

December 2, 2005

Scott A. ThomsonVP Finance & Regulatory Affairs & Chief Financial Officer

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British Columbia Utilities Commission 6th floor, 900 Howe Street Vancouver, B.C. V6Z 2N3

Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

RE: Terasen Gas Inc. - Status of Revelstoke Propane Cost Deferral Account Fourth Quarter 2005 Status Report per BCUC Letter No. L-5-01

The present Revelstoke propane reference price of \$0.3624/litre was approved by Commission Order No. G-87-05, dated September 15, 2005. The enclosed materials indicate that propane costs at Revelstoke are forecast to average \$0.3355/litre for the January 1, 2006 to December 31, 2006 period (Page 3, Line 15, Column 9). The ratio arising from the forecast propane cost recoveries at present rates compared to the forecast propane purchase costs based on November 22, 2005 forward prices plus the projected December 31, 2005 deferral accumulation is 100.4% (Page 2, Lines 24 & 25), which is within the 95% to 105% deadband.

Terasen Gas Inc. ("Terasen Gas") is not requesting, at this time, a rate change to the propane reference price. Terasen Gas intends to monitor closely the market conditions and the prices being paid at Revelstoke. Terasen Gas will apply for rate changes, as appropriate, should circumstances change materially.

We trust that the Commission will find the enclosed to be in order. Terasen Gas is anticipating Commission approval of this filing by December 9, 2005. Should further information be required, please contact Brian Noel at 604-592-7467.

Yours very truly,

TERASEN GAS INC.

Original signed by Tom Loski

For: Scott A. Thomson

Enclosures

TERASEN GAS INC. REVELSTOKE PROPANE DEFERRAL FORECAST BALANCE AS AT DECEMBER 31, 2006 WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-87-05)

			Average	Approved	Amount Deferred	Amount	Deferral		
Line		Litres	Price	Reference	Per Litre	Deferred	Balance		
No.	Particulars	Purchased	Per Litre	Price	Column (3)-(4)	Column (2)x(5)	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
1	September 30, 2005 Balance						\$ 275,767		
2	Adjustment to prior months' transactions	453,838	\$0.3410	\$0.3063	\$0.0347	\$15,748	291,515		
3	October (Projected)	797,802	\$0.3776	\$0.3624	\$0.0152	\$12,127	303,642		
4	November (Projected)	994,664	\$0.3471	\$0.3624	(\$0.0153)	(\$15,218)	288,424		
5	December (Projected)	1,404,231	\$0.3352	\$0.3624	(\$0.0272)	(\$38,195)	250,229		
6	Current Quarter Total	3,650,535				(\$25,538)			
7									
8	Forecast Volumes and Forecast Prices								
9	January 2006 (Forecast)	1,610,965	\$0.3408	\$0.3624	(\$0.0216)	(\$34,797)	215,432		
10	February (Forecast)	1,361,324	\$0.3408	\$0.3624	(\$0.0216)	(\$29,405)	186,027		
11	March (Forecast)	1,084,379	\$0.3373	\$0.3624	(\$0.0251)	(\$27,218)	158,809		
12	April (Forecast)	643,606	\$0.3193	\$0.3624	(\$0.0431)	(\$27,739)	131,070		
13	May (Forecast)	421,269	\$0.3153	\$0.3624	(\$0.0471)	(\$19,842)	111,228		
14	June (Forecast)	358,859	\$0.3161	\$0.3624	(\$0.0463)	(\$16,615)	94,613		
15	July (Forecast)	288,648	\$0.3165	\$0.3624	(\$0.0459)	(\$13,249)	81,364		
16	August (Forecast)	292,548	\$0.3169	\$0.3624	(\$0.0455)	(\$13,311)	68,053		
17	September (Forecast)	390,064	\$0.3172	\$0.3624	(\$0.0452)	(\$17,631)	50,422		
18	October (Forecast)	830,837	\$0.3204	\$0.3624	(\$0.0420)	(\$34,895)	15,527		
19	November (Forecast)	1,064,875	\$0.3561	\$0.3624	(\$0.0063)	(\$6,709)	8,818		
20	December (Forecast)	1,474,443	\$0.3470	\$0.3624	(\$0.0154)	(\$22,706)	\$ (13,888)		
21	Total January - December 2006	9,821,819				(\$264,117)			
22						· · ·			
23									
24	Recovered Costs (Line 21 Col.2 x Line 20 Col.4)		\$3,559,427	400 40/					
25	Forecast + Deferral Balance (Page 3 Line 13 Col.9	+ Page 2 Line 5 Col. 7)	\$3,545,475	100.4%					

TERASEN GAS INC. REVELSTOKE FORECAST AVERAGE COST OF PROPANE FOR THE YEAR ENDED DECEMBER 31, 2006 (NOVEMBER 22, 2005 FORWARD PRICES)

			Fixed Price	Variable	Fixed		Variable		Fixed		Variable		
Line		2006 Volume	Volume	Volume	Price	Price		Charges		Charges		Total	
No.	Particulars	(Litres)	(Litres)	(Litres)	(\$/litre)		(\$/litre)		(\$)		(\$)		(\$)
	(1)	(2)	(3)	(4)	(5)		(6)		(7)		(8)		(9)
1	January 2006	1,610,965	675,000	935,965	\$ 0.3431	\$	0.3391	\$	231,593	\$	317,386	\$	548,979
2	February	1,361,324	675,000	686,324	\$ 0.3431	\$	0.3385	\$	231,593	\$	232,321	\$	463,914
3	March	1,084,379	-	1,084,379	\$ -	\$	0.3373	\$	-	\$	365,761	\$	365,761
4	April	643,606	-	643,606	\$ -	\$	0.3193	\$	-	\$	205,503	\$	205,503
5	May	421,269	-	421,269	\$ -	\$	0.3153	\$	-	\$	132,826	\$	132,826
6	June	358,859	-	358,859	\$ -	\$	0.3161	\$	-	\$	113,435	\$	113,435
7	July	288,648	-	288,648	\$ -	\$	0.3165	\$	-	\$	91,357	\$	91,357
8	August	292,548	-	292,548	\$ -	\$	0.3169	\$	-	\$	92,709	\$	92,709
9	September	390,064	-	390,064	\$ -	\$	0.3172	\$	-	\$	123,728	\$	123,728
10	October	830,837	-	830,837	\$ -	\$	0.3204	\$	-	\$	266,200	\$	266,200
11	November	1,064,875	-	1,064,875	\$ -	\$	0.3561	\$	-	\$	379,202	\$	379,202
12	December	1,474,443	-	1,474,443	\$ -	\$	0.3470	\$	-	\$	511,632	\$	511,632
13	Total - Jan to Dec 2006	9,821,819	1,350,000	8,471,819				\$	463,186	\$	2,832,060	\$	3,295,246

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Forecast Average Cost of Propane

\$ 0.3355