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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-81-95

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IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

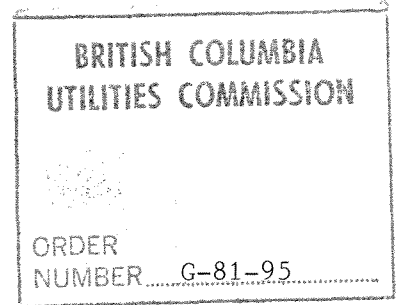
Reference Prices for Buy/Sell Direct Purchases
and the Inclusion of the Results of Active Price Hedging

BEFORE: M.K. Jaccard, Chairperson; and)
K.L. Hall, Commissioner) September 21, 1995

O R D E R

WHEREAS:

- A. The Commission's July 7, 1995 Decision regarding the Review of Buy/Sell Deliveries of Natural Gas to the Core Market directed each Local Distribution Company ("LDC") to file for Commission approval its reference price calculation methodology and a preliminary price forecast as soon as possible after August 1, 1995, but not later than August 15, 1995; and
- B. BC Gas Utility Ltd. ("BC Gas"), Pacific Northern Gas Ltd. ("PNG") and Centra Gas British Columbia Inc. ("Centra Gas") filed reference price methodologies but did not include the results of active price hedging in the reference price calculation; and
- C. The Orders for BC Gas, PNG, and Centra Gas approving the 1995/96 Reference Price Methodologies also invited comments from interested parties on whether or not the results of active price hedging should be included in the calculation of reference prices for buy/sell gas; and
- D. BC Gas and Centra Gas indicated that hedging results should be excluded, whereas the Canadian Independent Gas Marketing Association argued on behalf of Agents/Brokers/Marketers that hedging gains and losses and the external costs of hedging should be included in the reference price calculation; and
- E. The Commission has reviewed the filings and information and finds that a decision is required.



NOW THEREFORE the Commission orders as follows:

1. The Commission directs that BC Gas, PNG and Centra Gas will include the external fees and the gains and losses that result from active price hedging of baseload purchases in the calculation of buy/sell reference prices for the 1995/96 gas contract year.
2. The Commission will, if necessary, review the inclusion of hedging results in the calculation of reference prices for future years.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of September, 1995.

BY ORDER

A handwritten signature in dark ink, appearing to read "Mark K. Jaccard".

Dr. Mark K. Jaccard
Chairperson