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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-155-10**

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**Stargas Utility Ltd.
Gas Sales and Purchase Agreement with Cascadia Energy Ltd.
and
An Application to Alter Commodity Component of Rates and
Approve Consolidation and Extend Amortization of its Term Financing**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner
October 14, 2010

O R D E R

WHEREAS:

- A. The British Columbia Utilities Commission (the Commission) by Order C-4-00 approved a Certificate of Public Convenience and Necessity for Stargas Utility Ltd. (Stargas) to operate a natural gas distribution system at the resort community of Silver Star;
- B. On July 10, 2009 Stargas filed an Application for Acceptance of a Price Mitigation Strategy Locking in Gas Commodity Prices for 2009/10 and 2010/11;
- C. On July 23, 2009 the Commission issued Letter L-52-09 accepting Stargas' Application for Acceptance of the Price Mitigation Strategy Locking in Gas Commodity Prices for 2009/10 and 2010/11;
- D. Letter L-52-09 required, amongst other things, Stargas to file any new physical supply contract(s) pursuant to section 71 of the *Utilities Commission Act* (Act) and, to the extent Stargas locks in a gas price(s), the filing must include justification that the fixed price(s) is(are) competitive relative to current forward prices when the arrangement(s) was(were) entered into;
- E. On July 29, 2009, Stargas applied for Commission approval to decrease delivery and commodity rates, effective November 1, 2009. Stargas also requested approval of a new term loan (the Refinancing Application), the amortization of various deferral accounts, the establishment of income tax deferral account and a new gas supply contract (the Application);
- F. The Commission by Order E-13-09 accepted the new Gas Supply Contract filed on July 29, 2009;
- G. On October 26, 2009 Stargas filed a Gas Purchase Transaction Confirmation pursuant to an approved Gas Supply Contract;

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- H. On August 23, 2010 Stargas filed a Gas Sales and Purchase Agreement between Cascadia Energy Ltd. (Cascadia) and Stargas inclusive of a "Schedule A" gas purchase Transaction confirmation dated July 30, 2010;
- I. The Gas Sales and Purchase Agreement between Cascadia and Stargas contains a confidentiality clause;
- J. On September 3, 2010 Stargas filed an Application to alter the Commodity Component of Rates and to approve Consolidation and Extended Amortization of Term Financing, inclusive of a "Schedule A" gas purchase Transaction confirmation dated September 3, 2010;
- K. The Commodity Component of Rates is inclusive of costs related to purchasing the natural gas, the transportation of the natural gas on the Spectra Energy Westcoast BC and Terasen pipeline systems, and a management fee paid to Cascadia;
- L. The Commission reviewed the Loan Consolidation Application and on September 30, 2010 issued Order G-148-10 approving this portion of the Application.

NOW THEREFORE pursuant to Section 71 of the Act, following review of the Gas Sales and Purchase Agreement, the "Schedule A"s and the Application to Alter Commodity Component of Rates portion of the Application, the Commission orders as follows:

1. The filed Gas Sales and Purchase Agreement dated July 30, 2010 is accepted and will be held confidential.
2. The filed "Schedule A" gas purchase Transaction confirmations dated July 30, 2010 and September 3, 2010 are accepted and will be held confidential.
3. Stargas will file any additional gas purchase Transactions confirmation "Schedule A"s to the approved Gas Sales and Purchase Agreement Contract with the Commission for acceptance complying with the requirements of Letter L-52-09.
4. The Application to alter the Commodity Component of Rates portion of the Application is approved.
5. Stargas is to include an explanation for the commodity component price change to \$6.67/gj in its next "Notice to Stargas Utilities Ltd. Customers."

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of October 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner