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Utilities Commission

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ORDER NUMBER
G-342-19

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.
Application for a Certificate of Public Convenience and Necessity
for the Construction of Kitimat Regulating Station LDS #2

BEFORE:
T. A. Loski, Panel Chair
R. I. Mason, Commissioner

on December 23, 2019

ORDER

WHEREAS:

A. On August 23, 2019, Pacific Northern Gas Ltd. (PNG) filed an application to seek approval of a Certificate of Public Convenience and Necessity (CPCN), pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA), for capital expenditures of approximately $1.77 million to design and construct a new let-down station #2 (LDS #2) dedicated to providing natural gas service to JGC Fluor BC LNG Joint Venture (JFJV) as engineering, procurement and construction contractor for the development of the LNG Canada liquefied natural gas (LNG) export facility in Kitimat, British Columbia (LNGC Project) (Application);

B. The Application also seeks approval under section 39 of the UCA to enter into a gas sales agreement (GSA) with JFJV dated August 22, 2019, to provide natural gas service to JFJV for an initial period of 4.5 years;

C. PNG requested British Columbia Utilities Commission (BCUC) approval of its Application by no later than September 13, 2019, and encourages the BCUC to consider exercising its discretion to waive the requirement for a hearing on this submission;

D. On September 13, 2019, the BCUC issued staff questions to PNG. PNG provided its responses to BCUC staff questions on September 18, 2019;

E. Section 56(2) of the UCA states that "[t]he commission must determine and, by order after a hearing, set proper and adequate rates of depreciation.";

F. By Order C-3-19 dated September 25, 2019, the BCUC granted a CPCN to PNG authorizing the construction and operation of LDS #2, approved the GSA, and established a written public hearing process and regulatory timetable to review the appropriate depreciation rate of the LDS #2 assets;

G. The regulatory timetable to review the appropriate depreciation rate of the LDS #2 asset was amended by Order G-263-19 dated October 30, 2019, and includes one round of information requests to PNG, letter of comments from parties and PNG's final argument;

H. On December 5, 2019, British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC and Tenant Resource and Advisory Centre filed a letter of comment stating that it does not view the evidence as supporting a deviation from standard regulatory practice;

I. On December 12, 2019, PNG filed its final argument; and

J. The BCUC reviewed the Application, evidence and argument and considers that setting depreciation rates for the LDS #2 assets is warranted.

NOW THEREFORE pursuant to section 56 of the UCA, the BCUC orders PNG to use depreciation rates for the LDS #2 assets in accordance with its established regulatory and accounting practices.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of December 2019.

BY ORDER

Original signed by:

T. A. Loski
Commissioner