



ROBERT J. PELLATT  
COMMISSION SECRETARY

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Sent via FAX  
DEC. 21/95 13:45hrs

December 21, 1995

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.  
Deferred Operating Costs for Buy/Sells  
Deferral Account #179-091/100

Further to our letter of July 12, 1995, and recognizing that the negotiated settlement process for the 1996/97 revenue requirements did not address this matter explicitly, the Commission has now reviewed the matter of the deferred buy/sell operating costs.

The Commission has determined that BC Gas should be permitted to recover costs of up to \$173,000 after taxes as of the end of 1996 by a debit to the GCRA and the subject deferral account should be closed out at that time. This decision recognizes that (in error) the \$173,000 after-tax balance while providing for revenues to the end of 1996, does not include costs for the period May 1, 1995 to December 31, 1995. However, the Commission has determined that certain off-setting costs for employee salaries (legal, gas supply, and clerical) were inappropriately included in the 1995 ending balance for the deferral account. Such amounts were covered by O&M settlement amounts already approved by the Commission.

The Commission is prepared to review the issue of buy/sell administration fees again prior to the 1996/97 gas year. In the event that BC Gas believes that the current fee structure does not cover its costs for the level of activity forecast for that gas year, it may apply to the Commission for revised fees at that time. In the meantime, BC Gas will be expected to administer buy/sells within the revenue constraints imposed by the \$173,000 limit noted above.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt".

Robert J. Pellatt

PHG/cms