



## **NEWS RELEASE – BCUC Approves Changes in Pacific Northern Gas Natural Gas Rates**

December 20, 2016

The BC Utilities Commission has approved changes in Pacific Northern Gas' (PNG) rates for Fort St. John, Dawson Creek, Tumbler Ridge and communities from Vanderhoof to Prince Rupert and Kitimat. The following combined delivery and commodity rates will be implemented January 1, 2017 for residential customers:

Fort St. John	\$7.04/GJ
Dawson Creek	\$6.85/GJ
Tumbler Ridge	\$11.76/GJ
Vanderhoof to Prince Rupert/Kitimat	\$16.85/GJ

The Commission reviews PNG's commodity charges every quarter. Commodity charges are a flow-through cost of the market rates that PNG pays for natural gas. The Commission does not approve PNG to earn a return or profit off the cost of commodity charges.

Differences in rates occur between regions primarily because of differences in the infrastructure required to deliver the gas. This results in lower rates in communities such as Fort St. John and Dawson Creek which are closer to the sources of the natural gas.

As a market commodity, the price of natural gas is variable and can be volatile. For example, for residential customers in the community of Fort St. John the commodity charge in 2015 ranged from approximately \$2.83/GJ to \$3.93/GJ. The Fort St. John residential commodity charge was reduced to approximately \$2.20/GJ at the beginning of 2016, and will increase to approximately \$2.63/GJ effective January 1, 2017. The market price for natural gas has risen in recent months and is forecast to continue to increase. Commodity rates for FortisBC customers have also recently increased because of the increase in market rates of natural gas.

PNG's delivery rates were reviewed by the Commission through open public processes which were publicized in local newspapers and PNG customer bills in winter 2015-16 and completed in August 2016. Commission staff and the BC Old Age Pensioners' Organization actively participated in these reviews. The Commission reviews PNG's cost forecasts in detail to determine whether the expected costs are reasonable. The Commission welcomes public input into our delivery rate review processes.

The increase in delivery rates is required in Fort St. John, Dawson Creek, Tumbler Ridge, and Vanderhoof to Prince Rupert/Kitimat primarily because customer demand has declined, particularly in the industrial customer rate class. As well, small increases in operating expenses are required to run and maintain the PNG systems. When customer demand is forecast to decrease, any increase in delivery and commodity costs are spread over fewer GJs resulting in a per GJ rate increase.

To read the orders approving these rate changes please visit the following links:

[FSJ/Dawson/TR Commodity Rates – Order G-190-16](#)

[FSJ/Dawson/TR Delivery Rates – Order G-132-16](#)

[Vanderhoof/PR/Kitimat Commodity Rates – Order G-189-16](#)

[Vanderhoof/PR/Kitimat Delivery Rates – Order G-131-16](#)

## CONTACT INFORMATION

For more information or to request an interview please contact:

Alison Thorson

Director - Policy, Planning and Customer Relations

Phone: 604-660-4185

Email: [alison.thorson@bcuc.com](mailto:alison.thorson@bcuc.com)

Twitter: @BCUtilitiesCom

## BACKGROUND INFORMATION

Further information on the rate changes for PNG:

	<b>Current Delivery and Commodity Rates per GJ (as of October 1, 2016)</b>	<b>Approved Delivery and Commodity Rates per GJ (as of January 1, 2017)</b>
<b>Fort St. John</b>		
Residential	\$5.37	\$7.04
Small Commercial	\$4.70	\$6.22
<b>Dawson Creek</b>		
Residential	\$5.17	\$6.85
Small Commercial	\$4.16	\$5.68
<b>Tumbler Ridge</b>		
Residential	\$11.59	\$11.76
Small Commercial	\$10.12	\$10.47
<b>Vanderhoof to Prince Rupert/Kitimat</b>		
Residential	\$14.55	\$16.85
Small Commercial	\$12.68	\$14.93