



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

and

The 1998 Application by BC Gas Utility Ltd.
for a Certificate of Public Convenience and Necessity
regarding its Southern Crossing Pipeline Project

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) February 18, 1999
K.L. Hall, Commissioner)
F.C. Leighton, Commissioner)

O R D E R

WHEREAS:

- A. On May 30, 1997 BC Gas Utility Ltd. ("BC Gas", "the Utility") applied to the Commission ("the 1997 Application"), pursuant to Section 45 of the Utilities Commission Act ("the Act"), for a Certificate of Public Convenience and Necessity ("CPCN") to expand its existing Interior Transmission System Pipeline by looping a distance of 312 km (194 miles), with a 610 mm, (24 inch) pipeline, from Yahk to Oliver, B.C. The CPCN would have allowed BC Gas to construct and operate certain pipeline and compression facilities which comprise the Southern Crossing Pipeline ("SCP") Project; and
- B. The Commission held a public hearing on the 1997 Application and issued a Decision dated April 3, 1998 ("the Decision"), which concluded that the SCP Project was not the preferred option at that time, and denied the request for a CPCN for the Project; and
- C. In the Decision, the Commission recognized that planned cogeneration plants on Vancouver Island and the Burrard Thermal Plant might provide a low cost peaking option for the customers of BC Gas and that the demand for baseload gas for these plants could make a pipeline proposal such as SCP more attractive. The Commission therefore established a timetable for BC Gas to explore with British Columbia Hydro and Power Authority ("B.C. Hydro") potential synergies between the proposed thermal generation projects and the peaking demands on the BC Gas system to determine if they could together provide a lower cost option for gas and electric utility customers; and
- D. On December 11, 1998, in response to the Decision, BC Gas applied for a CPCN for the SCP Project ("the Application"), and added to the scope of the Project a compressor station located at Hedley, B.C.

on its existing Kingsvale to Oliver pipeline. In the Application, BC Gas proposed that the review of the Application be conducted in the context of the Decision and that only new issues be addressed; and

- E. Commission Order No. G-121-98 dated December 21, 1998, established a timetable for a Workshop, Information Requests, and written submissions on the completeness of the Application and related peaking supply agreements and transportation service agreements, along with participant views on any further proceedings which may be necessary to consider these filings in the context of either the Decision or as new initiatives; and
- F. The Application included a Firm Tendered Transportation Service Agreement with PG&E Energy Trading, Canada Corporation (“PG&E Trading”) for transportation capacity on SCP. By a letter dated January 8, 1999, BC Gas filed a Firm Tendered Transportation Service Agreement and a Transportation South Capacity Agreement, both dated November 27, 1998, and an Umbrella Letter Agreement dated January 7, 1999, all made with B.C. Hydro; and
- G. By a second letter dated January 8, 1999, BC Gas filed copies of Peaking Gas Purchase Agreements with B.C. Hydro and PG&E Trading dated November 27 and November 30, 1998, respectively, and requested that specific terms on pricing and supply arrangements be kept confidential on the basis that disclosure could adversely affect the price or supply of gas to BC Gas and its customers in the future; and
- H. By a letter dated January 13, 1999, B.C. Hydro filed a Put Option Agreement and a CTS Support Agreement, both made November 27, 1998 among B.C. Hydro, BC Gas and BC Gas Inc., and requested that the “Specified Maximum” as defined in the CTS Support Agreement be kept confidential on the basis that disclosure could adversely affect its position and that of its customers; and
- I. In its February 11, 1999 submission, Westcoast Energy Inc. (“Westcoast”) requested that the Commission direct BC Gas to fully disclose the premiums in the Peaking Gas Purchase Agreements and the “Specified Maximum” in the CTS Support Agreement; and
- J. In its February 17, 1999 submission, BC Gas requested that the Commission approve the Firm Tendered Transportation Service Agreements and the Peaking Gas Purchase Agreements with B.C. Hydro and PG&E Trading; and

K. The Commission has reviewed the Application, the Information Request responses filed by BC Gas and the written submissions of BC Gas, Intervenor and others, and has determined that a limited oral public hearing is needed to evaluate changes to the net benefits of the SCP and alternative proposals since the Decision.

NOW THEREFORE the Commission orders as follows:

1. An oral public hearing, pursuant to Section 46(2) of the Utilities Commission Act, will be held to review the 1998 BC Gas SCP CPCN Application, and the scope of the hearing will be limited to material changes since the April 3, 1998 Decision to the net benefits of the SCP and the alternative proposals that were considered in the Decision.
2. The timetable, attached as Appendix A, summarizes the key dates in the public review process. The hearing will commence at 9:00 a.m. on Monday, March 29, 1999 in the Commission Hearing Room, 6th Floor, 900 Howe Street, Vancouver, B.C.
3. BC Gas, proponents of alternative proposals and others may file further written evidence by March 3, 1999 on material changes since the Decision to the net benefits of the SCP and the alternative proposals.
4. B.C. Hydro is directed to file by Wednesday, March 3, 1999 a detailed submission quantifying all benefits and costs to its ratepayers of the Peaking Gas Purchase Agreement and the Firm Tendered Transportation Service Agreement that it has entered into with BC Gas.
5. BC Gas is directed to file by March 3, 1999 a written submission providing reasons in support of its request for confidentiality of the undisclosed premiums in the Peaking Gas Purchase Agreements. Appendix B sets out a timetable for the filing of written submissions on the Westcoast request for disclosure of this information.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of February, 1999.

BY ORDER

Original signed by:

Peter Ostergaard
Chair

Attachment

REGULATORY TIMETABLE

BC Gas Utility Ltd.

The 1998 Application for the Southern Crossing Pipeline (“SCP”) Project

ACTION	DATE (1999)
Filing of additional evidence regarding changes since the April 3, 1998 Decision to the net benefits of the SCP and alternative proposals.	Wednesday, March 3
Filing by B.C. Hydro on the benefits and costs to its customers of the Peaking Gas Purchase and Firm Tendered Transportation Service Agreements with BC Gas.	Wednesday, March 3
Filing of Information Requests regarding the 1998 BC Gas Application and other related materials filed pursuant to Orders No. G-121-98 and G-21-99 that relate to changed net benefits.	Friday, March 12
Filing of Responses to Information Requests.	Monday, March 22
Public Hearing begins.	Monday, March 29

REGULATORY TIMETABLE

BC Gas Utility Ltd.
1998 Southern Crossing Pipeline Application

Westcoast Energy Inc. Request for Disclosure of Information

ACTION	DATE (1999)
Filing of written submissions regarding the request by Westcoast Energy Inc. for disclosure of the undisclosed premiums in the Peaking Gas Purchase Agreements.	Wednesday, March 3
Filing of written reply by Westcoast Energy Inc. on the disclosure request.	Friday, March 12