



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 2002/03 Seasonal and Peaking Gas Supply Contract

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner) October 31, 2002
R.D. Deane, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On October 28, 2002, Pacific Northern Gas Ltd. ("PNG") filed an October 24, 2002 Letter Agreement with Duke Energy Marketing Limited Partnership ("Duke") that establishes the terms and conditions under which Duke will supply PNG's seasonal and peaking gas supply requirements for the 2002/03 winter period (the "Letter Agreement"); and
- B. The Letter Agreement provides for the following firm volumes of seasonal and peaking gas supplies from Duke delivered to PNG at Station 2:
- (i) Seasonal volumes of up to 11,000 GJ/day for the period November 1, 2002 to March 31, 2003,
 - (ii) Peaking volumes of up to 15,000 GJ/day for the period December 1, 2002 to February 28, 2003, and
 - (iii) Super Peaking volumes of up to 18,000 GJ/day from December 1, 2002 through February 28, 2003; and
- C. On items B(i) and B(ii) a gas buyback provision allows PNG on any day of the Letter Agreement's term, to turn back volumes up to the daily contract quantity; and
- D. The Commission has reviewed the PNG filing and is satisfied that the Letter Agreement with Duke is in the public interest.

NOW THEREFORE pursuant to Section 71 of the Utilities Commission Act and the Rules respecting Energy Supply Contracts, the Commission orders as follows:

1. The Commission accepts the October 24, 2002 Letter Agreement with Duke for the supply of firm Seasonal, Peaking and Super Peaking gas supplies for delivery to PNG at Station 2 for the 2002/03 gas contract year from November 1, 2002 to March 31, 2003 and as outlined in PNG's October 28, 2002 letter.
2. The Commission is to be advised of the negotiated basis differentials in a timely fashion.
3. The Commission accepts PNG's request to maintain the gas pricing information and Letter Agreement with Duke as confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this *fifth* day of November 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair