



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 Liquefied Natural Gas Storage and Delivery Agreement

BEFORE: L.A. Boychuk, Commissioner
N.F. Nicholls, Commissioner May 18, 2005
P.E. Vivian, Commissioner

O R D E R

WHEREAS:

- A. In its Decision dated February 15, 2005 and Order No. C-2-05 regarding the Terasen Gas (Vancouver Island) Inc. ("TGVI") 2004 Resource Plan filing and Certificate of Public Convenience and Necessity ("CPCN") application for a liquefied natural gas ("LNG") storage project at Mount Hayes near Ladysmith on Vancouver Island (the "Decision"), the British Columbia Utilities Commission (the "Commission") granted conditional approval to TGVI for a CPCN for the LNG storage project; and
- B. One condition of the CPCN approval was that an LNG storage agreement that assures TGVI of LNG mitigation revenue consistent with the amount of such revenue that TGVI used in its financial analysis of the LNG project will be executed by TGVI and Terasen Gas Inc. ("Terasen Gas") and approved by the Commission, prior to the commencement of construction of the LNG project; and
- C. In the Decision, the Commission also identified several matters for TGVI to address in a reworked LNG storage agreement; and
- D. On March 31, 2005, TGVI submitted a Liquefied Natural Gas Storage and Delivery Agreement with Terasen Gas dated March 31, 2005 (the "LNG Storage Agreement"), and requested Commission approval of the LNG Storage Agreement pursuant to Section 61 of the Utilities Commission Act (the "Act"); and
- E. Also on March 31, 2005, Terasen Gas submitted the LNG Storage Agreement for Commission approval pursuant to Section 71 of the Utilities Commission Act ("the Act"); and
- F. TGVI and Terasen Gas provided copies of the two applications to Intervenor in the Commission hearing on the TGVI 2004 Resource Plan and CPCN application for the LNG storage project; and
- G. TGVI and Terasen Gas requested that the two applications be reviewed concurrently, and requested approval of the LNG Storage Agreement by April 15, 2005 in order to meet anticipated construction deadlines for the LNG project; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-45-05

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- H. Commission Letter No. L-29-05 invited written comments from Intervenor in the Commission hearing on the TGVI 2004 Resource Plan and CPCN application for the LNG storage project; and
- I. On April 14, 2005, TGVI and Terasen Gas filed several amendments to the LNG Storage Agreement; and
- J. On April 18, 2005, Avista Energy, Inc., British Columbia Hydro and Power Authority and the BC Old Age Pensioners' Organization et al. ("BCOAPO") filed written comments on the LNG Storage Agreement; and
- K. On April 20, 2005, TGVI and Terasen Gas responded to the comments regarding the LNG Storage Agreement and proposed several additional amendments to the LNG Storage Agreement; and
- L. The written comments raised certain concerns about the LNG Storage Agreement but did not oppose acceptance of the LNG Storage Agreement as a filing by Terasen Gas pursuant to Section 71 of the Act; and
- M. The Commission has considered the applications and the written submissions it has received, and concludes that it should accept the LNG Storage Agreement as a filing by Terasen Gas pursuant to Section 71 of the Act.

NOW THEREFORE the Commission accepts the LNG Storage Agreement, as amended by the April 14, 2005 and April 20, 2005 letters from TGVI and Terasen Gas and including Schedule A that accompanied the LNG Storage Agreement, as a Terasen Gas filing pursuant to Section 71 of the Act.

DATED at the City of Vancouver, in the Province of British Columbia, this 27 day of May 2005.

BY ORDER

Original signed by:

Lori Ann Boychuk
Commissioner