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VANCOUVER, B.C. V6Z 2N3
CANADA



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-70-95

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

and

An Application by Centra Gas British Columbia Inc.
Reference Price Factors for Buy/Sell Energy Supply Contracts

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) August 29, 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 LDC to file for Commission approval its reference price calculation methodology and a preliminary price forecast as soon as possible after August 1, 1995, and not later than August 15, 1995; and
- B. On August 16, 1995 Centra Gas British Columbia Inc. ("Centra Gas"), filed for Commission approval its buy/sell reference price methodology and forecast of reference price factors for the 1995/96 gas contract year; and
- C. The Centra Gas filing did not include the results (gains or losses) of any active gas price hedging activity in the calculation of reference prices; and
- D. Actual reference price factors may differ from the forecast due to the market sensitive pricing provisions included in a significant portion of Centra Gas' system baseload contracts; and
- E. The Commission has reviewed the filing and finds that approval is required.


NOW THEREFORE the Commission orders as follows:

- 1. For the Vancouver Island Gas Service Area, the reference price forecast and reference price calculation methodology as set out in Centra Gas' letter dated August 16, 1995, which is attached as Appendix A, are approved, subject to review with respect to the exclusion from the calculation of the results of active gas price hedging activities.
- 2. Interested parties are invited to comment and provide evidence in support of their position by September 15, 1995 regarding whether or not the results of any active price hedging should be included in Centra Gas' reference price calculation.
- 3. Centra Gas is directed to calculate actual monthly demand and commodity reference price factors at 100 percent load factor using its approved methodology and to file these factors within 20 days after the end of each month.

4. For the Fort St. John area, in the event the utility receives a written request from an interested party to do so, Centra Gas is directed to file within 20 days of the request a reference price forecast that is based on expected system baseload pricing for 1995/96.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of August 1995.

BY ORDER



Dr. Mark K. Jaccard
Chairperson

Attachment



APPENDIX A to
Order No. G-70-95

August 16, 1995

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Centra Gas British Columbia Inc.
1675 Douglas Street
P.O. Box 3777
Victoria, British Columbia
V8W 3V3
Tel: (604) 480-4300
Fax: (604) 480-4459

Attention: Mr. R.J. Pellatt
Commission Secretary

Dear Sir:

Re: 1995/1996 Buy/Sell Reference Pricing

Centra Gas hereby submits preliminary reference price calculations for its Vancouver Island Gas Services Areas (VIGAS) in accordance with the Commission's recent Decision pursuant to Order No. G-17-95. They provide the methodology and estimated price Centra Gas will pay ABM's for the month of November as well as the anticipated annual price paid under these arrangements.

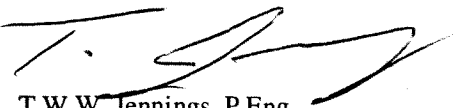
Centra Gas has not included any allowance for the use of financial derivatives in its reference price calculations. The relatively short Buy/Sell price period is inconsistent with the three year hedge currently being considered by Centra Gas to meet its Risk Management Objectives. Therefore, Centra Gas does not consider the inclusion of the use of such instruments in the Reference Price to be appropriate.

These calculations contain information which Centra Gas considers to be sensitive in nature to current and future pricing discussions with suppliers. We therefore request that all but the first page of each of the monthly and annual reference prices be treated in a confidential manor by the Commission.

Please direct all communications related to this matter to the undersigned.

Yours truly,

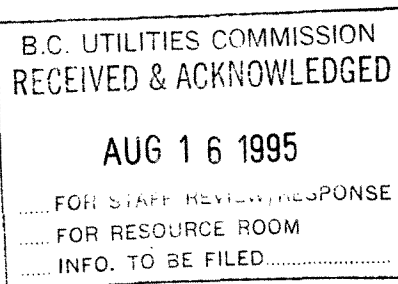
CENTRA GAS BRITISH COLUMBIA INC.


T.W.W. Jennings, P.Eng.
Manager, Gas Supply

TWWJ:jcs
Attachment

c.c. A.I. Fogwill
A.M. Haines
M.S. Reghelini

(c:\atvrefprice.ltr)



DELIVERY

PRICE FACTOR

	HUNTINGDON (\$/GJ)	STATION #2 (\$/GJ)	REFERENCE
	=====	=====	
1 Reference Price (RP)	\$1.7671	\$1.5487	Sum of Lines 2 to 6
	=====	=====	
2 Unit Fixed Charge (UFC)	\$0.6378	\$0.4491	Line 7
3 Unit Commodity Charge (UCC)	\$1.0804	\$1.0804	Line 14
4 Unit Fuel Gas Charge, T - North (UFGC,TN)	(1) \$0.0042	\$0.0042	Line 17
5 Unit Fuel Gas Charge, T - South (UFGC,TS)	(1) \$0.0297	\$0.0000	Line 21
6 Motor fuel tax	\$0.0150	\$0.0150	
(1) Paid monthly on actual volumes from long term suppliers.			
(2) Supply portfolio comprised of approximately 53% Nymex based pricing of \$2.25/GJ (\$1.73 US/mmBtu) and 47%Sumas based pricing of \$1.74/GJ (\$1.34 US/mmBtu).			

UNIT FIXED CHARGE

	HUNTINGDON	STATION #2	
	\$0.6378	\$0.4491	
7 UFC = (TDC+WDC-PC-DB) / ACQ			
8 Total Demand Charges (TDC)	3,121,079	3,121,079	Line 32
WEI T-Service Demand Charges (WDC)			
9 Huntingdon Delivery	2,302,954		Line 39, Column 3
10 Station #2 Delivery	697,920		Line 39, Column 5
11 Producer Credits (PC)	0		
12 Deferral Balance (DB)	0		
13 Annual Contract Quantity (ACQ)	8,504,500		Line 69, Column 2

UNIT COMMODITY CHARGE

14 UCC = ACC / TPV	\$1.080	Line 15 / Line 16
15 Annual Commodity Charge (ACC)	8,844,848	Line 46, Column 5
16 Total Purchase Volume (TPV)	8,186,547	Line 46, Column 3

UNIT FUEL GAS CHARGE - T - NORTH

17 UFGC,T - N = SUM(ISV * SFP) * WEI FUEL % / TDV	\$0.0042	Line 18 * Line 19 / Line 20
18 Sum(Individual Supplier Volumes (ISV) * Supplier Fuel Price (SFP)	19,019	Line 53, Column 4
19 WEI Fuel %	0.50%	
20 Total Daily Purchase Volume (TDV)	22,429	Line 53, Column 3

UNIT FUEL GAS CHARGE - T - SOUTH

21 UFGC,T - S = SUM(ISV * SFP) * WEI FUEL % / TDV	\$0.0297	Line 22 * Line 23 / Line 24
22 Sum(Individual Supplier Volumes (ISV) * Supplier Fuel Price (SFP)	19,019	Line 53, Column 4
23 WEI Fuel %	3.50%	
24 Total Daily Purchase Volume (TDV)	22,429	Line 53, Column 3