



**Scott A. Thomson**  
VP, Finance & Regulatory Affairs and  
Chief Financial Officer

16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (604) 592-7784  
Fax: (604) 592-7890  
Email: [scott.thomson@terasengas.com](mailto:scott.thomson@terasengas.com)  
[www.terasengas.com](http://www.terasengas.com)

Regulatory Affairs Correspondence  
Email: [regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

December 14, 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. – Fort Nelson Service Area (“Fort Nelson”)  
Gas Cost Reconciliation Account (“GCRA”) Guidelines  
2006 Fourth Quarter Report – Revised Page 5, Revenue Stabilization  
Adjustment Mechanism (“RSAM”) Revision**

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On December 4, 2006, Fort Nelson submitted its 2006 Fourth Quarter Report on Gas Cost Reconciliation Account.

Fort Nelson hereby submits a revised calculation of RSAM amortization for the year ended December 31, 2007, to correct the rate class references for small and large commercial customers and to include the Industrial Service Rates 3.1, 3.2, and 3.3. Accordingly, the net-of-tax amount to be amortized in 2007 is \$47,213. On a pre-tax basis, this equates to \$70,467 (Page 5 Revision) or \$0.073/GJ, which is a \$0.034/GJ increase from the existing level of \$0.039/GJ.

We trust the Commission will find the attached to be in order. 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



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December 4, 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. – Fort Nelson Service Area (“Fort Nelson”)  
Gas Cost Reconciliation Account (“GCRA”) Guidelines  
2006 Fourth Quarter Report**

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The attached materials provide the GCRA report covering the January 1, 2007 to December 31, 2007 period as specified in the British Columbia Utilities Commission (the “Commission”) GCRA Guidelines (Commission Letter No. L-5-01) with regards to Fort Nelson.

Based on the forward prices as at November 21, 2006, and the forecast gas cost recoveries at existing rates, the projected December 31, 2006 GCRA balance is a surplus (after-tax) of approximately \$398,000 (Page 4, Line 13, Col. 2) and the forecast balance at December 31, 2007 is a deficit (after-tax) of approximately \$89,000 (Page 4, Line 25, Col.2). The rate change trigger mechanism ratio is determined to be 97.0% (Page 1, Line 8, Col.4), which falls within the deadband range of 95% and 105%.

Fort Nelson proposes no rate change related to gas commodity costs be made at this time. The recovered and incurred costs at existing rates, and the GCRA balances for January 1, 2007 to December 31, 2008 period are shown on Pages 2 and 2.1. The comparison of the forward prices is shown on Page 3. The summary and the graph of the GCRA balances are shown on Pages 4 and 4.1, respectively. Fort Nelson will continue to monitor the gas supply costs and report to the Commission in its 2007 First Quarter Report regarding any changes that may be required.

Commission Order G-17-04 dated February 5, 2004 approved the implementation of a Rate Stabilization Adjustment Mechanism (“RSAM”) account for Fort Nelson effective January 1, 2004. Fort Nelson forecasts there will be approximately \$52,465 (net-of-tax) new RSAM additions by the end of 2006. After offsetting the 2006 RSAM rider recovery, the RSAM balance including interest is projected to be \$141,638 (net-of-tax). The Commission directed Fort Nelson to amortize the RSAM balance following Terasen Gas Inc.’s methodology. Accordingly, the net-of-tax amount to be amortized in 2007 is \$47,213. On a pre-tax basis, this equates to \$70,467 (Page 5) or \$0.073/GJ, which is a \$0.034/GJ increase from the existing level of \$0.039/GJ.



Fort Nelson requests Commission approval to increase \$0.034/GJ to RSAM rider from \$0.039/GJ to \$0.073/GJ, effective January 1, 2007.

