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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-55-05

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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 Transactions Related to the  
Southern Crossing Pipeline and Inland Pacific Connector**

**BEFORE:** L.F. Kelsey, Commissioner June 9, 2005  
L.A. Boychuk, Commissioner

**O R D E R**

**WHEREAS:**

- A. The Commission, by Order No. C-11-99 dated June 22, 1999, approved a Certificate of Public Convenience and Necessity for BC Gas Utility Ltd. ["BC Gas", now Terasen Gas Inc. ("Terasen Gas")] for the Southern Crossing Pipeline ("SCP") project. The Order also approved Firm Tendered Transportation Service Agreements ("Transportation Agreements") for approximately 52,500 Mcfd of SCP capacity from Yahk or Kingsvale to Huntingdon with British Columbia Hydro and Power Authority ("BC Hydro") and PG&E Energy Trading, Canada Corporation ("PG&E"). The Order also accepted for filing Peaking Gas Purchase Agreements ("Peaking Agreements") with BC Hydro and PG&E; and
- B. By letter dated December 5, 2002, BC Gas advised the Commission that PG&E was encountering financial difficulties and requested Commission approval for a set of transactions that were designed to preserve the value of the SCP capacity contracted to PG&E for BC Gas and its customers. By Letter No. L-48-02 dated December 5, 2002, the Commission stated it was prepared to approve certain transactions related to SCP capacity held by PG&E and BC Hydro, including the termination of the PG&E Transportation Agreement and Peaking Agreement; and
- C. By Order No. G-9-03, dated February 13, 2003, the Commission approved the cancellation of the Transportation Agreement with PG&E and approved a Firm Transportation Service Agreement for SCP capacity with Northwest Natural Gas Company ("NW Natural"). Commission Order No. G-53-05 dated June 3, 2005 subsequently approved the Amendment and Restatement of Firm Transportation Service Agreement with NW Natural; and
- D. On June 1, 2005, Terasen Gas applied for Commission approval of several transactions that are related to matters that were addressed in BC Gas' December 5, 2002 letter and Commission Letter No. L-48-02 (the "Application"). These matters include the treatment of payments and revenue related to the PG&E Transportation Agreement and its termination, the exercising by BC Hydro of its option to assign its Transportation Agreement and Peaking Agreement to Terasen Inc. effective November 1, 2005 and the recovery of Inland Pacific Connector development costs; and

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- E. Terasen Gas provided a copy of the Application to all parties who intervened in the Terasen Gas 2004 Annual Review, and recommends that the Application be reviewed through a written public hearing process; and
- F. The Commission considers that a written hearing process is required to review the Application.

**NOW THEREFORE** the Commission orders as follows:

1. A written public hearing proceeding is established to review the Application, and the Regulatory Agenda for the proceeding is attached as Appendix A to this Order.
2. The Regulatory Agenda includes a Workshop on the Application that will be held on Wednesday, June 29, 2005 commencing at 9:00 a.m. in the Commission Hearing Room on the Sixth Floor, 900 Howe Street, Vancouver, B.C.
3. Intervenors and Interested Parties should register with the Commission, in writing, by Friday, June 24, 2005 and advise whether they intend to attend the Workshop. Intervenors should state the nature of their interest in the Application and identify generally the nature of the issues that they intend to pursue during the proceeding.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 10<sup>th</sup> day of June 2005.

**BY ORDER**

*Original signed by:*

L.F. Kelsey  
Commissioner

**Terasen Gas Inc.**  
**Application for Approval of Transactions Related to**  
**Southern Crossing Pipeline and Inland Pacific Connector**

**REGULATORY AGENDA**

	<b>DATE</b>
Intervenor and Interested Party Registration	Friday, June 24, 2005
Workshop on the Application	Wednesday, June 29, 2005
Commission Information Requests to Terasen Gas	Friday, July 8, 2005
Other Information Requests to Terasen Gas	Friday, July 15, 2005
Terasen Gas responds to Information Requests	Friday, August 5, 2005
Intervenors file Written Comments	Friday, August 19, 2005
Terasen Gas files Written Reply	Tuesday, August 30, 2005