

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-65-09

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Terasen Gas Inc.
An Application for Rate Schedule 16
Interruptible Liquefied Natural Gas Sales and Dispensing Service

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner June 4, 2009
P.E. Vivian, Commissioner

O R D E R

WHEREAS:

- A. On May 7, 2009 Terasen Gas Inc. ("Terasen Gas") applied (the "Application") pursuant to sections 59-61 of the *Utilities Commission Act* (the "Act") requesting approval from the British Columbia Utilities Commission (the "Commission") of Rate Schedule 16 Interruptible Liquefied Natural Gas ("LNG") Sales and Dispensing Service ("Rate Schedule 16") as a five-year pilot; and
- B. Rate Schedule 16 is a bundled sales service. The rate structure is comprised of two components: a variable charge with a monthly take-or-pay volume for the liquefaction, storage, transportation and dispensing of LNG and a cost of gas or commodity charge, which will be based on the Sumas Monthly Index Price; and
- C. Terasen Gas believes the development of the LNG market as a transportation fuel creates an opportunity to expand the use of the Terasen Gas Tilbury LNG facility (located in Delta), which will benefit existing customers; and
- D. Terasen Gas states Rate Schedule 16 advances the government's commitment in the 2007 Energy Plan to reduce greenhouse gas ("GHG") emissions in the transportation sector. Specifically, the rate schedule supports specific government and industry initiatives to promote the growth of LNG as a transportation fuel in British Columbia, reduce GHG emissions and improve local air quality; and
- E. Terasen Gas believes Rate Schedule 16 will reduce the uncertainty Natural Gas Vehicle industry participants face regarding the price and conditions of service, which Terasen Gas regards as being an essential precondition to the successful growth of this market; and
- F. The Commission has reviewed the Application and has concluded that Rate Schedule 16 is in the public interest and should be approved.

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NOW THEREFORE pursuant to sections 59-61 of the Act, the Commission orders as follows:

1. Rate Schedule 16 – Interruptible LNG Sales and Dispensing Service is approved as filed, effective June 15, 2009, as an approximately five-year pilot for the period ending December 31, 2014.
2. Terasen Gas will file a Gas Tariff Rate Schedule in accordance with this Order.
3. Terasen Gas will include in the Rate Schedule 16 Service Agreement a statement that the service is a pilot program with a limitation on the total amount of supply, that the pilot program expires on December 31, 2014, and that Terasen Gas will have no responsibility to provide LNG sales and dispensing service after that date.
4. Terasen Gas will record the revenue from the Sumas Monthly Index Price per gigajoule charge and the Peaking Arrangement Cost component of the Variable Charge in the Midstream Cost Reconciliation Account.
5. Terasen Gas will report on the results of the Rate Schedule 16 pilot program annually. The annual report will include number of participants, total contract demand, annual sales volume, annual variable and gas charge revenues, number and duration of Rate Schedule 16 service interruptions, and impacts on core market supply and any related peaking supply arrangements or purchases.

DATED at the City of Vancouver, in the Province of British Columbia, this day of June 2009.

BY ORDER

D.A. Cote
Commissioner