INLAND PACIFIC CONNECTOR
BCGas NATURALLY RESOURCEFUL

BC Gas Utility Ltd.,
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File: IPC 201.03.04.01

Fraser Valley Regional District
8430 Cessna Dr
Chilliwack, B. C.
V2P 7K4

ATTENTION: Gerry Kingston, Chief Administrative Officer

Dear Mr. Kingston:

RE: Inland Pacific Connector (IPC) Pipeline Project
Application for a Project Approval Certificate

As directed by the Environmental Assessment Office, BC Gas hereby encloses 1 copy of the above noted Application.

Should you require any further information, please contact BC Gas at 1-888-773-9333.

Yours truly,

BC GAS UTILITY LTD.

W. R. (Bill) Manery
Project Director

Enclosure(s)

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EXECUTIVE SUMMARY

Pursuant to the British Columbia Environmental Assessment Act, BC Gas Inc. (BC Gas) is applying to the British Columbia Environmental Assessment Office for a Project Approval Certificate for the Inland Pacific Connector (IPC) Project.

The Inland Pacific Connector Project will enable natural gas to be delivered from the termination of the recently constructed SCP Project at Oliver to the BC Gas Coastal Transmission System at the existing Huntingdon Station in Abbotsford for the purpose of serving the Pacific Northwest's growing peak day and seasonal requirements. This added supply will help prevent the dramatic increases in natural gas prices that were experienced in 2001 and will help improve the security of natural gas supply to the Lower Mainland as well as providing access to an alternate source of supply.

Description of the Inland Pacific Connector Pipeline Project

The proposed IPC Project consists of an approximately 237 km long pipeline, upgrading the existing Kitchener Compressor Station, the construction of four new compressor stations on the Southern Crossing Pipeline (SCP), and associated above-ground works such as mainline block valves and meter station modifications including relocating the existing odorant facility at the Yahk site, which is currently on Trans Canada Pipe Line property, to the new Yahk Compressor Station site.

The facilities BC Gas proposes to build, as described in this Application, are as follows:

- Approximately 237 km of 610 mm (24 inch) diameter natural gas pipeline between Oliver and Huntingdon designed to operate at 9928 kPa (1440 psig);
- The construction of four new compressor stations on the Southern Crossing Pipeline (SCP) located in the vicinity of the Yahk Control Station, the Salmo River Valley, Gilpin (southwest of Christina Lake), and east of the community of Rock Creek; the new compressor station at the Yahk Control Station will consist of three compressor units of 7,200 hp each whereas the other three new compressor stations will each consist of two compressor units of 7,200 hp each;
- The upgrading of two existing compressor units at the existing BC Gas Kitchener Compressor Station from 5,000 hp each to 7,200 hp each;
- The relocation and expansion of the odorant facility at the Yahk Control Station to the new Yahk Compressor Station site; and
- Modifications to existing facilities at the Yahk, Oliver Y and Huntingdon Stations.

The proposed IPC Project is estimated to have a capital cost of $495 million. Construction of the project will provide an estimated 1,090 person-years of direct employment, including 530 person-years in the local area.

BC Gas intends to undertake detailed design and commence land negotiations for the IPC Project in the summer and fall of 2003. Pre-construction clearing is planned to commence in the summer of 2003. Construction would be undertaken in 2004 with an in-service date of November 2004. The restoration program would continue into 2005 and possibly 2006.

Project Justification

The IPC Project will be the subject of a Certificate of Public Convenience and Necessity (CPCN) Application before the British Columbia Utilities Commission (BCUC), which will examine the economic justification for constructing the project. A decision by the BCUC is expected in early 2003.

Pipeline Routing and Compressor Station Siting

For approximately half of its length, the IPC Project will be built within or adjacent to the rights-of-way of existing BC Gas transmission pipelines or adjacent to other utilities and linear corridors. BC Gas has undertaken rigorous route selection studies to optimise the routing for the project where new right-of-way is required. The four new compressor stations are generally located to optimise hydraulic requirements of the gas transmission system and to minimise impacts to the community.

Public and First Nations Consultation

The IPC consultation program reached a wide audience throughout the entire extent of the project area. The audience consisted of the general public, potentially affected landowners, BC Gas customers, First Nations, businesses and Chambers of Commerce in local communities, municipal and regional governments (Regional Districts of Okanagan-Similkameen and Fraser Valley), federal and provincial agencies, local environmental interest groups, and other opinion leaders.

Steps involved in the consultation process included:

- developing an initial list of affected land owners and other stakeholders along the route;
- distributing by mail and by hand an information package about the project and an outline of the consultation program and schedule;
- holding open houses in all potentially affected communities (Oliver, Keremeos, Princeton, Hope, Agassiz, Rosedale, Chilliwack, Yarrow, Abbotsford); the open houses were advertised in local newspapers and on the radio;

- circulating a newsletter describing the IPC Project and the consultation process;
- holding neighbourhood meetings and one-on-one meetings with local community groups and individuals when and where required;
- meeting with municipal and regional governments;
- initiating follow-up consultation with stakeholders and affected property owners by telephone and in-person meetings; and
- conducting specific communication activities with First Nations emphasising two-way dialogue.

The public and First Nations consultation program was used to identify, document and address general and specific issues of concern about the IPC Project.

The consultation process will continue beyond submission of this Application right through to construction and final restoration to ensure good communication is maintained with stakeholders.

Environmental, Land and Resource Use Assessment

A comprehensive environmental assessment of the proposed IPC Project was conducted as part of this Application. The assessment examines a 500 m wide corridor centred on the pipeline route and proposed compressor facilities. A wide range of potential impacts were addressed, including air quality, water quality, terrain and soils, vegetation, wildlife, aquatic habitat and stream crossings, archaeology and heritage, noise, land use, waste management, and cumulative effects.

The overall conclusion from the environmental assessment is that the potential environmental impacts of the proposed IPC Project are not significant either because the impacts can be avoided or because they can be readily mitigated or compensated for using known and proven technologies or methods.

Mitigation measures have been included as part of the proposed project design to minimise or prevent impacts from construction and operation of plant facilities and the pipeline. These measures will reduce or prevent impacts to vegetation, wildlife, aquatic habitats and fisheries resources and land use activities.

The key findings from the assessment of environmental impacts of the proposed IPC Project are outlined in the Summary Table beginning on page v.

Social, Community, and Economic Assessment

A socio-economic assessment was completed, which examined impacts on the provincial and local economies, individuals and families, communities, First Nations, businesses, and infrastructure in the area affected by the project. Expenditure patterns are based on experience gained on the recently constructed SCP Project.

Approximately $214 million in direct project costs are projected to be spent in the Province of British Columbia, with approximately $98 million of this amount to be spent in the local area.

It is estimated that approximately $246 million in household incomes will be generated by construction of the IPC Project in the province, including an estimated $100 million in household income attributable to local residents. The total number of person-years of direct employment generated by construction of the project is estimated to be 1,090 in British Columbia, including 530 person-years in the local area. In total, including direct, indirect and induced effects, employment in British Columbia as a result of the IPC Project is projected to increase by 3,910 person-years province-wide, including 1,250 person-years in the local area. Property taxes are estimated to be $3.5 million annually, and the Province of British Columbia is forecast to receive direct, indirect, and induced revenues of approximately $20.5 million from construction of the IPC Project. Based on expenditure and income in BC alone, the Federal Government is forecast to receive direct, indirect, and induced revenues of approximately $27.4 million.

Archaeology and Heritage Assessment

An overview archaeological and heritage impact assessment and mitigation plan was completed for the IPC Project. This study involved an overview assessment of the pipeline route and a field assessment of known archaeological sites and landscapes having archaeological potential. The assessment of archaeology was undertaken with direct involvement of certain First Nations in both the Interior and Coastal areas that are crossed by the proposed pipeline. For those landscapes and areas with archaeological potential, a detailed archaeological impact assessment will be undertaken prior to construction. BC Gas will also ensure that a qualified archaeological monitor is present during all ground-disturbing construction activity in areas where archaeological sites may be impacted.

First Nations

The IPC Project route passes through reserve lands of the Lower Similkameen Band, and traditional lands of the Upper Similkameen Band, the Lower Similkameen Band and the Osoyoos Band near Oliver, and through reserves and traditional lands of the bands of the Sto:lo Nation as well as traditional lands of the bands of the Nicola Tribal Association and the Nlakà pamux Nation. The proposed compressor stations are located within traditional territory of the bands of the Ktunaxa-Kinbasket Tribal Council as well as the Okanagan Nation Alliance. BC Gas has commenced consultation with all affected First Nations and this consultation is ongoing.

Aboriginal Interest Studies will be conducted for the IPC Project by affected First Nations for their traditional territories. While follow-up work is on-going in order to finalise the measures to mitigate impacts on traditional interests and any remaining potential environmental impacts, no irreconcilable issues have been raised to-date based on overview consultation and experience gained from the SCP Project.

Mitigation measures and monitoring plans have been outlined in the environmental and socio-economic impact assessment of this report that address issues identified by First Nations to-date. Additional mitigation planning work will be undertaken during detailed design phases of the project in 2002 and 2003.

No significant impacts to hunting and fishing undertaken by First Nations are expected to result from the IPC Project given the implementation of mitigation measures and the timing and short duration of construction.

Impact Summary

The following summary table provides a synopsis of the duration, magnitude, and significance of the potential environmental impacts that could occur in the approximate 500 m wide corridor centred on the proposed alignment for the pipeline. The Impact Summary is based on potential residual impacts following the application of mitigation and compensation measures. The table illustrates that all impacts are rated either Not Significant or Beneficial. In this regard, it should be emphasised that BC Gas has, based on the recently constructed SCP Project, an exemplary track record for environmental protection and management, and in generating local economic opportunities related to pipeline and compressor station construction.

SUMMARY TABLE
BC GAS - INLAND PACIFIC CONNECTOR PROJECT
SUMMARY OF IMPACT ASSESSMENT

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
SOILS AND TERRAIN												
Natural Hazards		■				■				■		
Loss of Topsoil		■					■			■		
Accumulation of Coarse Fragments	■						■			■		
HYDROLOGY AND WATER QUALITY												
Hydrology	■			■						■		
Water Quality (groundwater)	■				■					■		
Water Quality (surface water)	■					■				■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
HYDROLOGY AND WATER QUALITY .... continued												
Water Supply (surface and groundwater)	■					■				■		
AQUATIC RESOURCES AND STREAMS BY MAJOR WATERSHED												
Okanagan/ Similkameen	■					■				■		
Tulameen	■					■				■		
Coquihalla		■					■			■		
Fraser		■					■			■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
VEGETATION												
Coastal Western Hemlock	■				■					■		
Englemann Spruce-Subalpine fir		■				■				■		
Interior Douglas-fir		■				■				■		
Ponderosa Pine-Bunchgrass		■				■				■		
Montane Spruce		■				■				■		
Mountain Hemlock		■				■				■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
WILDLIFE (ECOSECTIONS)												
Okanagan Ranges		■				■				■		
Southern Thompson Upland		■				■				■		
Hozameen Range		■				■				■		
Eastern Pacific Ranges		■					■			■		
Southern Pacific Ranges		■				■				■		
Fraser River Lowlands	■				■					■		
South Okanagan Basin		■					■			■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
AIR QUALITY												
New Compressor Stations			■			■				■		
GREENHOUSE GASES												
Emissions			■			■				■		
NOISE												
Compressor Stations Operation			■	■						■		
Construction Noise	■						■			■		
ARCHAEOLOGY / HERITAGE												
Archaeological Sites	■						■	■		■		
Heritage	■			■						■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
LAND AND RESOURCE USE												
Land Use Plan Compliance			■			■				■		
Mining and Mineral Tenures			■			■				■		
Agriculture		■					■			■		
Industrial and Commercial Land			■			■				■		
Parks and Protected Areas	■				■					■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
LAND AND RESOURCE USE .... continued												
Forestry			■				■			■		
Contaminated Sites	■				■					■		
Recreation, Tourism and Visual Quality	■					■				■		
Rangeland			■				■		■			
Residential Lands			■			■				■		
Use of other Rights-of-Way			■					■		■		

TOPIC	DURATION OF IMPACT			MAGNITUDE OF IMPACT					IMPACT SUMMARY FOLLOWING MITIGATION			
	Short Term	Medium Term	Long Term	Nil	Negligible	Low	Moderate	High	Beneficial	Not Significant	Significant	Unknown
SOCIO-ECONOMIC EFFECTS												
Social and Community Effects	■					■				■		
Economic Effects	■							■	■			
CUMULATIVE EFFECTS												
Lower Mainland Region (MWLAP Region 2)		■				■				■		
Okanagan Region (MWLAP Region 3)		■				■				■		