

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-5-08**



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

**and**

**An Application by FortisBC Inc.  
for a Certificate of Public Convenience and Necessity  
for the Okanagan Transmission Reinforcement Project**

**BEFORE:** A.W.K. Anderson, Panel Chair  
and Commissioner  
N.F. Nicholls, Commissioner  
M.R. Harle, Commissioner  
October 2, 2008

**O R D E R**

**WHEREAS:**

- A. On December 14, 2007 FortisBC Inc. ("FortisBC") applied (the "Application") to the British Columbia Utilities Commission (the "Commission") for a Certificate of Public Convenience and Necessity ("CPCN") for the Okanagan Transmission Reinforcement Project (the "OTR Project"); and
- B. FortisBC stated that the OTR Project is estimated to cost \$141.4 million and is required to alleviate system constraints, enhance reliability, and serve emerging load in the Okanagan region of FortisBC's service territory; and
- C. The OTR Project will replace the existing 28 kilometre 161 kilovolt ("kV") transmission line between Vaseux Lake and Penticton with two new 230 kV lines in double circuit configuration and upgrade 11 kilometres of 161 kV transmission line to 230 kV between Vaseux Lake and Oliver, all within the existing line corridor. Other major project components are upgrades to Vaseux Lake Terminal station near Oliver and RG Anderson Terminal station in Penticton to accommodate the voltage change from 161 to 230 kV, the construction of a new Bentley Terminal station approximately 300 metres from the existing Oliver Terminal station on Osoyoos Indian Band land, conversion of the Oliver Terminal station to a distribution substation, and installation of capacitor banks at the FA Lee and DG Bell Terminal stations in Kelowna; and
- D. By Order G-160-07 the Commission established a Regulatory Timetable for a Procedural Conference on February 27, 2008 in Penticton, BC; and

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- E. By Order G-35-08 the Commission established an Oral Public Hearing and Community Input Session for June 23, 2008 in Penticton, BC and a Regulatory Timetable; and
- F. By Order G-112-08 the Commission approved an extension of the Regulatory Timetable to the filing date for Intervenor Argument and FortisBC Reply Argument; and
- G. An Oral Public Hearing was held on June 23 and 24, 2008, and a Community Input Session was held on the evening of June 23, 2008 in Penticton; and
- H. FortisBC filed its Argument on July 3, 2008, Intervenor Arguments were submitted on July 17, 2008 and FortisBC filed its Reply on August 1, 2008; and
- I. The Commission Panel has considered the Application and the evidence and submissions presented on the Application, and has determined that a CPCN should be granted to FortisBC for the OTR Project subject to the conditions and directions set out in this Order and the Decision that is issued concurrently with it.

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

- 1. Pursuant to sections 45 and 46 of the *Utilities Commission Act* (the “Act”), a CPCN is granted to FortisBC for the OTR Project as described in the Application, subject to the determinations and conditions as set out in the Decision that accompanies this order.
- 2. The routing of the FortisBC OTR Project shall follow, subject to the Wiltse Holdings Ltd. (“Wiltse”) realignment proposal, the existing right-of-way.
- 3. The alternative routing of the OTR Project transmission component across the Wiltse property shall comply with the determinations in Section 8.1.3 of the Decision.
- 4. The transmission line component of the OTR Project from Vaseux Lake Terminal to RG Anderson Terminal shall comprise a combination of dual circuit monopoles and dual circuit H-frame structure as described in Section 8.2 of the Decision.
- 5. FortisBC shall file with the Commission an updated estimate of the cost of the OTR Project when the quantity of each type of pole structure has been determined, but in any event, no later than March 31, 2009. In addition, FortisBC shall file an updated version of Exhibit B-8, Attachment A73.3 depicting the locations of the Cross Section C monopoles.

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6. FortisBC shall comply with directions of the Commission Panel in the Decision that accompanies this Order.
7. FortisBC shall file with the Commission Quarterly Progress Reports on the OTR Project showing planned versus actual schedule, planned versus actual costs, and any variances or difficulties that the OTR Project may be encountering. The Quarterly Progress Reports will be filed within 30 days of the end of each reporting period and will be generally as set out in Appendix A to this Order.
8. FortisBC shall file with the Commission a Final Report, within six months of the end or substantial completion of the OTR Project, that provides a complete breakdown of the final costs of the OTR Project, compares these costs to the updated cost estimate, and provides a detailed explanation and justification of all material cost variances.
9. Subject to paragraphs 7 and 8 of this Order, the format and content of the Progress Reports and the Final Report will be determined by FortisBC in consultation with Commission staff, or by determination of the Commission.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 2<sup>nd</sup> day of October 2008.

BY ORDER

*Original signed by*

A.W. Keith Anderson  
Panel Chair and Commissioner

Attachment

FortisBC Inc.  
Certificate of Public Convenience and Necessity  
for the Okanagan Transmission Reinforcement Project  
Quarterly Progress Report

**Table of Contents**

**1. Project Status**

- 1.1.1 General Project Status
- 1.1.2 Major Accomplishments, Work Completed and Key Decisions Made
- 1.1.3 Project Challenges and Issues; Issues Currently Open, Date Opened, Dated Closed, Those Issues that are Past Due
- 1.1.4 Plans for Next Period
- 1.1.5 Site Photographs

**2. Project Schedule and Cost**

- 2.1.1 Project “S” Curve and schedule similar to Table A72.5 in Exhibit B-8 showing the budget at completion, actual cost to date, estimate to completion, estimate at completion, cost variance between estimated and budgeted cost at completion, schedule variance, percent budget spent, and percent complete. All values are to be shown in each report throughout the duration of the project.

**3. Project Schedule**

- 3.1.1 Milestone Summary with the planned finish date, actual finish date, variance in days, status
- 3.1.2 Procurement Summary with the planned finish date, actual finish date, variance in days, status
- 3.1.3 Contract Summary with the planned finish date, actual finish date, variance in days, status
- 3.1.4 Current Schedule
- 3.1.5 Schedule Summary
  - 3.1.5.1 Schedule Performance to Date
  - 3.1.5.2 Schedule Projection Going Forward
  - 3.1.5.3 Schedule Difficulties and Variances
- 3.1.6 Design Scope Change Summary with Description of Request, Explanation for Request, Request Amount, Approved Amount, Deferred Amount, Reject Amount, Under Investigation Amount.
- 3.1.7 Construction Scope Change Summary with Description of Request, Explanation for Request, Request Amount, Approved Amount, Deferred Amount, Reject Amount, Under Investigation Amount.

**4. Project Costs**

- 4.1.1 Project Cost Summary including explanation of variances
- 4.1.2 Financial Summary including explanation of variances
- 4.1.3 Summary of Individual Contracts (Construction and Procurement) Exceeding \$3M with Budget Amount, Award Amount, Approved Change Orders

**5. Project Resource Management**

- 5.1.1 Engineering Resources (Man-hours, Planned vs. Actual – non- cumulative) both in chart and table format. Provide explanation for variance and corrective action taken.
- 5.1.2 Construction Resources (Man-hours, Planned vs. Actual – non-cumulative) both in chart and table format. Provide explanation for variance and corrective action taken.

**6. Project Risks**

- 6.1.1 Current Project Risks
- 6.1.2 Risks Going Forward

**7. Stakeholder or First Nation Issues**

- 7.1.1 An ongoing cost report of all existing and new issues using the updated cost estimate as a budget. For each issue, the report should show “amount in capital budget”, “spent to date”, “estimate to complete”, “forecast total to complete”, and “variance”.
- 7.1.2 An Explanation of new issues and variances will be provided.

**LIST OF TABLES**

- |         |   |
|---------|---|
| Table 1 | Project Milestones  |
| Table 2 | Project Expenditure Summary, Table & Chart of CAPEX Cumulative Distribution Function showing an Updated Cost Estimate, Upper Bound (Cost Estimate), Current Forecast to Complete, Spent to Date (Escalation and Contingency are to be identified separately).   |
| Table 3 | Summary of Variances Greater than \$3M  |
| Table 4 | Summary of Contracts exceeding \$3M   |
| Table 5 | Summary of Outstanding Claims greater than \$3M   |
| Table 6 | Table of Project Risks including Risk Description & Explanation, Date Risk Originated, Date Risk Last Reviewed, Level/Severity of Risk, Mitigation Plan, Contingency Plan, Mitigation Cost Amount (including schedule delay), Contingency Reserve Amount Required, Total Contingency Reserve Required to Date, Contingency Reserve Remaining. |