We trust the Commission will find the attached to be in order. Fort Nelson is anticipating Commission approval of this filing by December 8, 2006. 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. - FORT NELSON SERVICE AREA  
 RATE CHANGE TRIGGER MECHANISM  
 FOR THE 12 MONTHS ENDING DECEMBER 31, 2007

Line No.	Particulars (1)	TJ (2)	Cost (3)	Percentage (4)
1	<b><u>RATE CHANGE TRIGGER MECHANISM (Per BCUC Guidelines)</u></b>			
2				
3	<b><u>January 1, 2007 to December 31, 2007</u></b>			
4				
5	Recovered Gas Costs - \$(000) (Page 2.1, Line 12, Col 26)		\$ 4,254.7	
6				
7	Ratio = Total Recovered / Total Incurred			
8	(Increase<100%<Decrease)			<u>97.0%</u>
9				
10	Incurred Gas Costs - \$(000) (Page 2.1, Line 24, Col 26)		\$ 4,981.3	
11	GCRA Accumulation to December 31, 2006 (Page 4, Line 13, Col 2 grossed up)		(593.5)	
12	Total Incurred - \$(000)		<u>\$ 4,387.8</u>	
13				
14	<b>Balancing Requirement</b>			
15				
16	Increase (Decrease) as Calculated - \$(000) (Line 12 - Line 5)		\$ 133.1	
17				
18	Forecast Annual Sales Volumes (TJ) - January 2007 to December 2007	619.5		
19				
20	Calculated Recovered Gas Unit Cost Change - \$/GJ (Line16 / Line18)		\$ 0.215	

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 RECOVERED AND INCURRED COSTS SUMMARY  
 FOR THE PERIOD JAN 1, 2007 TO DEC 31, 2008

\* EXISTING RATE - JULY 1, 2006 \*

Line No.	Particulars	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	<b>RECOVERED COSTS BASED ON JULY 1, 2006 EFFECTIVE RATE</b>												
2													
3	<b>Recovered Gas Costs</b>												
4	Total Sales - TJ	115.9	85.2	72.9	46.2	22.9	13.2	11.5	12.8	17.9	44.8	78.6	98.2
5	T-Service UAF - TJ	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-	(0.1)	(0.1)
6													
7	Recovery Unit Cost on Sales - \$/GJ	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680
8	Recov. U. Cost on T-Service UAF - \$/GJ	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680
9													
10	Recovery on Sales - \$000	\$ 796.0	\$ 585.2	\$ 500.7	\$ 317.3	\$ 157.3	\$ 90.7	\$ 79.0	\$ 87.9	\$ 122.9	\$ 307.7	\$ 539.8	\$ 674.4
11	Recovery on T-Service UAF - \$000	(0.7)	(0.7)	(0.7)	(0.7)	-	-	-	-	-	-	(0.7)	(0.7)
12	Total Recovered Gas Costs - \$000	<u>\$ 795.3</u>	<u>\$ 584.5</u>	<u>\$ 500.0</u>	<u>\$ 316.6</u>	<u>\$ 157.3</u>	<u>\$ 90.7</u>	<u>\$ 79.0</u>	<u>\$ 87.9</u>	<u>\$ 122.9</u>	<u>\$ 307.7</u>	<u>\$ 539.1</u>	<u>\$ 673.7</u>
13													
14													
15													
16	<b>INCURRED COSTS BASED ON NOVEMBER 21, 2006 FORWARD CURVE FOR STATION #2</b>												
17													
18	<b>Incurred Gas Costs - \$(000)</b>												
19	Total Purchases for Sales - TJ	115.5	85.0	72.7	46.0	22.8	13.0	11.4	12.9	17.7	44.6	78.3	97.9
20	- adjusted for Company Use and UAF												
21													
22	Blended Cost - \$/GJ	\$ 7.7833	\$ 7.7922	\$ 7.7940	\$ 7.9303	\$ 7.9145	\$ 7.9489	\$ 7.9727	\$ 8.0058	\$ 8.0307	\$ 8.0803	\$ 8.4325	\$ 8.6610
23													
24	Incurred Gas Costs - \$(000)	<u>\$ 899.0</u>	<u>\$ 662.3</u>	<u>\$ 566.6</u>	<u>\$ 364.8</u>	<u>\$ 180.4</u>	<u>\$ 103.3</u>	<u>\$ 90.9</u>	<u>\$ 103.3</u>	<u>\$ 142.1</u>	<u>\$ 360.4</u>	<u>\$ 660.3</u>	<u>\$ 847.9</u>
25													
26													
27													
28	<b>GCRA BALANCE</b>												
29													
30	<b>GCRA BALANCE - \$(000)</b>												
31	Opening Balance Before Tax	\$ (577.4)	\$ (473.7)	\$ (395.9)	\$ (329.3)	\$ (281.1)	\$ (258.0)	\$ (245.4)	\$ (233.5)	\$ (218.1)	\$ (198.9)	\$ (146.2)	\$ (25.0)
32	Activity	103.7	77.8	66.6	48.2	23.1	12.6	11.9	15.4	19.2	52.7	121.2	174.2
33	Closing Balance Before Tax	<u>\$ (473.7)</u>	<u>\$ (395.9)</u>	<u>\$ (329.3)</u>	<u>\$ (281.1)</u>	<u>\$ (258.0)</u>	<u>\$ (245.4)</u>	<u>\$ (233.5)</u>	<u>\$ (218.1)</u>	<u>\$ (198.9)</u>	<u>\$ (146.2)</u>	<u>\$ (25.0)</u>	<u>\$ 149.2</u>
34													
35	Tax Rate	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
36	Tax on Activity	34.2	25.7	22.0	15.9	7.6	4.2	3.9	5.1	6.3	17.4	40.0	57.5
37													
38	Opening Balance After Tax	\$ (397.7)	\$ (328.2)	\$ (276.1)	\$ (231.5)	\$ (199.2)	\$ (183.7)	\$ (175.3)	\$ (167.3)	\$ (157.0)	\$ (144.1)	\$ (108.8)	\$ (27.6)
39	Activity	69.5	52.1	44.6	32.3	15.5	8.4	8.0	10.3	12.9	35.3	81.2	116.7
40	Closing Balance After Tax - \$(000)	<u>\$ (328.2)</u>	<u>\$ (276.1)</u>	<u>\$ (231.5)</u>	<u>\$ (199.2)</u>	<u>\$ (183.7)</u>	<u>\$ (175.3)</u>	<u>\$ (167.3)</u>	<u>\$ (157.0)</u>	<u>\$ (144.1)</u>	<u>\$ (108.8)</u>	<u>\$ (27.6)</u>	<u>\$ 89.1</u>
41	(Page 4, Column 2)												

