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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-3-04

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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 Approval of a Franchise Amendment Agreement
with the Corporation of the City of Nelson**

BEFORE: L.F. Kelsey, Commissioner)
K.L. Hall, Commissioner) May 13, 2004

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. The Commission, by Order No. C-16-80, approved for Inland Natural Gas Co. Ltd. [now Terasen Gas Inc. ("Terasen Gas")] a franchise dated November 30, 1977 and granted a Certificate of Public Convenience and Necessity ("CPCN") for the provision of natural gas service in the City of Nelson ("the City") for a period of 21 years to November 30, 1998; and
- B. The parties extended the term of the original Franchise Agreement from November 30, 1998 by means of a number of short term extensions; and
- C. Commission Order No. G-4-04 approved the Lease In Lease Out ("LILO") arrangements with the City which replaced the purchase option provisions in the original Franchise Agreement; and
- D. As part of the LILO closing arrangements, the City and Terasen Gas executed a Franchise Amendment Agreement dated March 1, 2004, extending the terms of the original Franchise Agreement, with the exception of the purchase options provisions, to February 28, 2021; and
- E. On March 23, 2004, Terasen Gas applied to the Commission for approval of the Franchise Amendment Agreement; and
- F. The City and Terasen Gas have agreed that, once the terms are settled, the parties will enter into a new operating agreement which would replace the existing Franchise Agreement; and
- G. The Commission has reviewed the application and finds that approval is warranted for the public convenience and properly conserves the public interest.

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NOW THEREFORE the Commission, pursuant to Section 45(7) of the Utilities Commission Act, approves the March 1, 2004 Franchise Amendment Agreement with the City of Nelson and grants to Terasen Gas a Certificate of Public Convenience and Necessity for the provision of natural gas service in the City of Nelson to February 28, 2021.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of May 2004.

BY ORDER

Original signed by:

Len F. Kelsey
Commissioner