



LETTER NO. L-35-02

ROBERT J. PELLATT
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VIA FACSIMILE

September 5, 2002

Mr. Geoff Higgins
Manager, Regulatory Affairs
Centra Gas British Columbia Inc.
1675 Douglas Street
P.O. Box 3777
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Dear Mr. Higgins:

Re: Centra Gas British Columbia Inc. ("Centra Gas")
2003 to 2005 Revenue Requirement and Rate Design Applications
Proposed Regulatory Agenda

On July 31, 2002 Centra Gas filed its 2003 to 2005 Revenue Requirement Application seeking approval of actual revenue deficiencies and forecast test period cost of service as Phase 1 of a two phase process. Phase 2 would involve a Rate Design Application to determine rates effective January 1, 2003 that are appropriate for the recovery of both current cost of service and amortization of accumulated revenue deficiencies. Centra Gas confirmed that the Phase 1 Application was sent to intervenors who registered in the previous application and those who participated in the cost of service allocation working group.

In a letter dated September 4, 2002 Centra Gas indicated that it expects to file the Phase 2 Application by September 27, 2002 and proposed that both the Phase 1 and Phase 2 Applications be reviewed concurrently. Centra Gas proposed a regulatory agenda that involved an open house/workshop on October 4, 2002 in Nanaimo, B.C. and a timetable for information requests and responses with a negotiated settlement process commencing on November 26, 2002.

The Commission agrees in principle to the Centra Gas proposal for concurrent review of the Phase 1 and Phase 2 Applications; however, until the Phase 2 Application is filed, the Commission is unable to issue an order and public notice that schedules a Workshop and Pre-hearing Conference. Assuming that Centra Gas files the Phase 2 Application by September 27, 2002, the Commission anticipates issuing an order and public notice that sets an intervenor registration deadline of Tuesday, October 15, 2002 and schedules a Workshop/Pre-hearing Conference for Friday, October 18, 2002.

Following the results of the Pre-hearing Conference, the Commission will issue an Order outlining further steps and a regulatory timetable that will be followed in the review of the Phase 1 and Phase 2 Applications.

Yours truly,

Original signed by:

Robert J. Pellatt

PWN/cms

cc: Interested Parties (list attached)

Centra Gas Interested Parties List

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