



**LETTER NO. L-65-04**

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**VIA E-MAIL**

Regulatory.Affairs@terasengas.com

January 5, 2004

Mr. Scott Thomson,  
Vice President, Finance & Regulatory Affairs  
Terasen Gas Inc.  
16705 Fraser Highway  
Surrey, BC V3S 2X7

Dear Mr. Thomson:

Re: Extension of Franchise Agreements between Terasen Gas Inc.  
and  
The City of Kimberley, The District of 100 Mile House, The District of Hudson's Hope,  
The District of Chetwynd and The City of Cranbrook  
Interim Franchise Agreements between Terasen Gas Inc.  
and  
The Corporation of the City of Rossland, The Corporation of the Town of Osoyoos, and  
The Corporation of the Town of Creston

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Further to your October 18, 2004 applications for approval of Franchise Agreement extensions with the above noted municipalities, we enclose the following Commission Orders:

<u>Commission Order No.</u>	<u>Municipalities</u>	<u>Extension Term</u>
C-10-04	The City of Kimberley	December 31, 2004
C-11-04	The District of 100 Mile House	December 31, 2004
C-12-04	The District of Hudson's Hope	June 30, 2005
C-13-04	The District of Chetwynd	June 30, 2005

On October 18, 2004, Terasen Gas also requested Commission approval to extend the terms of the Franchise Agreement with the City of Cranbrook to December 31, 2004. In accordance to Letter No. L-4-02, Application to Approve the Terms of a Proposed Operating Agreement between BC Gas Utility Ltd. and Interior Municipalities, it outlines that "In the normal course of events the Commission would expect the existing Franchise Agreements between BC Gas and individual municipalities to continue in force until their expiry dates, unless BC Gas and the individual municipality mutually agree to changes which they would like to file for approval by the Commission.". The Commission has reviewed this Application and notes that this amending agreement has not been mutually signed by both Terasen Gas and the City of Cranbrook. The Commission, therefore, declines to

approve the request by Terasen Gas for an extension of the term of the Franchise Agreement with the City of Cranbrook.

On October 18, 2004, Terasen Gas also provided Interim Franchise Agreements for the Corporation of the City of Rossland, the Corporation of the Town of Osoyoos and the Corporation of the Town of Creston to the Commission for information purposes. The Commission notes the terms of these agreements have expired yet Terasen Gas has not enclosed any applications requesting approval to extend the terms of the Franchise Agreements. Terasen Gas should promptly submit applications for these municipalities with timely extension requests reflecting reasonable negotiating timelines.

Yours truly,

*Original signed by:*

Robert J. Pellatt

FK/cms  
Enclosures