



ROBERT J. PELLATT  
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. CANADA V6Z 2N3  
TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

September 7, 1995

*VIA FACSIMILE*

Mr. R. Brian Wallace  
Bull, Housser & Tupper  
Barristers & Solicitors  
3000 Royal Centre, P.O. Box 11130  
1055 West Georgia Street  
Vancouver, B.C.  
V6E 3R3

Dear Mr. Wallace:

Re: BC Gas Utility Ltd.  
Complaint - By-Pass Rate-FMC Corporation

The Commission has now reviewed all of the evidence submitted on this matter in response to Commission Letter No. L-23-95, including your submissions of July 5, and August 21, 1995. The Commission is not persuaded by the arguments presented that the Canfor and Husky rates, which are based on 1987 economics, are pertinent to FMC's application now. In the Commission's view, the only economics which could apply at present would involve FMC's current avoided costs for a new bypass pipeline. Since the parties agree that such a calculation would result in a rate above the current FMC tariff rate, the Commission hereby dismisses the complaint.

However, the Commission notes that the bypass agreements with Canfor and Husky expire in 1997. While the current rates would continue if the agreements are extended, there is nothing to preclude new agreements being negotiated. FMC may wish to approach these two customers to determine if they are prepared to consider negotiating a new bypass agreement commencing in 1997 which would include FMC. The Commission would expect such a new agreement to be based on current costs at that time, but there may be potential for FMC to achieve a bypass rate lower than the tariff rate while maintaining the current rates to Canfor and Husky. Should the parties decide to open such negotiations, the Commission directs BC Gas to provide whatever assistance it can reasonably provide, with a view to concluding the matter prior to November 1, 1997.

Yours truly,

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

Robert J. Pellatt

PHG/yk

cc: Mr. D.M. Masuhara, Vice President  
Legal and Regulatory Affairs  
BC Gas Utility Ltd.