



Stargas Utilities Ltd.
2475 Dobbin Road, Unit 3
PO Box 26039, West Kelowna
British Columbia, V4T 2G3

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

December 16th, 2016

Subject: Transcript – December 14th SRP

We would like to correct and clarify the following statements in Stargas responses at the Stargas December 14th SRP.

Correction:

1. Transcript Volume 1, p. 49 states:

MR. WABERSKI: When I look at some of your accounting, that has gas meters not be accounted for as an asset to Stargas?

MR. BLUMES: Sorry, no.

MR. WABERSKI: Could you tell me why it wouldn't be?

MR. BLUMES: Well, we buy them and then sell them.

MR. WABERSKI: So I own the --

MR. BLUMES: Yeah.

MR. WABERSKI: -- the gas meter?

MR. BLUMES: Mm-hmm.

MR. WABERSKI: Really?

MR. BLUMES: Yes.

As regards ownership of gas meters, the customer "payment" for the gas meter is a contribution in aid of construction (CIAC) and not a purchase of the gas meter. Stargas retains ownership of the gas meter; the CIAC is an offset that reduces the utility's rate base. The utility has, then, no residual net capital cost in meters.

2. Transcript Volume 1, p. 57 states:

MR. WABERSKI: One last question concerns the 10 percent markup that you pass on, which you rationalize as being justified. In the submission that was placed today, A2-10, as I said, I saw the interveners, but more to my surprise, on the second page of number 2, it reads:

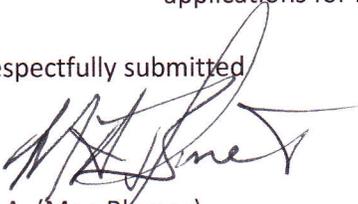
"The application for non-discretionary administrative cost recovery fee of 10 percent on the cost invoiced by contractors for all customer initiated work..." and here's where I'd like to emphasize, "...except for the installation of new customer services is approved."

Now, this was Order number G-80-02. And I do know that you had gotten some orders that allow for the ten percent, and we maintain that we really don't think you should be entitled to ten percent. This is a conflicting one, but yet agrees with our stand, and I just point that out. Your thoughts?

- Please note that Order G-80-02 was superseded by Order G-118-05. Directive 5 of Order G-118-05 states:

The Commission approves the 10 percent administrative fee on the installation of new services added to the schedule of rates and charges, applying to all applications for new service, effective December 1, 2005.

Respectfully submitted

A handwritten signature in black ink, appearing to read 'M.A. Blumes', with a large, sweeping flourish extending to the right.

M.A. (Moe Blumes)
President, Stargas Utilities Ltd.