



LETTER No. L-23-00

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VIA FACSIMILE

June 15, 2000

Mr. D.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.
Revised Gas Price Management Strategy
November 2000 - March 2002

On May 18, 2000, BC Gas filed a revised Gas Price Management Strategy. This was necessary as natural gas market prices continue to rise in the summer months. In order to address this issue the Commission issued Letter No. L-14-00 dated May 4, 2000, that requested utilities to comment on a mechanism for more frequent flow-through of commodity cost changes. These two events, volatile gas market and the Commission's "L" letter, were contributing factors to the modified application.

The Commission approves BC Gas' November 2000 to March 2002 Gas Price Management Strategy. It is understood that the Company may adjust its use of individual hedging instruments depending on cost and availability.

The large amount of Sumas gas as compared to AECO is of some concern as lack of price diversity may increase the price risk. BC Gas will be required to update Commission staff before November 2000 if there are changes to the winter program as markets and gas prices become finalized.

Yours truly,

Original signed by:

Robert J. Pellatt

RB/lm