



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

and

An Application by BC Gas Utility Ltd.
for a Certificate of Public Convenience and Necessity
for the Armstrong Compressor Station Project

BEFORE: P. Ostergaard, Chair)
P.G. Bradley Commissioner)
R.D. Deane, Commissioner) May 16, 2002
K.L. Hall, Commissioner)

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On January 20, 2002, BC Gas Utility Ltd. ("BC Gas") filed an application for a Certificate of Public Convenience and Necessity ("CPCN"), pursuant to Section 45 of the Utilities Commission Act, for the Armstrong Compressor Station Project to reinforce the Salmon Arm Lateral (the "Application"); and
- B. The proposed Armstrong Compressor is an 800 horsepower reciprocating unit driven by a natural gas engine and, according to the Application, is to be in service by November 2002 at a forecast cost of \$4.246 million, with a 10 percent range of accuracy; and
- C. The Armstrong Compressor Station Project is the lowest cost alternative to meet forecast winter peak day loads on the Salmon Arm Lateral, and is expected to provide sufficient lateral capacity for customer loads through 2012; and
- D. On April 8, 2002, BC Gas responded to an Information Request from Commission staff; and
- E. On April 23, 2002, BC Gas provided additional information in support of the Application and, at a meeting with Commission staff on May 3, 2002, confirmed that the compressor can be made available for limited service by November 2002 without exceeding the plus or minus 10 percent range of accuracy of the cost estimate; and
- F. The Application is based on design peak hour demand information from BC Gas' Planning Model, while regression analyses of recent actual delivery data yield peak hour loads at design conditions are approximately 20 percent lower than the Planning Model results. Annual demand growth is forecast at about 2 percent per year and, on May 13, 2002, BC Gas provided information indicating that recent events in the local area are unlikely to cause reductions in industrial or residential gas loads; and
- G. BC Gas indicated that the proposed site for the compressor station will not require rezoning and that the Township of Spallumcheen, the Agricultural Land Commission and the North Okanagan Regional District have all approved the project for their particular jurisdictions; and

- H. BC Gas sent information letters to 28 residents in the vicinity and in December 2001 met with 12 property owners in their homes, including the eight parties who would be most directly affected by the project. BC Gas considered it addressed all concerns expressed by the residents, and will continue to keep property owners informed as the project proceeds; and
- I. The Commission has reviewed the Application and other filings and, while concerned about the uncertainty in the design peak load forecast, accepts that a compressor is needed to reinforce the Salmon Arm Lateral.

NOW THEREFORE the Commission orders as follows:

1. The Commission issues to BC Gas a CPCN for the Armstrong Compressor Station Project as set out in the Application, for a total estimated cost of \$4.246 million with a range of accuracy of plus or minus 10 percent.
2. BC Gas must advise the Commission of the date that the compressor becomes available for local manually-operated service, and must file quarterly progress reports and a comprehensive final report on the project. The form of these reports will be developed in consultation with Commission staff.
3. BC Gas must file by June 28, 2002, a detailed report that explains the difference between the design peak day and peak hour demand information from the BC Gas Planning Model compared to a regression analysis of actual delivery information, and which justifies the methodology that BC Gas proposes to use for transmission and distribution system planning purposes.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of May 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair