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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER C-12-03**

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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 a Franchise Amendment Agreement
with the Corporation of the City of Vernon**

BEFORE: L.A. Boychuk, Commissioner) November 13, 2003

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. The Commission, by Order No. G-9-79, approved for Inland Natural Gas Co. Ltd. (now Terasen Gas Inc. ("Terasen Gas")) a Franchise Agreement dated January 8, 1978 and granted a Certificate of Public Convenience and Necessity ("CPCN") for the provision of natural gas service in the City of Vernon ("the City") for a period of 21 years to April 2, 2000; and
- B. The parties extended the term of the Franchise Agreement from April 3, 2000 by means of a number of short term extensions; and
- C. Commission Order No. G-66-02 approved the Lease In Lease Out ("LILO") arrangements with the City which replace the purchase option provisions in the 1978 Franchise Agreement; and
- D. As part of the LILO closing arrangements, the City and Terasen Gas executed the Franchise Amendment Agreement dated December 1, 2002, extending the terms of the Franchise Agreement to November 30, 2019; and

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- E. On October 30, 2003 Terasen Gas applied to the Commission for approval of a Franchise Amendment Agreement to extend the terms of the 1978 Franchise Agreement to November 30, 2019, with the exception of the purchase options provisions; and
- F. The City and Terasen Gas have agreed that, once the terms of a new operating agreement are settled, the parties will enter into a new agreement which would replace the existing Franchise Agreement; and
- G. The Commission has reviewed the application and finds that approval is necessary for the public convenience and properly conserves the public interest.

NOW THEREFORE the Commission, pursuant to Section 45(7) of the Utilities Commission Act, approves the Franchise Amendment Agreement with the City of Vernon and grants to Terasen Gas a Certificate of Public Convenience and Necessity for the provision of natural gas service in the City of Vernon to November 30, 2019.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of November 2003.

BY ORDER

Original signed by:

Lori Ann Boychuk
Commissioner