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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-149-07

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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 an
Amending Agreement to the Wheeling Agreement with Terasen Gas Inc.**

and

**An Application by Terasen Gas (Vancouver Island) Inc. for Approval of an
Amended Peaking Agreement with BC Hydro and Power Authority**

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner December 6, 2007

O R D E R

WHEREAS:

- A. By letter dated September 28, 2007, Terasen Gas (Vancouver Island) Inc. ("TGVI") applied (the "Application") to the Commission for approval pursuant to Section 61 of the Utilities Commission Act (the "Act") for the suite of long-term service agreements comprised of the Transportation Service Agreement ("TSA") between TGVI and British Columbia Hydro and Power Authority ("BC Hydro"), Peaking Agreement ("PA") between TGVI and BC Hydro, and the Capacity Assignment Agreement ("CAA") between TGVI, BC Hydro and Terasen Gas Inc. ("TGI"), (collectively the "Agreements"); and
- B. Commission Order No. G-139-07 and Reasons for Decision approved the Agreements pursuant to Section 61 effective January 1, 2008 subject to the parties completing the requirements of two directives by December 15, 2007; and
- C. The Commission's first directive in Order No. G-139-07 required a fully executed and acceptable amendment to the PA that deletes Subsection 3.1(3) from the agreement; and
- D. The Commission's second directive in Order No. G-139-07 required a fully executed and acceptable amendment to the Wheeling Agreement dated July 3, 1989 between TGVI and TGI that reduces the amount of Coastal Transmission System ("CTS") wheeling capacity provided to TGVI, and the payments by TGVI, to amounts that correspond to the net amount of CTS wheeling capacity that TGVI requires in addition to the wheeling capacity it receives under the CAA; and

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- E. In response to the Commission first directive, TGVI and BC Hydro have entered into an amended Peaking Agreement (“Amended PA”) dated November 28, 2007 that replaces the agreement that was filed as part of the original Section 61 filing on September 22, 2007. In the Amended PA, Subsection 3.1(3) has been deleted and a new Subsection 3.7 called On-System Storage) has been inserted; and
- F. The new subsection 3.7 of the Amended PA states that:
- “TGVI will make reasonable efforts on a day to day basis over each Winter Period to limit the exercise of the Capacity Right by using the capacity provided by the Mt. Hayes Storage Facility that TGVI has reserved for its own use during the Winter Period. For clarity, this condition does not restrict TGVI’s right to contract with third parties, including Terasen Gas Inc. for use of the Mt. Hayes Storage Facility”; and
- G. In response to the Commission’s second directive, TGVI and TGI have entered into the Amending Agreement to the Wheeling Agreement (“the Amending Agreement”) dated November 23, 2007 which defines hourly pressures, contract demand and TGVI’s annual payments through contract years 18 through 21; and
- H. BC Hydro’s letter dated November 29, 2007 provided comments in support of the Amended PA; and
- I. The Commission has considered the Amending Agreement and the Amended PA, and has concluded that they should be approved as they fulfill the directives in Order No. G-139-07.

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

1. The Commission approves the Amending Agreement and the Amended PA.
2. The Commission confirms that the TSA and the CAA (in full) have been approved.
3. TGVI is to provide the approved contracts in standard tariff filing format.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of December 2007.

BY ORDER

Original signed by

L.F. Kelsey
Commissioner