

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

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

and

an Application by Centra Gas British Columbia Inc.
for Approval to Construct and Operate a Third Compressor at Coquitlam, B.C.

BEFORE: K.L. Hall, Commissioner)
F.C. Leighton, Commissioner) June 19, 1997

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On April 25, 1997 Centra Gas British Columbia Inc. ("Centra Gas"), pursuant to Sections 45 and 46 of the Utilities Commission Act ("the Act"), applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate a third natural gas compressor located at its Coquitlam, B.C. Compressor Station; and
- B. In November, 1996 Centra Gas filed its initial application for a CPCN to construct and operate the third Coquitlam compressor. The Commission issued Order No. G-117-96 referring the application to the 1997 Centra Gas Revenue Requirements Application and hearing process. During the Negotiated Settlement Process it was agreed that Centra Gas would compile detailed cost information and file it with the Commission. The cost information was filed with the final application on April 25, 1997; and
- C. On May 5, 1997 Commission staff sent an Information Request to Centra Gas which was responded to on June 3, 1997; and
- D. The third Coquitlam compressor is required to meet the peak-day system capacity for the winter of 1998-1999, will cost an estimated \$17,100,000 and will be financed through Allowance for Funds Used During Construction ("AFUDC"); and
- E. The Commission has reviewed the Centra Gas 1996-2010 Integrated Resource Plan and has determined that the third compressor station project is required to meet peak-day demand; and

- F. Centra Gas has received the required Environmental Assessment Act permits from the province by way of its original 1989 approval for the Vancouver Island Natural Gas Pipeline Project under ER 89-01; and
- G. The Commission has reviewed the costs, timing and justification contained in the Application and has determined that approval of the Application is necessary and in the public interest.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to Section 45 of the Act, a CPCN is granted to Centra Gas to construct and operate a third natural gas compressor at its Coquitlam, B.C. Compressor Station in accordance with the time frame and cost details as described in the April 25, 1997 Application, including the subsequent Response to Information Request.
2. Centra Gas is to provide the Commission with monthly progress reports for project costs and schedules followed by a final report upon project completion. The reporting format for all filings required by this Order are to be established in consultation with Commission staff.
3. 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 \$17,100,000 inclusive of overheads. The Commission will review the required final report with respect to capital costs, overhead allocation and any cost over-runs in order to determine eligibility for rate base treatment.
4. The Commission advises Centra Gas that future compressor additions to the Vancouver Island Natural Gas Pipeline related to the Island Cogeneration Project near Campbell River will require the Commission to examine the related British Columbia Hydro and Power Authority Electricity Purchase Agreement.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of June, 1997.

BY ORDER

Original signed by:

Kenneth L. Hall
Commissioner