



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Pacific Northern Gas (N.E.) Ltd.
for Approval of an Inter-Connect Agreement with Williams Energy (Canada) Inc.

BEFORE: P. Ostergaard, Chair)
R.D. Deane, Commissioner) August 15, 2002
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. Pacific Northern Gas (N.E.) Ltd. ["PNG (NE)"] has installed two interconnections between its distribution system northwest of Fort St. John and the Williams Energy (Canada) Inc. ("Williams") marketable gas pipeline running from the West Stoddart plant to Taylor, British Columbia; and
- B. By receiving gas at the interconnections, PNG (NE) avoids the construction of additional pipelines to reinforce its distribution system in order to meet customer demands; and
- C. On July 30, 2002, PNG (NE) filed for Commission approval an Inter-Connect Agreement with Williams dated February 1, 2002 ("Inter-Connect Agreement"). The Inter-Connect Agreement replaces an earlier agreement that ended February 1, 2002, and has a term that extends to October 31, 2011; and
- D. PNG (NE) proposed that payments to Williams under the Inter-Connect Agreement be treated as a gas supply commodity cost; and
- E. The Commission has review the filing and accepts that the Inter-Connect Agreement is necessary, but considers that further review of the appropriate toll treatment of charges under the agreement is needed.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission accepts for filing, pursuant to Sections 60 and 61 of the Utilities Commission Act, the February 1, 2002 Inter-Connect Agreement between PNG (NE) and Williams.
- 2. PNG (NE) is to record payments under the Inter-Connect Agreement in an interest-bearing deferral account, and will address alternative toll treatments for these costs in an application for their recovery that is to be filed with the Commission prior to January 1, 2003.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of August 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair