



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-89-12**

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

and

An Application by Pacific Northern Gas Ltd.
for Approval of a Firm and Interruptible Gas Transportation Service Agreement
under Supplement No. 29 to PNG's Gas Tariff in Substitution for and Replacement of Supplement No. 28

BEFORE: L.F. Kelsey, Commissioner

June 28, 2012

ORDER

WHEREAS:

- A. PNG and Merrill Lynch Commodities, Inc. (MLCI) entered into a Firm and Interruptible Gas Transportation Service Agreement as of May 26, 2010 (the Prior Agreement) and the British Columbia Utilities Commission (Commission) accepted the Prior Agreement on June 17, 2010 under Order G-39-09 as Supplement No. 28 to PNG's Gas Tariff;
- B. The Prior Agreement was assigned by MLCI to LNG Partners, LLC (LNGP) pursuant to an Assignment and Novation Agreement effective August 11, 2010 and PNG gave the Commission notice of the assignment by letter dated August 25, 2010;
- C. Commission Order G-1-11 dated January 6, 2011, approved amendments to the renewal terms of the Prior Agreement;
- D. LNGP and PNG have agreed to certain further modifications to the Prior Agreement by entering into a Firm and Interruptible Gas Transportation Service Agreement under proposed Supplement No. 29 (the Revised Agreement) in substitution for and replacement of the Prior Agreement;
- E. On May 30, 2012, PNG applied for Commission approval of the Revised Agreement (the Application) and made submissions explaining why the Revised Agreement was beneficial to stakeholders including PNG's customers, PNG and LNGP;

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- F. By letter dated June 20, 2012, the Commission invited comments on the Application from the registered Interveners for the PNG 2012 revenue requirements proceeding;
- G. The British Columbia Old Age Pensioners' Organization *et al* (BCOAPO) filed a submission dated June 26, 2012 indicating BCOAPO did not oppose the Revised Agreement but requesting PNG confirm certain aspects of the Revised Agreement and the nature of the relationship between PNG and LNGP, and comment on the risks and benefits for ratepayers relative to the original transportation agreement approved by the Commission on November 27, 2009 under Commission Order G-174-08;
- H. PNG responded to the BCOAPO comments with a submission dated June 27, 2012;
- I. The Commission has reviewed the Application, submissions from BCOAPO and PNG, and supporting material and finds that the requested approval of the Revised Agreement is in the public interest.

NOW THEREFORE the Commission hereby confirms the cancellation of Supplement No. 28 to PNG's Gas Tariff and approves the Revised Agreement between PNG and LNGP under Supplement No. 29 to PNG's Gas Tariff.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of June 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner