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VIA E-MAIL

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March 13, 2008

Mr. Scott Thomson  
Vice President, Regulatory Affairs  
and Chief Financial Officer  
Terasen Gas Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Mr. Thomson:

Re: Terasen Gas Inc.  
2008 First Quarter Cost Report  
and Rate Changes effective April 1, 2008

Further to your March 7, 2008 filing of the 2008 First Quarter Cost Report for the Fort Nelson service area, enclosed is Commission Order No. G-39-08.

Yours truly,

A handwritten signature in black ink, appearing to read "Erica M. Hamilton".

Erica M. Hamilton

cms  
Enclosure

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-39-08**

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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Terasen Gas Inc. regarding  
2008 First Quarter Gas Cost Report  
and Rate Changes effective April 1, 2008  
for the Fort Nelson Service Area**

**BEFORE:** L.F. Kelsey, Commissioner  
A.A. Rhodes, Commissioner March 13, 2008  
P.E. Vivian, Commissioner

**O R D E R**

**WHEREAS:**

- A. By Letter No. G-98-07 dated December 6, 2007 the Commission accepted Terasen Gas Inc.'s ("Terasen Gas") recommendation that the 2007 fourth quarter rates for the Fort Nelson service area remain unchanged effective January 1, 2008; and
- B. On March 10, 2008, pursuant to Commission Letter No. L-5-01, Terasen Gas filed a 2008 First Quarter Report on the Gas Cost Reconciliation Account ("GCRA") balance and gas commodity charges for the Fort Nelson Service Area effective April 1, 2008 that were based on February 27, 2008 forward gas prices (the "2008 First Quarter Report"); and
- C. The 2008 First Quarter Report forecasts that gas commodity charges at current rates would be 81.2 percent of costs for the following 12 months; and requests a \$1.594/GJ increase in gas commodity charges for natural gas sales customers in Fort Nelson Service Area effective April 1, 2008; and
- D. Pursuant to Commission Order No. G-27-08 dated February 28, 2008, changes to the existing February 1, 2008 interim delivery charges are also required for April 1, 2008; and
- E. The changes to the delivery charges pursuant to Order No. G-27-08 together with the \$1.594/GJ increase to commodity charges would result in a \$240 (17.1 percent) increase in the annual bill of a typical residential consumer using 160 GJ per year; and
- F. The Commission concludes that the requested increase to gas commodity charges as set out in the 2008 First Quarter Report should be approved.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-39-08

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**NOW THEREFORE** pursuant to Section 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission approves a \$1.594/GJ increase in the Gas Cost Recovery Charge for the Fort Nelson Service Area to \$8.462/GJ, effective April 1, 2008, as set out in Terasen Gas' 2008 First Quarter Report for the Fort Nelson area.
2. Terasen Gas will notify all customers that are affected by the rate changes with a bill insert or bill message to be included with the next monthly gas billing.
3. The Commission will hold the information in Tab 5 of the 2008 Gas Cost Report confidential.

**DATED** at the City of Vancouver, in the Province of British Columbia, this *13<sup>th</sup>* day of March 2008.

BY ORDER



L.F. Kelsey  
Commissioner