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June 6, 2008

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British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. – Revelstoke Service Area Quarterly Gas Costs
2008 Second Quarter Report**

Terasen Gas Inc. ("Terasen Gas") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2008 Second Quarter Gas Cost Report for the Revelstoke Service Area ("Revelstoke"). The attached schedules provide a summary of the forecast monthly deferral account balances based on the forward prices as at May 28, 2008.

Terasen Gas, consistent with previous gas cost filings has utilized a propane price forecast based on an average of 50% NYMEX West Texas Intermediate ("WTI") Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures to determine the forecast over or under recovery of existing recovery rates to forecast costs. Based on the May 28, 2008 forward prices, average of 50% NYMEX WTI Light Sweet Crude Oil prices and 50% NYMEX Mt. Belvieu Propane futures, and based on the current rates, the projected deferral account balance at June 30, 2008 is \$38,122 deficit (pre-tax) (Tab 1, Page 1, Column 7, Line 5), and the forecast balance at June 30, 2009 is \$991,574 deficit (pre-tax) (Tab 1, Page 1, Column 7, Line 20). The rate change trigger mechanism is calculated to be 77.2% (Tab 1, Page 1, Column 4, Line 24/25), which falls outside the deadband range of 95% and 105%.

Therefore, an increase in the propane reference price and customer rates is indicated. The 12-month amortization of the projected June 30, 2008 deferral account deficit balance increases the forecast average propane cost of \$0.5471/litre (Tab 1, Page 2, Column 9, Line 15) by \$0.0048/litre, for a total revised reference price of \$0.5519/litre (Tab 1, Page 3, Line 10). The reference price increase of \$0.1259/litre corresponds to a rate increase of \$5.130/GJ (Tab 1, Page 3, Line 20). The proposed rate increase of \$5.130/GJ, effective July 1, 2008, equates to a burner tip increase of approximately \$410 or 23.3% for a typical residential customer (Tab 1, Page 5, Line 16) with an average annual consumption of 80 GJ.

Terasen Gas hereby requests Commission approval for an increase in the propane reference price for use in the Revelstoke Propane Cost Deferral Account from \$0.4260/litre to \$0.5519/litre which corresponds to a rate increase of \$5.130/GJ to be effective July 1, 2008.

For comparison purpose, Terasen Gas provides the rate change trigger mechanism calculations based on the NYMEX WTI Light Sweet Crude Oil futures in Tab 2, and based on the NYMEX Mt. Belvieu Propane futures in Tab 3. Based on the May 28, 2008, forward prices for the NYMEX WTI Light Sweet Crude Oil futures and for the NYMEX Mt. Belvieu

Propane futures, the rate change trigger ratio is approximately 72.6% and 82.4%, respectively.

For information purposes, Terasen Gas provides at Tab 4, Page 1, three sets of forward prices as at May 28, 2008. One set is based on the NYMEX WTI Light Sweet Crude Oil futures, a second set based on the NYMEX Mt. Belvieu Propane futures, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures.

Provided in Tab 5 are the details of the forecast gas costs for Revelstoke. Terasen Gas requests the information contained in Tab 5 be treated as CONFIDENTIAL.

CONFIDENTIALITY

Consistent with past practice and previous discussions and positions on the confidentiality of selected filings (and further emphasized in Terasen Gas' January 31, 1994 submission to the Commission) Terasen Gas 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 Section 6.0 of the Rules for Natural Gas Energy Supply Contracts and allow these documents to remain confidential. Terasen Gas believes this will ensure that market sensitive information is protected, and Terasen Gas' ability to obtain favourable commercial terms for future gas contracting is not impaired.

Terasen Gas will continue to monitor the forward prices and will report these results in the 2008 Third Quarter Gas Cost Report.

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.

All of which is respectfully submitted.

Yours very truly,

TERASEN GAS INC.

Original signed:

Tom A. Loski

Attachments

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2009

WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-155-07)

(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2008 Balance						(\$774)
2	April (Projection-Commodity)	1,621,806	\$0.4255	\$0.4260	(\$0.0005)	(\$811)	(\$1,585)
3	April (Recorded-Storage and Hedge) (1)					(\$18,415)	(\$20,000)
4	May (Projection)	441,510	\$0.5079	\$0.4260	\$0.0819	\$36,160	\$16,160
5	June (Projection)	285,223	\$0.5030	\$0.4260	\$0.0770	\$21,962	\$38,122
6	Current Quarter Total	<u>2,348,539</u>				<u>\$38,896</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	242,244	\$0.5201	\$0.4260	\$0.0941	\$22,795	\$60,917
10	August (Forecast)	218,801	\$0.5317	\$0.4260	\$0.1057	\$23,127	\$84,044
11	September (Forecast)	339,923	\$0.5364	\$0.4260	\$0.1104	\$37,528	\$121,572
12	October (Forecast)	589,982	\$0.5500	\$0.4260	\$0.1240	\$73,158	\$194,730
13	November (Forecast)	918,184	\$0.5659	\$0.4260	\$0.1399	\$128,454	\$323,184
14	December (Forecast)	1,176,057	\$0.5681	\$0.4260	\$0.1421	\$167,118	\$490,302
15	January 2009 (Forecast)	1,242,479	\$0.5624	\$0.4260	\$0.1364	\$169,474	\$659,776
16	February (Forecast)	1,008,049	\$0.5555	\$0.4260	\$0.1295	\$130,542	\$790,318
17	March (Forecast)	914,277	\$0.5467	\$0.4260	\$0.1207	\$110,353	\$900,671
18	April (Forecast)	515,746	\$0.5149	\$0.4260	\$0.0889	\$45,850	\$946,521
19	May (Forecast)	433,695	\$0.4853	\$0.4260	\$0.0593	\$25,718	\$972,239
20	June (Forecast)	277,409	\$0.4957	\$0.4260	\$0.0697	\$19,335	\$991,574
21	Total July 2008 to June 2009	<u>7,876,846</u>				<u>\$953,452</u>	
22							
23							
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)		<u>\$3,355,536</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 5 Col. 7)		<u>\$4,347,169</u>	77.2%			

Note (1) Recorded \$3.9K hedging gain and \$14.5K credit in storage withdrawal price variance adjustment for March 2008.

TERASEN GAS INC.
 REVELSTOKE PROPANE
 CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
 FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009

(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 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	July 1, 2008 to June 30, 2009	\$0.5471	\$21.376
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>0.0048</u>	<u>\$0.188</u>
7			
8			
9			
10	New Reference Price	<u>\$0.5519</u>	<u>\$21.564</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-155-07)	<u>\$0.4260</u>	<u>\$16.645</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.1259	\$4.919
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.27%) ⁽¹⁾	<u>0.0054</u>	<u>\$0.211</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.1313</u>	<u>\$5.130</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 4.27% is based on 2005, 2006 and 2007 data.		
27		Litres	%
28	Sales	25,085,127	
29			
30	Less: Company Use	7,582	0.03%
31	Propane Used for Vaporizer	273,006	1.09%
32	Unaccounted For	790,840	3.15%
33	Total	<u>1,071,428</u>	<u>4.27%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2008	\$0.0048	\$0.188
37	Total Propane Cost - July 1, 2008 to June 30, 2009	<u>\$0.1265</u>	<u>\$4.942</u>
38	Total Propane Cost Flowthrough	<u>\$0.1313</u>	<u>\$5.130</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2009

WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2008

(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2008 Balance						(\$774)
2	April (Projection-Commodity)	1,621,806	\$0.4255	\$0.4260	(\$0.0005)	(\$811)	(\$1,585)
3	April (Recorded-Storage and Hedge)					(\$18,415)	(\$20,000)
4	May (Projection)	441,510	\$0.5079	\$0.4260	\$0.0819	\$36,160	\$16,160
5	June (Projection)	285,223	\$0.5030	\$0.4260	\$0.0770	\$21,962	\$38,122
6	Current Quarter Total	<u>2,348,539</u>				<u>\$38,896</u>	
7							
8				Proposed			
9				Reference			
10				Price			
11	Forecast Volumes and Forecast Prices						
12	July (Forecast)	242,244	\$0.5201	\$0.5519	(\$0.0318)	(\$7,703)	\$30,419
13	August (Forecast)	218,801	\$0.5317	\$0.5519	(\$0.0202)	(\$4,420)	\$25,999
14	September (Forecast)	339,923	\$0.5364	\$0.5519	(\$0.0155)	(\$5,269)	\$20,730
15	October (Forecast)	589,982	\$0.5500	\$0.5519	(\$0.0019)	(\$1,121)	\$19,609
16	November (Forecast)	918,184	\$0.5659	\$0.5519	\$0.0140	\$12,855	\$32,464
17	December (Forecast)	1,176,057	\$0.5681	\$0.5519	\$0.0162	\$19,052	\$51,516
18	January 2009 (Forecast)	1,242,479	\$0.5624	\$0.5519	\$0.0105	\$13,046	\$64,562
19	February (Forecast)	1,008,049	\$0.5555	\$0.5519	\$0.0036	\$3,629	\$68,191
20	March (Forecast)	914,277	\$0.5467	\$0.5519	(\$0.0052)	(\$4,754)	\$63,437
21	April (Forecast)	515,746	\$0.5149	\$0.5519	(\$0.0370)	(\$19,083)	\$44,354
22	May (Forecast)	433,695	\$0.4853	\$0.5519	(\$0.0666)	(\$28,884)	\$15,470
23	June (Forecast)	277,409	\$0.4957	\$0.5519	(\$0.0562)	(\$15,590)	(\$120)
24	Total July 2008 to June 2009	<u>7,876,846</u>				<u>(\$38,242)</u>	

TERASEN GAS INC.
 PROPOSED JULY 1, 2008 PROPANE COST INCREASE
 TYPICAL ANNUAL CONSUMPTION

(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 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 (\$)	% 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		\$11.13	\$133.56			\$23.35	\$280.20			\$124.58	\$1,494.96	
6	Delivery Margin Related Charge	80.0	\$2.728	218.24		350.0	\$2.309	808.15		5,700.0	\$2.014	11,479.80	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	80.0	\$17.657	<u>1,412.56</u>		350.0	\$16.566	<u>5,798.10</u>		5,700.0	\$16.566	<u>94,426.20</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST or GST)	<u>80.0</u>		<u>1,764.36</u>		<u>350.0</u>		<u>6,886.45</u>		<u>5,700.0</u>		<u>107,400.96</u>	
12													
13													
14													
15	July 1, 2008 Propane Cost Flowthrough												
16	Propane Price Increase		\$5.130	410.40	23.3%		\$5.130	1,795.50	26.1%		\$5.130	29,241.00	27.2%
17	Typical Annual Bill after Propane Price Change			<u>\$2,174.76</u>				<u>\$8,681.95</u>				<u>\$136,641.96</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2009
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-155-07)
(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2008 Balance						(\$774)
2	April 2008 (Projection-Commodity)	1,621,806	\$0.4255	\$0.4260	(\$0.0005)	(\$811)	(\$1,585)
3	April (Recorded-Storage and Hedge) (1)					(\$18,415)	(\$20,000)
4	May (Projection)	441,510	\$0.5079	\$0.4260	\$0.0819	\$36,160	\$16,160
5	June (Projection)	285,223	\$0.5305	\$0.4260	\$0.1045	\$29,806	\$45,966
6	Current Quarter Total	<u>2,348,539</u>				<u>\$46,740</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	242,244	\$0.5627	\$0.4260	\$0.1367	\$33,115	\$79,081
10	August (Forecast)	218,801	\$0.5870	\$0.4260	\$0.1610	\$35,227	\$114,308
11	September (Forecast)	339,923	\$0.5910	\$0.4260	\$0.1650	\$56,087	\$170,395
12	October (Forecast)	589,982	\$0.6118	\$0.4260	\$0.1858	\$109,619	\$280,014
13	November (Forecast)	918,184	\$0.5969	\$0.4260	\$0.1709	\$156,918	\$436,932
14	December (Forecast)	1,176,057	\$0.6067	\$0.4260	\$0.1807	\$212,513	\$649,445
15	January 2009 (Forecast)	1,242,479	\$0.5896	\$0.4260	\$0.1636	\$203,270	\$852,715
16	February (Forecast)	1,008,049	\$0.5761	\$0.4260	\$0.1501	\$151,308	\$1,004,023
17	March (Forecast)	914,277	\$0.5611	\$0.4260	\$0.1351	\$123,519	\$1,127,542
18	April (Forecast)	515,746	\$0.5642	\$0.4260	\$0.1382	\$71,276	\$1,198,818
19	May (Forecast)	433,695	\$0.5092	\$0.4260	\$0.0832	\$36,083	\$1,234,901
20	June (Forecast)	277,409	\$0.5326	\$0.4260	\$0.1066	\$29,572	\$1,264,473
21	Total July 2008 to June 2009	<u>7,876,846</u>				<u>\$1,218,507</u>	
22							
23							
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)		\$3,355,536				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 5 Col. 7)		<u>\$4,620,047</u>	=	72.6%		

