



**ORDER NUMBER
C-3-19**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.
Application for a Certificate of Public Convenience and Necessity
for the Construction of Kitimat Regulating Station LDS #2

BEFORE:

T. A. Loski, Panel Chair
R. I. Mason, Commissioner

on September 25, 2019

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On August 23, 2019, PNG filed an application to seek approval of a Certificate of Public Convenience and Necessity (CPCN), pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA), for capital expenditures of approximately \$1.77 million to design and construct a new let-down station #2 (LDS#2) dedicated to provide natural gas service to JGC Fluor BC LNG Joint Venture (JFJV) as engineering, procurement and construction (EPC) contractor for the development of the LNG Canada liquefied natural gas (LNG) export facility in Kitimat, British Columbia (LNGC Project) (Application);
- B. The Application also seeks approval under section 39 of the UCA to enter into a gas sales agreement with JFJV dated August 22, 2019, to provide natural gas service to JFJV for an initial period of 4.5 years;
- C. PNG requests to have British Columbia Utilities Commission (BCUC) approval of its Application by no later than September 13, 2019, and encourages the BCUC to consider exercising its discretion to waive the requirement for a hearing on this submission;
- D. On September 13, 2019, the BCUC issued staff questions to PNG. PNG provided its responses to BCUC staff questions on September 18, 2019.
- E. Section 56(2) of the UCA states that “[t]he commission must determine and, by order after a hearing, set proper and adequate rates of depreciation.”; and
- F. The BCUC has considered the Application and finds the construction of LDS #2 to be in the public interest and the establishment of a written public hearing process to review the appropriate depreciation rate of the LDS #2 assets is warranted.

NOW THEREFORE for reasons to follow, the BCUC orders as follows:

1. Pursuant to sections 45 and 46 of the UCA, a CPCN is granted to PNG authorizing the construction and operation of LDS #2 dedicated to provide natural gas service to JFJV as EPC contractor for the development of the LNGC Project.
2. PNG is directed to file a final report within three months following the completion of LDS#2. The final report is to include a complete breakdown of the final costs and provide an explanation of all material cost variances.
3. The gas sales agreement dated August 22, 2019 between PNG and JFJV, as set out in the Application, is approved pursuant to sections 39 and 59 to 61 of the UCA.
4. PNG is to file the gas sales agreement along with the terms and conditions, in tariff supplement form, for endorsement by the BCUC within 30 days of the date of this order.
5. A written hearing process is established for the review of the appropriate depreciation rate of the LDS#2 assets in accordance with the regulatory timetable as set out in Appendix A of this order.
6. As soon as reasonably possible, PNG must publish the public version of the Application, this order and the regulatory timetable on its website and to provide a copy of the Application, this order and the regulatory timetable, and the reasons to follow to: all registered interveners in the Pacific Northern Gas Ltd. 2018-2019 Revenue Requirement Application proceeding and the Haisla Nation.
7. PNG must make the redacted version of the Application and non-confidential supporting material available for inspection at the following locations: public libraries in Prince Rupert, Terrace, Kitimat, Houston, Smithers, Burns Lake, Vanderhoof and Fort St. James; the head office of Pacific Northern Gas Ltd. at Suite 2550, 1066 West Hastings Street, Vancouver, BC, V6E 3X2.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of September 2019.

BY ORDER

Original signed by:

T. A. Loski
Commissioner

Attachment

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REGULATORY TIMETABLE ON DEPRECIATION RATE

Action	Date (2019)
PNG to provide public notice	Thursday, October 24
Deadline for Letters of Comment regarding depreciation rate	Tuesday, November 5
Further process	To be determined