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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-3-14**

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

and

**An Application by FortisBC Energy Inc.
for a Certificate of Public Convenience and Necessity
to Construct and Operate a Transmission Pressure Pipeline
Crossing of the Muskwa River for the Fort Nelson Service Area**

BEFORE: N.E. MacMurchy, Commissioner
R.D. Revel, Commissioner
C.A. Brown, Commissioner
January 9, 2014

O R D E R

WHEREAS:

- A. FortisBC Energy Inc. (FEI) was granted approval by the British Columbia Utilities Commission (Commission) for the Muskwa River Crossing project by Order G-27-11, dated February 24, 2011. The Commission specifically approved the method of attaching a pipeline to the Muskwa River highway crossing at a project cost of \$3,015,650. Subsequent to that Order FEI was not able to obtain the necessary approvals from the Public Works and Government Services Canada to attached the pipeline to the Muskwa River highway bridge and other alternatives FEI considered would exceed the previous cost estimate;
- B. On November 29, 2013, FEI submitted an Application for a Certificate of Public Convenience and Necessity to the Commission under sections 45 and 46 of the *Utilities Commission Act* (Act) to construct and operate a pipeline crossing of the Muskwa River for the Fort Nelson Service Area (the Application). FEI also seeks approval for deferral treatment of the Application and project development costs under sections 59 to 61 of the Act;
- C. On December 4, 2013, by Order G-207-13, the Commission established a public hearing and preliminary Regulatory Timetable and requested input from registering Interveners on whether a Streamlined Review Process (SRP) or written hearing process should be used including preference for location should an SRP be used;
- D. Two Interveners registered for the Proceeding: British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO) and the Fort Nelson & District Chamber of Commerce (FN&DCC);

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- E. BCPSO stated it had no particular objection to an SRP but expressed concerns related to the difficulty and cost of an SRP held in Fort Nelson where those most affected reside. FN&DCC provided no input on the review process or location;
- F. FEI requests an expedited review process due to the exposure of the pipeline and timing with the upcoming spring freshet and with consideration of previous approvals received. FEI proposes a review process involving one round of information requests followed by a Streamlined Review Process with a decision by the end of January 2014;
- G. By Order G-37-12 the Commission issued Policy, Guidelines and Procedures for the Streamlined Review Process; and
- H. The Commission has reviewed the input from Interveners regarding the review process and the Applicant's request for a decision on the Application by the end of January 2014 and finds that an SRP is appropriate.

NOW THEREFORE with Reasons attached as Appendix A to this Order, the Commission orders that a Streamlined Review Process will be held at 9:00 am on Friday, January 24, 2014 at 1125 Howe Street, 12th Floor in Vancouver, BC with teleconference participation available to out of town Participants if they do not wish to travel to Vancouver.

DATED at the City of Vancouver, In the Province of British Columbia, this 9th day of January 2014.

BY ORDER

Original signed by:

N.E. MacMurchy
Commissioner

Attachment

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REASONS FOR DECISION

INTRODUCTION

On November 29, 2013, FortisBC Energy Inc. (FEI) submitted an Application for a Certificate of Public Convenience and Necessity to the British Columbia Utilities Commission (Commission) to construct and operate a pipeline crossing of the Muskwa River for the Fort Nelson Service Area (Application).

In the Application FEI requests an expedited review process due to the exposure of the pipeline and timing with the upcoming spring freshet and with consideration of previous approvals received. FEI proposes a review process involving one round of information requests (IRs) followed by a Streamlined Review Process (SRP).

On December 4, 2013, by Order G-207-13, the Commission established a preliminary Regulatory Timetable and directed FEI to publish a notice of the Application and Public Hearing Process in local and community newspapers that will provide reasonable notice to people in the affected service area and surrounding communities. FEI was also ordered to make the Application available on its company website.

Persons wishing to participate as Interveners or as Interested Parties were directed to register with the Commission in writing or electronic submission by Thursday, December 12, 2013. Interveners were also asked to provide comments on whether an SRP or written hearing process should be used including where the SRP should be held and whether the participant would attend.

Two Interveners registered (British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO) and the Fort Nelson & District Chamber of Commerce (FN&DCC)) and only BCPSO provided comments on the process as follows:

"BCPSO notes that it may be necessary to allow two rounds of IRs before either an SRP or a written hearing. However, this will only be evidence after responses to the first round of IRs have been received.

BCPSO has no particular objection to an SRP. However, the ratepayers and others most directly affected by this application reside in the Fort Nelson serve area. Consequently, an SRP would ideally be held in Fort Nelson to facilitate their participation. However, this creates additional difficulty and cost for the BCUC panel and staff, and for intervenor groups who are generally based in, or represented by counsel based in, Vancouver. For this reason, we believe there are significant advantages to a written process in that it is the method most likely to enable broad participation." (Exhibit C1-2, p. 1)

REVIEW OF THE APPLICATION AND PROCESS

History of the Project and Previous Commission Approval

On September 8, 2010, Terasen Gas Inc., now FEI, submitted to the Commission the company's 2011 Revenue Requirements Application (RRA). In the RRA, Terasen requested that the Muskwa River Crossing be accepted by the Commission as a necessary capital expenditure.

On February 24, 2011, by Order G-27-11, the Commission approved the proposed 2011 capital expenditures including \$3,015,650 of capital costs (excluding AFUDC) related to the Muskwa River Crossing Project (Project) based on the recommended alternative.

In the Reasons for Decision for Order G-27-11, the Commission explained:

"The Commission accepts the Muskwa Project using the IP Bridge Option alternative as being in the public interest as TGFN has presented sufficient evidence to justify project need, cost and alternative selection. The Commission accepts that the IP Bridge Option is a more desirable alternative than the HDD options due to the high risk of project failure, the in-stream alternatives which pose potential cost and environmental risk and an Aerial Pipeline Option which is undesirable due to high installation and high maintenance costs. The Commission also accepts TGFN's estimated IP Bridge Option project cost of \$3,015,650.

If TGFN determined that the IP Bridge Option alternative was no longer the desired alternative due to permitting or other matters or if the cost estimate of the IP Bridge Option exceeded the estimated costs included in the Evidentiary Update, TGFN was directed to advise the Commission, reconsider and investigate all of the remaining crossing options more closely with regard to cost, feasibility, risk assessment and appropriateness. TGFN will then provide a recommendation for the Muskwa Project along with the supporting documentation to the Commission for review and approval on an expedited basis."

Schedule

In the Application, FEI states:

"The replacement of the pipeline crossing has greater urgency now due to the heightened risk to the pipeline from further loss of cover on the north bank and increased exposure within the river. The remaining cover may not be sufficient to withstand another freshet and the pipeline could be seriously damaged which may result in loss of gas supply to Fort Nelson. As the pipeline crossing is integral to the delivery of natural gas supply to Fort Nelson customers, a pipeline loss would completely disable FEI's ability to supply natural gas to its customers in FEFN. Thus, FEI believes it necessary to replace the pipeline crossing by May 1, 2014, prior to the 2014 Muskwa river freshet." (Exhibit B-1, p. 2)

In the Application, FEI also requests a Commission determination by January 30, 2014. (Exhibit B-1, Table 1-2)

Cost

If an SRP were held in Fort Nelson, the Panel, Commission staff, representatives from BCPSO and hearing administration staff would be required to travel to Fort Nelson. If an SRP were held in Vancouver, representatives from Fort Nelson Chamber of Commerce would be required to travel to Vancouver. If a teleconference SRP were held, those wishing to participate would not be required to travel and would be able to fully participate.

Both SRP and written hearings allow for further Information Requests and for arguments.

COMMISSION DETERMINATION

Given the reasons above, the Commission finds that a Streamlined Review Process with available teleconference participation is the most appropriate process to review the Application.