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September 30, 2008

British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, BC
V6B 5R3

Attention: Ms. Joanna Sofield, Chief Regulatory Officer

Dear Ms. Sofield:

Re: Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. (collectively the "Companies") 2008 Resource Plan

Response to the British Columbia Hydro and Power Authority ("BC Hydro") Information Request ("IR") No. 1

On June 22, 2008, the Companies filed their consolidated 2008 Resource Plan. In accordance with Commission Order No. G-120-08 setting out the Regulatory Timetable, the Companies respectfully submit the attached response to BC Hydro IR No. 1.

If there are any questions regarding the attached, please contact the undersigned or Ken Ross at (604) 576-7343 or ken.ross@terasengas.com.

Yours very truly,

**TERASEN GAS INC.,
TERASEN GAS (VANCOUVER ISLAND) INC. and
TERASEN GAS (WHISTLER) INC.**

Original signed:

Tom A. Loski

Attachment

cc: Erica M. Hamilton, Commission Secretary, BCUC
Registered Parties (e-mail only)



Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGVI") and Terasen Gas (Whistler) Inc. ("TGW") (collectively the "Terasen Utilities") 2008 Resource Plan	Submission Date: September 30, 2008
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1. Reference: Exhibit B-1, p.21, Section 2.2.3.1 Natural Gas and Propane Commodity Prices

1.1. With respect to the market gas price forecasts used by Terasen Utilities in developing their 2008 Resource Plan, please provide a 10-year history and a 20-year forecast of projected market gas prices for each of Station 2, Sumas and AECO at monthly resolution with annual summaries.

Response:

The following table provides a 10-year history of monthly gas index prices for Station 2, Sumas and AECO. The Station 2 and AECO prices were gathered from the Canadian Gas Price Reporter publication (produced by Canadian Enerdata Ltd.) while the Sumas prices are from the Inside FERC publication (produced by Platts, a division of the McGraw-Hill Companies). An annual summary table follows.

Historical Gas Prices by Month:

Monthly Prices

Month	Sumas \$US/MMBtu	STN#2 \$CDN/GJ	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Exchange Rate (1st)**
Jan-99	\$2.88	\$2.8659	\$1.9811	\$1.7005	1.5263
Feb-99	\$1.77	\$2.3305	\$1.6301	\$1.6164	1.5084
Mar-99	\$1.50	\$2.0020	\$1.3870	\$1.5553	1.5229
Apr-99	\$1.51	\$2.0356	\$1.4310	\$1.5872	1.5008
May-99	\$1.95	\$2.6260	\$1.9101	\$1.8864	1.4505
Jun-99	\$1.91	\$2.5690	\$1.8271	\$1.9343	1.4835
Jul-99	\$1.94	\$2.6234	\$1.8900	\$2.0206	1.4645
Aug-99	\$2.21	\$3.0291	\$2.1391	\$1.9939	1.4940
Sep-99	\$2.50	\$3.3505	\$2.3793	\$2.3644	1.4857
Oct-99	\$2.39	\$3.1809	\$2.2794	\$2.3070	1.4723
Nov-99	\$2.92	\$3.8675	\$2.7790	\$2.6983	1.4683
Dec-99	\$2.28	\$2.8045	\$2.0071	\$2.2545	1.4742
Jan-00	\$2.30	\$2.9709	\$2.1587	\$2.1618	1.4520
Feb-00	\$2.36	\$3.0638	\$2.2325	\$2.1038	1.4479
Mar-00	\$2.31	\$3.0854	\$2.2492	\$2.2790	1.4473
Apr-00	\$2.73	\$3.5679	\$2.5877	\$2.6028	1.4547
May-00	\$2.74	\$3.7164	\$2.6524	\$2.7425	1.4783
Jun-00	\$3.64	\$5.1400	\$3.6369	\$3.2608	1.4911
Jul-00	\$4.07	\$5.5000	\$3.9105	\$3.7269	1.4839
Aug-00	\$3.04	\$4.0306	\$2.8563	\$3.2959	1.4888
Sep-00	\$3.45	\$4.6900	\$3.3581	\$3.6334	1.4735
Oct-00	\$4.88	\$6.6594	\$4.6527	\$4.5870	1.5101
Nov-00	\$4.83	\$6.3400	\$4.3820	\$4.6639	1.5265
Dec-00	\$13.69	\$8.7652	\$6.0101	\$5.3519	1.5387
Jan-01	\$14.20	\$14.2663	\$10.0593	\$9.1038	1.4963
Feb-01	\$6.95	\$9.6200	\$6.7895	\$7.3873	1.4949
Mar-01	\$5.21	\$7.3028	\$4.9844	\$5.2078	1.5458



