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 Transportation Service Agreement
with Tembec Industries Inc. Chetwynd Operations
as a Rate Schedule 27 Tariff Supplement

BEFORE: L.F. Kelsey, Commissioner
                 K.L. Hall, Commissioner   December 2, 2004

O R D E R

WHEREAS:

A. Commission Order No. G-33-03 approved a transportation service agreement between Louisiana-Pacific Canada Ltd. (now Tembec Industries Inc., "Tembec") and BC Gas Utility Inc. (now Terasen Gas Inc., "Terasen Gas") as Rate Schedule 22A Tariff Supplement No. G-13; and

B. The term of Tariff Supplement No. G-13 expired on November 1, 2004, and under the terms of that agreement Tembec was required to pay Terasen Gas the amount of $420,731 as the undepreciated value of the facilities that Terasen Gas installed to serve Tembec; and

C. On November 16, 2004, Terasen Gas filed a Rate Schedule 27 Transportation Service Agreement with Tembec dated November 1, 2004 (the "Transportation Service Agreement") and requested approval of it as Tariff Supplement No. E-11 effective November 1, 2004; and

D. The Transportation Service Agreement provides that Tembec will pay monthly service charges that will repay the undepreciated asset cost of $420,731 over the 10-year term of the agreement and will commit to an annual take-or-pay volume for the term of the agreement.

NOW THEREFORE the Commission orders that the Transportation Service Agreement with Tembec is approved as Rate Schedule 27 Tariff Supplement No. E-11 effective November 1, 2004.

DATED at the City of Vancouver, in the Province of British Columbia, this   7th   day of December 2004.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Order/TGI-Tembec Transportation Svc Agrmt