Note (1) Recorded \$3.9K hedging gain and \$14.5K credit in storage withdrawal price variance adjustment for March 2008.

TERASEN GAS INC.
REVELSTOKE PROPANE
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
(MAY 28, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL 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	July 1, 2008 to June 30, 2009	\$0.5807	\$22.689
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>0.0058</u>	<u>\$0.227</u>
7			
8			
9			
10	New Reference Price	<u>\$0.5865</u>	<u>\$22.916</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-155-07)	<u>\$0.4260</u>	<u>\$16.645</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.1605	\$6.271
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.27%) ⁽¹⁾	<u>0.0069</u>	<u>\$0.270</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.1674</u>	<u>\$6.541</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 4.27% is based on 2005, 2006 and 2007 data.		
27		Litres	%
28	Sales	25,085,127	
29			
30	Less: Company Use	7,582	0.03%
31	Propane Used for Vaporizer	273,006	1.09%
32	Unaccounted For	790,840	3.15%
33	Total	<u>1,071,428</u>	<u>4.27%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2008	\$0.0058	\$0.227
37	Total Propane Cost - July 1, 2008 to June 30, 2009	<u>\$0.1616</u>	<u>\$6.314</u>
38	Total Propane Cost Flowthrough	<u>\$0.1674</u>	<u>\$6.541</u>

TERASEN GAS INC.
 REVELSTOKE PROPANE DEFERRAL
 FOR THE PERIOD ENDING JUNE 30, 2009
 WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-155-07)
(MAY 28, 2008 FORWARD PRICES BASED ON MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2008 Balance						(\$774)
2	April 2008 (Projection-Commodity)	1,621,806	\$0.4255	\$0.4260	(\$0.0005)	(\$811)	(\$1,585)
3	April (Recorded-Storage and Hedge) (1)					(\$18,415)	(\$20,000)
4	May (Projection)	441,510	\$0.5079	\$0.4260	\$0.0819	\$36,160	\$16,160
5	June (Projection)	285,223	\$0.4754	\$0.4260	\$0.0494	\$14,090	\$30,250
6	Current Quarter Total	<u>2,348,539</u>				<u>\$31,024</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	242,244	\$0.4775	\$0.4260	\$0.0515	\$12,476	\$42,726
10	August (Forecast)	218,801	\$0.4765	\$0.4260	\$0.0505	\$11,049	\$53,775
11	September (Forecast)	339,923	\$0.4818	\$0.4260	\$0.0558	\$18,968	\$72,743
12	October (Forecast)	589,982	\$0.4883	\$0.4260	\$0.0623	\$36,756	\$109,499
13	November (Forecast)	918,184	\$0.5348	\$0.4260	\$0.1088	\$99,898	\$209,397
14	December (Forecast)	1,176,057	\$0.5294	\$0.4260	\$0.1034	\$121,604	\$331,001
15	January 2009 (Forecast)	1,242,479	\$0.5353	\$0.4260	\$0.1093	\$135,803	\$466,804
16	February (Forecast)	1,008,049	\$0.5349	\$0.4260	\$0.1089	\$109,777	\$576,581
17	March (Forecast)	914,277	\$0.5324	\$0.4260	\$0.1064	\$97,279	\$673,860
18	April (Forecast)	515,746	\$0.4656	\$0.4260	\$0.0396	\$20,424	\$694,284
19	May (Forecast)	433,695	\$0.4614	\$0.4260	\$0.0354	\$15,353	\$709,637
20	June (Forecast)	277,409	\$0.4588	\$0.4260	\$0.0328	\$9,099	\$718,736
21	Total July 2008 to June 2009	<u>7,876,846</u>				<u>\$688,486</u>	
22							
23							
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)		\$3,355,536				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 5 Col. 7)		<u>\$4,074,263</u>	=	82.4%		

Note (1) Recorded \$3.9K hedging gain and \$14.5K credit in storage withdrawal price variance adjustment for March 2008.

TERASEN GAS INC.
REVELSTOKE PROPANE
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
(MAY 28, 2008 FORWARD PRICES BASED ON 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	July 1, 2008 to June 30, 2009	\$0.5134	\$20.059
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>0.0038</u>	<u>\$0.148</u>
7			
8			
9			
10	New Reference Price	<u>\$0.5172</u>	<u>\$20.207</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-155-07)	<u>\$0.4260</u>	<u>\$16.645</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0912	\$3.563
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.27%) ⁽¹⁾	<u>0.0039</u>	<u>\$0.152</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0951</u>	<u>\$3.715</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 4.27% is based on 2005, 2006 and 2007 data.		
27		Litres	%
28	Sales	25,085,127	
29			
30	Less: Company Use	7,582	0.03%
31	Propane Used for Vaporizer	273,006	1.09%
32	Unaccounted For	790,840	3.15%
33	Total	<u>1,071,428</u>	<u>4.27%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2008	\$0.0038	\$0.148
37	Total Propane Cost - July 1, 2008 to June 30, 2009	<u>\$0.0913</u>	<u>\$3.567</u>
38	Total Propane Cost Flowthrough	<u>\$0.0951</u>	<u>\$3.715</u>

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES**

Forward Prices: May 28, 2008

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-08	\$131.0300	\$0.5627
Aug-08	\$130.9900	\$0.5870
Sep-08	\$130.7000	\$0.5910
Oct-08	\$130.4100	\$0.6118
Nov-08	\$130.1700	\$0.5969
Dec-08	\$129.9600	\$0.6067
Jan-09	\$129.7500	\$0.5896
Feb-09	\$129.5400	\$0.5761
Mar-09	\$129.3300	\$0.5611
Apr-09	\$129.1200	\$0.5642
May-09	\$128.9300	\$0.5092
Jun-09	\$128.7400	\$0.5326

PROPANE FUTURES		
Month	Propane Futures Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-08	\$1.7295	\$0.4775
Aug-08	\$1.7355	\$0.4765
Sep-08	\$1.7420	\$0.4818
Oct-08	\$1.7480	\$0.4883
Nov-08	\$1.7540	\$0.5348
Dec-08	\$1.7600	\$0.5294
Jan-09	\$1.7700	\$0.5353
Feb-09	\$1.7590	\$0.5349
Mar-09	\$1.7215	\$0.5324
Apr-09	\$1.6615	\$0.4656
May-09	\$1.6465	\$0.4614
Jun-09	\$1.6465	\$0.4588

50% CRUDE OIL & 50% PROPANE FUTURES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-08	\$0.5201
Aug-08	\$0.5317
Sep-08	\$0.5364
Oct-08	\$0.5500
Nov-08	\$0.5659
Dec-08	\$0.5681
Jan-09	\$0.5624
Feb-09	\$0.5555
Mar-09	\$0.5467
Apr-09	\$0.5149
May-09	\$0.4853
Jun-09	\$0.4957

Notes: US-Cdn exchange rates source - Barclays Bank dated May 28, 2008