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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-58-08

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

and

**An Application by
British Columbia Transmission Corporation
for Approval to Incur Capital Expenditures to Construct the
5L51 and 5L52 Thermal Upgrade Project**

BEFORE: R.H. Hobbs, Chair
L.A. O'Hara, Commissioner April 22, 2008
A.A. Rhodes, Commissioner

O R D E R

WHEREAS:

- A. On December 12, 2007 British Columbia Transmission Corporation ("BCTC") applied, pursuant to Section 45(6.2)(b) of the Utilities Commission Act ("the Act") and as directed in the F2008 Capital Plan Decision, for public interest approval of capital expenditures for a thermal upgrade of transmission circuits 5L51 and 5L52 (the "Thermal Upgrade Project"); and
- B. The Thermal Upgrade Project involves upgrading the 500 kV 5L51 and 5L52 transmission circuits that comprise the Ingledow-Custer transmission tie, also referred to as the western tie of the B.C.-U.S. intertie. The circuits connect the Ingledow substation in the BCTC Control Area to the Custer substation in the Bonneville Power Administration ("BPA") Control Area. By increasing the circuit ratings of 5L51 and 5L52 from 2,520 and 2,000 Amperes respectively, to 3,000 Amperes, the upgrade will result in an additional 870 Megawatts ("MW") of south-to-north firm transmission capacity on the B.C.-U.S. intertie; and
- C. The estimated cost for the Thermal Upgrade Project is \$3.1 million based on the preferred Upgrade Option 2 and the expected in-service date is March 31, 2010; and
- D. Special Direction No. 9 ("SD-9") authorizes the Commission to consider, as part of the justification for investment in new transmission facilities, the anticipated future demand for electricity and electricity services. SD-9 also authorizes the Commission to allow the recovery of costs from current rates, which are justified based on future benefits from proposed equipment or facilities; and
- E. While the Thermal Upgrade Project is the first project to be advanced for approval under BCTC's Transmission Expansion Policy ("TEP"), BCTC is not seeking approval of the TEP or its TEP implementation plan; and

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- F. National Energy Board (“NEB”) public interest approval for the project is required before construction can commence because 5L51 and 5L52 are international power lines; and
- G. On December 24, 2007 by Order No. G-163-07, the Commission directed that a Written Public Hearing be conducted for deciding the matters brought forward in the Application, established a Regulatory Timetable for the proceeding and directed BCTC to provide adequate notice in local news publications to the public in the vicinity of the project; and
- H. On February 29, 2008, BCTC filed its Argument on the Application; and
- I. On March 7, 2008, British Columbia Hydro and Power Authority (“BC Hydro”), British Columbia Old Age Pensioners’ Organization *et al.* (“BCOAPO”), Independent Power Producers Association of B.C. (“IPPBC”), and the Joint Industry Electrical Steering Committee (“JIESC”) filed their written Arguments on the Application; and
- J. On March 14, 2008, BCTC filed its Reply; and
- K. The Commission has reviewed the Application, information requests, documents and submissions and the Commission notes that BC Hydro, IPPBC, and JIESC support the Application while BCOAPO states that “This Application should be refused, without prejudice to BCTC’s right to re-apply once the 2007 Open Season process has been completed”; and
- L. Considering the Application and the estimated cost, size and unique nature of the Thermal Upgrade Project, the Commission has determined that the Application is in the public interest and that approval of the plan and the proposed expenditures be granted to BCTC as set out in the Decision released concurrently with this Order.

NOW THEREFORE pursuant to Section 45(6.2) (b) of the Utilities Commission Act and as directed in the F2008 Capital Plan Decision, the Commission grants approval for BCTC to Incur Capital Expenditures to construct the 5L51 and 5L52 Thermal Upgrade Project, Option 2, as set out in the Application.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of April 2008.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair