



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 Certificate of Public Convenience and Necessity  
for a Transmission Pipeline Integrity Plan

**BEFORE:** P. Ostergaard, Chair )  
R.D. Deane, Commissioner )  
K.L. Hall, Commissioner ) October 25, 2001  
N.F. Nicholls, Commissioner )

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On July 31, 2001, BC Gas Utility Ltd. ("BC Gas") filed an application for approval of a Certificate of Public Convenience and Necessity ("CPCN") for its Transmission Pipeline Integrity Plan ("TPIP") for the period 2001 through 2005, at an estimated cost of \$46.0 million over the five years. Expenditures are estimated to be \$9.692 million in 2001 and \$8.637 million in 2002; and
- B. The expenditures cover program management, in-line inspection ("ILI") tool runs, retrofitting of the Coastal System to permit ILI tool runs and rehabilitation work on the transmission system. The TPIP will use periodic runs of high resolution ILI tools to identify portions of the pipeline that require further investigation, and identified defects will be repaired as necessary. The program is a continuation of pipeline assessment and rehabilitation work that BC Gas began in 1988 on the Inland Transmission System, and extends the work to the Coastal Transmission System in the Lower Mainland; and
- C. The TPIP is part of the Integrity Management Program that BC Gas has developed to ensure protection of the public and environment by demonstrating that all of its higher pressure transmission pipelines are suitable for continued safe and reliable service. The Integrity Management Program recognizes the aging of major components of the BC Gas system, and responds to the increased awareness and expectations of the public, regulators and BC Gas as a result of a number of pipeline ruptures across North America in the past decade; and
- D. On September 20, 2001, BC Gas responded to an information request from Commission staff; and

- E. On October 17, 2001, BC Gas met with Commission staff and staff of the Oil and Gas Commission to discuss the TPIP; and
- F. Oil and Gas Commission staff support the TPIP; and
- G. The Commission considers that the Integrity Management Program is generally necessary and in the public interest, but is only prepared to approve a CPCN for those expenditures that are reasonably well defined at this time.

**NOW THEREFORE** the Commission orders as follows:

1. The Commission approves for BC Gas a CPCN for TPIP expenditures as set out in the Application, as follows:
  - 2001 work program, with an estimated cost of \$9.692 million; and
  - 2002 work program except for rehabilitation costs, with an estimated cost of \$5.397 million.
2. BC Gas may record an Allowance for Funds Used During Construction on those cost items that are approved as capital expenditures until such time as the capital costs are added to utility rate base.
3. Within 60 days of the end of each calendar year, BC Gas will file a Report on TPIP activities during the year that covers work done and its cost, and the results of ILI tool runs including an assessment of the condition of the pipelines that were evaluated. The Report will set out the rehabilitation work that is indicated for the following two years and its cost, and will provide an update on other TPIP expenditures for the following two years. The 10-inch Penticton to Trail pipeline will be presented as a separate item in the Report. The format and content of the Report will be developed in consultation with Commission staff.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 25<sup>th</sup> day of October 2001.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair