



bcuc
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Utilities Commission

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July 4, 2018

Sent via eFile

PNG & TRITON LNG LETTER AGREEMENT
EXHIBIT A-7

Ms. Janet P. Kennedy
Vice-President, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
2550 – 1066 West Hastings Street
Vancouver, BC V6E 3X2
jkennedy@png.ca

Re: Pacific Northern Gas Ltd. – Pacific Northern Gas Ltd. and Triton LNG Limited Partnership Letter Agreement Application – Information Request No. 2

Dear Ms. Kennedy:

Further to your filing of the Pacific Northern Gas Ltd. and Triton LNG Limited Partnership Letter Agreement Application dated April 9, 2018, please find enclosed British Columbia Utilities Commission Information Request No. 2. In accordance with the regulatory timetable set out in G-116-18, please file your responses electronically by July 19, 2018.

Sincerely,

Original signed by

Patrick Wruck
Commission Secretary

/jo
Enclosure

cc: Mr. Verlon G. Otto, CA
Director, Regulatory Affairs
Pacific Northern Gas Ltd.
votto@png.ca



Pacific Northern Gas Ltd.
Pacific Northern Gas Ltd. and Triton LNG Limited Partnership Letter Agreement Application

INFORMATION REQUEST NO. 2 TO PNG

**5.0 Reference: INITIAL CAPACITY
Exhibit B-2, BCUC IR 1.2, 1.2.2
Firm service volume – initial capacity**

In response to British Columbia Utilities Commission (BCUC) IR 1.2, Pacific Northern Gas Ltd. (PNG) provides an estimated capital cost for recommissioning the PNG West system (not including the interconnecting pipeline work) of \$5.9 million.

PNG further states the following in response to BCUC IR 1.2:

To deliver the full 20 MMcf/day to the delivery point on Ridley Island, PNG would also need to perform pipeline work involving design and construction of an approximately 13 kilometre NPS 8 or greater pipeline from PNG's existing Galloway Station to the assumed Ridley Island facility site as replacement of the existing NPS 4 pipeline currently servicing Ridley Island given that the NPS 4 pipeline is hydraulically limited to ~ 4-5 MMcf/day...This aspect is not included in the cost estimate at this time, and will be developed as part of the preliminary engineering work.

PNG notes that the negotiated unit contract demand does not include the toll for the Interconnecting Pipeline. PNG would file a separate application to the BCUC with regard to the construction of the Interconnecting Pipeline and the proposed new tariff for service on the pipeline.

In response to BCUC IR 1.9, PNG states that "a 13 kilometre Interconnecting Pipeline would also be required in the area between Prince Rupert and Ridley Island."

- 5.1 Please clarify what PNG means by the "full" 20 MMcf/day. Specifically, please clarify if the additional work described in the above preamble (i.e. the Interconnecting Pipeline) is required to provide the initial 20 MMcf/day to Triton LNG Limited Partnership (Triton).
- 5.1.1 If the capital work described in the above preamble is required to provide the initial 20 MMcf/day, please explain why these costs were not included in the cost estimate of \$5.9 million. Please also provide an estimate (or range of estimates) for the cost of this capital work.

PNG states the following in response to BCUC IR 1.2.2:

The proposed unit demand charge is sufficient to recover the costs to be incurred to supply the Initial Capacity, including the "minimum additional capital investment" as well as incremental margin that would reduce existing customer rates. Please also see the response to BCUC Confidential IR No. 1.1.1.

- 5.2 Please confirm, or explain otherwise, that the analysis provided in BCUC Confidential IR No. 1.1.1 does not include the costs of the Interconnecting Pipeline.
- 5.3 Please explain, and quantify where possible, if the proposed unit demand charge is sufficient to recover the additional costs of the Interconnecting Pipeline and would still result in a reduction to existing customer rates.
- 5.4 Please explain why PNG intends to file a separate application to the BCUC with regard to the construction of the Interconnecting Pipeline and the proposed new tariff.
 - 5.4.1 As part of this response, please explain why the cost of the Interconnecting Pipeline has not been incorporated into the unit demand charge analysis for providing service to Triton.
- 5.5 Please explain how PNG would incorporate the toll for the Interconnecting Pipeline into the unit demand charge applied to Triton. If PNG does not intend to incorporate the toll for the Interconnecting Pipeline as part of the charge to Triton, please explain why not and why this would be appropriate.
- 5.6 Please confirm, or explain otherwise, that without construction of the Interconnecting Pipeline, PNG would not be able to provide the initial 20 MMcf/day service to Triton.