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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-111-05

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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 Reinstate Zellstoff Celgar Ltd. to Rate Schedule 22A**

BEFORE: L.F. Kelsey, Commissioner October 27, 2005

O R D E R

WHEREAS:

- A. In 1992, Stone Venepal (Celgar) Pulp Inc. ("Celgar") entered into a Rate Schedule 22A Large Volume Transportation Agreement with BC Gas Utility Ltd. (now Terasen Gas Inc., ["Terasen Gas"]), to deliver gas to its pulp mill near Castlegar; and
- B. In the Commission's October 25, 1993 Phase B Rate Design Decision, Rate Schedule 22A was closed to new customers; and
- C. On July 23, 1998, Celgar declared bankruptcy and Terasen Gas was listed as a creditor. In accordance with Rate Schedule 22A, Terasen Gas terminated Celgar's Rate Schedule 22A Agreement; and
- D. In October 1998, Terasen Gas received full payment of the money owned by Celgar and, by Order No. G-100-98 dated November 26, 1998 the Commission approved Rate Schedule 22 Tariff Supplement No. G-11 for the delivery of natural gas to the pulp mill; and
- E. On February 14, 2005, 0706906 B.C. Ltd. (now Zellstoff Celgar Ltd. ["Zellstoff"]) purchased the pulp mill, and in July 2005 requested that Terasen Gas re-examine the gas delivery rate for Zellstoff; and

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2

- F. Terasen Gas concluded that neither it nor other utility customers had suffered from the bankruptcy of Celgar, and that delivery service to the pulp mill should be moved back to Rate Schedule 22A to avoid losing Zellstoff to an alternative energy source or making Zellstoff less competitive than other pulp mills; and
- G. By application dated October 14, 2005, Terasen Gas requested Commission approval to cancel Tariff Supplement No. G-11 and restate the pulp mill as a Rate Schedule 22A customer under the name of Zellstoff (the "Application"); and
- H. The Commission has considered the Application.

NOW THEREFORE, pursuant to Section 61 of the Utilities Commission Act, the Commission approves the cancellation of Tariff Supplement No. G-11 and the reinstatement of the Celgar pulp mill as a Rate Schedule 22A customer under the name of Zellstoff, effective November 1, 2005.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of October 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner