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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, Line 16).

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)

Line No.	Particulars	Litres Purchased	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Deferral Balance
	(1)	(2)	(3)	(4)	Column (3)-(4)	Column (2)x(5)	Total
					(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	<u>3,612,315</u>				<u>(\$86,426)</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
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	(\$0.0337)	(\$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	<u>9,821,818</u>				<u>(\$27,012)</u>	
21							
22							
23							
24	Recovered Costs (Line 21 Col.2 x Line 20 Col.4)		<u>\$3,559,427</u>				
25	Forecast + Deferral Balance (Page 3 Line 13 Col.9 + Page 2 Line 5 Col. 7)		<u>\$3,757,105</u>	=	94.7%		

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	<u>0.0229</u>		
7				
8				
9	New Reference Price	<u>\$0.3825</u>		
10				
11				
12	Existing Propane Reference Price (BCUC Order No. G-87-05)	<u>\$0.3624</u>	<u>\$14.160</u>	
13	(Conversion factor 1 Litre = 0.025594 GJ)			
14				
15				
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0201		
17				
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (3.85% ⁽¹⁾)	<u>0.0008</u>		
19				
20	Total Propane Cost Flowthrough	<u>\$0.0209</u>	<u>\$0.817</u>	
21	(Conversion factor 1 Litre = 0.025594 GJ)			
22				
23				
24				
25				
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.85% is based on 2003, 2004 and 2005 data.			
27		Litres	%	
28	Sales	27,345,635		
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	<u>1,053,744</u>	<u>3.85%</u>	

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

Line No.	Particulars	Litres Purchased	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre Column (3)-(4)	Amount Deferred Column (2)x(5)	Deferral Balance 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	<u>3,612,315</u>				<u>(\$86,426)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
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	<u>9,821,818</u>				<u>(\$224,431)</u>	

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

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% 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 any applicable PST or GST)	<u>80.0</u>		<u>1,569.84</u>		<u>350.0</u>		<u>6,028.71</u>		<u>5,700.0</u>		<u>93,355.20</u>	
12													
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			<u>\$1,635.20</u>				<u>\$6,314.66</u>				<u>\$98,012.10</u>	