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December 4, 2006

Regulatory Affairs Correspondence  
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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. – Revelstoke Service Area Quarterly Gas Costs  
2006 Fourth Quarter Report**

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The attached materials provide the 2006 Fourth Quarter Gas Cost Report for Terasen Gas Inc. – Revelstoke Service area (“Terasen Gas Revelstoke”). Consistent with past practice, three sets of forward prices are being submitted within this report. One strip is based on the Nymex WTI light sweet crude oil futures, the second is based on the Nymex Mt. Belvieu propane futures, and the third is based on Nymex 50% WTI light sweet crude oil futures and 50% Nymex Mt. Belvieu propane futures. The attached schedules provide a summary of the forecast monthly deferral account balances based on the projected December 31, 2006 deferral balance, the forward propane prices as at November 21, 2006, and the forecast recoveries under each of the three sets of forward prices.

Based on the November 21, 2006 forward Nymex WTI light sweet crude oil prices and current rates (Tab 1), the projected deferral account balance at December 31, 2006 is \$84,064 surplus (pre-tax) (Tab 1, Page 1, Line 4, Column 7), and the forecast surplus at December 31, 2007 is \$421,222 (pre-tax) (Tab 1, Page 1, Line 19, Column 7). The rate change trigger mechanism is calculated to be 112.3% (Tab 1, Page 1, Line 24 & 25, Column 4), which does not fall within the deadband range of 95% and 105%. Therefore, based on crude oil prices, a decrease in the propane reference price and customer rates is indicated. The twelve-month refund of the projected December 31, 2006 deferral account surplus balance decreases \$0.0086/litre from the proposed revised reference price of \$0.3574/litre (Tab 1, Page 2, Line 15, Column 9) for a total of \$0.3488/litre (Tab 1, Page 3, Line 9). The reference price decrease of \$0.0429/litre corresponds to a rate decrease of \$1.742/GJ (Tab 1, Page 3, Line 20). This equates, based on an average consumption of 80 GJ/year, to a burnertip decrease of 8.4% for residential customers (Tab 1, Page 5, Line 16).

Based on the November 21, 2006 forward Nymex Mt. Belvieu propane prices and current rates (Tab 2), the rate change trigger mechanism is calculated to be 129.9% (Tab 2, Page 1, Line 24 & 25, Column 4). Based on the Nymex propane forward prices, a rate decrease of \$3.661/GJ (Tab 2, Page 3, Line 20) would be indicated. This equates, based on an average consumption of 80 GJ/year, to a burnertip decrease of 17.6% for residential customers (Tab 2, Page 5, Line 16).

Based on the November 21, 2006 forward Nymex 50% WTI light sweet crude oil futures and 50% Nymex Mt. Belvieu propane prices and current rates (Tab 3), the rate change trigger mechanism is calculated to be 120.5% (Tab 3, Page 1, Line 24 & 25, Column 4). Based on the Nymex 50% crude oil and 50% propane forward prices, a rate decrease of \$2.700/GJ (Tab 3, Page 3, Line 20) would be indicated. This equates, based on an average consumption of 80 GJ/year, to a burnertip decrease of 13.0% for residential customers (Tab 3, Page 5, Line16).

All three scenarios indicate that the current rates at Terasen Gas Revelstoke are over recovering gas costs by December 31, 2007. Terasen Gas Revelstoke, consistent with past practice, is basing its request on the Nymex WTI light sweet crude oil forward price strip. The Nymex propane market is extremely illiquid and often does not trade more than 2 or 3 contracts per day (2,000 – 3,000 bbls). Crude oil futures on the Nymex, however, trade approximately 80,000 contracts per day just for the front month contract alone (80,000,000 bbls per day). The Nymex crude oil market is also an extremely liquid market for future months, trading out several years whereas propane futures usually do not trade beyond 14 months. Past pricing analysis of propane prices indicates that it maintains a range in its relationship to Nymex crude oil.

Terasen Gas Revelstoke requests British Columbia Utilities Commission (the "Commission") approval for a decrease in the propane reference price for use in the Revelstoke Propane Cost Deferral Account from \$0.3917 to \$0.3488/litre (Tab 1, Page 3, Line 9) to be effective January 1, 2007. The reference price decrease of \$0.0429/litre corresponds to a rate decrease of \$1.742/GJ (Tab 1, Page 3, Line 20). This equates, based on an average consumption of 80 GJ/year, to a burnertip decrease of 8.4% for residential customers (Tab 1, Page 5, Line16).

Provided in Tab 4 are the details of the forecast gas costs for each of the three scenarios; Nymex WTI light sweet crude oil futures (Page 1), Nymex Mt. Belvieu propane futures (Page 2 ) and the average of the two (Page 3). Terasen Gas Revelstoke requests the information contained in Tab 4 be treated as CONFIDENTIAL.

#### CONFIDENTIALITY

Consistent with past practice and our previous discussion and positions on the confidentiality of selected filings (and further emphasized in Terasen Gas Inc.'s January 31, 1994 submission to the Commission), Terasen Gas Revelstoke is requesting that this information be filed on a confidential basis pursuant to Section 71(5) of the Utilities Commission Act and requests that the Commission exercise its discretion under Paragraph 1.3 of the amended rules and allow these documents to remain confidential in accordance with Paragraph 1.2. Terasen Gas Revelstoke believes this will ensure that market sensitive information is protected, and Terasen Gas Revelstoke's ability to obtain favourable commercial terms for future propane contracting is not impaired.

Terasen Gas Revelstoke will continue to monitor the forward prices of both the Nymex propane and Nymex crude oil futures markets, and will report these results in the 2007 First Quarter Gas Cost Report.

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We trust the Commission will find the attached to be in order. However, should any 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

Attachment

TERASEN GAS INC.  
 REVELSTOKE PROPANE DEFERRAL  
 FORECAST BALANCE AS AT DECEMBER 31, 2007  
 WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-109-06)  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

Tab 1  
Page 1

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	<u>1,474,443</u>	\$0.3258	\$0.3917	(\$0.0659)	<u>(\$97,166)</u>	(84,064)
5	Current Quarter Total	<u><u>3,475,262</u></u>				<u><u>(\$223,820)</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2007 (Forecast)	1,610,965	\$0.3455	\$0.3917	(\$0.0462)	(\$74,427)	(158,491)
9	February (Forecast)	1,361,324	\$0.3455	\$0.3917	(\$0.0462)	(\$62,893)	(221,384)
10	March (Forecast)	1,084,379	\$0.3330	\$0.3917	(\$0.0587)	(\$63,653)	(285,037)
11	April (Forecast)	643,606	\$0.3457	\$0.3917	(\$0.0460)	(\$29,606)	(314,643)
12	May (Forecast)	421,269	\$0.3470	\$0.3917	(\$0.0447)	(\$18,831)	(333,474)
13	June (Forecast)	358,859	\$0.3432	\$0.3917	(\$0.0485)	(\$17,405)	(350,879)
14	July (Forecast)	288,648	\$0.3501	\$0.3917	(\$0.0416)	(\$12,008)	(362,887)
15	August (Forecast)	292,548	\$0.3693	\$0.3917	(\$0.0224)	(\$6,553)	(369,440)
16	September (Forecast)	390,064	\$0.3776	\$0.3917	(\$0.0141)	(\$5,500)	(374,940)
17	October (Forecast)	830,837	\$0.3965	\$0.3917	\$0.0048	\$3,988	(370,952)
18	November (Forecast)	1,064,875	\$0.3708	\$0.3917	(\$0.0209)	(\$22,256)	(393,208)
19	December (Forecast)	<u>1,474,443</u>	\$0.3727	\$0.3917	(\$0.0190)	<u>(\$28,014)</u>	(421,222)
20	Total January - December 2007	<u><u>9,821,817</u></u>				<u><u>(\$337,158)</u></u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,847,206</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col.9 + Page 1 Line 4 Col. 7)		<u>\$3,425,934</u>	<b>112.3%</b>			

Note (1) Blended existing and previous propane reference prices which were approved on October 1, 2005 (BCUC Order No.G-87-05) with October 1, 2006 (BCUC Order No.G-109-06) respectively

Note (2) Propane reference price approved on October 1, 2006 (BCUC Order No.G-109-06)

TERASEN GAS INC.  
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE  
 FOR THE YEAR ENDED DECEMBER 31, 2007

**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

Line No.	Particulars (1)	2007 Volume (Litres) (2)	Fixed Price Volume (Litres) (3)	Variable Volume (Litres) (4)	Fixed Price (\$/litre) (5)	Variable Price (\$/litre) (6)	Fixed Charges (\$) (7)	Variable Charges (\$) (8)	Total (\$) (9)
1	January 2007	1,610,965	487,500	1,123,465	\$ 0.3586	\$ 0.3398	\$ 174,821	\$ 381,700	\$ 556,521
2	February	1,361,324	487,500	873,824	\$ 0.3586	\$ 0.3382	\$ 174,821	\$ 295,532	\$ 470,353
3	March	1,084,379	-	1,084,379	\$ -	\$ 0.3330	\$ -	\$ 361,060	\$ 361,060
4	April	643,606	-	643,606	\$ -	\$ 0.3457	\$ -	\$ 222,505	\$ 222,505
5	May	421,269	-	421,269	\$ -	\$ 0.3470	\$ -	\$ 146,178	\$ 146,178
6	June	358,859	-	358,859	\$ -	\$ 0.3432	\$ -	\$ 123,143	\$ 123,143
7	July	288,648	-	288,648	\$ -	\$ 0.3501	\$ -	\$ 101,046	\$ 101,046
8	August	292,548	-	292,548	\$ -	\$ 0.3693	\$ -	\$ 108,041	\$ 108,041
9	September	390,064	-	390,064	\$ -	\$ 0.3776	\$ -	\$ 147,302	\$ 147,302
10	October	830,837	-	830,837	\$ -	\$ 0.3965	\$ -	\$ 329,439	\$ 329,439
11	November	1,064,875	787,500	277,375	\$ 0.3681	\$ 0.3786	\$ 289,872	\$ 105,027	\$ 394,899
12	December	1,474,443	487,500	986,943	\$ 0.3659	\$ 0.3760	\$ 178,373	\$ 371,138	\$ 549,511
13	Total - Jan to Dec 2007	<b>9,821,817</b>	<b>2,250,000</b>	<b>7,571,817</b>			<b>\$ 817,887</b>	<b>\$ 2,692,111</b>	<b>\$ 3,509,998</b>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre)</b>								<b>\$ 0.3574</b>

TERASEN GAS INC.  
REVELSTOKE PROPANE  
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH  
FOR THE PERIOD JANUARY 1, 2007 TO DECEMBER 31, 2007  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

Tab 1  
Page 3

Line No.	Particulars	\$/Litre	\$/GJ
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Line 15, Col.9)		
4	January 1, 2007 to December 31, 2007	\$0.3574	\$13.964
5			
6	ii. Twelve months amortization of Deferral Account	(0.0086)	(\$0.336)
7			
8			
9	New Reference Price	<u>\$0.3488</u>	<u>\$13.628</u>
10			
11			
12	Existing Propane Reference Price (BCUC Order No. G-109-06)	<u>\$0.3917</u>	<u>\$15.304</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0429)	(\$1.676)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (3.85%) <sup>(1)</sup>	(0.0017)	(\$0.066)
19			
20	Total Propane Cost Flowthrough	<u>(\$0.0446)</u>	<u>(\$1.742)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		

Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.85% is based on 2003, 2004 and 2005 data.

	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	<u>725,920</u>	<u>2.65%</u>
33 Total	<u>1,053,744</u>	<u>3.85%</u>

TERASEN GAS INC.  
REVELSTOKE PROPANE DEFERRAL  
FORECAST BALANCE AS AT DECEMBER 31, 2007  
WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2007  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

Tab 1  
Page 4

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	1,474,443	\$0.3258	\$0.3917	(\$0.0659)	(\$97,166)	(84,064)
5	Current Quarter Total	<u>3,475,262</u>				<u>(\$223,820)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2007 (Forecast)	1,610,965	\$0.3455	\$0.3488	(\$0.0033)	(\$5,316)	(89,380)
12	February (Forecast)	1,361,324	\$0.3455	\$0.3488	(\$0.0033)	(\$4,492)	(93,872)
13	March (Forecast)	1,084,379	\$0.3330	\$0.3488	(\$0.0158)	(\$17,133)	(111,005)
14	April (Forecast)	643,606	\$0.3457	\$0.3488	(\$0.0031)	(\$1,995)	(113,000)
15	May (Forecast)	421,269	\$0.3470	\$0.3488	(\$0.0018)	(\$758)	(113,758)
16	June (Forecast)	358,859	\$0.3432	\$0.3488	(\$0.0056)	(\$2,010)	(115,768)
17	July (Forecast)	288,648	\$0.3501	\$0.3488	\$0.0013	\$375	(115,393)
18	August (Forecast)	292,548	\$0.3693	\$0.3488	\$0.0205	\$5,997	(109,396)
19	September (Forecast)	390,064	\$0.3776	\$0.3488	\$0.0288	\$11,234	(98,162)
20	October (Forecast)	830,837	\$0.3965	\$0.3488	\$0.0477	\$39,631	(58,531)
21	November (Forecast)	1,064,875	\$0.3708	\$0.3488	\$0.0220	\$23,427	(35,104)
22	December (Forecast)	1,474,443	\$0.3727	\$0.3488	\$0.0239	\$35,239	135
23	Total January - December 2007	<u>9,821,817</u>				<u>\$84,199</u>	

TERASEN GAS INC.  
 PROPOSED JANUARY 1, 2007 PROPANE COST DECREASE  
 TYPICAL ANNUAL CONSUMPTION

**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.16	\$133.92			\$23.42	\$281.04			\$124.95	\$1,499.40	
6	Delivery Charge + Rider 2 + Rider 3 + Rider 5	80.0	\$2.904	232.32		350.0	\$2.462	861.70		5,700.0	\$2.148	12,243.60	
7													
8	Commodity Related Charges												
9	Commodity Cost+Midstream Cost+Rider 1+Rider 6	80.0	\$16.259	1,300.72		350.0	\$15.168	5,308.80		5,700.0	\$15.168	86,457.60	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST or GST)	<u>80.0</u>		<u>1,666.96</u>		<u>350.0</u>		<u>6,451.54</u>		<u>5,700.0</u>		<u>100,200.60</u>	
12													
13													
14													
15	January 1, 2007 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$1.742)	<u>(139.36)</u>	(8.4%)		(\$1.742)	<u>(609.70)</u>	(9.5%)		(\$1.742)	<u>(9,929.40)</u>	(9.9%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,527.60</u>				<u>\$5,841.84</u>				<u>\$90,271.20</u>	



TERASEN GAS INC.  
 REVELSTOKE PROPANE DEFERRAL  
 FORECAST BALANCE AS AT DECEMBER 31, 2007  
 WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-109-06)  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE FUTURES)**

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	<u>1,474,443</u>	\$0.3292	\$0.3917	(\$0.0625)	<u>(\$92,153)</u>	(79,051)
5	Current Quarter Total	<u><u>3,475,262</u></u>				<u><u>(\$218,807)</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2007 (Forecast)	1,610,965	\$0.3304	\$0.3917	(\$0.0613)	(\$98,752)	(177,803)
9	February (Forecast)	1,361,324	\$0.3344	\$0.3917	(\$0.0573)	(\$78,004)	(255,807)
10	March (Forecast)	1,084,379	\$0.3095	\$0.3917	(\$0.0822)	(\$89,136)	(344,943)
11	April (Forecast)	643,606	\$0.3034	\$0.3917	(\$0.0883)	(\$56,830)	(401,773)
12	May (Forecast)	421,269	\$0.2994	\$0.3917	(\$0.0923)	(\$38,883)	(440,656)
13	June (Forecast)	358,859	\$0.3031	\$0.3917	(\$0.0886)	(\$31,795)	(472,451)
14	July (Forecast)	288,648	\$0.3001	\$0.3917	(\$0.0916)	(\$26,440)	(498,891)
15	August (Forecast)	292,548	\$0.2940	\$0.3917	(\$0.0977)	(\$28,582)	(527,473)
16	September (Forecast)	390,064	\$0.2924	\$0.3917	(\$0.0993)	(\$38,733)	(566,206)
17	October (Forecast)	830,837	\$0.2918	\$0.3917	(\$0.0999)	(\$83,001)	(649,207)
18	November (Forecast)	1,064,875	\$0.3038	\$0.3917	(\$0.0879)	(\$93,603)	(742,810)
19	December (Forecast)	<u>1,474,443</u>	\$0.2945	\$0.3917	(\$0.0972)	<u>(\$143,316)</u>	(886,126)
20	Total January - December 2007	<u><u>9,821,817</u></u>				<u><u>(\$807,075)</u></u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,847,206</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col.9 + Page 1 Line 4 Col. 7)		<u>\$2,961,141</u>	<b>129.9%</b>			

Note (1) Blended existing and previous propane reference prices which were approved on October 1, 2005 (BCUC Order No.G-87-05) with October 1, 2006 (BCUC Order No.G-109-06) respectively

Note (2) Propane reference price approved on October 1, 2006 (BCUC Order No.G-109-06)

TERASEN GAS INC.  
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE  
 FOR THE YEAR ENDED DECEMBER 31, 2007  
 (NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars (1)	2007 Volume (Litres) (2)	Fixed Price Volume (Litres) (3)	Variable Volume (Litres) (4)	Fixed Price (\$/litre) (5)	Variable Price (\$/litre) (6)	Fixed Charges (\$) (7)	Variable Charges (\$) (8)	Total (\$) (9)
1	January 2007	1,610,965	487,500	1,123,465	\$ 0.3586	\$ 0.3182	\$ 174,821	\$ 357,469	\$ 532,290
2	February	1,361,324	487,500	873,824	\$ 0.3586	\$ 0.3208	\$ 174,821	\$ 280,338	\$ 455,159
3	March	1,084,379	-	1,084,379	\$ -	\$ 0.3095	\$ -	\$ 335,665	\$ 335,665
4	April	643,606	-	643,606	\$ -	\$ 0.3034	\$ -	\$ 195,282	\$ 195,282
5	May	421,269	-	421,269	\$ -	\$ 0.2994	\$ -	\$ 126,114	\$ 126,114
6	June	358,859	-	358,859	\$ -	\$ 0.3031	\$ -	\$ 108,764	\$ 108,764
7	July	288,648	-	288,648	\$ -	\$ 0.3001	\$ -	\$ 86,614	\$ 86,614
8	August	292,548	-	292,548	\$ -	\$ 0.2940	\$ -	\$ 86,022	\$ 86,022
9	September	390,064	-	390,064	\$ -	\$ 0.2924	\$ -	\$ 114,071	\$ 114,071
10	October	830,837	-	830,837	\$ -	\$ 0.2918	\$ -	\$ 242,417	\$ 242,417
11	November	1,064,875	787,500	277,375	\$ 0.3100	\$ 0.2864	\$ 244,104	\$ 79,446	\$ 323,550
12	December	1,474,443	487,500	986,943	\$ 0.3078	\$ 0.2880	\$ 150,040	\$ 284,204	\$ 434,244
13	Total - Jan to Dec 2007	<b>9,821,817</b>	<b>2,250,000</b>	<b>7,571,817</b>			<b>\$ 743,786</b>	<b>\$ 2,296,406</b>	<b>\$ 3,040,192</b>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre)</b>								<b>\$ 0.3095</b>

TERASEN GAS INC.  
REVELSTOKE PROPANE  
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH  
FOR THE PERIOD JANUARY 1, 2007 TO DECEMBER 31, 2007  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE FUTURES)**

Tab 2  
Page 3

Line No.	Particulars	\$/Litre	\$/GJ
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Line 15, Col.9)		
4	January 1, 2007 to December 31, 2007	\$0.3095	\$12.093
5			
6	ii. Twelve months amortization of Deferral Account	(0.0080)	(\$0.313)
7			
8			
9	New Reference Price	<u>\$0.3015</u>	<u>\$11.780</u>
10			
11			
12	Existing Propane Reference Price (BCUC Order No. G-109-06)	<u>\$0.3917</u>	<u>\$15.304</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0902)	(\$3.524)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (3.85%) <sup>(1)</sup>	(0.0035)	(\$0.137)
19			
20	Total Propane Cost Flowthrough	<u>(\$0.0937)</u>	<u>(\$3.661)</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	<u>725,920</u>	<u>2.65%</u>
33	Total	<u>1,053,744</u>	<u>3.85%</u>

TERASEN GAS INC.  
REVELSTOKE PROPANE DEFERRAL  
FORECAST BALANCE AS AT DECEMBER 31, 2007  
WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2007  
**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE FUTURES)**

