 to 2019, PNG has experienced average net UAF losses equal

⁴⁸ BCUC Order G-129-16

to 1.88% of deliveries. PNG further notes that this proposal is predicated on continued use of the UAF Volume deferral account.

113. PNG has made use of the UAF Volume deferral account that allows PNG to record all gas gains and the variance between zero percent and a loss of up to 1.0 percent (UAF Loss Cap) in the UAF volume deferral account without seeking further BCUC approval of the deferral. PNG submits that an increase the UAF Loss Cap from 1.0 percent to 1.5 percent is appropriate in light of both the actual UAF experienced over the past five years, and the theoretical minimum average UAF that PNG can be expected to achieve. PNG notes that it will continue to be required to file an application with the BCUC to obtain approval to record UAF losses above 1.5 percent in the UAF Volume deferral account.

114. PNG submits that the evidence presented in the Amended Application and in the course of this proceeding on UAF⁴⁹ supports the recommended changes as appropriate and that they should be approved.

16.2 Reporting on Significant Capital Projects

115. As noted in Section 3.4.1.1 of the Amended Application, PNG was directed to provide a proposal for a report to the BCUC, to be filed annually, which outlines future construction of extensions and new facilities as well as significant system modifications or additions that are planned. PNG concurred that there is a need for a capital reporting process that will allow the BCUC to give consideration to PNG's planned future capital expenditures in advance of construction, particularly with regard to assessing whether a CPCN process for planned capital expenditures would be in the public interest.⁵⁰

116. In the Amended Application PNG has proposed a reporting process that it believes will provide the BCUC with the information necessary to make the noted determination. Key elements of the proposed reporting include:

- i) Capital reporting would be an element of the Annual Report to the British Columbia Utilities Commission (Annual Report) to be filed by April 30th each year;

⁴⁹ Exhibit B-3, BCUC IR 6's, 7's an 8's; Exhibit B-5, BCOAPO IR 2.1; Exhibit B-7, BCUC IR 93's and 94's; Exhibit B-8, BCOAPO IR 9.1 and 10's

⁵⁰ BCUC Order G-151-18, directive 5

- ii) Reporting would be on forecast and historic capital expenditures;
- iii) Focus would be on planned non-recurring projects that would capture system extensions, new facilities and significant system modifications or additions and significant items pertaining to the maintenance and operation of existing assets; and
- iv) A reporting threshold of a cumulative minimum total capital project expenditure of \$500,000.

117. PNG notes that on the matter of assessing whether a CPCN process for planned capital expenditures would be in the public interest, several BCUC information requests⁵¹ explored what might be an appropriate dollar value threshold for a project that would necessitate the submission of a CPCN application. In response to certain of these queries, PNG noted that it has historically made use of an informal threshold of \$1,000,000 as a general guideline in deciding on whether to file CPCN or section 44.2 applications. However, based on a cursory review of other utilities under the BCUC's jurisdiction, PNG suggested that a higher CPCN threshold between \$1,500,000 to \$2,000,000 may be more appropriate.

118. PNG submits that the evidence presented in the Amended Application and in the course of this proceeding⁵² supports the proposed capital reporting as a reasonable and appropriate approach that will allow the BCUC an opportunity to assess PNG's planned future capital expenditures and should be approved as proposed.

16.3 Automotive Cost Allocation

119. As noted in Section 3.4.1.7 of the Amended Application, PNG was directed to review and assess the effectiveness of the automotive cost allocation methodology with respect to variances in forecast and actual expense allocations and, based on this assessment, provide recommendations for future handling and allocation of costs among the PNG and PNG(NE) divisions.⁵³

120. In the Amended Application PNG presented its analysis and evaluation of its historic

⁵¹ Exhibit B-3, BCUC IR 79.7's; Exhibit B-7, BCUC IR 130.4 to 130.9

⁵² Exhibit B-3, BCUC IR 78's to 83's; Exhibit B-7, BCUC IR 130's

⁵³ BCUC Order G-164-18A, Reasons for Decision, Section 3.0

approach to the allocation of automotive costs, and made recommendations to amend the cost pool forecast and cost pool allocation methodologies with a view to reduce over/under allocations between capital and operating costs and between the PNG-West and PNG(NE) divisions, including:

- i) Base the test period forecast consolidated automotive cost pool on the actual costs of the prior year with a 2% provision for inflation;
- ii) Continue to apply the current budgetary convention for allocating forecast consolidated automotive costs to capital, whereby the divisional percentage of capital labour costs of consolidated labour costs is applied to the consolidated automotive cost pool, and continue to apply the current administrative convention of allocating actual Automotive costs to capital, whereby a 15% factor is applied to capital labour costs and capitalized; and
- iii) Establish the test period forecast operating automotive cost pool as the consolidated automotive cost pool less amounts identified as being attributable to capital, and allocate the forecast operating cost pool to divisions on the basis of the five-year rolling average of each division's actual percentage distribution of operating automotive costs.

