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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-157-13**

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

and

**An Application by Pacific Northern Gas (N.E.) Ltd.
for a Certificate of Public Convenience and Necessity to Acquire,
Construct, Own and Operate a Compressed Natural Gas Virtual Pipeline
between the Communities of Dawson Creek and Tumbler Ridge**

BEFORE: B.A. Magnan, Panel Chair/Commissioner
L. O'Hara, Commissioner

September 27, 2013

ORDER

WHEREAS:

- A. On July 17, 2013, Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] submitted an application to the British Columbia Utilities Commission (Commission) seeking approval for:
- 1) A Certificate of Public Convenience and Necessity (CPCN) pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA) to acquire, construct, own and operate a permanent Compressed Natural Gas (CNG) trucking service solution that would act as a virtual pipeline between the British Columbia communities of Dawson Creek and Tumbler Ridge (CNG Virtual Pipeline);
 - 2) A proposed new Bulk CNG Service (RS30) tariff, pursuant to sections 59 to 61 of the UCA, for Dawson Creek in order to provide CNG service to customers, including CNG supply for the Tumbler Ridge service area; and
 - 3) Pending approval of 1) and 2) above, approval for the disposition of costs deferred under the Quintette Security of Supply Agreement (Quintette SSA), including the transfer of \$43,180 in costs to the capital cost of the CNG Virtual Pipeline and the recovery of remaining costs of \$286,586 in Tumbler Ridge customer rates over a period of five years (the Initial Application);
- B. PNG(N.E.) seeks an expedited approval of the Initial Application in order to meet identified procurement, construction and commissioning milestones in order that a permanent CNG Virtual Pipeline between Dawson Creek and Tumbler Ridge can be in place to meet customer requirements and to provide supply for the 2013/2014 winter season;

- C. On August 8, 2013, the Commission issued Order G-119-13 establishing a Written Hearing Process and a Regulatory Timetable for the review of the Initial Application;
- D. The District of Tumbler Ridge (DTR) registered as Intervener in this proceeding on August 15, 2013 and the British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO) and FortisBC Energy Utilities (FEU) registered as Interveners on August 16, 2013;
- E. On August 23, 2013, the Commission issued a letter to the Registered Interveners to set a deadline for the submission of Participant Assistant/Cost Award budgets;
- F. On August 27, 2013, PNG(N.E.) requested that the Commission amend the Regulatory Timetable due to a reduced urgency to implement the permanent CNG Virtual Pipeline, PNG(N.E.)'s intent to file an Evidentiary Update, and a request for additional time to respond to the first round of Information Requests (IR);
- G. On September 3, 2013, the Commission issued Order G-137-13 amending the Regulatory Timetable to allow PNG(N.E.) to file an Evidentiary Update to the Initial Application for consideration by the Commission and Registered Interveners prior to the second round of IRs. PNG(N.E.) proposed September 18, 2013 as the deadline to file its Evidentiary Update. Both the DTR and the BCPSO responded that the amendments to the Regulatory Timetable were acceptable;
- H. On September 18, 2013, PNG(N.E.) advised the Commission and Registered Interveners that its Evidentiary Update would be delayed by two days and that it would submit it on September 20, 2013. PNG(N.E.) notes that this delay was necessary to complete the internal review and approve the revised financial analysis presented in the Evidentiary Update. In its letter, PNG(N.E.) states that it does not believe that this two day delay will prejudice other parties and therefore submits that no changes in the Regulatory Timetable set out in Order G-137-13 are necessary;
- I. On September 20, 2013, PNG(N.E.) filed its Evidentiary Update, consisting of extensive revisions to the Initial Application as a result of several items requiring update due to new information or having been presented incorrectly in the Initial Application. Given further analysis and consideration, PNG(N.E.) has also identified an additional rate design principle and proposes moving from a flat compression and dispensing (C&D) charge to a seasonal C&D charge in the proposed RS30. Finally, PNG(N.E.) has amended section 1.2, Approvals Sought, to revise approval 3) above and add a fourth one:
 - 3) Pending approval of 1) and 2) above, approval for the disposition of costs deferred under the Quintette SSA, including the transfer of \$43,180 in costs to the capital cost of the CNG Virtual Pipeline and the recovery of remaining costs of \$261,706 in Tumbler Ridge customer rates over a period of five years (the Application);

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- 4) Pending approval of 1) and 2) above, approval for the inclusion of costs accumulated in the “Studies” deferral account (\$3,203), and of the cost associated with the “Sweet Gas Supply Options” Study (\$18,613), for a total of \$21,816 in the Tumbler Ridge site preparation, mobilization and commissioning capital cost (the Application); and
- J. PNG(N.E.) has revised the proposed construction and commissioning timetable, with a view to commence operations at the beginning of May 2014 as compared to the beginning of December 2013 per the Initial Application. As a result, PNG(N.E.) has begun taking steps to implement a contingency plan to ensure that it is able to meet customer demand for the 2013/2014 winter months. PNG(N.E.) anticipates submitting a proposal to satisfy this demand via securing a temporary CNG service under a renewed security of supply agreement with the Quintette Mine. PNG(N.E.) will be filing an application to provide service on terms similar to those per the 2012/2013 Quintette SSA.

NOW THEREFORE the Commission accepts PNG(N.E.)’s late filing of its Evidentiary Update and further amends the Regulatory Timetable, which is attached as Appendix A to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of September, 2013.

BY ORDER

Original signed by:

B.A. Magnan
Commissioner

Attachment

PACIFIC NORTHERN GAS (N.E.) LTD.

An Application by Pacific Northern Gas (N.E.) Ltd.
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AMENDED REGULATORY TIMETABLE

ACTION	DATE (2013)
Commission and Intervener Information Request No. 2	Friday, October 11
Participant Assistance/Cost Awards Budget Submission	Friday, October 11
PNG(N.E.) Response to Information Request No. 2	Monday, October 28
Commission and Intervener Information Request No. 3	Wednesday, November 6
PNG(N.E.) Response to Information Request No. 3	Thursday, November 14
PNG(N.E.) Final Submission	Wednesday, November 20
Intervener Final Submission	Wednesday, November 27
PNG(N.E.) Reply Submission	Wednesday, December 4