



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

and

An Application by Pacific Northern Gas Ltd.
for Approval of a 2001/02 Seasonal and Peaking Gas Supply Contract

BEFORE: P. Ostergaard, Chair)
B.L. Clemenhagen, Commissioner)
R.D. Deane, Commissioner) September 21, 2001
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)
E.J. Rowbotham, Commissioner)

O R D E R

WHEREAS:

- A. On September 13, 2001, Pacific Northern Gas Ltd. ("PNG") filed a September 12, 2001 Letter Agreement with Dynegy Canada Inc. ("Dynegy"), which establishes the terms and conditions under which Dynegy would supply PNG's seasonal and peaking gas supply requirements for the 2001/02 winter period (the "Letter Agreement"); and
- B. The Letter Agreement provides for the following firm volumes of seasonal gas supplies from Dynegy:
- (i) Seasonal volumes of 11,000 GJ/day for the period November 1, 2001 to March 31, 2002,
 - (ii) Seasonal volumes of 15, 000 GJ/day for the period December 1, 2001 to February 28, 2002, and
 - (iii) Peaking volumes of up to 25,000 GJ/day from December 1, 2001 through February 28, 2002; and
- C. The Commission has reviewed the PNG filing and is satisfied that the Letter Agreement is in the public interest, subject to conditions.

NOW THEREFORE pursuant to Section 71 of the Utilities Commission Act and the Rules respecting Energy Supply Contracts, the Commission orders as follows:

1. The Commission accepts for filing for PNG the Letter Agreement subject to the establishment of the AEEO/Westcoast Energy Inc. Station 2 market basis differentials that apply under the Letter Agreement, which are consistent with current market conditions and which are no greater than the maximum amounts specified in PNG's September 13, 2001 letter.

2. The Commission accepts PNG's request to maintain the gas pricing information and Letter Agreement with Dynegy as confidential.
3. PNG is directed to report to the Commission the agreed basis differentials and fixed prices under the Letter Agreement, prior to gas being delivered under the contract.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of September 2001.

BY ORDER

Original signed by:

Peter Ostergaard
Chair