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March 7, 2006

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 First Quarter 2006 Status Report per BCUC Letter No. L-5-01 Revelstoke Propane Cost Increase / Rate Changes Effective April 1, 2006

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 \$0.3596/litre for the April 1, 2006 to March 31, 2007 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 February 22, 2006 forward prices plus the projected March 31, 2006 deferral accumulation is 94.7% (Page 2, Lines 24 & 25).

Terasen Gas Inc. ("Terasen Gas") is requesting a change in propane reference price and customer rates due to higher commodity propane prices. The twelve-month recovery of the projected March 31, 2006 deferral account deficit balance adds \$0.0229/litre to the proposed revised reference price for a total of \$0.3825/litre (Page 4, Line 9). The reference price increase of \$0.0201/litre corresponds to a rate increase of \$0.817/GJ (Page 4, Line 20). This equates, based on an average consumption of 80 GJ/year, to a burnertip increase of 4.2% for residential customers (Page 6, Line16).

Accordingly, Terasen Gas requests Commission approval to:

- 1. increase, effective April 1, 2006, the propane reference price for use in the Revelstoke Propane Cost Deferral Account from \$0.3624/litre to \$0.3825/litre, and
- 2. pass through to Revelstoke propane customers' rates, effective April 1, 2006, an increase of \$0.817/GJ.

We trust that the Commission will find the enclosed to be in order. 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 MARCH 31, 2007 WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-87-05)

No. Particulars Purchased Per Litre Price Column (3)-(4) Column (2)x(5) Total (1) (2) (3) (4) (5) (6) (7) 1 January 2006 (Actual) 1,166,612 \$0.3685 \$0.3624 \$0.0061 \$7,116 318,232 3 February (Projected) 1,084,379 \$0.3374 \$0.3624 \$0.0488) \$(\$66,433) 251,799 5 Current Quarter Total 3.612,315 (\$0.0250) (\$27,109) 224,690 6 Forecast Volumes and Forecast Prices (\$0.0730) \$(\$46,983) 177,707 9 May (Forecast) 643,606 \$0.2894 \$0.3624 \$(\$0.0730) \$(\$46,983) 177,707 9 May (Forecast) 421,269 \$0.3303 \$0.3624 \$(\$0.03737) \$(\$56,426) 13.50,633 10 June (Forecast) 288,648 \$0.3287 \$0.3624 \$(\$0.00454) \$(\$16,222) 136,771 13 July (Forecast) 288,648 \$0.3624 \$0.0060 <	Line		L itera e	Average	Approved	Amount Deferred	Amount	Deferral
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1 January 1, 2006 Balance \$ 311,116 2 January 2006 (Actual) 1,166,612 \$0.3685 \$0.3624 \$0.0061 \$7,116 318,322 3 February (Projected) 1,361,324 \$0.3136 \$0.3624 \$0.0488) (\$66,433) 251,799 4 March (Projected) 1,084,379 \$0.3374 \$0.3624 \$0.0250) \$27,109 224,690 5 Current Quarter Total 3,612,315 (\$86,426) \$0.3624 \$0.0730) \$46,983) 177,707 6 May (Forecast) 421,269 \$0.3039 \$0.3624 \$0.0585) \$24,6441 153,063 10 June (Forecast) 421,269 \$0.3039 \$0.3624 \$0.0454) \$16,222) 136,771 11 July (Forecast) 288,648 \$0.3287 \$0.3624 \$0.0020) \$58,551 126,449 12 August (Forecast) 292,548 \$0.3604 \$0.3624 \$0.0020) \$58,551 126,459 13 Soute (Forecast) 30,064 \$0.3624 \$0.0060 \$2,340 128,799 14 October (Forecast) <	No.							
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4 March (Projected) 1,084,379 \$0.3374 \$0.3624 (\$0.0250) (\$27,109) 224,690 5 Current Quarter Total 3,612,315 (\$86,426) (\$86,426) (\$86,426) (\$86,426) 6 Forecast Volumes and Forecast Prices 8 April (Forecast) 643,606 \$0.2894 \$0.3624 (\$0.0730) (\$46,983) 177,707 9 May (Forecast) 421,269 \$0.3039 \$0.3624 (\$0.0585) (\$24,644) 153,063 10 June (Forecast) 358,859 \$0.3170 \$0.3624 (\$0.0454) (\$16,292) 136,771 11 July (Forecast) 288,648 \$0.3287 \$0.3624 (\$0.0020) (\$585) 126,459 13 September (Forecast) 390,064 \$0.3684 \$0.3624 \$0.0000 \$2,340 128,799 14 October (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.00247 \$36,419 194,162 15 November (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0022 \$8,377 202,539 16 December (Forecast) 1,361,324	2	January 2006 (Actual)	1,166,612	\$0.3685	\$0.3624	\$0.0061	\$7,116	318,232
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6 7 Forecast Volumes and Forecast Prices 8 April (Forecast) 643,606 \$0.2894 \$0.3624 (\$0.0730) (\$46,983) 177,707 9 May (Forecast) 421,269 \$0.3039 \$0.3624 (\$0.0454) (\$16,292) 136,771 10 June (Forecast) 288,648 \$0.3287 \$0.3624 (\$0.0454) (\$16,292) 136,771 11 July (Forecast) 288,648 \$0.3287 \$0.3624 (\$0.0454) (\$16,292) 127,044 12 August (Forecast) 292,548 \$0.3604 \$0.3624 (\$0.0020) (\$585) 126,459 13 September (Forecast) 390,064 \$0.3684 \$0.3624 \$0.0060 \$2,340 128,799 14 October (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0242 \$20,106 148,905 15 November (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0247 \$36,819 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0032 \$4,356 206,895 19 <	4	March (Projected)	1,084,379	\$0.3374	\$0.3624	(\$0.0250)	(\$27,109)	224,690
Forecast Volumes and Forecast Prices 8 April (Forecast) 643,606 \$0.2894 \$0.3624 (\$0.0730) (\$46,983) 177,707 9 May (Forecast) 421,269 \$0.3039 \$0.3624 (\$0.0585) (\$24,644) 153,063 10 June (Forecast) 358,859 \$0.3170 \$0.3624 (\$0.0454) (\$16,292) 136,771 11 July (Forecast) 288,648 \$0.3287 \$0.3624 (\$0.0020) (\$\$585) 126,459 13 September (Forecast) 292,548 \$0.3604 \$0.3624 \$0.0020) (\$\$23,40 128,799 14 October (Forecast) 300,064 \$0.3864 \$0.3624 \$0.0020) \$\$2,340 148,905 15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0242 \$20,106 148,905 16 December (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast)	5	Current Quarter Total	3,612,315				(\$86,426)	
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11 July (Forecast) 288,648 \$0.3287 \$0.3624 (\$0.0337) (\$9,727) 127,044 12 August (Forecast) 292,548 \$0.3604 \$0.3624 (\$0.0020) (\$585) 126,459 13 September (Forecast) 390,064 \$0.3684 \$0.3624 \$0.0060 \$2,340 128,799 14 October (Forecast) 830,837 \$0.3866 \$0.3624 \$0.0242 \$20,106 148,905 15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0083 \$8,838 157,743 16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 \$3,559,427 \$4,7	9	May (Forecast)	421,269	\$0.3039	\$0.3624	(\$0.0585)	(\$24,644)	153,063
12 August (Forecast) 292,548 \$0.3604 \$0.3624 (\$0.0020) (\$585) 126,459 13 September (Forecast) 390,064 \$0.3684 \$0.3624 \$0.0060 \$2,340 128,799 14 October (Forecast) 830,837 \$0.3866 \$0.3624 \$0.0242 \$20,106 148,905 15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0083 \$8,838 157,743 16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.00247 \$\$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$\$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$\$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 \$3,559,427 \$\$3,559,427 \$\$4,7% 21 \$23 \$\$3,559,427 \$\$4,7% \$\$4,7% \$\$4,7%	10	June (Forecast)	358,859	\$0.3170	\$0.3624	(\$0.0454)	(\$16,292)	136,771
13 September (Forecast) 390,064 \$0.3684 \$0.3624 \$0.0060 \$2,340 128,799 14 October (Forecast) 830,837 \$0.3866 \$0.3624 \$0.0242 \$20,106 148,905 15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0083 \$8,838 157,743 16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 \$3,559,427 \$3,559,427 \$3,559,427 \$4,7% 21 22 \$3,559,427 \$3,559,427 \$4,7%	11	July (Forecast)	288,648	\$0.3287	\$0.3624	(\$0.0337)	(\$9,727)	127,044
14 October (Forecast) 830,837 \$0.3866 \$0.3624 \$0.0242 \$20,106 148,905 15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0083 \$8,838 157,743 16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 \$3,559,427 \$3,559,427 \$4,7% 23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 \$94,7%	12	August (Forecast)	292,548	\$0.3604	\$0.3624	(\$0.0020)	(\$585)	126,459
15 November (Forecast) 1,064,875 \$0.3707 \$0.3624 \$0.0083 \$8,838 157,743 16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 (\$27,012) (\$27,012) 197,678 23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 94,7%	13	September (Forecast)	390,064	\$0.3684	\$0.3624	\$0.0060	\$2,340	128,799
16 December (Forecast) 1,474,443 \$0.3871 \$0.3624 \$0.0247 \$36,419 194,162 17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 (\$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 (\$27,012) (\$27,012) (\$27,012) 21 22 23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	14	October (Forecast)	830,837	\$0.3866	\$0.3624	\$0.0242	\$20,106	148,905
17 January 2007 (Forecast) 1,610,965 \$0.3676 \$0.3624 \$0.0052 \$8,377 202,539 18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 \$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 (\$27,012) (\$27,012) 197,678 21 22 23 \$3,559,427 94,7%	15	November (Forecast)	1,064,875	\$0.3707	\$0.3624	\$0.0083	\$8,838	157,743
18 February (Forecast) 1,361,324 \$0.3656 \$0.3624 \$0.0032 \$4,356 206,895 19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 (\$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 (\$27,012) (\$27,012) (\$27,012) 21 22 23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 94.7%	16	December (Forecast)	1,474,443	\$0.3871	\$0.3624	\$0.0247	\$36,419	194,162
19 March (Forecast) 1,084,379 \$0.3539 \$0.3624 (\$0.0085) (\$9,217) 197,678 20 Total April 2006 - March 2007 9,821,818 (\$27,012) (\$27,012) (\$27,012) 21 22 23 (\$3,559,427] 94.7% 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427] 94.7%	17	January 2007 (Forecast)	1,610,965	\$0.3676	\$0.3624	\$0.0052	\$8,377	202,539
20 Total April 2006 - March 2007 9,821,818 (\$27,012) 21 (\$27,012) (\$27,012) 22 23 (\$27,012) 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	18	February (Forecast)	1,361,324	\$0.3656	\$0.3624	\$0.0032	\$4,356	206,895
20 Total April 2006 - March 2007 9,821,818 (\$27,012) 21 (\$27,012) 22 23 (\$27,012) 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	19	March (Forecast)	1,084,379	\$0.3539	\$0.3624	(\$0.0085)	(\$9,217)	197,678
21 22 23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	20					(· · · /		
23 24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	21							
24 Recovered Costs (Line 21 Col.2 x Line 20 Col.4) \$3,559,427 = 94.7%	22							
$\frac{1}{1}$ = 94.7%	23							
<u> </u>	24	Recovered Costs (Line 21 Col.2 x Line 20 Col.4)		\$3,559,427	• • • • •			
	25	Forecast + Deferral Balance (Page 3 Line 13 Col.	- 9 + Page 2 Line 5 Col. 7)	\$3,757,105	94.7%	•		

TERASEN GAS INC. REVELSTOKE FORECAST AVERAGE COST OF PROPANE FOR THE YEAR ENDED MARCH 31, 2007 (NOVEMBER 22, 2005 FORWARD PRICES)

Total
(\$)
(9)
\$ 186,260
\$ 128,024
\$ 113,758
\$ 94,878
\$ 105,434
\$ 143,700
\$ 321,202
\$ 394,749
\$ 570,757
\$ 592,191
\$ 497,700
\$ 383,762
\$ 3,532,415
2

15 Forecast Average Cost of Propane

0.3596

\$

TERASEN GAS INC. REVELSTOKE PROPANE CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH FOR THE PERIOD APRIL 1, 2006 TO MARCH 31, 2007

Line No.	Particulars			\$/Litre	\$/GJ
1	Calculation of New Propane Reference Price				
2					
3	i. Forecast Average Cost of Propane				
4	April 1, 2006 to March 31, 2007			\$0.3596	
5					
6	ii. Twelve months amortization of Deferral Account			0.0229	
7					
8					
9	New Reference Price			\$ <u>0.3825</u>	
10					
11	Evisting Dranging Deference Dring (DCUIC Order No. C. 97.05)			© 0.0004	¢44400
12	Existing Propane Reference Price (BCUC Order No. G-87-05)			\$ <u>0.3624</u>	\$ <u>14.160</u>
13 14	(Conversion factor 1 Litre = 0.025594 GJ)				
14					
15	Increase in Propane Reference Price to be flowed through in customers' ra	ites		\$0.0201	
10		100		ψ0.0201	
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (3.85%)	(1)		0.0008	
19	······································			0.0000	
20	Total Propane Cost Flowthrough			\$0.0209	\$0.817
21	(Conversion factor 1 Litre = 0.025594 GJ)			\$ <u>0.0200</u>	¢ <u>01011</u>
22					
23					
24					
25					
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of	of 3.85% is based on 2	2003, 2004 ar	d 2005 data	a.
27		Litres	%		
28	Sales	27,345,635	<u> </u>		
29					
30	Less: Propane Used for Vaporizer	323,513	1.18%		
31	Company Use	4,311	0.02%		
32	Unaccounted For	725,920	2.65%		
33	Total	1,053,744	3.85%		

TERASEN GAS INC. REVELSTOKE PROPANE DEFERRAL FORECAST BALANCE AS AT MARCH 31, 2007 WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2006

1.1.1.1			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	January 1, 2006 Balance						\$ 311,116
2	January 2006 (Actual)	1,166,612	\$0.3685	\$0.3624	\$0.0061	\$7,116	318,232
3	February (Projected)	1,361,324	\$0.3136	\$0.3624	(\$0.0488)	(\$66,433)	251,799
4	March (Projected)	1,084,379	\$0.3374	\$0.3624	(\$0.0250)	(\$27,109)	224,690
5	Current Quarter Total	3,612,315				(\$86,426)	
6							
7				Proposed			
8				Reference			
9				Price	-		
10	Forecast Volumes and Forecast Prices						
11	April (Forecast)	643,606	\$0.2894	\$0.3825	(\$0.0931)	(\$59,920)	164,770
12	May (Forecast)	421,269	\$0.3039	\$0.3825	(\$0.0786)	(\$33,112)	131,658
13	June (Forecast)	358,859	\$0.3170	\$0.3825	(\$0.0655)	(\$23,505)	108,153
14	July (Forecast)	288,648	\$0.3287	\$0.3825	(\$0.0538)	(\$15,529)	92,624
15	August (Forecast)	292,548	\$0.3604	\$0.3825	(\$0.0221)	(\$6,465)	86,159
16	September (Forecast)	390,064	\$0.3684	\$0.3825	(\$0.0141)	(\$5,500)	80,659
17	October (Forecast)	830,837	\$0.3866	\$0.3825	\$0.0041	\$3,406	84,065
18	November (Forecast)	1,064,875	\$0.3707	\$0.3825	(\$0.0118)	(\$12,566)	71,499
19	December (Forecast)	1,474,443	\$0.3871	\$0.3825	\$0.0046	\$6,782	78,281
20	January 2007 (Forecast)	1,610,965	\$0.3676	\$0.3825	(\$0.0149)	(\$24,003)	54,278
21	February (Forecast)	1,361,324	\$0.3656	\$0.3825	(\$0.0169)	(\$23,006)	31,272
22	March (Forecast)	1,084,379	\$0.3539	\$0.3825	(\$0.0286)	(\$31,013)	\$ 259
23	Total April 2006 - March 2007	9,821,818				(224,431)	

TERASEN GAS INC. PROPOSED APRIL 1, 2006 PROPANE COST INCREASE TYPICAL ANNUAL CONSUMPTION

		Rate 1 - Residential			Rate 2 - Small Commercial			Rate 3 - Large Commercial					
			Unit				Unit				Unit		
		Use per	Revenue			Use per	Revenue			Use per	Revenue		
Line		Customer	(\$/GJ) or	Revenue	%	Customer	(\$/GJ) or	Revenue	%	Customer	(\$/GJ) or	Revenue	%
No.	Particulars	(GJ)	(\$/mo.)	(\$)	Increase	(GJ)	(\$/mo.)	(\$)	Increase	(GJ)	(\$/mo.)	(\$)	Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.12	\$133.44			\$23.33	\$279.96			\$124.50	\$1,494.00	
6	Delivery Charge + Rider 3 + Rider 5	80.0	\$2.884	230.72		350.0	\$2.445	855.75		5,700.0	\$2.136	12,175.20	
7													
8	Commodity Related Charges												
9	Commodity Cost+Midstream Cost+Rider 1+Rider 6	80.0	\$15.071	1,205.68		350.0	\$13.980	4,893.00		5,700.0	\$13.980	79,686.00	
10													
11	Typical Annual Bill at current rates (excluding												
12	any applicable PST or GST)	80.0		1,569.84		350.0		6,028.71		5,700.0		93,355.20	
13											-		
14													
15	April 1, 2006 Propane Cost Flowthrough												
16	Propane Price Increase		\$0.817	65.36	4.2%		\$0.817	285.95	4.7%		\$0.817	4,656.90	5.0%
17	Typical Annual Bill after Propane Price Change		· .	\$1,635.20				\$6,314.66			•	\$98,012.10	-
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