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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-128-05

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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 of Rate Schedule 22 Tariff Supplement No. G-21
Firm Transportation Service Agreement for Central Heat Distribution Ltd.**

BEFORE: L.F. Kelsey, Commissioner
A.J. Pullman, Commissioner December 1, 2005

O R D E R

WHEREAS:

- A. On October 21, 2005, Terasen Gas Inc. ("Terasen Gas") applied (the "Application") for Commission approval of an agreement with Central Heat Distribution Ltd. ("Central Heat") dated October 1, 2005 as Rate Schedule 22 Tariff Supplement No. G-21 ("Tariff Supplement No. G-21"); and
- B. Tariff Supplement G-21 provides 2,000 GJ per day of firm transportation service to Central Heat for one year commencing November 1, 2005 and the term of the agreement will extend automatically from year-to-year unless terminated by written notice by one of the parties; and
- C. The service rates in Tariff Supplement No. G-21 were determined by negotiation between the parties, and Terasen Gas estimate the rates will increase its revenue by \$105,038 per year; and
- D. The service rates include a Monthly Facilities Charge of \$1,904, based on Terasen Gas' estimate of the incremental long-run capital costs to provide the firm service; and
- E. Terasen Gas submits that the negotiated rates are consistent with Commission Order No. G-101-93 and the BC Gas Utility Ltd. Phase B Rate Design Decision dated October 25, 1993; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-128-05

2

- F. On November 18, 2005 Terasen Gas responded to a Commission Information Request; and
- G. The Commission is not persuaded as to the merits of the methodology that was used to adjust the Rate Schedule 25 Demand Charge for Tariff Supplement No. G-21, but concludes that the Application including the proposed rates should be approved until such time as the rates can be reviewed in a rate design proceeding.

NOW THEREFORE, pursuant to Section 61 of the Utilities Commission Act, the Commission orders as follows:

1. The Commission approves for Terasen Gas, Tariff Supplement No. G-21 to provide firm transportation service to Central Heat, effective November 1, 2005, subject to the review of the Tariff Supplement No. G-21 rates in the next Terasen Gas rate design proceeding.
2. The Monthly Facility Charge revenue will be recorded as a Contribution In Aid of Construction.

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

BY ORDER

Original signed by:

L.F.Kelsey
Commissioner