



LETTER L-75-11

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ALANNA GILLIS
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VIA EMAIL

stargas@shaw.ca

September 15, 2011

Mr. Moe A. Blumes
President
Stargas Utilities Ltd.
2287 Selkirk Drive
Kelowna, BC V1V 2N6

Dear Mr. Blumes:

Re: Startgas Utilities Ltd.
Price Mitigation Strategy Fiscal Year Ending May 31, 2012

On August 10, 2011 the British Columbia Utilities Commission (Commission) received an application from Stargas Utilities Ltd. seeking approval of its proposed Price Mitigation Strategy. Subsequent to Commission Information Request No. 1 and review by Stargas Utilities Ltd. of the recent Commission Decision G-120-11 which limited commodity hedging by other gas utilities, Stargas responded by amending its request to reduce the amount of fixed forward price hedging to 12,000 GJ's for the period ending May 31, 2012.

The Commission accepts the amended application and specifically approves up to 12,000 GJ's of fixed forward price purchases of natural gas for the period ending May 31, 2012 for the purpose of providing a level of price stability and predictability to customers. Stargas is directed to file any new physical supply contract(s) pursuant to section 71 of the Utilities Commission 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.

The Commission will treat the Stargas Utilities Ltd. application and Information Request responses as Confidential as requested.

Yours truly,

Alanna Gillis

TS/dd