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 RECOVERED AND INCURRED COSTS SUMMARY  
 FOR THE PERIOD JAN 1, 2007 TO DEC 31, 2008

\* EXISTING RATE - JULY 1, 2006 \*

Line No.	Particulars (1)	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	12 months Jan-Dec07 Forecast Total (26)	24 months Jan07-Dec08 Forecast Total (27)
		(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
1	<b>RECOVERED COSTS BASED ON JULY 1, 2006 EFFECTIVE RATE</b>														
2															
3	<b>Recovered Gas Costs</b>														
4	Total Sales - TJ	117.8	86.6	74.1	47.0	23.2	13.4	11.6	13.0	18.2	45.5	79.8	99.8	620.1	1,250.1
5	T-Service UAF - TJ	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-	(0.1)	(0.1)	(0.6)	(1.2)
6															
7	Recovery Unit Cost on Sales - \$/GJ	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680		
8	Recov. U. Cost on T-Service UAF - \$/GJ	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680	\$ 6.8680		
9															
10	Recovery on Sales - \$000	\$ 809.1	\$ 594.8	\$ 508.9	\$ 322.8	\$ 159.3	\$ 92.0	\$ 79.7	\$ 89.3	\$ 125.0	\$ 312.5	\$ 548.1	\$ 685.4	\$ 4,258.9	\$ 8,585.8
11	Recovery on T-Service UAF - \$000	(0.7)	(0.7)	(0.7)	(0.7)	-	-	-	-	-	-	(0.7)	(0.7)	(4.2)	(8.4)
12	Total Recovered Gas Costs - \$000	<u>\$ 808.4</u>	<u>\$ 594.1</u>	<u>\$ 508.2</u>	<u>\$ 322.1</u>	<u>\$ 159.3</u>	<u>\$ 92.0</u>	<u>\$ 79.7</u>	<u>\$ 89.3</u>	<u>\$ 125.0</u>	<u>\$ 312.5</u>	<u>\$ 547.4</u>	<u>\$ 684.7</u>	<u>\$ 4,254.7</u>	<u>\$ 8,577.4</u>
13															
14															
15															
16	<b>INCURRED COSTS BASED ON NOVEMBER 21, 2006 FORWARD CURVE FOR STATION #2</b>														
17															
18	<b>Incurred Gas Costs - \$(000)</b>														
19	Total Purchases for Sales - TJ	117.5	86.4	73.8	46.8	23.2	13.3	11.5	12.9	18.1	45.3	79.5	99.4	617.8	1,245.5
20	- adjusted for Company Use and UAF														
21															
22	Blended Cost - \$/GJ	\$ 8.7831	\$ 8.7831	\$ 8.6689	\$ 7.6511	\$ 7.5395	\$ 7.5886	\$ 7.6645	\$ 7.7092	\$ 7.7539	\$ 7.8253	\$ 8.5194	\$ 8.6655	\$ 8.0630	\$ 8.2432
23															
24	Incurred Gas Costs - \$(000)	<u>\$ 1,032.0</u>	<u>\$ 758.9</u>	<u>\$ 639.8</u>	<u>\$ 358.1</u>	<u>\$ 174.9</u>	<u>\$ 100.9</u>	<u>\$ 88.1</u>	<u>\$ 99.4</u>	<u>\$ 140.3</u>	<u>\$ 354.5</u>	<u>\$ 677.3</u>	<u>\$ 861.4</u>	<u>\$ 4,981.3</u>	<u>\$ 10,266.9</u>
25															
26															
27															
28	<b>GCRA BALANCE</b>														
29															
30	<b>GCRA BALANCE - \$(000)</b>														
31	Opening Balance Before Tax	\$ 149.2	\$ 372.8	\$ 537.6	\$ 669.2	\$ 705.2	\$ 720.8	\$ 729.7	\$ 738.1	\$ 748.2	\$ 763.5	\$ 805.5	\$ 935.4		
32	Activity	223.6	164.8	131.6	36.0	15.6	8.9	8.4	10.1	15.3	42.0	129.9	176.7	As at Dec07	As at Dec08
33	Closing Balance Before Tax	<u>\$ 372.8</u>	<u>\$ 537.6</u>	<u>\$ 669.2</u>	<u>\$ 705.2</u>	<u>\$ 720.8</u>	<u>\$ 729.7</u>	<u>\$ 738.1</u>	<u>\$ 748.2</u>	<u>\$ 763.5</u>	<u>\$ 805.5</u>	<u>\$ 935.4</u>	<u>\$ 1,112.1</u>	\$ 149.2	\$ 1,112.1
34															
35	Tax Rate	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%	32.50%		
36	Tax on Activity	72.7	53.6	42.8	11.7	5.1	2.9	2.7	3.3	5.0	13.7	42.2	57.4		
37															
38	Opening Balance After Tax	\$ 89.1	\$ 240.0	\$ 351.2	\$ 440.0	\$ 464.3	\$ 474.8	\$ 480.8	\$ 486.5	\$ 493.3	\$ 503.6	\$ 531.9	\$ 619.6		
39	Activity	150.9	111.2	88.8	24.3	10.5	6.0	5.7	6.8	10.3	28.4	87.7	119.3	As at Dec07	As at Dec08
40	Closing Balance After Tax - \$(000)	<u>\$ 240.0</u>	<u>\$ 351.2</u>	<u>\$ 440.0</u>	<u>\$ 464.3</u>	<u>\$ 474.8</u>	<u>\$ 480.8</u>	<u>\$ 486.5</u>	<u>\$ 493.3</u>	<u>\$ 503.6</u>	<u>\$ 531.9</u>	<u>\$ 619.6</u>	<u>\$ 738.9</u>	\$ 89.1	\$ 738.9
41	(Page 4, Column 2)														

