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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-87-98

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

and

An Application by BC Gas Utility Ltd.
for Approval of a Deferral Account for Expenditures to Date
Integrated Resource Planning and the Southern Crossing Pipeline Project

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) September 23, 1998

O R D E R

WHEREAS:

- A. The August 12, 1994 Revenue Requirements Decision for BC Gas Utility Ltd. ("BC Gas") approved an LNG Project Deferral Account and expenditures of \$320,000 for Phase I of the feasibility study for a new LNG plant; and
- B. Commission Order No. G-105-96, dated October 23, 1996, approved a Peaking Study Deferral Account and expenditures up to \$430,000 for the Study; and
- C. BC Gas filed the results of its analysis of supply resource options in the February 1997 Resource Plan Update and the May 1997 IRP Update; and
- D. On May 6, 1997, BC Gas submitted a letter stating that it intended to spend \$3.3 million to advance the Certificate of Public Convenience and Necessity ("CPCN") and Project Approval Certificate applications for the Southern Crossing Project ("SCP") and, on May 30, 1997, filed a CPCN application for the SCP; and
- E. On February 2, 1998, BC Gas submitted a letter stating it planned to spend a further \$0.5 million during the first three months of 1998 in order to preserve a November 1, 1999 in-service date for SCP; and
- F. On August 4, 1998, BC Gas submitted a letter stating that it expects to spend a further \$255,000 in 1998 to develop information that will be needed for the Environmental Assessment Office review of SCP, consistent with a November 1, 2000 in-service date; and

- F. On August 4, 1998, BC Gas requested approval to consolidate expenditures, starting in 1994, to study and develop supply resource alternatives, which include Liquefied Natural Gas, SCP and peaking from thermal generation, in a deferral account and to include an allowance for funds used during construction (“AFUDC”); and
- G. The Commission, having reviewed the application and supporting information, determined that the deferral account should be approved.

NOW THEREFORE the Commission orders the following:

1. The Commission approves for BC Gas a deferral account for the recording of up to \$5.7 million (plus AFUDC) of reasonable and prudent expenditures, starting in 1994, that relate to Integrated Resource Planning activities with respect to the analysis of supply resource options, and the SCP Project.
2. The Commission will review the prudence of the actual expenditures and the associated AFUDC, and will dispose of the deferral account balance at a future date.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of September, 1998.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair