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Regulatory Affairs Correspondence
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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
2008 Fourth Quarter Gas Cost Report**

Terasen Gas Inc. ("Terasen Gas") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2008 Fourth 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 November 24, 2008.

Terasen Gas, as with previous quarterly gas cost filings, has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast is based on an average of 50% NYMEX West Texas Intermediate ("WTI") Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures, and a third forecast is based on the NYMEX Mt. Belvieu Propane futures. The results based on each of these three forecasts are attached under Tab 1, Tab 2, and Tab 3, respectively.

Based on the November 24, 2008 forward prices, an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, and based on the current rates, the projected deferral account balance at December 31, 2008 is \$469,546 surplus (pre-tax) (Tab 1, Page 1, Column 7, Line 4), and the forecast balance at December 31, 2009 is \$1,765,828 surplus (pre-tax) (Tab 1, Page 1, Column 7, Line 19). The rate change trigger mechanism is calculated to be 183.6% (Tab 1, Page 1, Column 4, Line 24/25).

Based on the November 24, 2008 forward prices, NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at December 31, 2008 is \$467,977 surplus (pre-tax) (Tab 2, Page 1, Column 7, Line 4), and the forecast balance at December 31, 2009 is \$1,549,986 surplus (pre-tax) (Tab 2, Page 1, Column 7, Line 19). The rate change trigger mechanism is calculated to be 166.6% (Tab 2, Page 1, Column 4, Line 24/25).

Based on the November 24, 2008 forward prices, NYMEX Mt. Belvieu Propane futures, and based on the current rates, the projected deferral account balance at December 31, 2008 is \$471,144 surplus (pre-tax) (Tab 3, Page 1, Column 7, Line 4), and the forecast balance at

December 31, 2009 is \$1,981,531 surplus (pre-tax) (Tab 3, Page 1, Column 7, Line 19). The rate change trigger mechanism is calculated to be 204.5% (Tab 3, Page 1, Column 4, Line 24/25).

Under each of the three forecasts the rate change trigger ratio falls outside of the deadband range of 95% and 105%. As a result, a decrease in the propane reference price and customer rates is indicated.

Based on the November 24, 2008 forward prices, the commodity futures forward curves are in contango, indicating that forecast propane costs will be higher in 2010 than during 2009. Based on the November 24, 2008 forward prices, Terasen Gas projects that should a rate decrease, based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, be flowed through effective January 1, 2009, and due to the forecast higher commodity futures prices in 2010, then regardless of whether the gas costs correspond to either the forecast based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, or the forecast based on the NYMEX WTI Light Sweet Crude Oil futures, a rate increase would be required at April 1, 2009.

Further, based on the November 24, 2008 forward prices, Terasen Gas projects that should a rate decrease, based on the NYMEX WTI Light Sweet Crude Oil futures, be flowed through effective January 1, 2009, then should the gas costs correspond to the forecast based on the NYMEX WTI Light Sweet Crude Oil futures, a rate increase would be required at April 1, 2009, however should the forecast gas costs correspond to the forecast based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, no rate change would be required at April 1, 2009.

Therefore, Terasen Gas believes that due to the contango forward curve, and the large degree of volatility currently within the markets, the forecast based on the NYMEX WTI Light Sweet Crude Oil futures provides a slightly more conservative outlook and reduces the likelihood that a rate increase would be required April 1, 2009, while still generating a substantial decrease in rates effective January 1, 2009.

Thus, based on the November 24, 2008 forward prices, NYMEX WTI Light Sweet Crude Oil futures, the 12-month amortization of the projected December 31, 2008 deferral account surplus balance decreases the forecast average propane cost of \$0.3729/litre (Tab 2, Page 2, Column 9, Line 15) by \$0.0624/litre, for a total revised reference price of \$0.3105/litre (Tab 2, Page 3, Column 2, Line 10). The reference price decrease of \$0.2067/litre corresponds to a rate decrease of \$7.732/GJ (Tab 2, Page 3, Column 3, Line 20). The proposed rate decrease of \$7.732/GJ, effective January 1, 2009, equates to a burner tip decrease of approximately \$387 or 28.9% for a typical residential customer with an average annual consumption of 50 GJ.

Terasen Gas hereby requests Commission approval for a decrease in the propane reference price for use in the Revelstoke Propane Cost Deferral Account from \$0.5172/litre to \$0.3105/litre which corresponds to a rate decrease of \$7.732/GJ to be effective January 1, 2009.

For information purposes, Terasen Gas provides at Tab 4, Page 1, a summary of the three sets of forward prices as at November 24, 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 2009 First 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 DECEMBER 31, 2009

WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-92-08)

(NOVEMBER 24, 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	September 30, 2008 Balance						(\$1,935)
2	October (Projected) ^(A)	1,465,691	\$0.3978	\$0.5172	(\$0.1194)	(\$175,004)	(\$176,939)
3	November (Projected)	893,380	\$0.4125	\$0.5172	(\$0.1047)	(\$93,537)	(\$270,476)
4	December (Forecast)	<u>1,187,063</u>	<u>\$0.3495</u>	<u>\$0.5172</u>	<u>(\$0.1677)</u>	<u>(\$199,070)</u>	<u>(\$469,546)</u>
5	Current Quarter Total	<u><u>3,546,134</u></u>				<u><u>(\$467,611)</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2009 (Forecast)	1,215,575	\$0.3674	\$0.5172	(\$0.1498)	(\$182,093)	(\$651,639)
9	February (Forecast)	953,345	\$0.3914	\$0.5172	(\$0.1258)	(\$119,931)	(\$771,570)
10	March (Forecast)	929,537	\$0.3951	\$0.5172	(\$0.1221)	(\$113,496)	(\$885,066)
11	April (Forecast)	526,332	\$0.2870	\$0.5172	(\$0.2302)	(\$121,162)	(\$1,006,228)
12	May (Forecast)	427,401	\$0.2844	\$0.5172	(\$0.2328)	(\$99,499)	(\$1,105,727)
13	June (Forecast)	251,399	\$0.2834	\$0.5172	(\$0.2338)	(\$58,777)	(\$1,164,504)
14	July (Forecast)	222,019	\$0.2949	\$0.5172	(\$0.2223)	(\$49,355)	(\$1,213,859)
15	August (Forecast)	199,838	\$0.2999	\$0.5172	(\$0.2173)	(\$43,425)	(\$1,257,284)
16	September (Forecast)	288,447	\$0.3039	\$0.5172	(\$0.2133)	(\$61,526)	(\$1,318,810)
17	October (Forecast)	577,737	\$0.3166	\$0.5172	(\$0.2006)	(\$115,894)	(\$1,434,704)
18	November (Forecast)	820,877	\$0.3444	\$0.5172	(\$0.1728)	(\$141,848)	(\$1,576,552)
19	December (Forecast)	<u>1,086,543</u>	<u>\$0.3430</u>	<u>\$0.5172</u>	<u>(\$0.1742)</u>	<u>(\$189,276)</u>	<u>(\$1,765,828)</u>
20	Total Jan to Dec 2009	<u><u>7,499,051</u></u>				<u><u>(\$1,296,282)</u></u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,878,509</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 4 Col. 7)		<u>\$2,112,786</u>	183.6%			

Note (A) October 2008 (projected) volumes shown include September and October propane purchases of 613,184 litres and 852,507 litres respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING DECEMBER 31, 2009

(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	January 2009	1,215,575	450,000	765,575	\$ 0.5006	\$ 0.2891	\$ 225,270	\$ 221,354	\$ 446,624
2	February	953,345	450,000	503,345	\$ 0.5006	\$ 0.2938	\$ 225,270	\$ 147,895	\$ 373,165
3	March	929,537	450,000	479,537	\$ 0.5006	\$ 0.2962	\$ 225,270	\$ 142,024	\$ 367,294
4	April	526,332	-	526,332	\$ -	\$ 0.2870	\$ -	\$ 151,055	\$ 151,055
5	May	427,401	-	427,401	\$ -	\$ 0.2844	\$ -	\$ 121,540	\$ 121,540
6	June	251,399	-	251,399	\$ -	\$ 0.2834	\$ -	\$ 71,251	\$ 71,251
7	July	222,019	-	222,019	\$ -	\$ 0.2949	\$ -	\$ 65,473	\$ 65,473
8	August	199,838	-	199,838	\$ -	\$ 0.2999	\$ -	\$ 59,933	\$ 59,933
9	September	288,447	-	288,447	\$ -	\$ 0.3039	\$ -	\$ 87,658	\$ 87,658
10	October	577,737	-	577,737	\$ -	\$ 0.3166	\$ -	\$ 182,929	\$ 182,929
11	November	820,877	450,000	370,877	\$ 0.3635	\$ 0.3213	\$ 163,571	\$ 119,167	\$ 282,738
12	December	1,086,543	450,000	636,543	\$ 0.3635	\$ 0.3285	\$ 163,571	\$ 209,101	\$ 372,672
13	Total - Jan to Dec 2009	<u>7,499,051</u>	<u>2,250,000</u>	<u>5,249,051</u>			<u>\$ 1,002,952</u>	<u>\$ 1,579,381</u>	<u>\$ 2,582,332</u>
14									
15	Forecast Average Cost of Propane (\$/Litre) ^(A)								<u>\$ 0.3444</u>
16									
17	Forecast Average Cost of Propane (\$/GJ) ^(A)								<u>\$ 13.456</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC.
REVELSTOKE PROPANE
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2009

Tab 1
Page 3

(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars (1)	\$/Litre (2)	\$/GJ (3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 2, Line 15, Col.9)		
4	January 1 to December 31, 2009	\$0.3444	\$13.456
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0626)	(\$2.446)
7			
8			
9			
10	New Reference Price	<u>\$0.2818</u>	<u>\$11.010</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-92-08)	<u>\$0.5172</u>	<u>\$20.208</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.2354)	(\$9.197)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.27% ⁽¹⁾	<u>0.0101</u>	<u>\$0.395</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.2253)</u>	<u>(\$8.802)</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	<u>25,085,127</u>	
29			
30	Less: Company Use	7,582	0.03%
31	Propane Used for Vaporizer	273,006	1.09%
32	Unaccounted For	<u>790,840</u>	<u>3.15%</u>
33	Total	<u><u>1,071,428</u></u>	<u><u>4.27%</u></u>
34			
35	Note: (2)		
36	Projected Deferral Balance at December 31, 2008	(\$0.0626)	(\$2.446)
37	Total Propane Cost - Jan 1, 2009 to Dec 31, 2009	<u>(\$0.1627)</u>	<u>(\$6.356)</u>
38	Total Propane Cost Flowthrough	<u><u>(\$0.2253)</u></u>	<u><u>(\$8.802)</u></u>

TERASEN GAS INC.

Tab 1

REVELSTOKE PROPANE DEFERRAL

Page 4

FOR THE PERIOD ENDING DECEMBER 31, 2009

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2009

(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL AND 50% MT. BELVIEU PROPANE FUTURES)

Line No.	Particulars (1)	Volumes In Litre (2)	Average Price Per Litre (3)	Approved Reference Price (4)	Amount Deferred Per Litre (5)=(3)-(4)	Amount Deferred (6)=(2)*(5)	Pre-Tax Deferral Balance (7)
1	September 30, 2008 Balance						(\$1,935)
2	October (Projected) ^(A)	1,465,691	\$0.3978	\$0.5172	(\$0.1194)	(\$175,004)	(\$176,939)
3	November (Projected)	893,380	\$0.4125	\$0.5172	(\$0.1047)	(\$93,537)	(\$270,476)
4	December (Forecast)	1,187,063	\$0.3495	\$0.5172	(\$0.1677)	(\$199,070)	(\$469,546)
5	Current Quarter Total	<u>3,546,134</u>				<u>(\$467,611)</u>	
6							
7							
8							
9							
10	Forecast Volumes and Forecast Prices						
11	January 2009 (Forecast)	1,215,575	\$0.3674	\$0.2818	\$0.0856	\$104,053	(\$365,493)
12	February (Forecast)	953,345	\$0.3914	\$0.2818	\$0.1096	\$104,487	(\$261,006)
13	March (Forecast)	929,537	\$0.3951	\$0.2818	\$0.1133	\$105,317	(\$155,689)
14	April (Forecast)	526,332	\$0.2870	\$0.2818	\$0.0052	\$2,737	(\$152,952)
15	May (Forecast)	427,401	\$0.2844	\$0.2818	\$0.0026	\$1,111	(\$151,841)
16	June (Forecast)	251,399	\$0.2834	\$0.2818	\$0.0016	\$402	(\$151,439)
17	July (Forecast)	222,019	\$0.2949	\$0.2818	\$0.0131	\$2,908	(\$148,531)
18	August (Forecast)	199,838	\$0.2999	\$0.2818	\$0.0181	\$3,617	(\$144,914)
19	September (Forecast)	288,447	\$0.3039	\$0.2818	\$0.0221	\$6,375	(\$138,539)
20	October (Forecast)	577,737	\$0.3166	\$0.2818	\$0.0348	\$20,105	(\$118,434)
21	November (Forecast)	820,877	\$0.3444	\$0.2818	\$0.0626	\$51,387	(\$67,047)
22	December (Forecast)	1,086,543	\$0.3430	\$0.2818	\$0.0612	\$66,496	(\$551)
23	Total Jan to Dec 2009	<u>7,499,051</u>				<u>\$468,995</u>	

Note (A) October 2008 (projected) volumes shown include September and October propane purchases of 613,184 litres and 852,507 litres respectively.

TERASEN GAS INC.
 PROPOSED JANUARY 1, 2009 PROPANE COST DECREASE
 TYPICAL ANNUAL CONSUMPTION

(NOVEMBER 24, 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 (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
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	50.0	\$2.728	136.40		250.0	\$2.309	577.25		4,500.0	\$2.014	9,063.00	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$21.372	<u>1,068.60</u>		250.0	\$20.281	<u>5,070.25</u>		4,500.0	\$20.281	<u>91,264.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>1,338.56</u>		<u>250.0</u>		<u>5,927.70</u>		<u>4,500.0</u>		<u>101,822.46</u>	
12													
13													
14													
15	Jan 1, 2009 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$8.802)	<u>(440.10)</u>	(32.9%)		(\$8.802)	<u>(2,200.50)</u>	(37.1%)		(\$8.802)	<u>(39,609.00)</u>	(38.9%)
17	Typical Annual Bill after Propane Price Change			<u><u>\$898.46</u></u>				<u><u>\$3,727.20</u></u>				<u><u>\$62,213.46</u></u>	

TERASEN GAS INC.
 REVELSTOKE PROPANE DEFERRAL
 FOR THE PERIOD ENDING DECEMBER 31, 2009
 WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-92-08)
(NOVEMBER 24, 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	September 30, 2008 Balance						(\$1,935)
2	October (Projected) ^(A)	1,465,691	\$0.3978	\$0.5172	(\$0.1194)	(\$175,004)	(\$176,939)
3	November (Projected)	893,380	\$0.4112	\$0.5172	(\$0.1060)	(\$94,698)	(\$271,637)
4	December (Forecast)	<u>1,187,063</u>	\$0.3518	\$0.5172	(\$0.1654)	<u>(\$196,340)</u>	(\$467,977)
5	Current Quarter Total	<u><u>3,546,134</u></u>				<u><u>(\$466,042)</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2009 (Forecast)	1,215,575	\$0.3759	\$0.5172	(\$0.1413)	(\$171,761)	(\$639,738)
9	February (Forecast)	953,345	\$0.4035	\$0.5172	(\$0.1137)	(\$108,395)	(\$748,133)
10	March (Forecast)	929,537	\$0.4113	\$0.5172	(\$0.1059)	(\$98,438)	(\$846,571)
11	April (Forecast)	526,332	\$0.3206	\$0.5172	(\$0.1966)	(\$103,477)	(\$950,048)
12	May (Forecast)	427,401	\$0.3216	\$0.5172	(\$0.1956)	(\$83,600)	(\$1,033,648)
13	June (Forecast)	251,399	\$0.3220	\$0.5172	(\$0.1952)	(\$49,073)	(\$1,082,721)
14	July (Forecast)	222,019	\$0.3371	\$0.5172	(\$0.1801)	(\$39,986)	(\$1,122,707)
15	August (Forecast)	199,838	\$0.3510	\$0.5172	(\$0.1662)	(\$33,213)	(\$1,155,920)
16	September (Forecast)	288,447	\$0.3580	\$0.5172	(\$0.1592)	(\$45,921)	(\$1,201,841)
17	October (Forecast)	577,737	\$0.3755	\$0.5172	(\$0.1417)	(\$81,865)	(\$1,283,706)
18	November (Forecast)	820,877	\$0.3723	\$0.5172	(\$0.1449)	(\$118,945)	(\$1,402,651)
19	December (Forecast)	<u>1,086,543</u>	\$0.3816	\$0.5172	(\$0.1356)	<u>(\$147,335)</u>	(\$1,549,986)
20	Total Jan to Dec 2009	<u><u>7,499,051</u></u>				<u><u>(\$1,082,009)</u></u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,878,509</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 4 Col. 7)		<u>\$2,328,517</u>	166.6%			

Note (A) October 2008 (projected) volumes shown include September and October propane purchases of 613,184 litres and 852,507 litres respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING DECEMBER 31, 2009
(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 2

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	January 2009	1,215,575	450,000	765,575	\$ 0.5006	\$ 0.3026	\$ 225,270	\$ 231,669	\$ 456,939
2	February	953,345	450,000	503,345	\$ 0.5006	\$ 0.3167	\$ 225,270	\$ 159,416	\$ 384,686
3	March	929,537	450,000	479,537	\$ 0.5006	\$ 0.3276	\$ 225,270	\$ 157,094	\$ 382,364
4	April	526,332	-	526,332	\$ -	\$ 0.3206	\$ -	\$ 168,734	\$ 168,734
5	May	427,401	-	427,401	\$ -	\$ 0.3216	\$ -	\$ 137,448	\$ 137,448
6	June	251,399	-	251,399	\$ -	\$ 0.3220	\$ -	\$ 80,942	\$ 80,942
7	July	222,019	-	222,019	\$ -	\$ 0.3371	\$ -	\$ 74,833	\$ 74,833
8	August	199,838	-	199,838	\$ -	\$ 0.3510	\$ -	\$ 70,138	\$ 70,138
9	September	288,447	-	288,447	\$ -	\$ 0.3580	\$ -	\$ 103,257	\$ 103,257
10	October	577,737	-	577,737	\$ -	\$ 0.3755	\$ -	\$ 216,926	\$ 216,926
11	November	820,877	450,000	370,877	\$ 0.3635	\$ 0.3830	\$ 163,571	\$ 142,030	\$ 305,601
12	December	1,086,543	450,000	636,543	\$ 0.3635	\$ 0.3944	\$ 163,571	\$ 251,055	\$ 414,626
13	Total - Jan to Dec 2009	7,499,051	2,250,000	5,249,051			\$ 1,002,952	\$ 1,793,542	\$ 2,796,494
14									
15	Forecast Average Cost of Propane (\$/Litre)^(A)								\$ 0.3729
16									
17	Forecast Average Cost of Propane (\$/GJ)^(A)								\$ 14.570
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC.
REVELSTOKE PROPANE
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2009
(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 3

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 2, Line 15, Col.9)		
4	January 1 to December 31, 2009	\$0.3729	\$14.570
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0624)	(\$2.438)
7			
8			
9			
10	New Reference Price	<u>\$0.3105</u>	<u>\$12.132</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-92-08)	<u>\$0.5172</u>	<u>\$20.208</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.2067)	(\$8.076)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.27%) ⁽¹⁾	<u>0.0088</u>	<u>\$0.344</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.1979)</u>	<u>(\$7.732)</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 December 31, 2008	(\$0.0624)	(\$2.438)
37	Total Propane Cost - Jan 1, 2009 to Dec 31, 2009	<u>(\$0.1355)</u>	<u>(\$5.294)</u>
38	Total Propane Cost Flowthrough	<u>(\$0.1979)</u>	<u>(\$7.732)</u>

TERASEN GAS INC.
 REVELSTOKE PROPANE DEFERRAL
 FOR THE PERIOD ENDING DECEMBER 31, 2009
 WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2009
(NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 4

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	September 30, 2008 Balance						(\$1,935)
2	October (Projected)	1,465,691	\$0.3978	\$0.5172	(\$0.1194)	(\$175,004)	(\$176,939)
3	November (Projected)	893,380	\$0.4112	\$0.5172	(\$0.1060)	(\$94,698)	(\$271,637)
4	December (Forecast)	1,187,063	\$0.3518	\$0.5172	(\$0.1654)	(\$196,340)	(\$467,977)
5	Current Quarter Total	<u>3,546,134</u>				<u>(\$466,042)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	Forecast Volumes and Forecast Prices						
11	January 2009 (Forecast)	1,215,575	\$0.3759	\$0.3105	\$0.0654	\$79,499	(\$388,478)
12	February (Forecast)	953,345	\$0.4035	\$0.3105	\$0.0930	\$88,661	(\$299,817)
13	March (Forecast)	929,537	\$0.4113	\$0.3105	\$0.1008	\$93,697	(\$206,120)
14	April (Forecast)	526,332	\$0.3206	\$0.3105	\$0.0101	\$5,316	(\$200,804)
15	May (Forecast)	427,401	\$0.3216	\$0.3105	\$0.0111	\$4,744	(\$196,060)
16	June (Forecast)	251,399	\$0.3220	\$0.3105	\$0.0115	\$2,891	(\$193,169)
17	July (Forecast)	222,019	\$0.3371	\$0.3105	\$0.0266	\$5,906	(\$187,263)
18	August (Forecast)	199,838	\$0.3510	\$0.3105	\$0.0405	\$8,093	(\$179,170)
19	September (Forecast)	288,447	\$0.3580	\$0.3105	\$0.0475	\$13,701	(\$165,469)
20	October (Forecast)	577,737	\$0.3755	\$0.3105	\$0.0650	\$37,553	(\$127,916)
21	November (Forecast)	820,877	\$0.3723	\$0.3105	\$0.0618	\$50,730	(\$77,186)
22	December (Forecast)	1,086,543	\$0.3816	\$0.3105	\$0.0711	\$77,253	\$67
23	Total Jan to Dec 2009	<u>7,499,051</u>				<u>\$468,044</u>	

Note (A) October 2008 (projected) volumes shown include September and October propane purchases of 613,184 litres and 852,507 litres respectively.

TERASEN GAS INC.
 PROPOSED JANUARY 1, 2009 PROPANE COST DECREASE
 TYPICAL ANNUAL CONSUMPTION
 (NOVEMBER 24, 2008 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL 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 (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
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	50.0	\$2.728	136.40		250.0	\$2.309	577.25		4,500.0	\$2.014	9,063.00	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$21.372	<u>1,068.60</u>		250.0	\$20.281	<u>5,070.25</u>		4,500.0	\$20.281	<u>91,264.50</u>	
10													
11	Typical Annual Bill at current rates (excluding												
12	any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>1,338.56</u>		<u>250.0</u>		<u>5,927.70</u>		<u>4,500.0</u>		<u>101,822.46</u>	
13													
14													
15	Jan 1, 2009 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$7.732)	<u>(386.60)</u>	(28.9%)		(\$7.732)	<u>(1,933.00)</u>	(32.6%)		(\$7.732)	<u>(34,794.00)</u>	(34.2%)
17	Typical Annual Bill after Propane Price Change			<u><u>\$951.96</u></u>				<u><u>\$3,994.70</u></u>				<u><u>\$67,028.46</u></u>	

TERASEN GAS INC.
 REVELSTOKE PROPANE DEFERRAL
 FOR THE PERIOD ENDING DECEMBER 31, 2009
 WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-92-08)
(NOVEMBER 24, 2008 FORWARD PRICES BASED ON MT. BELVIEU 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	September 30, 2008 Balance						(\$1,935)
2	October (Projected) ^(A)	1,465,691	\$0.3978	\$0.5172	(\$0.1194)	(\$175,004)	(\$176,939)
3	November (Projected)	893,380	\$0.4139	\$0.5172	(\$0.1033)	(\$92,286)	(\$269,225)
4	December (Forecast)	<u>1,187,063</u>	\$0.3471	\$0.5172	(\$0.1701)	<u>(\$201,919)</u>	(\$471,144)
5	Current Quarter Total	<u><u>3,546,134</u></u>				<u><u>(\$469,209)</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2009 (Forecast)	1,215,575	\$0.3589	\$0.5172	(\$0.1583)	(\$192,426)	(\$663,570)
9	February (Forecast)	953,345	\$0.3793	\$0.5172	(\$0.1379)	(\$131,466)	(\$795,036)
10	March (Forecast)	929,537	\$0.3789	\$0.5172	(\$0.1383)	(\$128,555)	(\$923,591)
11	April (Forecast)	526,332	\$0.2534	\$0.5172	(\$0.2638)	(\$138,846)	(\$1,062,437)
12	May (Forecast)	427,401	\$0.2472	\$0.5172	(\$0.2700)	(\$115,398)	(\$1,177,835)
13	June (Forecast)	251,399	\$0.2449	\$0.5172	(\$0.2723)	(\$68,456)	(\$1,246,291)
14	July (Forecast)	222,019	\$0.2527	\$0.5172	(\$0.2645)	(\$58,724)	(\$1,305,015)
15	August (Forecast)	199,838	\$0.2488	\$0.5172	(\$0.2684)	(\$53,636)	(\$1,358,651)
16	September (Forecast)	288,447	\$0.2498	\$0.5172	(\$0.2674)	(\$77,131)	(\$1,435,782)
17	October (Forecast)	577,737	\$0.2578	\$0.5172	(\$0.2594)	(\$149,865)	(\$1,585,647)
18	November (Forecast)	820,877	\$0.3166	\$0.5172	(\$0.2006)	(\$164,668)	(\$1,750,315)
19	December (Forecast)	<u>1,086,543</u>	\$0.3044	\$0.5172	(\$0.2128)	<u>(\$231,216)</u>	(\$1,981,531)
20	Total Jan to Dec 2009	<u><u>7,499,051</u></u>				<u><u>(\$1,510,387)</u></u>	
21							
22							
23							
24	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,878,509</u>				
25	Forecast + Deferral Balance (Page 2 Line 13 Col. 9 + Page 1 Line 4 Col. 7)		<u>\$1,897,027</u>	204.5%			

Note (A) October 2008 (projected) volumes shown include September and October propane purchases of 613,184 litres and 852,507 litres respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING DECEMBER 31, 2009
(NOVEMBER 24, 2008 FORWARD PRICES BASED ON MT. BELVIEU FUTURES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	January 2009	1,215,575	450,000	765,575	\$ 0.5006	\$ 0.2757	\$ 225,270	\$ 211,039	\$ 436,309
2	February	953,345	450,000	503,345	\$ 0.5006	\$ 0.2709	\$ 225,270	\$ 136,374	\$ 361,644
3	March	929,537	450,000	479,537	\$ 0.5006	\$ 0.2647	\$ 225,270	\$ 126,955	\$ 352,225
4	April	526,332	-	526,332	\$ -	\$ 0.2534	\$ -	\$ 133,375	\$ 133,375
5	May	427,401	-	427,401	\$ -	\$ 0.2472	\$ -	\$ 105,632	\$ 105,632
6	June	251,399	-	251,399	\$ -	\$ 0.2449	\$ -	\$ 61,561	\$ 61,561
7	July	222,019	-	222,019	\$ -	\$ 0.2527	\$ -	\$ 56,114	\$ 56,114
8	August	199,838	-	199,838	\$ -	\$ 0.2488	\$ -	\$ 49,728	\$ 49,728
9	September	288,447	-	288,447	\$ -	\$ 0.2498	\$ -	\$ 72,059	\$ 72,059
10	October	577,737	-	577,737	\$ -	\$ 0.2578	\$ -	\$ 148,931	\$ 148,931
11	November	820,877	450,000	370,877	\$ 0.3635	\$ 0.2597	\$ 163,571	\$ 96,304	\$ 259,875
12	December	1,086,543	450,000	636,543	\$ 0.3635	\$ 0.2626	\$ 163,571	\$ 167,148	\$ 330,718
13	Total - Jan to Dec 2009	7,499,051	2,250,000	5,249,051			\$ 1,002,952	\$ 1,365,219	\$ 2,368,171
14									
15	Forecast Average Cost of Propane (\$/Litre) ^(A)								\$ 0.3158
16									
17	Forecast Average Cost of Propane (\$/GJ) ^(A)								\$ 12.339
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

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

Forward Prices: November 24, 2008

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-09	\$54.50	\$0.3759
Feb-09	\$55.62	\$0.4035
Mar-09	\$56.68	\$0.4113
Apr-09	\$57.68	\$0.3206
May-09	\$58.64	\$0.3216
Jun-09	\$59.59	\$0.3220
Jul-09	\$60.48	\$0.3371
Aug-09	\$61.35	\$0.3510
Sep-09	\$62.21	\$0.3580
Oct-09	\$63.07	\$0.3755
Nov-09	\$63.92	\$0.3723
Dec-09	\$64.77	\$0.3816

PROPANE FUTURES		
Month	Propane Futures Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-09	\$0.70	\$0.3589
Feb-09	\$0.70	\$0.3793
Mar-09	\$0.69	\$0.3789
Apr-09	\$0.67	\$0.2534
May-09	\$0.67	\$0.2472
Jun-09	\$0.67	\$0.2449
Jul-09	\$0.68	\$0.2527
Aug-09	\$0.68	\$0.2488
Sep-09	\$0.68	\$0.2498
Oct-09	\$0.71	\$0.2578
Nov-09	\$0.71	\$0.3166
Dec-09	\$0.71	\$0.3044

50% CRUDE OIL & 50% PROPANE FUTURES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-09	\$0.3674
Feb-09	\$0.3914
Mar-09	\$0.3951
Apr-09	\$0.2870
May-09	\$0.2844
Jun-09	\$0.2834
Jul-09	\$0.2949
Aug-09	\$0.2999
Sep-09	\$0.3039
Oct-09	\$0.3166
Nov-09	\$0.3444
Dec-09	\$0.3430

Notes: US-Cdn exchange rates source - Barclays Bank dated November 24, 2008