Tab 2  
Page 4

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	1,474,443	\$0.3292	\$0.3917	(\$0.0625)	(\$92,153)	(79,051)
5	Current Quarter Total	<u>3,475,262</u>				<u>(\$218,807)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2007 (Forecast)	1,610,965	\$0.3304	\$0.3015	\$0.0289	\$46,557	(32,494)
12	February (Forecast)	1,361,324	\$0.3344	\$0.3015	\$0.0329	\$44,788	12,294
13	March (Forecast)	1,084,379	\$0.3095	\$0.3015	\$0.0080	\$8,675	20,969
14	April (Forecast)	643,606	\$0.3034	\$0.3015	\$0.0019	\$1,223	22,192
15	May (Forecast)	421,269	\$0.2994	\$0.3015	(\$0.0021)	(\$885)	21,307
16	June (Forecast)	358,859	\$0.3031	\$0.3015	\$0.0016	\$574	21,881
17	July (Forecast)	288,648	\$0.3001	\$0.3015	(\$0.0014)	(\$404)	21,477
18	August (Forecast)	292,548	\$0.2940	\$0.3015	(\$0.0075)	(\$2,194)	19,283
19	September (Forecast)	390,064	\$0.2924	\$0.3015	(\$0.0091)	(\$3,550)	15,733
20	October (Forecast)	830,837	\$0.2918	\$0.3015	(\$0.0097)	(\$8,059)	7,674
21	November (Forecast)	1,064,875	\$0.3038	\$0.3015	\$0.0023	\$2,449	10,123
22	December (Forecast)	1,474,443	\$0.2945	\$0.3015	(\$0.0070)	(\$10,321)	(198)
23	Total January - December 2007	<u>9,821,817</u>				<u>\$78,853</u>	

TERASEN GAS INC.  
 PROPOSED JANUARY 1, 2007 PROPANE COST DECREASE  
 TYPICAL ANNUAL CONSUMPTION

**(NOVEMBER 21, 2006 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE FUTURES)**

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.16	\$133.92			\$23.42	\$281.04			\$124.95	\$1,499.40	
6	Delivery Charge + Rider 2 + Rider 3 + Rider 5	80.0	\$2.904	232.32		350.0	\$2.462	861.70		5,700.0	\$2.148	12,243.60	
7													
8	Commodity Related Charges												
9	Commodity Cost+Midstream Cost+Rider 1+Rider 6	80.0	\$16.259	1,300.72		350.0	\$15.168	5,308.80		5,700.0	\$15.168	86,457.60	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST or GST)	<u>80.0</u>		<u>1,666.96</u>		<u>350.0</u>		<u>6,451.54</u>		<u>5,700.0</u>		<u>100,200.60</u>	
12													
13													
14													
15	January 1, 2007 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$3.661)	(292.88)	(17.6%)		(\$3.661)	(1,281.35)	(19.9%)		(\$3.661)	(20,867.70)	(20.8%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,374.08</u>				<u>\$5,170.19</u>				<u>\$79,332.90</u>	

TERASEN GAS INC.

Tab 3

REVELSTOKE PROPANE DEFERRAL

Page 1

FORECAST BALANCE AS AT DECEMBER 31, 2007

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-109-06)

**(NOV. 21, 2006 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL & 50% MT. BELVIEU PROPANE FUTURES)**

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	1,474,443	\$0.3275	\$0.3917	(\$0.0642)	(\$94,659)	(81,557)
5	Current Quarter Total	<u>3,475,262</u>				<u>(\$221,313)</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2007 (Forecast)	1,610,965	\$0.3379	\$0.3917	(\$0.0538)	(\$86,670)	(168,227)
9	February (Forecast)	1,361,324	\$0.3399	\$0.3917	(\$0.0518)	(\$70,517)	(238,744)
10	March (Forecast)	1,084,379	\$0.3213	\$0.3917	(\$0.0704)	(\$76,340)	(315,084)
11	April (Forecast)	643,606	\$0.3246	\$0.3917	(\$0.0671)	(\$43,186)	(358,270)
12	May (Forecast)	421,269	\$0.3232	\$0.3917	(\$0.0685)	(\$28,857)	(387,127)
13	June (Forecast)	358,859	\$0.3231	\$0.3917	(\$0.0686)	(\$24,618)	(411,745)
14	July (Forecast)	288,648	\$0.3251	\$0.3917	(\$0.0666)	(\$19,224)	(430,969)
15	August (Forecast)	292,548	\$0.3317	\$0.3917	(\$0.0600)	(\$17,553)	(448,522)
16	September (Forecast)	390,064	\$0.3350	\$0.3917	(\$0.0567)	(\$22,117)	(470,639)
17	October (Forecast)	830,837	\$0.3441	\$0.3917	(\$0.0476)	(\$39,548)	(510,187)
18	November (Forecast)	1,064,875	\$0.3373	\$0.3917	(\$0.0544)	(\$57,929)	(568,116)
19	December (Forecast)	1,474,443	\$0.3336	\$0.3917	(\$0.0581)	(\$85,665)	(653,781)
20	Total January - December 2007	<u>9,821,817</u>				<u>(\$572,224)</u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,847,206</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col.9 + Page 1 Line 4 Col. 7)		<u>\$3,193,540</u>				<b>120.5%</b>

Note (1) Blended existing and previous propane reference prices which were approved on October 1, 2005 (BCUC Order No.G-87-05) with October 1, 2006 (BCUC Order No.G-109-06) respectively

Note (2) Propane reference price approved on October 1, 2006 (BCUC Order No.G-109-06)

TERASEN GAS INC.  
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE  
 FOR THE YEAR ENDED DECEMBER 31, 2007

**(NOV. 21, 2006 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL & 50% MT. BELVIEU PROPANE FUTURES)**

Line No.	Particulars (1)	2007 Volume (Litres) (2)	Fixed Price Volume (Litres) (3)	Variable Volume (Litres) (4)	Fixed Price (\$/litre) (5)	Variable Price (\$/litre) (6)	Fixed Charges (\$) (7)	Variable Charges (\$) (8)	Total (\$) (9)
1	January 2007	1,610,965	487,500	1,123,465	\$ 0.3586	\$ 0.3290	\$ 174,821	\$ 369,585	\$ 544,406
2	February	1,361,324	487,500	873,824	\$ 0.3586	\$ 0.3295	\$ 174,821	\$ 287,935	\$ 462,756
3	March	1,084,379	-	1,084,379	\$ -	\$ 0.3213	\$ -	\$ 348,362	\$ 348,362
4	April	643,606	-	643,606	\$ -	\$ 0.3246	\$ -	\$ 208,894	\$ 208,894
5	May	421,269	-	421,269	\$ -	\$ 0.3232	\$ -	\$ 136,146	\$ 136,146
6	June	358,859	-	358,859	\$ -	\$ 0.3231	\$ -	\$ 115,953	\$ 115,953
7	July	288,648	-	288,648	\$ -	\$ 0.3251	\$ -	\$ 93,830	\$ 93,830
8	August	292,548	-	292,548	\$ -	\$ 0.3317	\$ -	\$ 97,032	\$ 97,032
9	September	390,064	-	390,064	\$ -	\$ 0.3350	\$ -	\$ 130,687	\$ 130,687
10	October	830,837	-	830,837	\$ -	\$ 0.3441	\$ -	\$ 285,928	\$ 285,928
11	November	1,064,875	787,500	277,375	\$ 0.3390	\$ 0.3325	\$ 266,988	\$ 92,237	\$ 359,225
12	December	1,474,443	487,500	986,943	\$ 0.3368	\$ 0.3320	\$ 164,207	\$ 327,671	\$ 491,878
13	Total - Jan to Dec 2007	<b>9,821,817</b>	<b>2,250,000</b>	<b>7,571,817</b>			<b>\$ 780,837</b>	<b>\$ 2,494,260</b>	<b>\$ 3,275,097</b>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre)</b>								<b>\$ 0.3335</b>

TERASEN GAS INC.  
REVELSTOKE PROPANE  
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH  
FOR THE PERIOD JANUARY 1, 2007 TO DECEMBER 31, 2007

