



ORDER NUMBER
G-343-19

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 the Watson Island Customer Tie-In

BEFORE:

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

on December 24, 2019

ORDER

WHEREAS:

- A. On September 5, 2019, pursuant to section 45 and 46 of the *Utilities Commission Act* (UCA), Pacific Northern Gas Ltd. (PNG) filed an application with the British Columbia Utilities Commission (BCUC) seeking approval for a Certificate of Public Convenience and Necessity (CPCN) to design and construct new natural gas service infrastructure, including a pipeline, a regulating station and meter site assets (collectively, the Watson Island Customer Tie-In [WICT] Project). The WICT Project is necessary to provide natural gas service to Pembina Pipeline Corporation (Pembina) for their proposed liquified petroleum gas export terminal to be constructed on Watson Island in Prince Rupert, British Columbia (Application);
- B. The Application also seeks approval under section 39 of the UCA to enter into a gas sales agreement (GSA) with Pembina to provide natural gas service for an initial period of 20 years;
- C. PNG requested BCUC approval of its Application by no later than September 30, 2019 and encouraged the BCUC to consider expediting its review of this submission;
- D. On September 24, 2019, the BCUC issued staff questions to PNG. PNG provided its responses on October 4, 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.”;
- F. By Order C-4-19 dated October 9, 2019, the BCUC granted a CPCN to PNG authorizing the construction of the WICT Project, approved the GSA between PNG and Pembina and established a written public hearing process and a regulatory timetable to review the appropriate depreciation rate of the WICT Project assets;

- G. The regulatory timetable to review the appropriate depreciation rate of the WICT Project assets was amended by Order G-266-19 dated October 30, 2019, and includes one round of information requests to PNG, letter of comments, and PNG's final argument;
- H. On December 5, 2019, British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC and Tenant Resource and Advisory Centre filed a letter of comment stating that it does not view the evidence as supporting a deviation from standard regulatory practice;
- I. On December 12, 2019, PNG filed its final argument; and
- J. The BCUC reviewed the Application, evidence and argument and considers that setting depreciation rates for the WICT Project assets is warranted.

NOW THEREFORE pursuant to section 56 of the UCA, the BCUC orders PNG to use depreciation rates for the WICT Project assets in accordance with its established regulatory and accounting practices.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of December 2019.

BY ORDER

Original signed by:

R. I. Mason
Commissioner