



LETTER NO. L-7-95

ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

February 20, 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.
Westcoast Energy Inc. ("WEI") Hearing Intervention Costs

The Commission has reviewed your application dated February 1, 1995, requesting that unforeseen costs of approximately \$300,000 for intervention at the WEI hearing be recorded in the Gas Cost Reconciliation Account ("GCRA"). Based upon its review of the application and your supplemental filings, the Commission finds that a portion of the costs applied for are extraordinary expenses beyond those provided for in the Commission's June 16, 1994 Decision on 1995 BC Gas revenue requirements.

Recognizing the scope of the NEB review and the potential rate impact on BC Gas customers, the Commission hereby approves recording extraordinary expenditures for the use of outside counsel and consultants not to exceed \$220,000 in the GCRA, subject to these costs being identifiable in a future Commission review. In the event that the review of the Grizzly Valley Expansion Project does not proceed in 1995, the Commission will expect legal fees to be reduced somewhat from those included in the \$220,000, and BC Gas can include appropriate expenses for its intervention in the review of this project in a future revenue requirement application. The Commission considers any other costs identified in the application to be covered by previously approved O&M costs.

With respect to the GCRA, BC Gas is reminded of the direction at page 65 of the Commission's October 25, 1993 Phase B Rate Design Decision which requires the company to file with the Commission quarterly statements and an annual reconciliation of GCRA balances.

Yours truly,

A handwritten signature in dark ink, appearing to read "R. J. Pellatt", is written over a horizontal line.

Robert J. Pellatt
Commission Secretary

PHG/cms