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Monthly Prices

Month	Sumas \$US/MMBtu	STN#2 \$CDN/GJ	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Exchange Rate (1st)**
Apr-01	\$5.37	\$7.7062	\$5.1625	\$5.0926	1.5749
May-01	\$5.17	\$7.2852	\$5.0113	\$4.8468	1.5338
Jun-01	\$3.96	\$5.5272	\$3.8065	\$3.7703	1.5320
Jul-01	\$2.67	\$3.6597	\$2.5530	\$2.9689	1.5124
Aug-01	\$2.42	\$3.4593	\$2.3765	\$2.4519	1.5358
Sep-01	\$2.18	\$3.2350	\$2.1980	\$2.2691	1.5528
Oct-01	\$1.38	\$2.1674	\$1.4483	\$1.6681	1.5789
Nov-01	\$2.78	\$3.9180	\$2.5982	\$2.2210	1.5910
Dec-01	\$2.68	\$3.7474	\$2.5087	\$2.3738	1.5760
Jan-02	\$2.56	\$3.7021	\$2.4444	\$2.3380	1.5979
Feb-02	\$1.85	\$2.8212	\$1.8712	\$1.8868	1.5907
Mar-02	\$2.12	\$3.1253	\$2.0671	\$2.0639	1.5952
Apr-02	\$3.16	\$4.6586	\$3.0731	\$2.7947	1.5994
May-02	\$2.81	\$4.2396	\$2.8712	\$2.9504	1.5579
Jun-02	\$2.42	\$3.4931	\$2.4119	\$2.7546	1.5280
Jul-02	\$1.90	\$3.0295	\$2.0946	\$2.2287	1.5260
Aug-02	\$1.87	\$2.7850	\$1.8517	\$1.7434	1.5868
Sep-02	\$2.54	\$3.7395	\$2.5384	\$2.3127	1.5543
Oct-02	\$3.06	\$4.5154	\$3.0038	\$2.9098	1.5860
Nov-02	\$3.92	\$5.8570	\$3.9673	\$3.6348	1.5576
Dec-02	\$3.96	\$5.5633	\$3.7640	\$3.5267	1.5594
Jan-03	\$4.44	\$6.1202	\$4.1003	\$4.1010	1.5747
Feb-03	\$4.76	\$6.6192	\$4.5945	\$4.7242	1.5201
Mar-03	\$7.32	\$10.1107	\$7.1855	\$6.8270	1.4846
Apr-03	\$4.29	\$6.0056	\$4.3029	\$4.8319	1.4726
May-03	\$4.58	\$6.2318	\$4.6340	\$4.8335	1.4188
Jun-03	\$4.87	\$6.4036	\$4.9333	\$5.1238	1.3695
Jul-03	\$4.65	\$5.7989	\$4.5782	\$5.1412	1.3363
Aug-03	\$3.93	\$5.1862	\$3.9183	\$4.1725	1.3964
Sep-03	\$4.36	\$5.5542	\$4.2227	\$4.4579	1.3877
Oct-03	\$4.14	\$5.0750	\$3.9719	\$4.2436	1.3480
Nov-03	\$4.08	\$4.9125	\$3.8903	\$4.1132	1.3323
Dec-03	\$4.50	\$5.3300	\$4.3182	\$4.2783	1.3023
Jan-04	\$5.20	\$6.3625	\$5.2038	\$5.2993	1.2900
Feb-04	\$5.20	\$6.3500	\$5.0059	\$5.0961	1.3384
Mar-04	\$4.42	\$5.6450	\$4.4478	\$4.6062	1.3391
Apr-04	\$4.51	\$5.6790	\$4.5734	\$4.7745	1.3101
May-04	\$5.02	\$6.2650	\$4.8114	\$4.8907	1.3738
Jun-04	\$5.58	\$6.9504	\$5.3583	\$5.4352	1.3686
Jul-04	\$5.20	\$6.4403	\$5.1274	\$5.2651	1.3252
Aug-04	\$5.34	\$6.6200	\$5.2949	\$5.2212	1.3191
Sep-04	\$4.56	\$5.4363	\$4.3889	\$4.6861	1.3068
Oct-04	\$4.65	\$5.5255	\$4.6160	\$4.5016	1.2630
Nov-04	\$7.27	\$7.5098	\$6.4788	\$6.5455	1.2230
Dec-04	\$6.23	\$6.6380	\$5.9060	\$6.3809	1.1858



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Monthly Prices

Month	Sumas \$US/MMBtu	STN#2 \$CDN/GJ	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Exchange Rate (1st)**
Jan-05	\$5.94	\$6.0393	\$5.2007	\$5.6727	1.2252
Feb-05	\$5.60	\$6.3473	\$5.4016	\$5.2460	1.2397
Mar-05	\$5.50	\$6.2969	\$5.3454	\$5.3202	1.2429
Apr-05	\$6.41	\$7.0350	\$6.1101	\$6.1581	1.2147
May-05	\$6.35	\$7.2145	\$6.0627	\$6.1158	1.2555
Jun-05	\$5.52	\$6.4261	\$5.4368	\$5.5913	1.2471
Jul-05	\$6.05	\$6.8550	\$5.8177	\$5.9547	1.2432
Aug-05	\$5.99	\$6.9109	\$6.0132	\$6.2447	1.2125
Sep-05	\$7.92	\$8.5825	\$7.6424	\$8.0577	1.1849
Oct-05	\$9.77	\$10.3585	\$9.3736	\$9.8974	1.1659
Nov-05	\$11.11	\$11.7186	\$10.5067	\$10.8281	1.1767
Dec-05	\$9.60	\$9.8432	\$8.8866	\$9.2229	1.1687
Jan-06	\$9.66	\$9.5344	\$8.6933	\$10.4684	1.1571
Feb-06	\$7.12	\$7.0567	\$6.5295	\$7.4231	1.1402
Mar-06	\$6.39	\$6.2053	\$5.7587	\$6.3710	1.1369
Apr-06	\$5.81	\$5.9440	\$5.3513	\$5.6798	1.1719
May-06	\$5.89	\$5.8740	\$5.5665	\$5.9001	1.1133
Jun-06	\$4.91	\$4.7821	\$4.5832	\$5.0803	1.1008
Jul-06	\$5.09	\$4.9800	\$4.7261	\$5.2123	1.1117
Aug-06	\$5.91	\$5.6947	\$5.3101	\$5.4442	1.1314
Sep-06	\$5.55	\$5.4292	\$5.1811	\$5.5583	1.1056
Oct-06	\$3.91	\$3.6896	\$3.4898	\$3.9873	1.1155
Nov-06	\$7.30	\$6.9303	\$6.4622	\$5.9344	1.1315
Dec-06	\$7.86	\$7.7458	\$7.1401	\$6.9309	1.1445
Jan-07	\$6.41	\$6.1667	\$5.5849	\$6.2637	1.1649
Feb-07	\$6.98	\$7.0765	\$6.3514	\$6.1593	1.1755
Mar-07	\$7.15	\$7.1009	\$6.3965	\$6.6877	1.1713
Apr-07	\$6.60	\$6.7909	\$6.1975	\$6.4073	1.1561
May-07	\$6.74	\$6.6946	\$6.3695	\$6.7434	1.1089
Jun-07	\$6.86	\$6.5626	\$6.5292	\$6.8208	1.0604
Jul-07	\$6.03	\$5.6221	\$5.5982	\$6.1128	1.0596
Aug-07	\$5.22	\$4.7274	\$4.7193	\$5.0432	1.0569
Sep-07	\$4.81	\$4.3592	\$4.3817	\$4.7808	1.0496
Oct-07	\$5.85	\$5.0715	\$5.3876	\$5.2930	1.0069
Nov-07	\$7.45	\$5.9926	\$6.6557	\$6.4671	0.9499
Dec-07	\$8.12	\$6.7721	\$7.1414	\$6.5979	1.0005
Jan-08	\$7.48	\$6.4582	\$6.8642	\$6.4846	0.9927
Feb-08	\$8.57	\$7.2559	\$7.6990	\$7.2958	0.9943
Mar-08	\$8.46	\$7.4676	\$7.9827	\$7.8027	0.9870
Apr-08	\$8.81	\$8.1883	\$8.4119	\$8.3114	1.0270
May-08	\$10.17	\$9.4098	\$9.7442	\$9.2351	1.0189
Jun-08	\$10.77	\$9.6735	\$10.1928	\$10.0923	1.0013
Jul-08	\$11.69	\$10.5915	\$11.0327	\$11.2495	1.0129
Aug-08	\$7.94	\$7.2472	\$7.4573	\$8.6872	1.0253



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Monthly Prices

Month	Sumas \$US/MMBtu	STN#2 \$CDN/GJ	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Exchange Rate (1st)**
Sep-08	\$6.94	\$6.4778	\$6.3868	\$6.9485	1.0701

Sumas from Inside FERC (Platts)
 St#2 and AECO from Canadian Gas Price Reporter (CGPR)
 Exchange rate is first day of the month exchange rate per CGPR.

Historical Gas Prices by Year

Annual Summary

Year	Sumas \$US/MMBtu	STN#2 \$CDN/GJ	STN#2 \$US/MMBtu	AECO \$CDN/GJ	AECO \$US/MMBtu
1999	\$2.15	\$2.77	\$1.97	\$2.81	\$1.99
2000	\$4.17	\$4.79	\$3.39	\$4.76	\$3.37
2001	\$4.58	\$5.99	\$4.12	\$5.97	\$4.11
2002	\$2.68	\$3.96	\$2.66	\$3.86	\$2.60
2003	\$4.66	\$6.11	\$4.55	\$6.35	\$4.74
2004	\$5.27	\$6.29	\$5.10	\$6.44	\$5.23
2005	\$7.15	\$7.80	\$6.82	\$8.04	\$7.03
2006	\$6.28	\$6.16	\$5.73	\$6.62	\$6.17
2007	\$6.52	\$6.08	\$5.94	\$6.26	\$6.11
2008*	\$8.98	\$8.09	\$8.42	\$8.13	\$8.46

* Jan08 to Sep08

The GLJ April 2008 market gas price 20-year forecast for each of Station 2, Sumas and AECO is presented below. As GLJ does not provide monthly resolution with its forecast, only annual data is presented.

GLJ 20-Year Price Forecast:



Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGV") and Terasen Gas (Whistler) Inc. ("TGW") (collectively the "Terasen Utilities") 2008 Resource Plan	Submission Date: September 30, 2008
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Year	Henry Hub \$US/mmbtu	AECO \$Cdn/mmbtu	Station 2 \$US/mmbtu	Sumas \$US/mmbtu
2008	\$ 9.08	\$ 8.11	\$ 7.99	\$ 8.69
2009	\$ 9.00	\$ 8.20	\$ 8.00	\$ 8.45
2010	\$ 8.75	\$ 8.10	\$ 7.90	\$ 8.20
2011	\$ 8.60	\$ 7.95	\$ 7.75	\$ 8.05
2012	\$ 8.66	\$ 8.01	\$ 7.81	\$ 8.11
2013	\$ 8.83	\$ 8.18	\$ 7.98	\$ 8.28
2014	\$ 9.01	\$ 8.36	\$ 8.16	\$ 8.46
2015	\$ 9.19	\$ 8.54	\$ 8.34	\$ 8.64
2016	\$ 9.37	\$ 8.72	\$ 8.52	\$ 8.82
2017	\$ 9.56	\$ 8.91	\$ 8.71	\$ 9.01
2018	\$ 9.75	\$ 9.09	\$ 8.88	\$ 9.19
2019	\$ 9.95	\$ 9.27	\$ 9.06	\$ 9.37
2020	\$ 10.15	\$ 9.46	\$ 9.24	\$ 9.56
2021	\$ 10.35	\$ 9.64	\$ 9.43	\$ 9.75
2022	\$ 10.56	\$ 9.84	\$ 9.62	\$ 9.95
2023	\$ 10.77	\$ 10.03	\$ 9.81	\$ 10.15
2024	\$ 10.98	\$ 10.23	\$ 10.01	\$ 10.35
2025	\$ 11.20	\$ 10.44	\$ 10.21	\$ 10.56
2026	\$ 11.43	\$ 10.65	\$ 10.41	\$ 10.77
2027	\$ 11.65	\$ 10.86	\$ 10.62	\$ 10.98

The complete April 2008 GLJ forecast follows.



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Table 2
 GLJ Petroleum Consultants
Natural Gas and Sulphur
Price Forecast
 Effective April 1, 2008

Year	NYMEX Futures Contract		Midwest	AECO/NIT	Alberta Plant Gate					Saskatchewan Plant Gate		British Columbia			Alberta	
	Last 3 Day Price		Price @	Spot	Spot		ARP	Aggregator	Alliance	SaskEnergy	Spot	Sumas	Westcoast	Plant Gate	Sulphur	Sulphur
	Constant	Then	Chicago	Then	Constant	Then						Spot	Station 2	FOB	at Plant	
	2008 \$	Current	Current	Current	2008 \$	Current	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$US/mmbtu	\$/mmbtu	\$/mmbtu	\$US/LT	\$Cdn/LT
1996	3.24	2.55	2.73	1.39	1.60	1.26	1.63	N/A	N/A	1.52	1.28	1.32	1.49	1.47	36.28	6.48
1997	3.30	2.63	2.75	1.85	2.13	1.70	1.97	N/A	N/A	1.85	1.75	1.71	1.90	1.98	34.75	5.12
1998	2.64	2.14	2.21	2.03	2.31	1.87	1.94	N/A	N/A	2.05	2.13	1.60	2.15	2.00	24.59	-6.51
1999	2.78	2.27	2.33	2.92	3.37	2.75	2.48	N/A	N/A	2.82	2.97	2.15	2.93	2.78	33.74	6.93
2000	4.69	3.91	3.96	5.08	5.91	4.93	4.50	4.44	N/A	4.79	5.16	4.15	5.06	4.88	38.14	13.59
2001	5.13	4.38	4.45	6.23	7.11	6.07	5.41	4.97	5.29	5.72	6.20	4.57	6.32	6.29	18.29	-14.67
2002	3.71	3.25	3.25	4.04	4.43	3.88	3.88	3.64	3.66	4.04	4.08	2.68	4.18	3.93	29.38	3.04
2003	6.07	5.44	5.46	6.66	7.24	6.49	6.13	5.87	6.15	6.41	6.68	4.66	6.45	6.32	59.81	39.83
2004	6.61	6.09	6.13	6.88	7.27	6.70	6.31	6.16	6.39	6.48	6.85	5.26	6.56	6.45	62.99	38.61
2005	9.11	8.55	8.24	8.58	8.96	8.42	8.30	8.27	8.29	8.36	8.31	7.13	8.22	8.12	63.50	33.77
2006	7.57	7.26	6.93	7.16	7.25	6.96	6.57	6.36	6.34	6.67	6.97	6.27	6.58	6.45	55.07	19.27
2007	7.07	6.92	6.83	6.65	6.57	6.43	6.20	6.13	5.86	6.18	6.40	6.52	6.40	6.25	81.66	41.55
2008 Q1 (e)	8.07	8.07	8.25	7.21	6.97	6.97	6.50	6.84	6.79	7.18	7.00	8.17	7.29	7.08	253.99	210.00
2008 Q2	9.75	9.75	9.75	8.75	8.51	8.51	8.39	8.03	8.14	8.52	8.66	9.20	8.55	8.34	400.00	357.00
2008 Q3	9.00	9.00	9.00	8.00	7.77	7.77	7.66	7.33	7.43	7.79	7.91	8.45	7.80	7.60	350.00	307.00
2008 Q4	9.50	9.50	9.50	8.50	8.26	8.26	8.15	7.80	7.90	8.28	8.41	8.95	8.30	8.09	350.00	307.00
2008 Full Year	9.08	9.08	9.13	8.11	7.88	7.88	7.67	7.50	7.56	7.94	8.00	8.69	7.99	7.78	338.50	295.25
2008 Q2-Q4	9.42	9.42	9.42	8.42	8.18	8.18	8.06	7.72	7.82	8.19	8.33	8.87	8.22	8.01	366.67	323.67
2009	8.82	9.00	9.00	8.20	7.81	7.96	7.87	7.60	7.42	8.00	8.11	8.45	8.00	7.79	350.00	307.00
2010	8.41	8.75	8.75	8.10	7.56	7.87	7.80	7.59	7.17	7.93	8.01	8.20	7.90	7.70	250.00	207.00
2011	8.10	8.60	8.70	7.95	7.27	7.72	7.65	7.44	7.13	7.78	7.86	8.05	7.75	7.55	200.00	157.00
2012	8.00	8.66	8.76	8.01	7.18	7.78	7.71	7.50	7.19	7.84	7.92	8.11	7.81	7.61	150.00	107.00
2013	8.00	8.83	8.93	8.18	7.20	7.94	7.87	7.66	7.35	8.00	8.09	8.28	7.98	7.77	153.00	110.00
2014	8.00	9.01	9.11	8.36	7.21	8.12	8.05	7.83	7.52	8.18	8.27	8.46	8.16	7.95	156.06	113.06
2015	8.00	9.19	9.29	8.54	7.23	8.30	8.23	8.01	7.69	8.36	8.45	8.64	8.34	8.13	159.18	116.18
2016	8.00	9.37	9.47	8.72	7.24	8.48	8.40	8.18	7.86	8.53	8.63	8.82	8.52	8.31	162.36	119.36
2017	8.00	9.56	9.66	8.91	7.25	8.67	8.59	8.36	8.04	8.72	8.82	9.01	8.71	8.50	165.61	122.61
2018+	8.00	+2.0%/yr	+2.0%/yr	+2.0%/yr	7.25	+2.0%/yr				Escalate at 2.0 % per year						+2.0%/yr

Unless otherwise stated, the gas price reference point is the receipt point on the applicable provincial gas transmission system known as the plant gate. The plant gate price represents the price before raw gas gathering and processing charges are deducted. AECO-C Spot refers to the one month price averaged for the year. Historical futures contract price is an average of the daily settlement price over the last 3 days of the near month contract.



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1.2. Please separately provide monthly resolution basis differentials for the 10-year history, and 20-year forecast of Henry Hub to each of Station 2, Sumas and AECO.

Response:

The following table shows the historical monthly resolution basis differentials from Henry Hub to each of Station 2, Sumas and AECO. The NYMEX 3-day settlement average has been used as the proxy for Henry Hub.

Historical Basis Differentials to Henry Hub:

Monthly Prices - Differentials

Month	Henry Hub \$US/MMBtu	Sumas \$US/MMBtu	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Henry Hub- Sumas \$US/MMBtu	Henry Hub- STN#2 \$US/MMBtu	Henry Hub- AECO \$US/MMBtu
Jan-99	\$1.81	\$2.88	\$1.98	\$1.70	-\$1.07	-\$0.17	\$0.11
Feb-99	\$1.75	\$1.77	\$1.63	\$1.62	-\$0.02	\$0.12	\$0.13
Mar-99	\$1.69	\$1.50	\$1.39	\$1.56	\$0.19	\$0.31	\$0.14
Apr-99	\$1.85	\$1.51	\$1.43	\$1.59	\$0.34	\$0.42	\$0.26
May-99	\$2.33	\$1.95	\$1.91	\$1.89	\$0.38	\$0.42	\$0.44
Jun-99	\$2.20	\$1.91	\$1.83	\$1.93	\$0.29	\$0.37	\$0.27
Jul-99	\$2.27	\$1.94	\$1.89	\$2.02	\$0.33	\$0.38	\$0.25
Aug-99	\$2.57	\$2.21	\$2.14	\$1.99	\$0.36	\$0.43	\$0.58
Sep-99	\$2.96	\$2.50	\$2.38	\$2.36	\$0.46	\$0.58	\$0.60
Oct-99	\$2.61	\$2.39	\$2.28	\$2.31	\$0.22	\$0.33	\$0.30
Nov-99	\$3.04	\$2.92	\$2.78	\$2.70	\$0.12	\$0.26	\$0.34
Dec-99	\$2.17	\$2.28	\$2.01	\$2.25	-\$0.11	\$0.16	-\$0.09
Jan-00	\$2.34	\$2.30	\$2.16	\$2.16	\$0.04	\$0.18	\$0.18
Feb-00	\$2.58	\$2.36	\$2.23	\$2.10	\$0.22	\$0.35	\$0.48
Mar-00	\$2.56	\$2.31	\$2.25	\$2.28	\$0.25	\$0.31	\$0.28
Apr-00	\$2.93	\$2.73	\$2.59	\$2.60	\$0.20	\$0.34	\$0.32
May-00	\$3.11	\$2.74	\$2.65	\$2.74	\$0.37	\$0.46	\$0.37
Jun-00	\$4.24	\$3.64	\$3.64	\$3.26	\$0.60	\$0.60	\$0.98
Jul-00	\$4.54	\$4.07	\$3.91	\$3.73	\$0.47	\$0.63	\$0.81
Aug-00	\$3.75	\$3.04	\$2.86	\$3.30	\$0.71	\$0.89	\$0.45
Sep-00	\$4.64	\$3.45	\$3.36	\$3.63	\$1.19	\$1.29	\$1.01
Oct-00	\$5.30	\$4.88	\$4.65	\$4.59	\$0.42	\$0.65	\$0.72
Nov-00	\$4.62	\$4.83	\$4.38	\$4.66	-\$0.21	\$0.24	-\$0.04
Dec-00	\$6.32	\$13.69	\$6.01	\$5.35	-\$7.37	\$0.31	\$0.97
Jan-01	\$9.79	\$14.20	\$10.06	\$9.10	-\$4.41	-\$0.27	\$0.68
Feb-01	\$6.94	\$6.95	\$6.79	\$7.39	-\$0.01	\$0.15	-\$0.45
Mar-01	\$5.09	\$5.21	\$4.98	\$5.21	-\$0.12	\$0.11	-\$0.12
Apr-01	\$5.44	\$5.37	\$5.16	\$5.09	\$0.07	\$0.28	\$0.35
May-01	\$4.98	\$5.17	\$5.01	\$4.85	-\$0.19	-\$0.03	\$0.14
Jun-01	\$3.92	\$3.96	\$3.81	\$3.77	-\$0.04	\$0.12	\$0.15
Jul-01	\$3.34	\$2.67	\$2.55	\$2.97	\$0.67	\$0.79	\$0.37
Aug-01	\$3.19	\$2.42	\$2.38	\$2.45	\$0.77	\$0.81	\$0.74
Sep-01	\$2.42	\$2.18	\$2.20	\$2.27	\$0.24	\$0.22	\$0.15
Oct-01	\$1.89	\$1.38	\$1.45	\$1.67	\$0.51	\$0.44	\$0.22



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Monthly Prices - Differentials

Month	Henry Hub \$US/MMBtu	Sumas \$US/MMBtu	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Henry Hub- Sumas \$US/MMBtu	Henry Hub- STN#2 \$US/MMBtu	Henry Hub- AECO \$US/MMBtu
Nov-01	\$3.06	\$2.78	\$2.60	\$2.22	\$0.28	\$0.46	\$0.84
Dec-01	\$2.54	\$2.68	\$2.51	\$2.37	-\$0.14	\$0.03	\$0.17
Jan-02	\$2.79	\$2.56	\$2.44	\$2.34	\$0.23	\$0.34	\$0.45
Feb-02	\$1.98	\$1.85	\$1.87	\$1.89	\$0.13	\$0.11	\$0.10
Mar-02	\$2.38	\$2.12	\$2.07	\$2.06	\$0.26	\$0.31	\$0.32
Apr-02	\$3.42	\$3.16	\$3.07	\$2.79	\$0.26	\$0.35	\$0.62
May-02	\$3.34	\$2.81	\$2.87	\$2.95	\$0.53	\$0.47	\$0.39
Jun-02	\$3.35	\$2.42	\$2.41	\$2.75	\$0.93	\$0.94	\$0.59
Jul-02	\$3.39	\$1.90	\$2.09	\$2.23	\$1.49	\$1.29	\$1.16
Aug-02	\$2.94	\$1.87	\$1.85	\$1.74	\$1.07	\$1.09	\$1.19
Sep-02	\$3.46	\$2.54	\$2.54	\$2.31	\$0.92	\$0.92	\$1.15
Oct-02	\$3.64	\$3.06	\$3.00	\$2.91	\$0.58	\$0.64	\$0.73
Nov-02	\$4.11	\$3.92	\$3.97	\$3.63	\$0.19	\$0.14	\$0.48
Dec-02	\$4.22	\$3.96	\$3.76	\$3.53	\$0.26	\$0.46	\$0.69
Jan-03	\$5.03	\$4.44	\$4.10	\$4.10	\$0.59	\$0.93	\$0.93
Feb-03	\$5.50	\$4.76	\$4.59	\$4.72	\$0.74	\$0.91	\$0.78
Mar-03	\$9.28	\$7.32	\$7.19	\$6.83	\$1.96	\$2.10	\$2.46
Apr-03	\$5.11	\$4.29	\$4.30	\$4.83	\$0.82	\$0.80	\$0.27
May-03	\$5.36	\$4.58	\$4.63	\$4.83	\$0.78	\$0.72	\$0.52
Jun-03	\$5.99	\$4.87	\$4.93	\$5.12	\$1.12	\$1.05	\$0.86
Jul-03	\$5.58	\$4.65	\$4.58	\$5.14	\$0.93	\$1.00	\$0.44
Aug-03	\$4.70	\$3.93	\$3.92	\$4.17	\$0.77	\$0.78	\$0.53
Sep-03	\$5.02	\$4.36	\$4.22	\$4.46	\$0.66	\$0.79	\$0.56
Oct-03	\$4.52	\$4.14	\$3.97	\$4.24	\$0.38	\$0.55	\$0.28
Nov-03	\$4.49	\$4.08	\$3.89	\$4.11	\$0.41	\$0.60	\$0.37
Dec-03	\$4.73	\$4.50	\$4.32	\$4.28	\$0.23	\$0.41	\$0.45
Jan-04	\$6.22	\$5.20	\$5.20	\$5.30	\$1.02	\$1.02	\$0.92
Feb-04	\$5.74	\$5.20	\$5.01	\$5.10	\$0.54	\$0.73	\$0.64
Mar-04	\$5.12	\$4.42	\$4.45	\$4.61	\$0.70	\$0.67	\$0.51
Apr-04	\$5.37	\$4.51	\$4.57	\$4.77	\$0.86	\$0.79	\$0.59
May-04	\$5.86	\$5.02	\$4.81	\$4.89	\$0.84	\$1.05	\$0.97
Jun-04	\$6.69	\$5.58	\$5.36	\$5.44	\$1.11	\$1.33	\$1.25
Jul-04	\$6.33	\$5.20	\$5.13	\$5.27	\$1.13	\$1.20	\$1.06
Aug-04	\$6.00	\$5.34	\$5.29	\$5.22	\$0.66	\$0.70	\$0.78
Sep-04	\$5.19	\$4.56	\$4.39	\$4.69	\$0.63	\$0.80	\$0.50
Oct-04	\$5.46	\$4.65	\$4.62	\$4.50	\$0.81	\$0.84	\$0.96
Nov-04	\$7.97	\$7.27	\$6.48	\$6.55	\$0.70	\$1.49	\$1.43
Dec-04	\$7.18	\$6.23	\$5.91	\$6.38	\$0.95	\$1.27	\$0.80
Jan-05	\$6.35	\$5.94	\$5.20	\$5.67	\$0.41	\$1.15	\$0.67
Feb-05	\$6.36	\$5.60	\$5.40	\$5.25	\$0.76	\$0.96	\$1.11
Mar-05	\$6.24	\$5.50	\$5.35	\$5.32	\$0.74	\$0.89	\$0.92
Apr-05	\$7.13	\$6.41	\$6.11	\$6.16	\$0.72	\$1.02	\$0.97
May-05	\$7.01	\$6.35	\$6.06	\$6.12	\$0.66	\$0.94	\$0.89
Jun-05	\$6.26	\$5.52	\$5.44	\$5.59	\$0.74	\$0.83	\$0.67



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Monthly Prices - Differentials

Month	Henry Hub \$US/MMBtu	Sumas \$US/MMBtu	STN#2 \$US/MMBtu	AECO \$US/MMBtu	Henry Hub- Sumas \$US/MMBtu	Henry Hub- STN#2 \$US/MMBtu	Henry Hub- AECO \$US/MMBtu
Jul-05	\$7.16	\$6.05	\$5.82	\$5.95	\$1.11	\$1.34	\$1.20
Aug-05	\$7.45	\$5.99	\$6.01	\$6.24	\$1.46	\$1.44	\$1.21
Sep-05	\$10.14	\$7.92	\$7.64	\$8.06	\$2.22	\$2.49	\$2.08
Oct-05	\$13.00	\$9.77	\$9.37	\$9.90	\$3.23	\$3.63	\$3.10
Nov-05	\$14.07	\$11.11	\$10.51	\$10.83	\$2.96	\$3.56	\$3.24
Dec-05	\$11.47	\$9.60	\$8.89	\$9.22	\$1.87	\$2.58	\$2.25
Jan-06	\$11.58	\$9.66	\$8.69	\$10.47	\$1.92	\$2.89	\$1.11
Feb-06	\$8.36	\$7.12	\$6.53	\$7.42	\$1.24	\$1.83	\$0.94
Mar-06	\$7.28	\$6.39	\$5.76	\$6.37	\$0.89	\$1.53	\$0.91
Apr-06	\$7.17	\$5.81	\$5.35	\$5.68	\$1.36	\$1.82	\$1.49
May-06	\$7.34	\$5.89	\$5.57	\$5.90	\$1.45	\$1.77	\$1.44
Jun-06	\$5.95	\$4.91	\$4.58	\$5.08	\$1.04	\$1.37	\$0.87
Jul-06	\$5.99	\$5.09	\$4.73	\$5.21	\$0.90	\$1.26	\$0.78
Aug-06	\$6.78	\$5.91	\$5.31	\$5.44	\$0.87	\$1.47	\$1.34
Sep-06	\$6.82	\$5.55	\$5.18	\$5.56	\$1.27	\$1.63	\$1.26
Oct-06	\$4.40	\$3.91	\$3.49	\$3.99	\$0.49	\$0.91	\$0.41
Nov-06	\$7.45	\$7.30	\$6.46	\$5.93	\$0.15	\$0.99	\$1.51
Dec-06	\$8.01	\$7.86	\$7.14	\$6.93	\$0.15	\$0.87	\$1.08
Jan-07	\$6.20	\$6.41	\$5.58	\$6.26	-\$0.21	\$0.61	-\$0.07
Feb-07	\$7.00	\$6.98	\$6.35	\$6.16	\$0.02	\$0.65	\$0.84
Mar-07	\$7.68	\$7.15	\$6.40	\$6.69	\$0.53	\$1.28	\$0.99
Apr-07	\$7.44	\$6.60	\$6.20	\$6.41	\$0.84	\$1.24	\$1.03
May-07	\$7.60	\$6.74	\$6.37	\$6.74	\$0.86	\$1.23	\$0.85
Jun-07	\$7.64	\$6.86	\$6.53	\$6.82	\$0.78	\$1.11	\$0.82
Jul-07	\$6.92	\$6.03	\$5.60	\$6.11	\$0.89	\$1.32	\$0.80
Aug-07	\$5.99	\$5.22	\$4.72	\$5.04	\$0.77	\$1.27	\$0.95
Sep-07	\$5.47	\$4.81	\$4.38	\$4.78	\$0.66	\$1.09	\$0.69
Oct-07	\$6.38	\$5.85	\$5.39	\$5.29	\$0.53	\$1.00	\$1.09
Nov-07	\$7.23	\$7.45	\$6.66	\$6.47	-\$0.23	\$0.57	\$0.76
Dec-07	\$7.49	\$8.12	\$7.14	\$6.60	-\$0.63	\$0.35	\$0.90
Jan-08	\$7.08	\$7.48	\$6.86	\$6.48	-\$0.40	\$0.22	\$0.60
Feb-08	\$8.02	\$8.57	\$7.70	\$7.30	-\$0.55	\$0.33	\$0.73
Mar-08	\$9.11	\$8.46	\$7.98	\$7.80	\$0.65	\$1.12	\$1.30
Apr-08	\$9.52	\$8.81	\$8.41	\$8.31	\$0.71	\$1.11	\$1.21
May-08	\$10.79	\$10.17	\$9.74	\$9.24	\$0.62	\$1.05	\$1.55
Jun-08	\$11.86	\$10.77	\$10.19	\$10.09	\$1.09	\$1.67	\$1.77
Jul-08	\$12.96	\$11.69	\$11.03	\$11.25	\$1.27	\$1.92	\$1.71
Aug-08	\$9.15	\$7.94	\$7.46	\$8.69	\$1.21	\$1.70	\$0.47
Sep-08	\$8.17	\$6.94	\$6.39	\$6.95	\$1.23	\$1.78	\$1.22

Nymex 3-day settles average used as proxy for Henry Hub.



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As GLJ does not provide monthly resolution with their forecast, the monthly resolution basis differentials from Henry Hub to each of Station 2, Sumas and AECO cannot be presented. The annual forecast differentials are provided in the following table:

GLJ Forecast with Annual Basis Differentials

Year	Henry Hub \$US/mmbtu	AECO \$Cdn/mmbtu	Station 2 \$US/mmbtu	Sumas \$US/mmbtu	Henry Hub- AECO \$Cdn/mmbtu	Henry Hub- Station 2 \$US/mmbtu	Henry Hub- Sumas \$US/mmbtu
2008	\$ 9.08	\$ 8.11	\$ 7.99	\$ 8.69	\$ 0.97	\$ 1.09	\$ 0.39
2009	\$ 9.00	\$ 8.20	\$ 8.00	\$ 8.45	\$ 0.80	\$ 1.00	\$ 0.55
2010	\$ 8.75	\$ 8.10	\$ 7.90	\$ 8.20	\$ 0.65	\$ 0.85	\$ 0.55
2011	\$ 8.60	\$ 7.95	\$ 7.75	\$ 8.05	\$ 0.65	\$ 0.85	\$ 0.55
2012	\$ 8.66	\$ 8.01	\$ 7.81	\$ 8.11	\$ 0.65	\$ 0.85	\$ 0.55
2013	\$ 8.83	\$ 8.18	\$ 7.98	\$ 8.28	\$ 0.65	\$ 0.85	\$ 0.55
2014	\$ 9.01	\$ 8.36	\$ 8.16	\$ 8.46	\$ 0.65	\$ 0.85	\$ 0.55
2015	\$ 9.19	\$ 8.54	\$ 8.34	\$ 8.64	\$ 0.65	\$ 0.85	\$ 0.55
2016	\$ 9.37	\$ 8.72	\$ 8.52	\$ 8.82	\$ 0.65	\$ 0.85	\$ 0.55
2017	\$ 9.56	\$ 8.91	\$ 8.71	\$ 9.01	\$ 0.65	\$ 0.85	\$ 0.55
2018	\$ 9.75	\$ 9.09	\$ 8.88	\$ 9.19	\$ 0.66	\$ 0.87	\$ 0.56
2019	\$ 9.95	\$ 9.27	\$ 9.06	\$ 9.37	\$ 0.68	\$ 0.88	\$ 0.57
2020	\$ 10.15	\$ 9.46	\$ 9.24	\$ 9.56	\$ 0.69	\$ 0.90	\$ 0.58
2021	\$ 10.35	\$ 9.64	\$ 9.43	\$ 9.75	\$ 0.70	\$ 0.92	\$ 0.60
2022	\$ 10.56	\$ 9.84	\$ 9.62	\$ 9.95	\$ 0.72	\$ 0.94	\$ 0.61
2023	\$ 10.77	\$ 10.03	\$ 9.81	\$ 10.15	\$ 0.73	\$ 0.96	\$ 0.62
2024	\$ 10.98	\$ 10.23	\$ 10.01	\$ 10.35	\$ 0.75	\$ 0.98	\$ 0.63
2025	\$ 11.20	\$ 10.44	\$ 10.21	\$ 10.56	\$ 0.76	\$ 1.00	\$ 0.64
2026	\$ 11.43	\$ 10.65	\$ 10.41	\$ 10.77	\$ 0.78	\$ 1.02	\$ 0.66
2027	\$ 11.65	\$ 10.86	\$ 10.62	\$ 10.98	\$ 0.79	\$ 1.04	\$ 0.67



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2. Reference: Exhibit B-1, Appendix E Terasen Gas: Annual Demand Forecast Methodology

2.1 Please provide a table showing the total number of residential natural gas heating accounts for five years of history and for the entire forecast period for TGI, TGVI and TGW. Please explain how the residential accounts forecast was developed.

Response:

Terasen Gas does not have appliance specific data on a per account basis for the majority of its existing residential customers. Therefore the following response includes data for all residential accounts rather than only residential heating customers.

In developing the residential accounts forecast, consideration is given to the long-term provincial forecast of household formations (published by BC Stats), short-term forecasts of housing starts (published by CMHC), trends identified in the market, and also discussions with sales staff at Terasen.

As household formations show a very strong correlation to residential customer accounts, the long-term provincial forecast (published by BC Stats) of household formations is used to derive residential customer additions at the regional level. The estimates are validated against the CMHC forecasts of housing starts, and also reviewed for reasonableness by Terasen Gas sales staff. Once the regional estimates have been finalized, the household formations forecast is again used to allocate the residential customer additions across each of the municipalities in Terasen's sales territories.

The following tables illustrate the total number of residential accounts for TGI, with actual values from 2003 - 2007 and forecast values from 2008 – 2028:

TGI Coastal Region - Account Summary

	Actuals					Forecast	
Rate Class	2003	2004	2005	2006	2007	2008	2009
Rate 1	486,954	494,756	502,589	508,748	516,801	524,258	531,426

	Forecast						
Rate Class	2010	2011	2012	2013	2014	2015	2016
Rate 1	538,468	545,446	552,424	559,361	566,249	573,173	580,051

	Forecast						
Rate Class	2017	2018	2019	2020	2021	2022	2023
Rate 1	586,916	593,756	600,557	607,098	613,615	619,895	626,188

	Forecast				
Rate Class	2024	2025	2026	2027	2028
Rate 1	632,122	638,028	643,690	649,467	655,182



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TGI Interior Region - Account Summary

	Actuals					Forecast	
Rate Class	2003	2004	2005	2006	2007	2008	2009
Rate 1	210,896	22,267	22,502	222,124	226,081	229,734	233,248

	Forecast						
Rate Class	2010	2011	2012	2013	2014	2015	2016
Rate 1	236,701	240,123	243,545	246,749	249,751	252,903	255,547

	Forecast						
Rate Class	2017	2018	2019	2020	2021	2022	2023
Rate 1	257,728	259,670	261,584	263,484	265,386	267,245	269,128

	Forecast				
Rate Class	2024	2025	2026	2027	2028
Rate 1	271,025	272,895	274,790	276,585	278,370

The following tables illustrate the total number of residential accounts for TGVI, with actuals values from 2003 - 2007 and forecast values from 2008 – 2028:

TGVI Account Summary

	Actuals					Forecast	
Rate Class	2003	2004	2005	2006	2007	2008	2009
RGS	67,981	71,932	76,053	78,453	82,210	85,689	89,128

	Forecast						
Rate Class	2010	2011	2012	2013	2014	2015	2016
RGS	92,567	95,916	99,165	102,646	106,085	109,524	112,873

	Forecast						
Rate Class	2017	2018	2019	2020	2021	2022	2023
RGS	116,121	119,283	122,408	125,497	128,458	131,309	133,973

	Forecast				
Rate Class	2024	2025	2026	2027	2028
RGS	136,246	138,316	140,208	142,216	144,469

The following tables illustrate the total number of residential accounts for TGW, with actuals values from 2003 - 2007 and forecast values from 2008 – 2028:



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TGW Account Summary

	Actuals					Forecast	
Rate Class	2003	2004	2005	2006	2007	2008	2009
SGS1/2 RES	1,928	2,007	2,021	2,064	2,098	2,128	2,178

	Forecast						
Rate Class	2010	2011	2012	2013	2014	2015	2016
SGS1/2 RES	2,228	2,258	2,288	2,316	2,342	2,367	2,387

	Forecast						
Rate Class	2017	2018	2019	2020	2021	2022	2023
SGS1/2 RES	2,409	2,428	2,450	2,466	2,483	2,500	2,515

	Forecast				
Rate Class	2024	2025	2026	2027	2028
SGS1/2 RES	2,529	2,544	2,556	2,570	2,584

2.2 Please provide a table showing the GDP forecast that Terasen Utilities uses to develop its sales forecast for five years of history and for the entire forecast period. Please also list the source of the GDP forecast.

Response:

The following table illustrates the GDP forecast that Terasen Gas uses to develop its sales forecast, from 2003 - 2028. The source for 2003 to 2012 is the Credit Union Central of BC, after 2012 GDP is held constant at the 2012 growth rate.



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Year	2003	2004	2005	2006	2007	2008
Real GDP* Growth	2.3%	3.7%	4.5%	3.3%	3.1%	1.5%

Year	2009	2010	2011	2012	2013	2014
Real GDP* Growth	1.8%	3.7%	2.5%	3.0%	3.0%	3.0%

Year	2015	2016	2017	2018	2019	2020	2021
Real GDP Growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Year	2022	2023	2024	2025	2026	2027	2028
Real GDP Growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Sources:

2003 - 2012 values: CUCBC - Economic Analysis of BC, Volume 28, Number 3

2013 - 2028 values: GDP forecast used by Terasen only provides a 5-year outlook, therefore future GDP growth is held constant at the 2012 growth rate

Note: 2008-2012 Average GDP Growth Rate is 2.5%



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3. Reference: Exhibit B-1, Appendix F: Terasen Gas: Design Day Demand Forecast Methodology, p.F3

In the chart: "LML Core Demand vs Weather (2004-2006)", the temperature-demand relationship appears to be flattening.

3.1 In the design day demand analysis, why was a linear regression assumed to be maintained between temperature and demand at very cold temperatures?

Response:

While visually the relationship appears to be flattening, the two coldest temperatures in the graph illustrated in Exhibit B-1, Appendix F, p.F3 occurred during extensive power outages which affected demand (as discussed in Exhibit B-1, Appendix F, p.F5) since furnace and hot water switches are typically electrically powered, and therefore should be considered as outliers. A linear regression is assumed to be maintained between temperature and demand at very cold temperatures since there are not enough actual data points at very cold temperatures that would suggest otherwise. Given the importance of not underestimating peak day demand, Terasen Gas believes the assumption of a linear relationship between demand and temperature at very cold temperatures is reasonable at this time.

3.2 Is it not reasonable to assume that core demand approaches a maximum at approximately 1.2GJ per account per day? If not, at what temperature in each of the major Terasen Utilities geographical planning regions is it reasonable to assume that a linear relationship between Terasen Utilities core demand and temperature will no longer be valid?

Response:

It is not reasonable to assume that core demand approaches a maximum at approximately 1.2 GJ per account per day. The two data points suggesting 1.2 GJ per account per day is the maximum occurred on November 27, 2006 and November 28, 2006. As discussed in Exhibit B-1, Appendix F, there was an extensive power outage that occurred over this period, which affected peak day demand. Terasen Gas would therefore consider those two data points to be outliers. Given that the regression models indicate a good fit, and a comparison against actuals supports that conclusion, Terasen Gas believes it is reasonable to assume a linear relationship between core demand and temperature up to the design day temperatures for each region.



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- 3.3 Has Terasen Utilities evaluated the influence of any other parameters in their design day analysis - specifically the day of the week (weekdays vs. weekends), cloud cover or windspeed?

Response:

Terasen Gas has, in the past, analyzed windspeed, hours of sun, and the day of the week (weekday vs. weekend) together with temperature (HDDs) when analyzing design day demand. Although a number of the variables proved statistically significant in some regions, the only variable that remained significant in every region was temperature. For this reason, as well as a desire to have consistent methodologies across all regions and companies, Terasen Gas adopted the current model of demand versus heating degree days with 13 and 18 degree Celsius control points.