

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-20-04

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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
To Terminate Terasen Sumas Inc. Firm Transportation Agreement, Interconnect Delivery Service and
Cost of Service Agreement with Terasen Gas Inc.

BEFORE: L.A. Boychuk, Commissioner)
L.F. Kelsey, Commissioner) February 19, 2004

O R D E R

WHEREAS:

- A. Terasen Sumas Inc. ("TSI") and Terasen Gas Inc. ("TGI") are parties to the Firm Transportation Service Agreement dated April 27, 1993, an Interconnect Delivery Service and Cost of Service Agreement dated October 28, 1991 and amended March 10, 1992, and related interruptible agreements (collectively "Transport Agreements"); and
- B. Pursuant to a facility sales agreement ("Sales Agreement") dated November 11, 2003 entered into by TSI and Northwest Pipelines Corporation ("NWP") TSI has agreed to sell its facilities to NWP effective upon obtaining all necessary approvals; and
- C. TSI and TGI entered into a Termination Agreement dated December 15, 2003 to terminate the Transport Agreements and discontinue the Continuing Services Agreement conditional on obtaining necessary approvals on terms that are acceptable to both TGI and TSI; and
- D. The parties agree that effective on the closing of the Transport Agreements that exist between and subject to Commission approval, a termination payment of US \$259,000 will be made by TSI to TGI for the discontinuance of the Continuing Services Agreement and a payment of US \$469,100 will be made by TGI to TSI for the early termination of the Transport Agreements between TGI and TSI; and

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E. The Commission finds that the financial information such as estimated annual operating cost increases of \$60,000 were not supported and therefore present value benefits to TGI may be overestimated. However, with a revision to financial information the net benefit continues to favour acceptance of the application.

NOW THEREFORE the Commission orders as follows:

1. The termination of the Transport Agreements to be effective as of the closing date of the Sales Agreement.
2. The payment of US \$469,100 to TSI by TGI for the early termination of the Transport Agreements between TGI and TSI is subject to the payment of US \$259,000 to TGI by TSI for the discontinuance of the Continuing Services Agreement between TGI and TSI.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of February 2004.

BY ORDER

Original signed by:

Lori Ann Boychuk
Commissioner