Tab 3  
Page 3

(NOV. 21, 2006 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL & 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars	\$/Litre	\$/GJ	
1	Calculation of New Propane Reference Price			
2				
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Line 15, Col.9)			
4	January 1, 2007 to December 31, 2007	\$0.3335	\$13.030	
5				
6	ii. Twelve months amortization of Deferral Account	(0.0083)	(\$0.324)	
7				
8				
9	New Reference Price	<u>\$0.3252</u>	<u>\$12.706</u>	
10				
11				
12	Existing Propane Reference Price (BCUC Order No. G-109-06)	<u>\$0.3917</u>	<u>\$15.304</u>	
13	(Conversion factor 1 Litre = 0.025594 GJ)			
14				
15				
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0665)	(\$2.598)	
17				
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (3.85%) <sup>(1)</sup>	(0.0026)	(\$0.102)	
19				
20	Total Propane Cost Flowthrough	<u>(\$0.0691)</u>	<u>(\$2.700)</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	<u>725,920</u>	<u>2.65%</u>	
33	Total	<u>1,053,744</u>	<u>3.85%</u>	



## TERASEN GAS INC.

Tab 3

## REVELSTOKE PROPANE DEFERRAL

Page 4

FORECAST BALANCE AS AT DECEMBER 31, 2007

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2007

**(NOV. 21, 2006 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL & 50% MT. BELVIEU PROPANE FUTURES)**

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	September 30, 2006 Balance						\$ 139,756
2	October (Projection)	935,944	\$0.3017	\$0.3815 <sup>(1)</sup>	(\$0.0798)	(\$74,688)	65,068
3	November (Projection)	1,064,875	\$0.3429	\$0.3917 <sup>(2)</sup>	(\$0.0488)	(\$51,966)	13,102
4	December (Projection)	1,474,443	\$0.3275	\$0.3917	(\$0.0642)	(\$94,659)	(81,557)
5	Current Quarter Total	<u>3,475,262</u>				<u>(\$221,313)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2007 (Forecast)	1,610,965	\$0.3379	\$0.3252	\$0.0127	\$20,459	(61,098)
12	February (Forecast)	1,361,324	\$0.3399	\$0.3252	\$0.0147	\$20,011	(41,087)
13	March (Forecast)	1,084,379	\$0.3213	\$0.3252	(\$0.0039)	(\$4,229)	(45,316)
14	April (Forecast)	643,606	\$0.3246	\$0.3252	(\$0.0006)	(\$386)	(45,702)
15	May (Forecast)	421,269	\$0.3232	\$0.3252	(\$0.0020)	(\$843)	(46,545)
16	June (Forecast)	358,859	\$0.3231	\$0.3252	(\$0.0021)	(\$754)	(47,299)
17	July (Forecast)	288,648	\$0.3251	\$0.3252	(\$0.0001)	(\$29)	(47,328)
18	August (Forecast)	292,548	\$0.3317	\$0.3252	\$0.0065	\$1,902	(45,426)
19	September (Forecast)	390,064	\$0.3350	\$0.3252	\$0.0098	\$3,823	(41,603)
20	October (Forecast)	830,837	\$0.3441	\$0.3252	\$0.0189	\$15,703	(25,900)
21	November (Forecast)	1,064,875	\$0.3373	\$0.3252	\$0.0121	\$12,885	(13,015)
22	December (Forecast)	1,474,443	\$0.3336	\$0.3252	\$0.0084	\$12,385	(630)
23	Total January - December 2007	<u>9,821,817</u>				<u>\$80,927</u>	

TERASEN GAS INC.  
 PROPOSED JANUARY 1, 2007 PROPANE COST DECREASE  
 TYPICAL ANNUAL CONSUMPTION

**(NOV. 21, 2006 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL & 50% MT. BELVIEU PROPANE FUTURES)**

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.16	\$133.92			\$23.42	\$281.04			\$124.95	\$1,499.40	
6	Delivery Charge + Rider 2 + Rider 3 + Rider 5	80.0	\$2.904	232.32		350.0	\$2.462	861.70		5,700.0	\$2.148	12,243.60	
7													
8	Commodity Related Charges												
9	Commodity Cost+Midstream Cost+Rider 1+Rider 6	80.0	\$16.259	1,300.72		350.0	\$15.168	5,308.80		5,700.0	\$15.168	86,457.60	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST or GST)	<u>80.0</u>		<u>1,666.96</u>		<u>350.0</u>		<u>6,451.54</u>		<u>5,700.0</u>		<u>100,200.60</u>	
12													
13													
14													
15	January 1, 2007 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$2.700)	(216.00)	(13.0%)		(\$2.700)	(945.00)	(14.6%)		(\$2.700)	(15,390.00)	(15.4%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,450.96</u>				<u>\$5,506.54</u>				<u>\$84,810.60</u>	