



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-206-14**

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

and

Pacific Northern Gas Ltd.  
Application for Approval of an Assignment and Amendment of a  
Firm and Interruptible Gas Transportation Service Agreement

**BEFORE:** L. F. Kelsey, Commissioner  
N. E. MacMurchy, Commissioner December 19, 2014  
I. F. MacPhail, Commissioner

**O R D E R**

**WHEREAS:**

- A. Pacific Northern Gas Ltd. (PNG) and LNG Partners, LLC (LNGP) are parties to the Firm and Interruptible Gas Transportation Service Agreement dated May 26, 2010, as amended and accepted by the British Columbia Utilities Commission (the Commission) on June 28, 2012 under Order G-89-12 as Supplement No. 29 to PNG's Gas Tariff (the Existing GTSA);
- B. On November 7, 2013, Douglas Channel LNG Assets Partnership (DCLAP) and other petitioners, including LNGP, sought and obtained relief from the Supreme Court of British Columbia under the Companies' Creditors Arrangement Act (CCAA);
- C. Parties to the CCAA proceedings have developed a Plan of Compromise and Arrangement (the Plan) which was approved by the creditors on December 15, 2014;
- D. The Supreme Court of British Columbia issued an order implementing the Plan on December 15, 2014;
- E. It is a condition precedent to the Plan, that PNG assign and amend the Existing GTSA and that Commission approval is obtained in respect of these changes;
- F. On December 12, 2014, PNG filed with the Commission an application for approval of:
  - (i) assignment of the Existing GTSA all in accordance with the Assignment, Novation and Amendment Agreement among PNG, LNGP, DCLAP and EDF Trading Limited (EDFT) dated December 12, 2014 as filed with the application;

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- (ii) certain amendments to the Existing GTSA in accordance with the Firm and Interruptible Gas Transportation Service Agreement between PNG and EDFT dated December 12, 2014, as attached as Schedule A to the Assignment, Novation and Amendment Agreement and as filed with the application (the EDFT GTSA);
- (iii) acceptance of the EDFT GTSA as PNG tariff Supplement No. 30 and cancellation of Supplement No. 29 for the Existing GTSA;

(the Application);

- G. The amendments to the Existing GTSA include additional option fees to be paid to PNG by EDFT, a reduced contract term from 30 years to 20 years, reduced crediting of prior option fees paid under the Existing GTSA, and a reduction in the interruptible charge payable by EDFT from 100 percent of the firm demand charge to 70 percent;
- H. PNG has incurred significant legal costs to participate in the restructuring of the Douglas Channel LNG project, which are outside the normal course of PNG's operations and have not been previously recovered in rates;
- I. The Application proposes that the additional option fees paid to PNG by EDFT under the EDFT GTSA, net of PNG's legal fees incurred in participating in the restructuring of the Douglas Channel LNG project, be recorded in a deferral account for future disposition as directed by the Commission; and
- J. The Commission considers that establishing a regulatory timetable for the review of the Application is necessary and in the public interest.

**NOW THEREFORE** the British Columbia Utilities Commission orders as follows:

1. The establishment of a Streamlined Review Process for the review of the Application according to the Regulatory Timetable that is attached as Appendix A to this Order.
2. The scope of the Streamlined Review Process is limited to the impact on Pacific Northern Gas Ltd. (PNG) and its ratepayers from PNG's request for the assignment of the Existing Gas Transportation Service Agreement, the requested amendments and the acceptance of the EDF Trading Limited Gas Transportation Service Agreement as PNG Tariff Supplement No. 30 and the cancellation of the Supplement No. 29 for the Existing Gas Transportation Service Agreement.
3. PNG must post the Application and this order to its website.

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4. Persons wishing to participate as interveners or as interested parties should register with the Commission by Wednesday, December 24, 2014.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 19<sup>th</sup> day of December 2014.

BY ORDER

*Original signed by:*

L. F. Kelsey  
Commissioner

Attachment

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**REGULATORY TIMETABLE**

ACTION	2014/2015
Registration of Interveners or Interested Parties	Wednesday, December 24
Commission and Intervener Information Requests	Wednesday, December 24
PNG Response to Commission and Intervener Information Requests	Wednesday, January 7
Streamlined Review Process and Final Submissions	Monday, January 19

Location of Streamline Review Process:

Commission Hearing Room  
12<sup>th</sup> Floor, 1125 Howe Street  
Commencing at 9:00 a.m.