



December 28, 2017

Sent via email

**Letter L-32-17**

Mr. M.A. (Moe) Blumes  
President  
Stargas Utilities Ltd.  
1960 KLO Road, Unit 17  
Kelowna, BC VIW 5L2  
Info@Stargas.ca

**Re: Stargas Utilities Ltd. – 2017-2018 and 2018-2019 Natural Gas Purchase Plan**

Dear Mr. Blumes:

On September 29, 2017, Stargas Utilities Ltd. (Stargas), as directed in Order E-3-17 dated January 12, 2017, filed with the British Columbia Utilities Commission (Commission), on a confidential basis, Stargas' natural gas purchase plan for the period of June 1, 2017 – May 31, 2018 and June 1, 2018 – May 31, 2019 (Application).

By Order E-5-17 dated March 6, 2017, the Commission accepted an application to vary and extend the Stargas natural gas purchase plan for the period of June 1, 2017 – May 31, 2018 and June 1, 2018 – May 31, 2019 (Extension Plan) dated February 17, 2017. In response to Commission staff questions, Stargas in the Application confirmed that it is not requesting a change to any of its currently approved target prices, volumes or time periods that were accepted in the Extension Plan.

In regards to Stargas' contracting and price risk management strategy, the reasons for decision in Order E-3-17 stated that prior acceptance of an annual contracting plan facilitates regulatory efficiency. It also provides the Commission the opportunity to review the contracting strategy before the energy supply contracts are executed and filed for Commission acceptance. The Commission notes that price targets included within Stargas' price risk management measures provide a reference point given the current market conditions at the time of the natural gas purchase plan's filing. As such, a regulatory feedback loop is created to allow for efficient and timely contracting with sufficient regulatory checks and balances.

The Commission in Order E-3-17 cautioned the risks of Stargas being denied recovery of a portion of the commodity costs if Stargas chooses to implement a different price risk management strategy that is not accepted by the Commission. However, in the event that Stargas locks in an actual price that is different than the original accepted plan, Stargas may do so and should provide adequate explanation for the difference.

The Commission acknowledges receipt of the Application and will hold confidential the Application and its supporting information as they contain commercially sensitive information.

Sincerely,

*Original signed by:*

Patrick Wruck  
Commission Secretary

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