



LETTER NO. L-39-00

ROBERT J. PELLATT
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VIA FACSIMILE

July 27, 2000

Mr. David M. Masuhara
Vice President
Legal, Regulatory & Logistics
BC Gas Utility Ltd.
24th Floor, 1111 West Georgia Street
Vancouver, B.C. V6E 4M4

Dear Mr. Masuhara:

Re: BC Gas Utility Ltd.
Decontracting of Westcoast T-South Capacity

This letter is in response to Mr. Morrow's July 24, 2000 letter regarding the decontracting of Westcoast Energy Inc. Transportation-South ("Westcoast T-South") capacity effective November 1, 2001. The Commission accepts the decontracting strategy set out in the letter, providing the amount decontracted is within 40 percent of the indicated amount.

If changing circumstances support a substantially different level of decontracting, BC Gas should communicate that to the Commission in a timely fashion. In any case, BC Gas is requested to file, by November 1, 2000, a brief report on the amounts of Westcoast T-South capacity held for November 1, 2000 and November 1, 2001.

The Commission will hold the Westcoast capacity decontracting strategy confidential.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/cms