

15 May 2020

**VIA E-FILING**

Patrick Wruck  
Commission Secretary  
BC Utilities Commission  
6th Floor 900 Howe Street  
Vancouver, BC V6Z 2N3



Reply to: Leigha Worth  
lworth@bcpiac.com  
Ph: 604-687-3034  
Our File: 7400.110

Dear Mr. Wruck,

**Re: Pacific Northern Gas Ltd. And Pacific Northern Gas NE FSJ/DC and TR Ltd.  
("PNG")  
2020-2021 Revenue Requirements Application**

We represent the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre ("BCOAPO et al."). Enclosed please find the BCOAPO's Information Request No. 1 with respect to the above-noted matter.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,  
**BC PUBLIC INTEREST ADVOCACY CENTRE**

*Original on file signed by*

Leigha Worth  
Executive Director | General Counsel

Encl.

**REQUESTOR NAME:** BCOAPO *et al.*  
**INFORMATION REQUEST ROUND NO:** #2  
**TO:** Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (“PNG”)  
**DATE:** May 15, 2020  
**APPLICATION NAME:** PNG NE – 2020-21 Revenue Requirement Application

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**1.0 Reference: Exhibit B-3, BCUC IR 1.1.1 and Exhibit B-5, BCOAPO IR 1.1.2**

- 1.1 Please confirm that the 2020 forecasted deliveries do not reflect and impacts of the COVID-19 pandemic.
- 1.2 Please provide a table showing, by rate class and by month, the actual and forecasted delivery volumes for the months of January, February, March, and April of 2020.

**2.0 Reference: Exhibit B-3, BCUC IR 1.4.1**

- 2.1 The referenced response appears to imply that the delivery margin per GJ is lower for Small and Large Commercial Sales customers than it is for Commercial Transport customers. Can PNG confirm that this is in fact the case?

**3.0 Reference: Exhibit B-3, BCUC IR 1.6.2 and Exhibit B-5, BCOAPO IR 1.2.1**

The first referenced response states:

*These noted changes have resulted in direct and appreciable focus and mandated requirements by the BCOGC pertaining to pipeline segment by segment and facility risk management and the implementation of a new assessment and audit program directed at pipeline and facility assets 50 years of age or older, thereby encompassing many of PNG(NE)'s transmission and distribution system assets. This has resulted in, but is not limited to, increasing focus, efforts and resources by PNG(NE) in medium and high consequence areas, geohazard identification, monitoring and management, small diameter and hard to inspect pipelines, verification of maximum operating pressure acceptability for in-service pipelines, and class location changes. ...*

*There is a general and progressive expectation by the public, by regulators, and by the industry for continuous improvement in pipeline and facility operating practice and strategy as it pertains to integrity management. This is emphasized by the creation, sustainment, and increased investment of resources in best practices committees, associations, conferences, and other forums focused on pipeline system and facility safety and integrity such as CGA standing committees for operations, CEPA, International Pipeline Conference, Pipeline Pigging and Integrity Management user groups, and internally by TriSummit Utilities Inc. (TSU, formerly ACI) best practices committees on integrity. ...*

### *Catch-up on Deferred Maintenance and Integrity Work*

*Over the past several years, PNG(NE) has attempted to strike a responsible balance between spending on integrity programs and addressing rate impacts. In some cases, PNG(NE) elected to defer improvement work in order to minimize rate increases. This may have resulted in potential concerns with respect to codes, standards, and regulations; however, PNG(NE) has attempted to address these issues in this Amended Application and plans to do so further in future. ... [Emphasis added.]*

- 3.1 Can PNG provide a meaningful % of PNG NE distribution assets that are over 50 years old, in terms of net book value, length, or other relevant criterion? If so, please do so.
- 3.2 Can PNG provide a meaningful % of PNG NE transmission assets that are over 50 years old, in terms of net book value, length, or other relevant criterion? If so, please do so.
- 3.3 Does PNG believe that stakeholders expect that “continuous improvements in pipeline and facility operating practice” are to be achieved in a cost-effective manner? If so, (i) how does PNG get feedback from ratepayers regarding the efficacy of its activities in this respect and (ii) what internal objective metrics does PNG utilize to assess its own performance in this regard?
- 3.4 Overall, does PNG maintain that it has been to the benefit of ratepayers in terms of total costs they bear for PNG to have deferred maintenance and integrity work?
- 3.5 Does PNG agree that if other drivers of utility costs had not, by themselves, given rise to significant rate impacts, there would be no need to defer maintenance or integrity work to moderate the overall rate impact?

#### **4.0 Reference: Exhibit B-3, BCUC IR 1.7.3.1**

- 4.1 The table provided in the referenced response indicates the assumption of a 2.34% increase in the hourly rate in 2020 and again in 2021. Are the 2.34% increases based on a collective agreement? If not, please indicate how the 2.34% increase was determined.

#### **5.0 Reference: Exhibit B-3, BCUC IR 1.7.4**

The referenced response states:

*In terms of cost savings, by reducing reliance on temporary employees, PNG(NE) will save \$115,000 (between O&M and capital). PNG(NE) notes that the cost for the two FTE bargaining unit positions is approximately \$194,000, and while on a net basis there are not significant savings as this change results in a reallocation of costs from*

*contractors to employee labour, there are additional qualitative benefits as noted in the discussion above.*

5.1 Is it correct to conclude that utility costs have increased by approximately \$79,000 per year (\$194,000 - \$115,000) as a result of replacing temporary employees with full-time employees?

**6.0 Reference: Exhibit B-3, BCUC IR 1.10.2.1.1**

The referenced response states:

*... PNG(NE) determined that the joint CIS project with its sister utilities was the best path forward in view of current circumstances and the need to for a new CIS solution. This enables PNG(NE) to achieve lower implementation costs and will also result in further financial benefits commencing in Year 2022 from lower resources required n the CIS technical support group and redeployment of customer care resources.*

6.1 Does PNG NE expect that the CIS solution will provide a significant annual costs savings to the utility in Year 2022 and beyond?

**7.0 Reference: Exhibit B-3, BCUC IR 1.11.2**

The referenced response states:

*... However, PNG(NE) notes that with properly trained and qualified personnel, the internal welders will be utilized when possible. ... [Emphasis added.]*

7.1 Please elaborate upon the circumstances that would lead to internal welders not being utilized.

**8.0 Reference: Exhibit B-3, BCUC IR 1.12.5**

8.1 Has there has been any recent formal review of PNG's collection processes? If so, please provide a copy or a summary of the review.

**9.0 Reference: Exhibit B-3, BCUC IR 1.13.1**

9.1 Does PNG expect that there will be a significant reduction in UAF as a result of forecasted increased leak repair activities? If so, please elaborate; if not, please explain.

**10.0 Reference: Exhibit B-3, BCUC IR 1.16.3**

10.1 Is it possible to quantify the overall or annual savings to ratepayers either (i) to date or (ii) in the future as a result of the Maximo project? If so, please provide details.

**11.0 Reference: Exhibit B-3, BCUC IR 1.21.1**

The preamble to the referenced IR states:

*On page 7 of the TR Amended Application PNG(NE) states that it intends on recording \$53,000 of the Test Year 2021 anticipated revenue deficiency in Test Year 2020 in an interest bearing deferral account.*

- 11.1 Since the \$53,000 deficiency is related to Test Year 2021, please explain why this portion of the 2021 deficiency should earn one year's interest in 2020.
- 11.2 If the 2021 deficiency is measured in 2020 dollars, should the \$53,000 not, more appropriately, be adjusted for one year's inflation? And if the 2021 deficiency is measured in 2021 dollars, why should this amount be adjusted at all?

**12.0 Reference: Exhibit B-3, BCUC IR 1.30.4**

- 12.1 Please confirm that over the years 2015-19 inclusive, whereas the total approved distribution mains expenditure was \$2,391,294, the actual distribution mains expenditure was only \$1,262,742 or 52.8% of the approved total. If unable to so confirm, please provide the corrected figure(s).
- 12.2 Please confirm that the rates set for the years 2015-19 inclusive included amounts for return, taxes, and depreciation on approved capital expenditures. If unable to so confirm, please explain.

**13.0 Reference: Exhibit B-5, BCOAPO IR 1.1.4 and 1.1.5**

- 13.1 Since providing its responses to the referenced IRs, has PNG become aware of any information that would lead it to revise either of the referenced responses?

**14.0 Reference: Exhibit B-5, BCOAPO IR 1.5.1**

- 14.1 Please provide the date on which Measurement Canada's Specification S-S-06 Sampling Plans enacted in 2010 became effective.
- 14.2 Is there any reason why Specification S-S-06 would lead to a recent increase in meter recalls?