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VIA E-MAIL

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June 13, 2008

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, B.C. V4N 0E8

Dear Mr. Loski:

Re: An Application by Terasen Gas Inc.
Regarding 2008 Second Quarter Gas Costs Report
and Rate Changes effective July 1, 2008
for the Lower Mainland, Inland, Columbia Service Areas

Further to your June 6, 2008 filing of the 2008 Second Quarter Gas Cost Report for the Lower Mainland, Inland, and Columbia Service areas, please find enclosed Commission Order No. G-94-08.

Yours truly,

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

Erica M. Hamilton

emh
Enclosure



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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-94-08**

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

and

Filings by Terasen Gas Inc. regarding
2008 Second Quarter Gas Costs Report
and Rate Changes effective July 1, 2008
for the Lower Mainland, Inland, Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner June 12, 2008
A.A. Rhodes, Commissioner

O R D E R

WHEREAS:

- A. By Order No. G-38-08 dated March 13, 2008, the Commission approved an increase in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia service areas; and
- B. On June 6, 2008, pursuant to Commission Letter No. L-5-01, Terasen Gas Inc. ("Terasen Gas" or "TGI") filed a 2008 Second Quarter Report on Commodity Cost Reconciliation Account ("CCRA") and Midstream Cost Reconciliation Account ("MCRA") balances and gas commodity charges for the Lower Mainland, Inland and Columbia service areas effective July 1, 2008 that were based on May 28, 2008 forward gas prices (the "2008 Second Quarter Report"); and
- C. The 2008 Second Quarter Report forecasts that Commodity Cost recoveries at current rates would be 84.7 percent of costs for the following 12 months; and requested an increase in Commodity Cost Recovery Charges for natural gas customers in Lower Mainland, Inland, and Columbia service areas effective July 1, 2008; and
- D. The 2008 Second Quarter Report has requested approval to increase the Commodity Cost Recovery Charge from \$8.287/GJ to \$9.780/GJ, which is an increase of \$1.493/GJ. This equates to an increase to a typical residential customer's annual bill by approximately \$164 or 11 percent; and
- E. The 2008 Second Quarter Report also states that MCRA revenue and cost balancing arising from forward prices at May 28, 2008 is 99.6 percent. Under normal circumstances, midstream rates are adjusted on an annual basis with a January 1 effective date; and

**BRITISH COLUMBIA
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- F. The Carbon Tax is effective July 1, 2008 and adds \$0.49660/GJ; and
- G. The Commission concludes that the requested changes as outlined in the 2008 Second Quarter Report should be approved.

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

- 1. The Commission approves the proposed flow-through increases to Commodity Cost Recovery Charges for the Lower Mainland, Inland, and Columbia service areas, effective July 1, 2008, to a rate of \$9.780/GJ as set out in the 2008 Second Quarter Report.
- 2. The Midstream Cost Recovery Charges remain unchanged.
- 3. 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.

DATED at the City of Vancouver, In the Province of British Columbia, this ^{13th} day of June 2008.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner