



LETTER L-78-11

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VIA EMAIL

chdl@telus.net

September 19, 2011

Mr. J.S. Barnes
President
Central Heat Distribution Ltd.
Suite 1, 720 Beatty St
Vancouver, BC

Dear Mr. Barnes:

**Re: Central Heat Distribution Ltd.
Complaint and Required Filings**

The British Columbia Utilities Commission (Commission) received the enclosed complaint highlighting concerns related to the apparent relationship between Central Heat Distribution Ltd. (CHDL), a utility regulated by the Commission and Cascadia Energy Ltd a gas marketer/supplier. The Commission, in its investigation of the complaint and from discussions between yourself and Commission staff, has learned that CHDL has energy supply contracts from sources other than another regulated utility.

The *Utilities Commission Act* (UCA) requires utilities to file energy supply contracts pursuant to section 71 of the UCA. Additional rules to assist in filing energy supply contracts are found in Appendix A of Commission Order G-130-06.

CHDL is directed to file all current energy supply contracts and any agreements in effect since November 1, 2010 (start of the current gas year) pursuant to section 71 of the UCA and Commission Order G-130-06 Appendix A, Rules for Natural Gas Energy Supply Contracts by September 30, 2011. Please note that the Rules state that energy supply contracts should be filed in a timely way so that they can be reviewed and accepted by the Commission prior to the start of gas deliveries. This would apply to any contract renewals or new contracts for the coming gas year.

CHDL is also requested to file an Annual Contracting Plan (ACP) for the coming gas year, November 1, 2011 to October 31, 2012, consistent with section 44.1 of the UCA and the Resource Planning Guidelines posted on the Commission website. Of particular interest for the Commission at this time is that your plan includes:

- a forecast of annual and peak day demand and whether the demand is firm or interruptible;
- resources you will use to meet your forecast demand including information on demand / supply reliability such as storage or back-up energy sources , supply agreements you have/will have in place to meet these demands and the nature of those agreements;
- any capital additions you may be considering in the future.

Annual Contracting Plans have been an effective high level tool that assists both the Commission and the utilities to efficiently manage demand requirements and review gas supply contracts. CHDL is requested to file this ACP by Friday, October 14, 2011.

Finally, CHDL is directed to provide a response to the enclosed complaint, including a written statement that clarifies the nature of the relationship between CHDL and Cascadia Energy Ltd. and disclose any common corporate ownership or interests that might be construed as a related party transaction to assist the Commission in completing its investigation of this complaint.

Yours truly,

Alanna Gillis

TS/cms
Enclosures