



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-3-05

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

BEFORE: L.F. Kelsey, Commissioner
K.L. Hall, Commissioner January 6, 2005

O R D E R

WHEREAS:

- A. Terasen Gas (Vancouver Island) Inc. ("TGVI"), Terasen Gas Inc. ("TGI") and BC Hydro and Power Authority ("BC Hydro") have entered into an Amending Agreement dated December 17, 2004 ("the Amending Agreement") that amends the Peaking Agreement ("BC Hydro PA") (made March 7, 2001 and amended on October 17, 2002, September 30, 2003 and October 28, 2004), Transportation Service Agreement ("BC Hydro TSA") (made March 7, 2001 and amended on September 1, 2001, October 17, 2002, September 30, 2003 and October 28, 2004) and the Compressor Facility Agreement ("CFA") (made May 18, 2001, and amended September 30, 2003 and October 28, 2004). The Amending Agreement also amends the Capacity Assignment Agreement ("CAA") between TGVI, TGI and BC Hydro (made March 7, 2001 and amended September 1, 2001, October 17, 2002, September 30, 2003 and October 28, 2004); and
- B. On December 22, 2004 TGVI applied to the Commission for approval of the Amending Agreement; and
- C. Subject to Commission approval, the Amending Agreement has an effective date of January 1, 2005 and sets terms and conditions of service for the period from January 1 to October 31, 2005; and
- D. The amendment to the BC Hydro TSA increases the contract demand for natural gas transportation service to the Island Cogeneration Plant ("ICP") from 38,000 GJ/day to 45,000 GJ/day. It sets the firm transportation toll at \$1.01/GJ and sets interruptible tolls. It extends the expiry date of the BC Hydro TSA to October 31, 2005; and
- E. The amendments to the BC Hydro PA decrease the peaking gas quantity to a total of 12,000 GJ/day of capacity and gas supply for a maximum of 10 days in any 12 month period. The access to firm peaking capacity has been reduced by 16,000 GJ/day from 28,000 to 12,000 GJ/day with a revised pricing structure. The term of the BC Hydro PA is coincident with the term of the BC Hydro TSA; and
- F. The amendments to the CAA revise the assignment of firm capacity from 20,000 GJ/day to 30,000 GJ/day with a corresponding change in value; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-3-05

2

- G. The amendment to the CFA extended the expiry date to the earlier of October 31, 2005 or the commencement of decommissioning of the compressor; and
- H. TGV I states that changes resulting from the Amending Agreement will increase the transmission system capacity to 155 TJ/day, allowing TGV I to increase the firm Contract Demand under the BC Hydro TSA to 45 TJ/day; and
- I. TGV I states that the Amending Agreement will increase revenue from BC Hydro by approximately \$200,000 over the revenue projections in the Annual Review process and is beneficial to all utility customers of TGV I; and
- J. The Amending Agreement is without prejudice to positions that parties may take in the future; and
- K. The Commission is prepared to deal with these short term amendments on an expedited basis with the expectation that rates, capacity requirements and other factors will be considered more fully at some future date, such as when the terms of a firm long term transportation service agreement with BC Hydro come before the Commission; and
- L. The Commission has considered the Application and finds that amendments included in the Amending Agreement for the BC Hydro PA, BC Hydro TSA, CFA and the CAA should be approved.

NOW THEREFORE the Commission approves effective January 1, 2005 pursuant to Section 61(2) of the Utilities Commission Act the Amending Agreement dated December 17, 2004 with respect to amendments to the BC Hydro PA, BC Hydro TSA, CFA and the CAA.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of January 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner