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IN THE MATTER OF
the Utilities Commission Act, S.B.C. 1980, c. 60, as amended

and

An Application by Pacific Northern Gas Ltd.
for Approval of Pricing Amendments to Baseload Purchase Contracts
for the 1996/97 Gas Contract Year

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) January 22, 1997

O R D E R

WHEREAS:

- A. On July 17, 1996 the Commission, by Letter No. L-25-96, approved for Pacific Northern Gas Ltd. ("PNG") its Gas Contracting Plan for the 1996/97 gas contract year; and
- B. On November 4, 1996 PNG applied to the Commission for approval of Letter Agreements covering pricing amendments to Baseload Gas Purchase Contracts with Talisman Energy Inc. ("Talisman") and Ranger Oil Limited ("Ranger Oil") for the 1996/97 gas contract year; and
- C. The Talisman and Ranger Oil prices for the 1996/97 gas contract year were based on the Inside FERC Sumas Index plus reasonable market premiums, but did not provide for the full deduction of the Westcoast Energy Inc. transportation costs to adjust prices from Sumas to the Station; and
- D. On November 21, 1996 the Commission issued Order No. E-17-96 which denied approval of the Ranger Oil and Talisman Contracts and referred them to the public proceeding into PNG's 1997 Revenue Requirements set out by Order No. G-112-96; and
- E. On January 17, 1997 PNG filed for Commission approval renegotiated 1996/97 gas supply prices applicable to the Ranger Oil and Talisman contracts; and
- F. The Commission has reviewed the PNG filing and is satisfied that approval of the renegotiated gas supply contract amendments are necessary and in the public interest.

NOW THEREFORE pursuant to Section 85.3 of the Utilities Commission Act, the Commission approves the following for PNG:

1. Letter Agreement dated November 27, 1996 to the PNG and Talisman Baseload Contract dated October 30, 1991 which establishes prices for 1996/97, and which terminates the contract effective October 31, 1997.
2. Letter Agreement and amendment dated December 23, 1996 to the PNG and Ranger Oil Baseload Contract dated October 28, 1991 which establishes prices for 1996/97, and which terminates the contract effective March 31, 1997.
3. The directions contained in Order No. E-17-96, referring the Talisman and Ranger Oil contracts to the 1997 PNG Revenue Requirements proceeding, are rescinded.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of January, 1997.

BY ORDER

Original signed by:

Dr. Mark K. Jaccard
Chairperson