



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

AN ORDER IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

An Application by BC Gas Utility Ltd. for
a Certificate of Public Convenience and Necessity
for Construction of New Buildings For Its Coastal Operations
known as "the Coastal Facilities Project"

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr Deputy Chairperson) May 25, 1995

O R D E R

WHEREAS:

- A. On August 5, 1992, in its Decision on revenue requirements, the Commission directed BC Gas Utility Ltd. ("BC Gas") to remedy certain safety concerns in its Lochburn facility as early as possible, to pursue cost recovery from B.C. Hydro and others, and to apply for a Certificate of Public Convenience and Necessity ("CPCN") for any new structures; and
- B. On February 17, 1993, pursuant to Section 51 of the Utilities Commission Act ("the Act"), BC Gas applied to the Commission for a CPCN to construct new buildings at its Lochburn and Fraser Valley operating centres in the Lower Mainland ("the Original Application"); and
- C. On December 3, 1993, in response to a review by Commission staff, BC Gas filed supplementary information to the Original Application ("the Supplementary Filing"); and
- D. On January 18, 1994, in response to an application from BC Gas dated January 7, 1994, the Commission approved the BC Gas plans for temporary relocation of Lochburn employees housed in unsafe buildings, but advised that the costs and accounting treatment for the relocation plans would be addressed in the Commission's decision on the CPCN application; and
- E. On February 7, 1994, in response to a Commission staff information request dated January 12, 1994, BC Gas filed further information concerning the Supplementary Filing; and
- F. On June 16, 1994, in its Phase 1 Decision for BC Gas 1994/95 Revenue Requirements, the Commission identified that its approval of the negotiated settlement for rate base items was exclusive of the Coastal Facilities Project ("the Application"); and
- G. On October 6, 1994 in response to an application from BC Gas dated September 13, 1994, the Commission advised BC Gas that it did not expect the company to pursue cost recovery from B.C. Hydro and others; and
- H. On March 21, 1995, pursuant to Section 51 of the Act, BC Gas again applied to the Commission for a CPCN for the Coastal Facilities Project and withdrew all previous applications; and

- I. On March 24, 1995, the Commission issued a letter to those parties who had previously registered as intervenors in the BC Gas 1994/95 revenue requirements review requesting that they submit comments on the Application to the Commission by May 1, 1995; and
- J. No comments were received from the intervenor group or others; and
- K. The Commission has reviewed the Application and determined that approval is necessary and in the public interest.

NOW THEREFORE the Commission orders as follows:

- 1. Pursuant to Section 51(6) of the Act a CPCN is granted to BC Gas to construct new coastal facilities in accordance with the Application.
- 2. Relocation costs of approximately \$4.8 million consistent with the January 7, 1994 application are also approved. These costs should be recorded as Other Deferred Charges in account 179, and amortized over a period of 5 years commencing in 1996. BC Gas is to file a separate accounting of final relocation costs for Commission review.
- 3. During construction, BC Gas is to file with the Commission monthly progress reports for project costs and schedule followed by a Final Report upon project completion.
- 4. Considering the magnitude of the capital cost estimates and contingencies in the Application, the Commission expects that the project will be completed within the forecast cost of \$47.3 million (exclusive of AFUDC and capitalized overhead). The Commission will review the required Final Report with respect to capital costs, AFUDC, overhead allocation and any cost over-runs in order to determine eligibility for rate base treatment.
- 5. The reporting formats for all filings required by this order are to be established in consultation with Commission staff.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of May, 1995.

BY ORDER



Dr. Mark K. Jaccard
Chairperson