



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 Letter Agreement pursuant to an
Interruptible Sales and Transportation Service Agreement

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair)
B.L. Clemenhagen, Commissioner) November 2, 2000
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-74-98, approved for Pacific Northern Gas Ltd. ("PNG") an agreement with British Columbia Hydro and Power Authority ("B.C. Hydro") that provided for negotiated industrial interruptible sales and transportation rates under Tariff Supplement No. 10 for the provision of interruptible gas to B.C. Hydro's thermal generating plant at Prince Rupert, B.C., for the period July 28 to October 31, 1998; and
- B. On September 7, 2000, PNG applied for Commission approval of a Letter Agreement dated July 10, 2000 that, pursuant to Tariff Supplement No. 10, provides for negotiated interruptible sales and transportation rates for B.C. Hydro's baseload generating requirements for the period July 11 to December 31, 2000 (the "Letter Agreement"); and
- C. The Letter Agreement will enable B.C. Hydro to generate power at its Prince Rupert generating station and deliver it into its integrated system. B.C. Hydro will pay PNG a transportation charge of \$0.423/GJ for the service, plus \$0.055/GJ reimbursement of off-system pipeline charges; and
- D. The Commission has reviewed the July 10, 2000 Letter Agreement and finds that approval is required.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission accepts for filing the July 10, 2000 Letter Agreement between PNG and B.C. Hydro as a short-term arrangement pursuant to Tariff Supplement No. 10.

2. The Commission approves for PNG the establishment of a deferral account for the transportation margin earned on deliveries to B.C. Hydro pursuant to the Letter Agreement, that are in excess of the margin which PNG included in its 2000 Revenue Requirements Application, with the monies that accumulate in the account to be credited to future customer rates.
3. PNG is to file with the Commission, a copy of the Letter Agreement in approved Tariff Supplement format by November 25, 2000, and a report on the deferral account balance to the end of 2000 by February 28, 2001.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of November 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair