



ROBERT J. PELLATT
COMMISSION SECRETARY

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September 30, 1996

BC Gas Utility Ltd.
1111 West Georgia Street
Vancouver, B.C.
V6E 4M4

Attn: Ms. J.A. Marston

Dear Ms. Marston:

Re: BC Gas Utility Ltd.
Westcoast Transportation - South Requirements for Core Market

This letter is in response to your September 26, 1996 letter which sets out BC Gas' intention to serve notice to Westcoast Energy Inc. with respect to 283 10³m³/d of Transportation-South service to the Inland Division. The notice will turn the service back to Westcoast effective November 1, 1997.

Notwithstanding the directions in the July 7, 1995 Buy/Sell Review Decision, the Commission approves this action in view of the particular circumstances that have led up to it, and considering the relatively small amount of transportation service that is involved. Approval of this specific action is consistent with Letter No. L-24-96 which stated that additional transportation capacity need not be acquired for 1996/97, but neither should be interpreted as a general shift in direction from the Buy/Sell Review Decision.

The directions in the Decision may be revisited when BC Gas has completed a comprehensive review of its transportation requirements, which your letter indicates may form part of the proposed Peaking Supply Feasibility Study. We anticipate a comprehensive review of the long term cost impacts and security of supply implications of holding Transportation-South will not be limited to transportation requirements for customers in the BC Gas service areas and will include an assessment of total gas demands off the Westcoast system.

Yours truly,

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

Robert J. Pellatt

JBW/yk