



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER C-9-10**

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

and

An Application by Terasen Gas Inc.
for a Certificate of Public Convenience and Necessity
for the Upgrade of Transmission Pipeline Crossing of the Kootenay River near Shoreacres

BEFORE: A.A. Rhodes, Commissioner
L.A. O'Hara, Commissioner
November 10, 2010

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On July 15, 2010, Terasen Gas Inc. (TGI) applied (the Application) to the British Columbia Utilities Commission (the Commission), pursuant to sections 45 and 46 of the *Utilities Commission Act* (the Act), for a Certificate of Public Convenience and Necessity (CPCN) to install a natural gas transmission pipeline, using horizontal directional drilled (HDD) technology, that crosses the Kootenay River near the community of Shoreacres (the Kootenay River Crossing (Shoreacres) Upgrade Project or the Project);
- B. The HDD crossing, as proposed by TGI in the Application, will be approximately 880 metres (0.5 mile) of 168 mm (6 inch) pipeline. The Project will replace the existing 219 mm (8 inch) aerial crossing;
- C. TGI states that it considered several alternatives in the Application, one of which was the replacement of the existing aerial crossing with a new 9 km 168 mm (6 inch) transmission pressure (TP) pipe alignment and another the replacement with a new 9 km 219 mm (8 inch) intermediate pressure (IP) pipe alignment, together with a TP/IP station;
- D. TGI is proposing the Kootenay River Crossing Upgrade Project as the preferred solution to address potential consequences from the slope instability at the east terminus of the existing aerial crossing and the deteriorating condition of the aerial crossing structure and pipe;
- E. TGI proposes to start installation of the new crossing in April 2011 and to have the new crossing in-service by July 2011 with the aerial crossing removal and final site clean up as soon as practical thereafter. TGI has estimated the cost of the project will be \$8.3 million including Allowance for Funds Used During Construction (AFUDC);

- F. By Order G-133-10 dated August 10, 2010, the Commission determined that the Application would be examined by a Written Public Hearing process, and established a Regulatory Timetable;
- G. The Commercial Energy Consumers Association of British Columbia intervened in the proceeding, and supported approval of the Project;
- H. The Brilliant Expansion Power Corporation intervened in the proceeding, and stated that it was satisfied with TGI's responses to its information requests and had no further comments;
- I. The City of Castlegar supported the Project and the Board of Directors of the Regional District of Central Kootenay passed a resolution stating that it had no objections to the Project;
- J. The Written Public Hearing process concluded with the filing of TGI's Reply Submission on November 3, 2010;
- K. The Commission has considered the Application, evidence and submissions filed in the proceeding, accepts TGI's position that the Project is the most cost-effective among the feasible alternatives and is also preferred in terms of non-financial factors, and concludes that the Project is in the public interest and that a CPCN for the Project should be granted to TGI.

NOW THEREFORE pursuant to sections 45 and 46 of the *Utilities Commission Act*, the Commission orders as follows:

1. A Certificate of Public Convenience and Necessity is granted to TGI for construction and operation of the Kootenay River Crossing (Shoreacres) Upgrade Project, as applied for in the Application.
2. TGI shall file with the Commission by April 29, 2011, a report (the Report) providing a description of the contract with the HDD contractor; identification of the components of the Project where cost risk is with the utility and its ratepayers; a description and analysis of risk allocation; a detailed control budget for the Project; an updated Project schedule; TGI's intentions and recommendations with regard to the completion of the Project; and cost estimates that have a 50 percent probability (P50) and a 90 percent probability (P90) that the actual cost of the Project will not exceed the cost estimates. The control budget will be consistent with the P50 cost estimate.
3. TGI shall file with the Commission within 30 days of the end of each reporting period Quarterly Progress Reports on the Project using a format similar to that used in the Fraser River Crossing Upgrade Project. The Quarterly Progress Reports will address in some detail the risks that the project is experiencing, the options available to address the risks, the actions that TGI is taking to deal with the risks and the likely impact on Project Schedule and cost.

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4. TGI shall file with the Commission a Final Report, within six months of the end or substantial completion of the Project, that provides a complete breakdown of the final costs of the Project, compares these costs to the cost estimate in the Application, and provides an explanation and justification of material cost variances.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of November 2010.

BY ORDER

Original signed by:

A.A. Rhodes
Commissioner