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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-3-96

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

and

An Application by Centra Gas British Columbia Inc.
for Approval to Record the Cost of Upgrading Interconnections
with Westcoast Energy Inc. in a Deferral Account

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) January 18, 1996

O R D E R

WHEREAS:

- A. In its March 11, 1994 Revenue Requirements Decision for Fort St. John (the "Decision"), the Commission denied Centra Gas British Columbia Inc.'s ("Centra Gas") application to loop its transmission line and required Centra Gas to undertake those immediate actions which were necessary and cost-effective in the short term to improve the quality and pressure of gas received from Westcoast Energy Inc. ("Westcoast"); and
- B. Centra Gas' 1994 Revenue Requirements Application also included a preliminary estimate of contributions to upgrade the Westcoast delivery facilities at Taylor, Baldonnel and Cecil Lake, B.C. and at the hearing, the estimate was increased to \$250,000 plus \$90,000 for a larger Westcoast meter at Taylor; and
- C. Evidence in the hearing indicated that relocating one of the supply taps at Taylor to the discharge of Westcoast's Compressor Number 1 would significantly reduce problems with liquid hydrocarbons and water in the gas and that increasing the size of the piping would make somewhat higher pressures available to Centra Gas; and
- D. In the Decision the Commission stated that it considered the relocation and upgrade at Taylor to be an essential first step in improving system reliability and directed Centra Gas to move expeditiously to make the changes; and
- E. Due to uncertainty about the upgrading, including whether Centra Gas, as a customer of Westcoast, should bear full responsibility for the cost of the work, the Commission directed Centra Gas to remove the provision for Westcoast contributions from rate base and to record such contributions in an interest-bearing deferral account, with the amount recorded not to exceed \$200,000 unless Centra Gas had applied for and received further Commission approval; and
- F. Most of the upgrading at Taylor and Baldonnel was completed in 1994 and the connection to the discharge of Westcoast's Compressor Station Number 1 was installed in 1995; and
- G. On July 6, 1995, Centra Gas requested approval to include the expenditures that had been incurred to date, plus an estimated amount to complete the 1995 tap installation, in a deferral account; and

- H. On July 11, 1995, Commission staff requested additional information in support of this request; and
- I. On December 20, 1995 and January 16, 1996, Centra Gas filed additional information in support of its request; and
- J. Centra Gas has paid \$282,278 of the total cost of \$422,852 for the upgrades at Taylor and Baldonnel and Westcoast has assumed responsibility for the remainder of the cost; and
- K. The Commission has reviewed the filed material and is satisfied that approval of Centra Gas' request is necessary and in the public interest.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves Centra Gas' actual payments of \$282,278 to Westcoast with respect to the upgrading of connections to the Westcoast system at Taylor and Baldonnel.
2. The Commission directs that Centra Gas may record its actual payments to Westcoast for upgrading in an interest-bearing deferral account, subject to the limitation that the amount recorded may not exceed \$200,000 prior to the date of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of January, 1996.

BY ORDER

Original signed by:

Dr. Mark K. Jaccard
Chairperson