121. PNG submits that it has undertaken considerable analysis and evaluation of historic results and the implications of the changes it has proposed, as well as additional analysis and evaluation in response to information requests in this proceeding.⁵⁴ PNG further submits that, while there is uncertainty inherent in any forecast methodology, the proposed cost pool forecasting and allocation will reduce the magnitude of the over/under allocation of automotive costs between cost categories and between divisions, and should be approved as proposed.

17. CUSTOMER RATES

122. In order to enable PNG to have the opportunity to recover its cost of providing service to its customers in 2020 and 2021, PNG is seeking BCUC approval to increase its 2020 customer rates to reflect the recovery of the projected 2020 revenue deficiency of \$0.772 million and

⁵⁴ Exhibit B-3, BCUC IR 85's to 88's; Exhibit B-7, BCUC IR 131's

to increase its 2021 customer rates to reflect the recovery of the projected 2021 revenue deficiency of \$0.818 million, subject to adjustments based on changes identified through the information request process and summarized in Section 6 of this submission.

123. For rate making purposes, the 2020 and 2021 revenue deficiencies have been allocated to customers based on forecast margin recovery by customer class as shown at Tab Schedules, Tab 6 Rates, pages 6 and 22 in the Amended Application. The use of the gross margin allocation method by PNG has been approved by the BCUC for many years and, as reflected in PNG's instant application, has been applied on a basis consistent with previous years.

124. The rate changes resulting from the projected revenue deficiencies for 2020 and 2021, before such adjustments as proposed through the information response process and summarized in Section 6 of this submission, are presented in Table 2 of the Amended Application. Before proposed adjustments, residential customers were forecast to have modest rate increases of 2.3% in each of 2020 and 2021. Small commercial customers were forecast to have modest rate increases of 2.1% in 2020 and 2.2% in 2021.

125. PNG is also seeking BCUC approval of a 2020 debit RSAM rate rider equal to \$1.175/GJ and a 2021 debit RSAM rate rider equal to \$0.359/GJ as shown in the Amended Application at Tab Schedules, Tab Rates, pages 14 and 30, respectively. The determination of the RSAM rate riders is based on a two-year amortization period, consistent with the practice established for the 2013 revenue requirements application proceeding.

18. JUST AND REASONABLE RATES

126. Section 60(1) of the *Utilities Commission Act* establishes the obligation of the BCUC to set rates as follows:

“In setting a rate under this Act

- (a) the commission must consider all matters that it considers proper and relevant affecting the rate,
- (b) the commission must have due regard to the setting of a rate that
 - (i) is not unjust or unreasonable within the meaning of section 59,
 - (ii) provides to the public utility for which the rate is set a fair and reasonable

- return on any expenditure made by it to reduce energy demands, and
- (iii) encourages public utilities to increase efficiency, reduce costs and enhance performance,
- (b.1) the commission may use any mechanism, formula or other method of setting the rate that it considers advisable, and may order that the rate derived from such a mechanism, formula or other method is to remain in effect for a specified period, and
- (c) if the public utility provides more than one class of service, the commission must
 - (i) segregate the various kinds of service into distinct classes of service,
 - (ii) in setting a rate to be charged for the particular service provided, consider each distinct class of service as a self contained unit, and
 - (iii) set a rate for each unit that it considers to be just and reasonable for that unit, without regard to the rates fixed for any other unit.”

Section 59(5) states:

“In this section, a rate is "unjust" or "unreasonable" if the rate is

- (a) more than a fair and reasonable charge for service of the nature and quality provided by the utility,
- (b) insufficient to yield a fair and reasonable compensation for the service provided by the utility, or a fair and reasonable return on the appraised value of its property, or
- (c) unjust and unreasonable for any other reason.”

127. In a decision rendered by the BCUC in 2006 in respect of PNG’s revenue requirements application, the BCUC discussed in detail the legal requirements under the *Utilities Commission Act* to fix rates that permit a utility the opportunity to recover all of its cost of providing service, including the fair rate of return on common equity approved for the utility

by the BCUC.⁵⁵

128. The submissions made by PNG at Tab Application in the Amended Application, and as supplemented by PNG's responses to information requests (Exhibits B-3, B-4, B-5, B-7, B-7-1, B-7-2, B-7-3, B-8, B-9 and B-10) and by this argument, provide the BCUC with the evidence it requires to find that the cost of service applied for by PNG for both 2020 and 2021 are just and reasonable having regard to the rate setting standards applicable to the BCUC under sections 59 and 60 of the *Utilities Commission Act*.

19. CONCLUSION

129. Based on the evidence in this proceeding, the rates sought by PNG for 2020 and 2021 are supported by sound forecasting methods and are required so that PNG may recover the costs of serving PNG-West customers. PNG therefore submits that the approvals sought are just and reasonable and in the public interest and should be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated at Vancouver, British Columbia this 10th day of June 2020.

PACIFIC NORTHERN GAS LTD.

Original on file signed by:

Gordon Doyle

Vice President, Regulatory Affairs, Legal & Gas Supply

⁵⁵ BCUC Order G-99-06, Reasons for Decision