**FORT NELSON SERVICE AREA**  
**FORT NELSON INDEX PRICES COMPARISON OF FORWARD CURVES**  
**FOR THE MONTHS JANUARY 1, 2006 TO DECEMBER 31, 2008**

		<b>Fort Nelson Forward Prices - \$/GJ</b>		
Line No.	Particulars	Jan. 1, 2007	Oct. 1, 2006	Difference
		Gas Cost Report (November 21, 2006 Forward Prices)	Gas Cost Report (August 21, 2006 Forward Prices)	
	(1)	(2)	(3)	(4)
1	<b>2006</b>	<b><u>2006</u></b>	<b><u>2006</u></b>	
2	January	\$ 7.38	\$ 7.38	\$ -
3	February	\$ 6.90	\$ 6.90	\$ -
4	March	\$ 6.69	\$ 6.69	\$ -
5	April	\$ 6.48	\$ 6.48	\$ -
6	May	\$ 6.13	\$ 6.13	\$ -
7	June	\$ 6.21	\$ 6.21	\$ -
8	July	\$ - <sup>(a)</sup>	\$ -	\$ -
9	August	\$ 6.61	\$ 6.63	\$ (0.02)
10	September	\$ 5.67	\$ 6.28	\$ (0.61)
11	October	\$ 6.04	\$ 6.49	\$ (0.45)
12	November	\$ 7.65	\$ 7.71	\$ (0.07)
13	December	\$ 7.70	\$ 8.38	\$ (0.69)
14	Average - 2006	\$ 6.12	\$ 6.27	\$ (0.15)
15				
16	<b>2007</b>	<b><u>2007</u></b>	<b><u>2007</u></b>	
17	January	\$ 7.78	\$ 8.70	\$ (0.92)
18	February	\$ 7.79	\$ 8.69	\$ (0.90)
19	March	\$ 7.79	\$ 8.60	\$ (0.81)
20	April	\$ 7.93	\$ 7.67	\$ 0.26
21	May	\$ 7.91	\$ 7.56	\$ 0.35
22	June	\$ 7.95	\$ 7.61	\$ 0.33
23	July	\$ 7.97	\$ 7.55	\$ 0.43
24	August	\$ 8.01	\$ 7.58	\$ 0.42
25	September	\$ 8.03	\$ 7.65	\$ 0.38
26	October	\$ 8.08	\$ 7.77	\$ 0.31
27	November	\$ 8.43	\$ 8.53	\$ (0.10)
28	December	\$ 8.66	\$ 9.06	\$ (0.40)
29	Average - 2007	\$ 8.03	\$ 8.08	\$ (0.05)
30				
31	<b>2008</b>	<b><u>2008</u></b>	<b><u>2008</u></b>	
32	January	\$ 8.78	\$ 9.41	\$ (0.63)
33	February	\$ 8.78	\$ 9.42	\$ (0.63)
34	March	\$ 8.67	\$ 9.25	\$ (0.58)
35	April	\$ 7.65	\$ 6.90	\$ 0.75
36	May	\$ 7.54	\$ 6.67	\$ 0.87
37	June	\$ 7.59	\$ 6.74	\$ 0.85
38	July	\$ 7.66	\$ 6.82	\$ 0.84
39	August	\$ 7.71	\$ 6.84	\$ 0.87
40	September	\$ 7.75	\$ 6.94	\$ 0.81
41	October	\$ 7.83	\$ 7.83	\$ 0.00
42	November	\$ 8.52	\$ 8.52	\$ 0.00
43	December	\$ 8.67	\$ 8.67	\$ 0.00
44	Average - 2008	\$ 8.10	\$ 7.67	\$ 0.43
45				
50				
51				
52	<b>Comparison of Reporting Period</b>	<b><u>Jan/07-Dec/07</u></b>	<b><u>Oct/06-Sept/07</u></b>	
53	Average	\$ 8.03	\$ 7.85	\$ 0.18
54	<b>Comparison of Reporting Period</b>	<b><u>Jan/07-Dec/08</u></b>	<b><u>Oct/06-Sept/08</u></b>	
55	Average	\$ 8.06	\$ 7.86	\$ 0.20

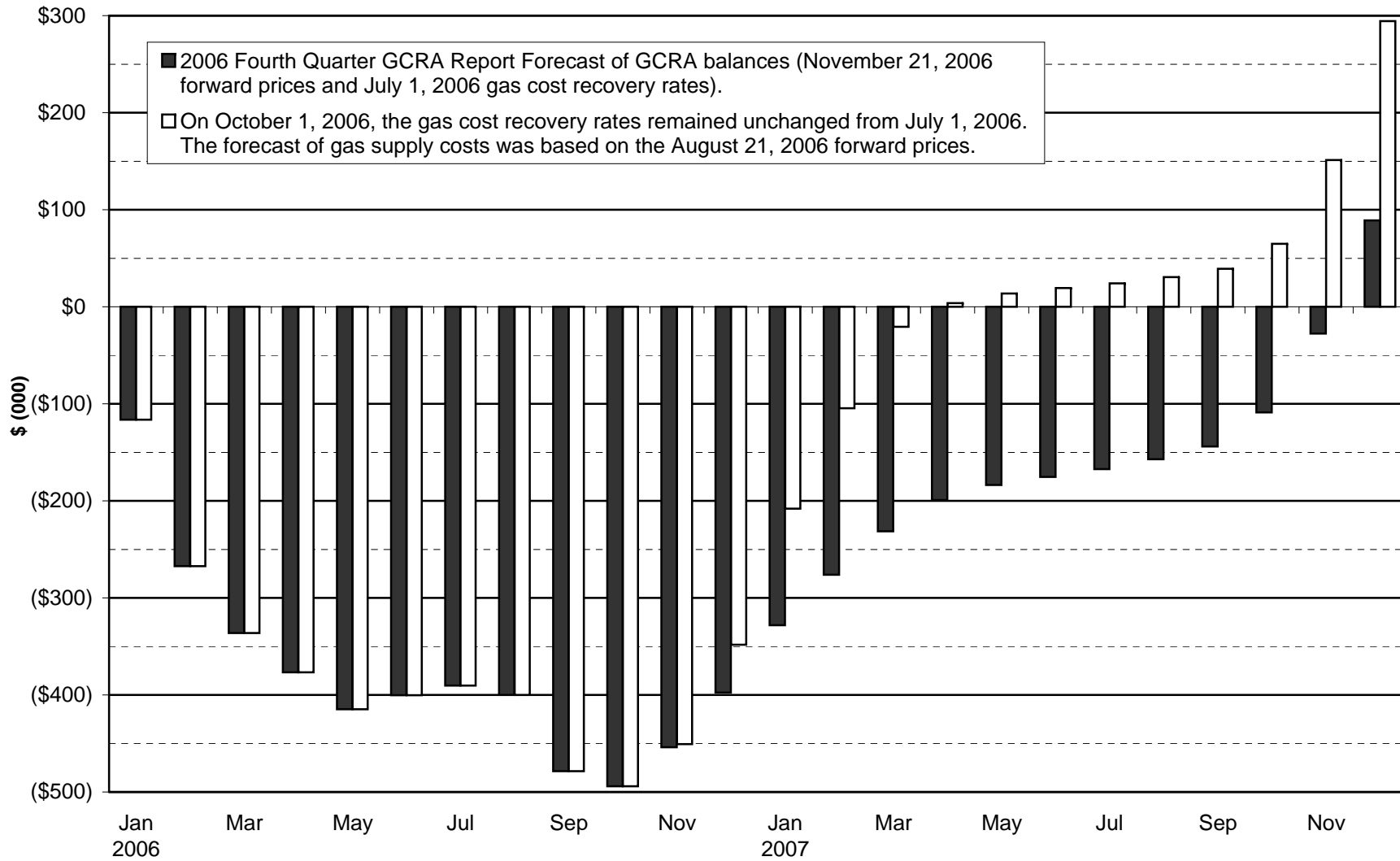
Note (a): Zero gas purchase volume in July , sales from inventory/storage.

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**GCRA BALANCES AFTER TAX**  
**FOR THE MONTHS JANUARY 1, 2006 TO DECEMBER 31, 2008**  
**\$000**

Line No.	Particulars	Jan 1, 2007 Report July 1, 2006 Rates (Nov 21, 2006 Forward Prices)	Oct 1, 2006 Report July 1, 2006 Rates (Aug 21, 2006 Forward Prices)
	(1)	(2)	(3)
2	Jan 2006 - Recorded	(116.4)	(116.4)
3	Feb - Recorded	(267.4)	(267.4)
4	Mar - Recorded	(336.1)	(336.1)
5	Apr - Recorded	(376.7)	(376.7)
6	May - Recorded	(414.7)	(414.7)
7	Jun - Recorded	(400.4)	(400.4)
8	Jul - Recorded	(390.4)	(390.4)
9	Aug - Recorded	(400.0)	(400.0)
10	Sep - Recorded	(478.4)	(478.4)
11	Oct - Recorded	(494.2)	(494.2)
12	Nov - Projected	(453.9)	(450.6)
13	Dec 2006	(397.7)	(348.4)
14	Jan 2007	(328.2)	(208.0)
15	Feb	(276.1)	(104.6)
16	Mar	(231.5)	(20.7)
17	Apr	(199.2)	3.6
18	May	(183.7)	13.7
19	Jun	(175.3)	19.3
20	Jul	(167.3)	24.0
21	Aug	(157.0)	30.6
22	Sep	(144.1)	39.0
23	Oct	(108.8)	64.9
24	Nov	(27.6)	151.1
25	Dec 2007	89.1	294.3
26	Jan 2008	240.0	495.2
27	Feb	351.2	643.3
28	Mar	440.0	761.2
29	Apr	464.3	761.7
30	May	474.8	758.6
31	Jun	480.8	757.0
32	Jul	486.5	756.2
33	Aug	493.3	755.5
34	Sep	503.6	755.9
35	Oct	531.9	
36	Nov	619.6	
37	Dec 2008	738.9	



Terasen Gas Inc.  
 Fort Nelson GCRA Month-end Balances (After-Tax)  
 For the months January 1, 2006 to December 31, 2007



CALCULATION OF AMORTIZATION OF RSAM (RIDER 5)  
FOR THE YEAR ENDED DECEMBER 31, 2007

Line No.	Particulars (1)	Annual Volumes (TJ) (2)	Amortization (3)	Amortization of RSAM Unit Rider (\$/GJ) (4)
1	<b><u>RSAM (Rider 5) Calculation</u></b>			
2				
3	Rate 1 - Residential	300.1		\$0.073
4	Rate 2.1 - Small Commercial	212.7		\$0.073
5	Rate 2.2 - Large Commercial	107.0		\$0.073
6	Rate 3.1 - Industrial Service	0.0		\$0.073
7	Rate 3.2 - Industrial Service	0.0		\$0.073
8	Rate 3.3 - Industrial Service	0.0		\$0.073
9	Rate 25 - Large Commercial Transportation	350.3		\$0.073
10		<u>970.1</u>	<u>\$ 70,467</u> <sup>(1)</sup>	
11				
12				

Note 1: RSAM Rider Change

Terasen Gas forecasts that there will be approximately \$52,465 (net-of-tax) of new RSAM additions by the end of 2006. After offsetting the 2006 RSAM rider recovery, the RSAM account including interest is now projected to be \$141,638. Pursuant to the Commission Order No.G17-04, Fort Nelson would amortize the RSAM balance over the subsequent three-years for recovery. Accordingly the net-of-tax RSAM balance to be amortized in 2007 is \$47,213. On a pre-tax basis, this amounts to \$70,467 or \$0.073/GJ, which is a \$0.034/GJ increase from the existing level of \$0.039/GJ.

Amortization = 1/3 of Projected December 31, 2005 RSAM Balance  
 = 1/3 \* (\$140,411 RSAM + \$1,227 RSAM Interest)  
 = \$47,213 Net-of-tax amortization

Gross Amortization = Net-of-tax amortization / (1 - tax rate)  
 = \$47,213 / (1 - 33%)  
 = \$70,467