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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-82-05

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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 a New Bypass Transportation Agreement
with Husky Energy Marketing Inc.**

BEFORE: L.F. Kelsey, Commissioner
L.A. Boychuk, Commissioner September 1, 2005

O R D E R

WHEREAS:

- A. On July 18, 2005, Terasen Gas Inc. ("Terasen Gas") filed for Commission approval effective February 1, 2006 a Bypass Transportation Agreement ("the Agreement") with Husky Energy Marketing Inc. ("Husky") dated June 1, 2005 (the "Application"); and
- B. The Agreement would replace the current Amended and Restated Bypass Transportation Agreement with Husky Oil Operations Limited that is filed as Rate Schedule 22A Tariff Supplement No. G-9. In the Application, Terasen Gas requested that Tariff Supplement No. G-9 be cancelled effective February 1, 2006; and
- C. The Agreement has an initial term of 10.75 years, covering the period February 1, 2006 to November 1, 2016. After the initial term, the Agreement will continue in effect from year to year unless Husky terminates the Agreement by giving 12 months written notice; and
- D. If Husky terminates the Agreement prior to November 1, 2026, it will pay to Terasen Gas the remaining undepreciated value of the bypass pipeline facilities that Husky would have needed for the increased volumes; and
- E. The Agreement recognizes Husky's increased consumption volumes and provides for a rate that is based on the \$1,179,679 estimated cost of bypass facilities that would be needed to deliver the increased volumes; and

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2

F. Terasen Gas has confirmed that the Agreement provides that Husky will pay municipal franchise fees on Terasen Gas charges; and

G. The Commission has reviewed the Agreement and finds that it should be approved.

NOW THEREFORE the Commission approves the Agreement with Husky as Rate Schedule 22 Tariff Supplement No. G-20 and the cancellation of Tariff Supplement No. G-9, both effective February 1, 2006.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of September 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner