



ROBERT J. PELLATT  
COMMISSION SECRETARY

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September 28, 1995

Mr. Tim Jennings  
Manager, Gas Supply  
Centra Gas British Columbia Inc.  
1675 Douglas Street  
P.O. Box 3777  
Victoria, B.C.  
V8W 3V3

Dear Mr. Jennings:

Re: Centra Gas British Columbia  
1995/96 Gas Contracting Plan

Further to your filing dated September 13, 1995, the Commission approves Centra Gas' 1995/96 Gas Contracting Plan, subject to the following specific directions and on the understanding that all individual supply contracts will continue to be filed in a timely fashion for Commission approval. The Plan, based on a comparison of the several supply alternatives that Centra Gas has available to it, favors seasonal gas over additional term supply or storage and is a generally acceptable strategy for acquiring gas supplies needed for the 1995/96 gas contract year.

1. Centra Gas is directed to file future gas contracting plans by June 30 preceding the gas year.
2. The contracting of up to 9000 GJ/d of additional seasonal gas, for a total peak day supply of 60,700 GJ/d, is approved on the understanding that Centra Gas will remarket off-peak supply and transportation.
3. Centra Gas is directed to discuss the availability and economic feasibility of incremental supply from the Vancouver Island Joint Venture and other end-users that are served by the PCEC pipeline, as an alternative source of seasonal/peaking gas, when it files its 1996/97 gas contracting plan.
4. The Commission notes that Centra Gas expects to negotiate market sensitive pricing under its baseload contracts and that the utility anticipates it may use active price hedging instruments to fix prices for a portion of baseload purchases. Until it has filed and received approval for its risk management program, Centra Gas is directed to limit any active price risk management activities to the 1995/96 gas year and to less than 50 percent of firm sales requirements.

5. Within 30 days after a month in which Centra Gas executes a hedging transaction, the utility is directed to file a report with the Commission that describes and justifies the transaction.
6. The contracting of approximately 7,000 GJ/d of peaking gas for the Fort St. John area to replace expiring contracts is approved.
7. Centra Gas is directed to file quarterly reports for the VIGAS and Fort St. John areas that set out the quantities of seasonal, baseload and storage supply taken during the period, the quantity and price of any spot gas purchases and the results of remarketing off-peak supply and transportation.

The Commission has accepted the Plan on a "confidential" basis, at the request of Centra Gas, based on the understanding that it contains commercially sensitive information related to energy supply contracts.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Pellatt', with a stylized flourish at the end.

Robert J. Pellatt

JBW/cms