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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-56-05

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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 Interruptible Liquefied Natural Gas Sale and Purchase Agreement
with Westport Research Inc.**

BEFORE: L.F. Kelsey, Commissioner June 9, 2005
L.A. Boychuk, Commission

O R D E R

WHEREAS:

- A. Under Tariff Supplement No. I-5, Terasen Gas Inc. ("Terasen Gas") provides liquefaction of natural gas and dispensing of liquefied natural gas ("LNG") on an interruptible basis to International Forest Products Limited; and
- B. By Letter No. L-6-04 dated January 29, 2004, the Commission denied an application by Terasen Gas for approval of an Interruptible Liquefied Natural Gas Sale and Dispensing Agreement with Clean Energy Fueling Services Corp., because of concerns that the proposed sale of LNG might adversely affect the supply security of utility gas sales customers and that the proposed rate for service was insufficient in comparison to the cost of providing the service and the market value of the LNG; and
- C. On June 1, 2005, Terasen Gas requested Commission approval of an Interruptible Liquefied Natural Gas Sale and Purchase Agreement with Westport Research Inc. ("Westport") dated April 15, 2005 (the "Agreement") as Tariff Supplement No. I-8 (the "Application"); and
- D. Westport will use the LNG in its product development and testing activities; and
- E. The primary term of the Agreement is from April 15, 2005 to April 1, 2006, and thereafter the Agreement continues in effect until it is terminated by notice from either party; and

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2

- F. Terasen Gas forecasts annual deliveries under the Agreement of 13 TJ, at an average rate of approximately \$3.30/GJ plus the cost of the gas commodity based on the Sumas Daily Index Price; and
- G. The Commission has considered the Application, and concludes that the Agreement should be approved and that the arrangement should be reassessed at a future date.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to Sections 61 and 63 of the Utilities Commission Act, the Commission approves the Agreement as Tariff Supplement No. I-8 effective April 15, 2005, for a period not extending beyond April 1, 2010.
2. In the event that Terasen Gas and Westport desire that the Agreement continue in effect after April 1, 2010, prior to November 1, 2009 Terasen Gas is to submit a report on LNG deliveries and prices under the Agreement and request Commission approval for the Agreement to continue in effect.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of June 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner