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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-5-04

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Terasen Gas Inc.
for Transmission Pipeline Integrity Plan Capital Expenditures in 2004 and 2005**

BEFORE: L.F. Kelsey, Commissioner)
K.L. Hall, Commissioner) July 29, 2004

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On April 17, 2003 by Order No. C-4-03, the British Columbia Utilities Commission ("the Commission") approved a Certificate of Public Convenience and Necessity ("CPCN") for Terasen Gas Inc. ("Terasen Gas") for Transmission Pipeline Integrity Plan ("TPIP") expenditures for the 2003 work program amounting to \$8.742 million; and
- B. The TPIP is part of the Integrity Management Program that Terasen Gas developed to ensure protection of the public and environment by demonstrating that all of its high pressure transmission pipelines are suitable for continued safe and reliable service. The program recognizes the aging of major components of the Terasen Gas system, and responds to the increased awareness and expectations of the public, regulators and Terasen Gas as a result of a number of pipeline ruptures across North America in the past decade; and
- C. On June 25, 2004 Terasen Gas filed a Report on 2003 TPIP Expenditures and Results, and Final Completion Reports with respect to Orders No. C-15-01 and C-4-03 (the "Reports"); and
- D. The June 25, 2004 filing included an application for a CPCN for the 2004 TPIP pipeline retrofit program to be carried out in 2004 and 2005, with an estimated cost of \$3.732 million ("the 2004 TPIP Application"). Consistent with the Terasen Gas 2004-2007 Settlement, other TPIP expenditures are considered to be Operating and Maintenance expenses; and
- E. On July 9, 2004, Terasen Gas, Commission staff and a representative of the Oil and Gas Commission met to discuss the Reports and the 2004 TPIP Application; and
- F. The Commission has reviewed the Reports and the 2004 TPIP Application and considers that the expenditures set out in the 2004 TPIP Application are necessary and in the public interest.

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NOW THEREFORE the Commission orders as follows:

1. The Commission issues to Terasen Gas a CPCN for TPIP expenditures as set out in the 2004 TPIP Application for a total estimated cost of \$3.732 million.
2. Consistent with the reporting requirements set out in Order No. C-15-01, within 60 days of the end of each calendar year, or as soon thereafter as possible, Terasen Gas will file a report on TPIP activities during the year. The report will cover TPIP work done and its costs, the results of In-line Inspection tool runs including an assessment of the condition of the pipelines that were evaluated, the rehabilitation work that is indicated and a justification of the actual expenditures. The report will also discuss the results of Terasen Gas' ongoing efforts to improve its Integrity Management Program.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of July 2004.

BY ORDER

Original signed by

L.F. Kelsey
Commissioner