



ROBERT J. PELLATT  
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. CANADA V6Z 2N3  
TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

VIA FACSIMILE

November 30, 1994

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

Dear Mr. Masuhara:

Re: BC Gas Utility Ltd.  
Use of Financial Derivatives to Manage Gas Purchase Costs

The Commission has reviewed your letter of November 18, 1994 entitled "Utilities Commission Act - Section 85.3 Filing of Supplementary Material" which was filed in response to inquiries from Commission staff about the use of financial derivatives to manage gas purchase costs. The proposal to file a "gas price management implementation strategy" during the second quarter of 1995 is satisfactory to the Commission. Such a filing should:

- 1) form part of the 1995/96 Gas Contracting Plan to be approved by the Commission prior to the start of 1995/96 gas price negotiations.
- 2) discuss the use of hedging with respect to gas price, index price basis differential, and exchange rate.

The Commission does not consider that the public interest requires the material contained in your November 18, 1994 letter to be kept confidential and accordingly it will be maintained in our central files.

Yours truly,

Robert J. Pellatt

PHG/lm