



LETTER No. L-37-02

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September 24, 2002

Mr. David M. Masuhara
Vice President, Regulatory, Environment
& Safety, Supply Chain & Logistics
BC Gas Utility Ltd.
16705 Fraser Highway
Surrey, B.C. V3S 2X7

Dear Mr. Masuhara:

Re: BC Gas Utility Ltd.
Third Quarter 2002 Reports
Gas Cost Flow-Through and Gas Cost Reconciliation Account Guidelines

Further to your September 10, 2002 filing of the above noted reports for the Lower Mainland, Inland, Columbia, Revelstoke and Fort Nelson service areas recommending that Gas Cost Recovery Charges and Gas Cost Reconciliation Account riders not change as of October 1, 2002, the Commission accepts your recommendation.

In early December 2002, BC Gas will file Fourth Quarter 2002 Reports regarding gas commodity rates as of January 2003. In that filing, based on experience gathered over 2001 and 2002, please include an assessment of the effectiveness of the quarterly reporting Guidelines that were established by Commission Letter No. L-5-01, and any suggestions to improve and streamline the setting of gas commodity rates and management of the Gas Cost Reconciliation Account balances. For example, what changes, if any, should be made to the content or the timing of the filings? Would formal reviews at six month intervals (e.g. for January and July rates) be sufficient? The Commission looks forward to receiving your views on this matter.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/yl