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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-113-05

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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 (Vancouver Island) Inc.
for Approval of a Transportation Service Agreement, Peaking Agreement, and the
Compressor Facility Amending Agreement between Terasen Gas (Vancouver Island) Inc.
and British Columbia Hydro and Power Authority for the Transportation of Natural Gas**

and

**for Approval of a Capacity Assignment Agreement
between Terasen Gas (Vancouver Island) Inc., Terasen Gas Inc. and British Columbia Hydro
and Power Authority for the Assignment of Capacity**

BEFORE: L. F. Kelsey, Commissioner October 31, 2005

O R D E R

WHEREAS:

- A. Terasen Gas (Vancouver Island) Inc. ("TGVI") and BC Hydro and Power Authority ("BC Hydro") have entered into a Transportation Service Agreement ("TSA") (dated October 20, 2005), Peaking Agreement ("PA") (dated October 20, 2005), and the Compressor Facility Amending Agreement ("CFAA") (dated October 20, 2005). TGVI, TGI and BC Hydro have entered into the Capacity Assignment Agreement ("CAA") (dated October 20, 2005). The suite of agreements called the "BC Hydro Agreements" are required to provide service to the Island Cogeneration Plant ("ICP"); and
- B. On October 28, 2005, TGVI applied to the Commission for approval of the BC Hydro Agreements; and
- C. TGVI currently provides service to the ICP under a set of agreements approved by Commission Order No. G-03-05 that expires on October 31, 2005; and
- D. Subject to Commission approval, the BC Hydro Agreements have an effective date of November 1, 2005 and set terms and conditions of service for the period from November 1, 2005 to December 31, 2007; and
- E. The TSA sets the contract demand for natural gas transportation service to the ICP at 45,000 GJ/day; and
- F. The PA sets the capacity right limitation to a maximum daily volume equivalent of 19 TJ/day for the remainder of 2005, 15 TJ/day in 2006 and 19 TJ/day in 2007; and

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- G. The CAA allows TGVI to take assignment of 22 TJ/day of coastal transmission system capacity available to BC Hydro under the Bypass Transport Agreement between BC Hydro and TGI; and
- H. TGVI states that total revenues received from BC Hydro will be approximately \$15.7 million in 2006 and \$16.1 million in 2007; and
- I. The Commission has considered the contracts and finds that the TSA, PA, CFAA and the CAA should be approved.

NOW THEREFORE the Commission approves effective November 1, 2005 pursuant to Section 61(2) of the Utilities Commission Act the TSA, PA, CFAA and the CAA for the period November 1, 2005 to December 31, 2007.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of November, 2005.

BY ORDER

Original signed by:

L. F. Kelsey
Commissioner