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June 6, 2008

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, 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' 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 2 3	March 31, 2008 Balance April (Projection-Commodity) April (Recorded-Storage and Hedge) ⁽¹⁾	1,621,806	\$0.4255	\$0.4260	(\$0.0005)	(\$811) (\$18,415)	(\$774) (\$1,585) (\$20,000)
4	May (Projection) June (Projection)	441,510 285,223	\$0.5079 \$0.5030	\$0.4260 \$0.4260	\$0.0819 \$0.0770	\$36,160 \$21,962	\$16,160 \$38,122
5 6	Current Quarter Total	2,348,539	φ0.5050	φ0.4200	\$0.0770	\$38,896	Φ30,122
7 8	Forecast Volumes and Forecast Prices				-		
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	7,876,846			_	\$953,452	
22							
23							
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)		\$3,355,536	77.2%			
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Pa	ge 1 Line 5 Col. 7)	\$4,347,169				

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

Tab 1 Page 1

TERASEN GAS INC. REVELSTOKE FORECAST AVERAGE COST OF PROPANE FOR THE PERIOD ENDING JUNE 30, 2009

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

		2008/09	Fixed Price	Variable		Fixed	V	/ariable	Fixed	Variable	
Line		Volume	Volume	Volume		Price		Price	Charges	Charges	Total
No.	Particulars	(Litres)	(Litres)	(Litres)	((\$/litre)	((\$/litre)	(\$)	(\$)	(\$)
	(1)	(2)	(3)	(4)		(5)		(6)	(7)	(8)	(9)
1	July	242,244	-	242,244	\$	-	\$	0.5201	\$ -	\$ 125,991	\$ 125,991
2	August	218,801	-	218,801	\$	-	\$	0.5317	\$ -	\$ 116,343	\$ 116,343
3	September	339,923	-	339,923	\$	-	\$	0.5364	\$ -	\$ 182,346	\$ 182,346
4	October	589,982	-	589,982	\$	-	\$	0.5500	\$ -	\$ 324,505	\$ 324,505
5	November	918,184	450,000	468,184	\$	0.5797	\$	0.5526	\$ 260,847	\$ 258,731	\$ 519,578
6	December	1,176,057	450,000	726,057	\$	0.5797	\$	0.5609	\$ 260,847	\$ 407,239	\$ 668,086
7	January 2009	1,242,479	450,000	792,479	\$	0.5797	\$	0.5527	\$ 260,847	\$ 437,982	\$ 698,830
8	February	1,008,049	450,000	558,049	\$	0.5797	\$	0.5360	\$ 260,847	\$ 299,096	\$ 559,944
9	March	914,277	450,000	464,277	\$	0.5797	\$	0.5148	\$ 260,847	\$ 239,017	\$ 499,864
10	April	515,746	-	515,746	\$	-	\$	0.5149	\$ -	\$ 265,557	\$ 265,557
11	May	433,695	_	433,695	\$	-	\$	0.4853	\$ -	\$ 210,487	\$ 210,487
12	June	277,409	_	277,409	\$	-	\$	0.4957	\$ -	\$ 137,517	\$ 137,517
13	Total - Jun 2008 to Jul 2009	7,876,846	2,250,000	5,626,846					\$ 1,304,237	\$ 3,004,810	\$ 4,309,047

15 Forecast Average Cost of Propane (\$/Litre)

\$ 0.5471

TERASEN GAS INC. REVELSTOKE PROPANE

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Tab 1 Page 3

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	5, 2000 FORWARD FRICES BASED ON NTMEX 30 % WITEIGHT SWE				
No.	Particulars			\$/Litre	\$/GJ
1	Calculation of New Propane Reference Price				
2	Calculation of New Fropane Reference Frice				
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			0.0048	\$ <u>0.188</u>
7					
8					
9 10	New Reference Price			\$0.5519	\$21.564
11				+ <u></u>	*
12	Existing Propane Reference Price (BCUC Order No. G-155-07)			\$0.4260	\$16.645
13	(Conversion factor 1 Litre = 0.025594 GJ)				
14					
15					
16	Increase in Propane Reference Price to be flowed through in custome	ers' rates		\$0.1259	\$4.919
17	Add. Unaccounted For/Company/ Use//(apprizer Lise Adjustment (4)	770/ \ (1)		0.0054	#0.011
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.	27%)		0.0054	\$ <u>0.211</u>
19 20	Total Propane Cost Flowthrough ⁽²⁾			\$0.1313	\$5.130
20	(Conversion factor 1 Litre = 0.025594 GJ)			φ <u>0.1313</u>	\$ <u>0.100</u>
22					
23					
24					
25					
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustn	nent of 4.27% is based on	2005, 2006 a	nd 2007 data.	
27		Litres	%		
28	Sales	25,085,127			
29		7 500	0.029/		
30 31	Less: Company Use Propane Used for Vaporizer	7,582 273,006	0.03% 1.09%		
32	Unaccounted For	790,840	3.15%		
33	Total	1,071,428	4.27%		
34			/0		
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		_	\$0.1265	\$4.942
38	Total Propane Cost Flowthrough			\$0.1313	\$5.130

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		Volumes	Average Price	Approved Reference	Amount Deferred	Amount	Pre-Tax Deferral
No.	Particulars	In Litre	Per Litre	Price	Per Litre	Deferred	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	2,348,539			-	\$38,896	
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	. 7,876,846			-	(\$38,242)	

Tab 1 Page 4

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)

			Rate 1 - F	Residential		R	ate 2 - Sma	all Commerci	al	I	Rate 3 - Lar	ge Commercia	1
			Unit				Unit				Unit		
1.1.4.4		•	Revenue	Dever	0/	Use per		Davida	0/	Use per	Revenue	Dever	0/
Line	Particulars	Customer	(\$/GJ) or	Revenue	%	Customer	· · · ·	Revenue	%	Customer	· · ·	Revenue	%
No.	Fanculais	(GJ)	(\$/mo.)	(\$)	Increase	(GJ)	(\$/mo.)	(\$)	Increase	(GJ)	(\$/mo.)	(\$)	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	1,412.56		350.0	\$16.566	5,798.10		5,700.0	\$16.566	94,426.20	
10													
11	Typical Annual Bill at current rates (excluding	00.0		4 704 00		050.0		0.000.45		F 700 0		407 400 00	
12	any applicable PST or GST)	80.0		1,764.36		350.0		6,886.45		5,700.0		107,400.96	
13													
14	July 4, 2000 Drepana Coast Flauthrough												
15 16	July 1, 2008 Propane Cost Flowthrough		¢E 400	440.40	22.20/		ΦE 400	1 705 50	00 40/		¢c 400	20 244 00	27.20/
10	Propane Price Increase		\$5.130	410.40 \$2,174.76	23.3%		\$5.130	1,795.50	26.1%		\$5.130	29,241.00 \$126.641.06	27.2%
17	Typical Annual Bill after Propane Price Change	I	:	\$2,174.76				\$8,681.95			:	\$136,641.96	

Tab 1 Page 5

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 2 3 4 5	March 31, 2008 Balance April 2008 (Projection-Commodity) April (Recorded-Storage and Hedge) May (Projection) June (Projection)	1,621,806 441,510 285,223	\$0.4255 \$0.5079 \$0.5305	\$0.4260 \$0.4260 \$0.4260	(\$0.0005) \$0.0819 \$0.1045	(\$811) (\$18,415) \$36,160 \$29,806	(\$774) (\$1,585) (\$20,000) \$16,160 \$45,966
6	Current Quarter Total	2,348,539			-	\$46,740	
7 8	Forecast Volumes and Forecast Prices						
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	7,876,846			=	\$1,218,507	
22							
23			•				
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)		\$3,355,536	72.6%			
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Pag	e 1 Line 5 Col. 7)	\$4,620,047				

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

TERASEN GAS INC. REVELSTOKE FORECAST AVERAGE COST OF PROPANE FOR THE PERIOD ENDING JUNE 30, 2009 (MAY 28, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

		2008/09	Fixed Price	Variable		Fixed	١	Variable	Fixed	Variable	
Line		Volume	Volume	Volume		Price		Price	Charges	Charges	Total
No.	Particulars	(Litres)	(Litres)	(Litres)	((\$/litre)		(\$/litre)	(\$)	(\$)	(\$)
	(1)	(2)	(3)	(4)		(5)		(6)	(7)	(8)	(9)
1	July	242,244	-	242,244	\$	-	\$	0.5627	\$ -	\$ 136,305	\$ 136,305
2	August	218,801	-	218,801	\$	-	\$	0.5870	\$ -	\$ 128,433	\$ 128,433
3	September	339,923	-	339,923	\$	-	\$	0.5910	\$ -	\$ 200,905	\$ 200,905
4	October	589,982	-	589,982	\$	-	\$	0.6118	\$ -	\$ 360,922	\$ 360,922
5	November	918,184	450,000	468,184	\$	0.5797	\$	0.6135	\$ 260,847	\$ 287,252	\$ 548,099
6	December	1,176,057	450,000	726,057	\$	0.5797	\$	0.6235	\$ 260,847	\$ 452,714	\$ 713,562
7	January 2009	1,242,479	450,000	792,479	\$	0.5797	\$	0.5953	\$ 260,847	\$ 471,762	\$ 732,610
8	February	1,008,049	450,000	558,049	\$	0.5797	\$	0.5732	\$ 260,847	\$ 319,849	\$ 580,696
9	March	914,277	450,000	464,277	\$	0.5797	\$	0.5430	\$ 260,847	\$ 252,118	\$ 512,965
10	April	515,746	-	515,746	\$	-	\$	0.5642	\$ -	\$ 290,970	\$ 290,970
11	Мау	433,695	-	433,695	\$	-	\$	0.5092	\$ -	\$ 220,854	\$ 220,854
12	June	277,409	-	277,409	\$	-	\$	0.5326	\$ -	\$ 147,758	\$ 147,758
13	Total - Jul 2008 to Jun 2009	7,876,846	2,250,000	5,626,846					\$ 1,304,237	\$ 3,269,844	\$ 4,574,081
13 14	Total - Jul 2008 to Jun 2009	7,876,846	2,250,000	5,626,846					\$ 1,304,237	\$ 3,269,844	\$ 4,5

15 Forecast Average Cost of Propane (\$/Litre)

0.5807

\$

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)

Line

Tab 2

Page 3

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)			* 0 5007	\$00,000
4	July 1, 2008 to June 30, 2009			\$0.5807	\$22.689
5 6	ii. Twelve months amortization of projected Deferral Account balance	`		0.0058	\$0.227
7		2		0.0000	$\psi 0.221$
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 custome	ers' rates		\$0.1605	\$6.271
17	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.	770/) (1)		0.0000	¢0.070
18	Aud. Onaccounted For/Company Ose/Vaponzer Ose Aujustment (4.	2170)		0.0069	\$ <u>0.270</u>
19 20	Total Propane Cost Flowthrough ⁽²⁾			\$0.1674	\$6.541
20 21	(Conversion factor 1 Litre = 0.025594 GJ)			φ <u>0.1074</u>	φ <u>0.54</u> 1
22	(Conversion factor + Effe = 0.023394 G3)				
23					
24					
25					
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustr	nent of 4.27% is based or	n 2005, 2006 a	nd 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	1,071,428	4.27%		
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		_	\$0.1616	\$6.314
38	Total Propane Cost Flowthrough		_	\$0.1674	\$6.541

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 2 3 4 5	May (Projection) June (Projection)	(1)	1,621,806 441,510 285,223	\$0.4255 \$0.5079 \$0.4754	\$0.4260 \$0.4260 \$0.4260	(\$0.0005) \$0.0819 \$0.0494	(\$811) (\$18,415) \$36,160 \$14,090	(\$774) (\$1,585) (\$20,000) \$16,160 \$30,250
6	Current Quarter Total	=	2,348,539			_	\$31,024	
7 8	Forecast Volumes and Forecast Prices							
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	=	7,876,846			_	\$688,486	
22								
23								
24	Recovered Costs (Line 21 Col.2 x Line 21 Col.4)			\$3,355,536	82.4%			
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 +	Page 1	Line 5 Col. 7)	\$4,074,263	02.470			

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

Tab 3 Page 1

TERASEN GAS INC. REVELSTOKE FORECAST AVERAGE COST OF PROPANE FOR THE PERIOD ENDING JUNE 30, 2009 (MAY 28, 2008 FORWARD PRICES BASED ON MT. BELVIEU PROPANE FUTURES)

		2008/09	Fixed Price	Variable		Fixed	,	Variable	Fixed	Variable	
Line		Volume	Volume	Volume		Price		Price	Charges	Charges	Total
No.	Particulars	(Litres)	(Litres)	(Litres)	(\$/litre)		(\$/litre)	(\$)	(\$)	(\$)
	(1)	(2)	(3)	(4)		(5)		(6)	(7)	(8)	(9)
1	July	242,244	-	242,244	\$	-	\$	0.4775	\$ -	\$ 115,676	\$ 115,676
2	August	218,801	-	218,801	\$	-	\$	0.4765	\$ -	\$ 104,253	\$ 104,253
3	September	339,923	-	339,923	\$	-	\$	0.4818	\$ -	\$ 163,787	\$ 163,787
4	October	589,982	-	589,982	\$	-	\$	0.4883	\$ -	\$ 288,088	\$ 288,088
5	November	918,184	450,000	468,184	\$	0.5797	\$	0.4917	\$ 260,847	\$ 230,209	\$ 491,056
6	December	1,176,057	450,000	726,057	\$	0.5797	\$	0.4983	\$ 260,847	\$ 361,763	\$ 622,610
7	January 2009	1,242,479	450,000	792,479	\$	0.5797	\$	0.5100	\$ 260,847	\$ 404,202	\$ 665,050
8	February	1,008,049	450,000	558,049	\$	0.5797	\$	0.4988	\$ 260,847	\$ 278,344	\$ 539,191
9	March	914,277	450,000	464,277	\$	0.5797	\$	0.4866	\$ 260,847	\$ 225,916	\$ 486,763
10	April	515,746	-	515,746	\$	-	\$	0.4656	\$ -	\$ 240,143	\$ 240,143
11	May	433,695	-	433,695	\$	-	\$	0.4614	\$ -	\$ 200,119	\$ 200,119
12	June	277,409	-	277,409	\$	-	\$	0.4588	\$ -	\$ 127,277	\$ 127,277
13	Total - Jul 2008 to Jun 2009	7,876,846	2,250,000	5,626,846					\$ 1,304,237	\$ 2,739,776	\$ 4,044,012

15 Forecast Average Cost of Propane (\$/Litre)

\$ 0.5134

Tab 3 Page 2

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	2		0.0038	\$0.148
7		2		0.0050	$\psi 0.140$
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 custom	oro' rotoo		\$0.0912	\$3.563
10	increase in Fropane Relefence Frice to be nowed through in custom			\$0.0912	φ <u>3</u> .505
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.	27%) ⁽¹⁾		0.0039	\$0.152
19		,		0.0000	\$ <u>0.102</u>
20	Total Propane Cost Flowthrough ⁽²⁾			\$0.0951	\$3.715
21	(Conversion factor 1 Litre = 0.025594 GJ)			·	·
22					
23					
24					
25					
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustr			and 2007 data.	
27 28	Sales	Litres	%		
20 29	Sales	25,065,127			
29 30	Less: Company Use	7,582	0.03%		
30	Propane Used for Vaporizer	273,006	1.09%		
32	Unaccounted For	790,840	3.15%		
33	Total	1,071,428	4.27%		
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		_	\$0.0913	\$3.567
38	Total Propane Cost Flowthrough		=	\$0.0951	\$3.715

Tab 3 Page 3

TERASEN GAS INC. - REVELSTOKE SERVICE AREA PROPANE FLOATING PRICES Forward Prices: <u>May 28, 2008</u>

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

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

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

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