



LETTER NO. L-7-94

ROBERT J. PELLATT
COMMISSION SECRETARY

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June 10, 1994

VIA FACSIMILE

Mr. D.M. Masuhara
Vice President
Legal and Regulatory Affairs
BC Gas Utility Ltd.
1111 West Georgia Street
Vancouver, B.C.
V6E 4M4

bcg/	
<input checked="" type="checkbox"/> M. Jaccard	<input type="checkbox"/> E. Sleath
<input type="checkbox"/> L. Barr	<input type="checkbox"/> M. Payne
<input type="checkbox"/> M. Donn	<input type="checkbox"/> K. Wellman
<input type="checkbox"/> D. Wilson	<input type="checkbox"/> Extra
<input type="checkbox"/> S. Clark	<input type="checkbox"/> Commissioner Fldr
<input type="checkbox"/> F. Leighton	<input checked="" type="checkbox"/> W. Grant
<input type="checkbox"/> K. Hall	<input checked="" type="checkbox"/> D. Ernes
<input type="checkbox"/> H. Page	<input type="checkbox"/> R. Brownell
<input type="checkbox"/> Letter Only *	<input type="checkbox"/> J. Hague
<input checked="" type="checkbox"/> R. Pellatt	<input type="checkbox"/> J. Fraser
<input type="checkbox"/> C. Smith	<input type="checkbox"/> P. Gronert
<input type="checkbox"/> A. Cormack	<input checked="" type="checkbox"/> S. Wong
<input checked="" type="checkbox"/> Com.Sec.Diary	<input checked="" type="checkbox"/> P. Nakoneahny
<input type="checkbox"/> Complaint File	<input checked="" type="checkbox"/> B. Williston
<input type="checkbox"/> Intervenor File	<input type="checkbox"/> N. Strath
<input type="checkbox"/> Comm. Counsel	<input type="checkbox"/> B. McKinlay
<input checked="" type="checkbox"/> Central Files	<input type="checkbox"/> F. James
	<input type="checkbox"/> R. Rene

Dear Mr. Masuhara:

Re: BC Gas Utility Ltd.
1994/95 Gas Contracting Plan

Further to your 1994/95 Gas Contracting Plan filed by letter dated May 26, 1994 the Plan is approved by the Commission, subject to the following specific directions and on the understanding that all individual supply contracts will continue to be filed in a timely fashion for Commission approval. The Plan is consistent with the longer term IRP results which favour the use of storage and short-term peaking and seasonal gas over additional baseload supplies and is a generally acceptable strategy for acquiring gas supplies needed for the 1994/95 gas contract year.

1. When a contract with indexed pricing is filed for approval, BC Gas will provide justification for the index selected and any differentials or adjustments used in the price calculation.
2. July 1, 1994 is established as the date by which an A/B/M must provide BC Gas with formal notification of the quantity of buy/sell gas that requires zone 4 capacity for November 1, 1994. An A/B/M will be entitled to subsequently increase or decrease its notification by amounts that do not in total exceed a fixed percentage of the original notification. For the 1994/95 gas year and subject to future review by the Commission, the fixed percentage is established as 20 percent until such time as the total of A/B/M notifications reaches 25 TJ/d and as 10 percent for changes requested after that time.
3. BC Gas will continue to accept notifications of buy/sell gas quantities after July 1, 1994 to the extent possible on a first-come first-served basis, considering firm commitments it has made respecting supply needs and/or zone 4 capacity.
4. BC Gas will avoid making new commitments that allocate zone 4 capacity until after the A/B/M notification date.

5. The purchase of additional supply at Station #2 or plant outlets for back-to-back sales is approved in principle, providing additional zone 4 capacity is not acquired for this purpose and all purchase and sales agreements for such sales are filed for prior Commission approval.
6. Other gas purchases to facilitate back-to-back sales will be restricted to arrangements which cause no additional costs to BC Gas customers and where both purchase and sales agreements receive prior Commission approval.

The Commission has accepted the Plan on a "confidential" basis, at the request of BC Gas, under the understanding that it contains commercially sensitive information related to energy supply contracts.

Yours truly,



Robert J. Pellatt

RJP/dlf