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March 4, 2009

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

Regulatory Affairs Correspondence
Email: regulatory_affairs@terasengas.com

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. – Revelstoke Service Area
2009 First Quarter Gas Cost Report**

Terasen Gas Inc. ("Terasen Gas") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2009 First Quarter Gas Cost Report for Revelstoke Service Area ("Revelstoke"). The attached schedules provide a summary of the forecast monthly deferral account balances based on the forward prices as at February 24, 2009.

Terasen Gas, consistent with previous quarterly 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 February 24, 2009 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 pre-tax deferral account balance at March 31, 2009 is \$537,897 surplus (Tab 1, Page 1, Column 7, Line 4), and the forecast pre-tax balance at March 31, 2010 is \$755,013 surplus (Tab 1, Page 1, Column 7, Line 19). The rate change trigger mechanism is calculated to be 148.5% (Tab 1, Page 1, Column 6, Line 24/25), which does not fall within the deadband range of 95% to 105%, indicating a decrease in the propane reference price and customer rates is necessary at this time.

The forecast average propane cost for the next 12-month period, April 1, 2009 to March 31, 2010, is \$0.2813/liter (Tab 1, Page 2, Column 9, Line 15), and the 12-month amortization of the projected March 31, 2009 deferral account surplus balance decreases that amount by \$0.0722/litre, for a total revised reference price of \$0.2091/litre (Tab 1, Page 3, Column 2, Line 10). The reference price decrease of \$0.1014/litre corresponds to a rate decrease of \$3.774/GJ (Tab 1, Page 3, Column 3, Line 20). The proposed rate decrease of \$3.774/GJ, effective April 1, 2009, equates to a burner tip decrease of approximately \$189 or 19.5% 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 \$0.3105/litre to \$0.2091/litre which corresponds to a rate decrease of \$3.774/GJ to be effective April 1, 2009.

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.

For information purposes, Terasen Gas provides at Tab 4, Page 1, a summary of the three sets of forward prices as at February 24, 2009. 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.

In this regard, Terasen Gas further believes that the Core Market could be disadvantaged and may well shoulder incremental costs if utility gas supply procurement strategies as well as contracts are treated in a different manner than those of other gas purchasers, and believes that since it continues to operate within a competitive environment, there is no necessity for public disclosure and risk prejudice or influence in the negotiations or renegotiation of subsequent contracts.

Terasen Gas will continue to monitor the forward prices and will report these results in the 2009 Second 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 MARCH 31, 2010

WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-189-08)

(FEBRUARY 24, 2009 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	December 31, 2008 Balance						(\$682,559)
2	January 2009 (Projected)	1,287,097	\$0.3652	\$0.3676 ^(A)	(\$0.0024)	(\$3,089)	(\$685,648)
3	February (Projected)	953,345	\$0.4023	\$0.3105	\$0.0918	\$87,517	(\$598,131)
4	March (Forecast)	929,537	\$0.3753	\$0.3105	\$0.0648	\$60,234	(\$537,897)
5	Current Quarter Total	<u>3,169,979</u>				<u>\$144,662</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	April (Forecast)	526,332	\$0.2408	\$0.3105	(\$0.0697)	(\$36,685)	(\$574,582)
9	May (Forecast)	427,401	\$0.2414	\$0.3105	(\$0.0691)	(\$29,533)	(\$604,115)
10	June (Forecast)	251,399	\$0.2451	\$0.3105	(\$0.0654)	(\$16,442)	(\$620,557)
11	July (Forecast)	222,019	\$0.2503	\$0.3105	(\$0.0602)	(\$13,366)	(\$633,923)
12	August (Forecast)	199,838	\$0.2553	\$0.3105	(\$0.0552)	(\$11,031)	(\$644,954)
13	September (Forecast)	288,447	\$0.2611	\$0.3105	(\$0.0494)	(\$14,249)	(\$659,203)
14	October (Forecast)	577,737	\$0.2712	\$0.3105	(\$0.0393)	(\$22,705)	(\$681,908)
15	November (Forecast)	820,877	\$0.2843	\$0.3105	(\$0.0262)	(\$21,507)	(\$703,415)
16	December (Forecast)	1,086,543	\$0.2918	\$0.3105	(\$0.0187)	(\$20,318)	(\$723,733)
17	January 2010 (Forecast)	1,194,879	\$0.3043	\$0.3105	(\$0.0062)	(\$7,408)	(\$731,141)
18	February (Forecast)	936,796	\$0.3012	\$0.3105	(\$0.0093)	(\$8,712)	(\$739,853)
19	March (Forecast)	913,236	\$0.2939	\$0.3105	(\$0.0166)	(\$15,160)	(\$755,013)
20	Total Apr 2009 to Mar 2010	<u>7,445,505</u>				<u>(\$217,116)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,311,829	
25	Mar 31, 2009 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,556,793	148.5%

Note (A) Blended existing \$0.3105/litre and previous \$0.5172/litre propane reference price, effective January 1, 2009 (BCUC Order No.G-189-08) and July 1, 2008 (BCUC Order No. G-92-08) respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING MARCH 31, 2010

(FEBRUARY 24, 2009 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	April 2009	526,332	-	526,332	\$ -	\$ 0.2408	\$ -	\$ 126,757	\$ 126,757
2	May	427,401	-	427,401	\$ -	\$ 0.2414	\$ -	\$ 103,175	\$ 103,175
3	June	251,399	-	251,399	\$ -	\$ 0.2451	\$ -	\$ 61,607	\$ 61,607
4	July	222,019	-	222,019	\$ -	\$ 0.2503	\$ -	\$ 55,575	\$ 55,575
5	August	199,838	-	199,838	\$ -	\$ 0.2553	\$ -	\$ 51,014	\$ 51,014
6	September	288,447	-	288,447	\$ -	\$ 0.2611	\$ -	\$ 75,318	\$ 75,318
7	October	577,737	-	577,737	\$ -	\$ 0.2712	\$ -	\$ 156,675	\$ 156,675
8	November	820,877	450,000	370,877	\$ 0.2884	\$ 0.2793	\$ 129,761	\$ 103,597	\$ 233,358
9	December	1,086,543	450,000	636,543	\$ 0.2884	\$ 0.2943	\$ 129,761	\$ 187,336	\$ 317,097
10	January 2010	1,194,879	450,000	744,879	\$ 0.2984	\$ 0.3078	\$ 134,261	\$ 229,301	\$ 363,562
11	February	936,796	450,000	486,796	\$ 0.2984	\$ 0.3038	\$ 134,261	\$ 147,892	\$ 282,153
12	March	913,236	450,000	463,236	\$ 0.2984	\$ 0.2896	\$ 134,261	\$ 134,136	\$ 268,397
13	Total - Apr 2009 to Mar 2010	<u>7,445,505</u>	<u>2,250,000</u>	<u>5,195,505</u>			<u>\$ 662,307</u>	<u>\$ 1,432,383</u>	<u>\$ 2,094,690</u>
14									
15	Forecast Average Cost of Propane (\$/Litre)^(A)								<u>\$ 0.2813</u>
16									
17	Forecast Average Cost of Propane (\$/GJ)^(A)								<u>\$ 10.991</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 APRIL 1, 2009 TO MARCH 31, 2010

(FEBRUARY 24, 2009 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	April 1, 2009 to March 31, 2010	\$0.2813	\$10.991
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(0.0722)</u>	<u>(\$2.821)</u>
7			
8			
9			
10	New Reference Price	<u>\$0.2091</u>	<u>\$8.170</u>
11			
12	Existing Propane Reference Price (BCUC Order No. G-189-08)	<u>\$0.3105</u>	<u>\$12.132</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.1014)	(\$3.962)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.78% ⁽¹⁾	<u>0.0048</u>	<u>\$0.188</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.0966)</u>	<u>(\$3.774)</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 4.78% is based on 2006, 2007 and 2008 data.		
27		Litres	%
28	Sales	23,433,166	
29			
30	Less: Company Use	6,821	0.03%
31	Propane Used for Vaporizer	270,947	1.16%
32	Unaccounted For	840,210	3.59%
33	Total	1,117,978	4.78%
34			
35	Note: (2)		
36	Projected Deferral Balance at March 31, 2009	(\$0.0722)	(\$2.821)
37	Total Propane Cost - Apr 1, 2009 to Mar 31, 2010	<u>(\$0.0244)</u>	<u>(\$0.953)</u>
38	Total Propane Cost Flowthrough	<u>(\$0.0966)</u>	<u>(\$3.774)</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING MARCH 31, 2010
WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2009

Tab 1
Page 4

(FEBRUARY 24, 2009 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	December 31, 2008 Balance						(\$682,559)
2	January 2009 (Projected)	1,287,097	\$0.3652	\$0.3676 ^(A)	(\$0.0024)	(\$3,089)	(\$685,648)
3	February (Projected)	953,345	\$0.4023	\$0.3105	\$0.0918	\$87,517	(\$598,131)
4	March (Forecast)	929,537	\$0.3753	\$0.3105	\$0.0648	\$60,234	(\$537,897)
5	Current Quarter Total	<u>3,169,979</u>				<u>\$144,662</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	Forecast Volumes and Forecast Prices						
11	April (Forecast)	526,332	\$0.2408	\$0.2091	\$0.0317	\$16,685	(\$521,212)
12	May (Forecast)	427,401	\$0.2414	\$0.2091	\$0.0323	\$13,805	(\$507,407)
13	June (Forecast)	251,399	\$0.2451	\$0.2091	\$0.0360	\$9,050	(\$498,357)
14	July (Forecast)	222,019	\$0.2503	\$0.2091	\$0.0412	\$9,147	(\$489,210)
15	August (Forecast)	199,838	\$0.2553	\$0.2091	\$0.0462	\$9,233	(\$479,977)
16	September (Forecast)	288,447	\$0.2611	\$0.2091	\$0.0520	\$14,999	(\$464,978)
17	October (Forecast)	577,737	\$0.2712	\$0.2091	\$0.0621	\$35,877	(\$429,101)
18	November (Forecast)	820,877	\$0.2843	\$0.2091	\$0.0752	\$61,730	(\$367,371)
19	December (Forecast)	1,086,543	\$0.2918	\$0.2091	\$0.0827	\$89,857	(\$277,514)
20	January 2010 (Forecast)	1,194,879	\$0.3043	\$0.2091	\$0.0952	\$113,753	(\$163,761)
21	February (Forecast)	936,796	\$0.3012	\$0.2091	\$0.0921	\$86,279	(\$77,482)
22	March (Forecast)	913,236	\$0.2939	\$0.2091	\$0.0848	\$77,442	(\$40)
23	Total Apr 2009 to Mar 2010	<u>7,445,505</u>				<u>\$537,857</u>	

Note (A) Blended existing \$0.3105/litre and previous \$0.5172/litre propane reference price, effective January 1, 2009 (BCUC Order No.G-189-08) and July 1, 2008 (BCUC Order No. G-92-08) respectively.

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

(FEBRUARY 24, 2009 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		\$11.99	\$143.88			\$25.15	\$301.80			\$134.20	\$1,610.40	
6	Delivery Margin Related Charge	50.0	\$2.845	142.25		250.0	\$2.394	598.50		4,500.0	\$2.072	9,324.00	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$13.640	<u>682.00</u>		250.0	\$12.549	<u>3,137.25</u>		4,500.0	\$12.549	<u>56,470.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>968.13</u>		<u>250.0</u>		<u>4,037.55</u>		<u>4,500.0</u>		<u>67,404.90</u>	
12													
13													
14													
15	April 1, 2009 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$3.774)	<u>(188.70)</u>	(19.5%)		(\$3.774)	<u>(943.50)</u>	(23.4%)		(\$3.774)	<u>(16,983.00)</u>	(25.2%)
17	Typical Annual Bill after Propane Price Change			<u><u>\$779.43</u></u>				<u><u>\$3,094.05</u></u>				<u><u>\$50,421.90</u></u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING MARCH 31, 2010
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-189-08)
(FEBRUARY 24, 2009 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	December 31, 2008 Balance						(\$682,559)
2	January 2009 (Projected)	1,287,097	\$0.3652	\$0.3676 ^(A)	(\$0.0024)	(\$3,089)	(\$685,648)
3	February (Projected)	953,345	\$0.3989	\$0.3105	\$0.0884	\$84,276	(\$601,372)
4	March (Forecast)	<u>929,537</u>	\$0.3783	\$0.3105	\$0.0678	<u>\$63,023</u>	(\$538,349)
5	Current Quarter Total	<u><u>3,169,979</u></u>				<u><u>\$144,210</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	April (Forecast)	526,332	\$0.2419	\$0.3105	(\$0.0686)	(\$36,106)	(\$574,455)
9	May (Forecast)	427,401	\$0.2468	\$0.3105	(\$0.0637)	(\$27,225)	(\$601,680)
10	June (Forecast)	251,399	\$0.2510	\$0.3105	(\$0.0595)	(\$14,958)	(\$616,638)
11	July (Forecast)	222,019	\$0.2571	\$0.3105	(\$0.0534)	(\$11,856)	(\$628,494)
12	August (Forecast)	199,838	\$0.2688	\$0.3105	(\$0.0417)	(\$8,333)	(\$636,827)
13	September (Forecast)	288,447	\$0.2770	\$0.3105	(\$0.0335)	(\$9,663)	(\$646,490)
14	October (Forecast)	577,737	\$0.2919	\$0.3105	(\$0.0186)	(\$10,746)	(\$657,236)
15	November (Forecast)	820,877	\$0.2950	\$0.3105	(\$0.0155)	(\$12,724)	(\$669,960)
16	December (Forecast)	1,086,543	\$0.3103	\$0.3105	(\$0.0002)	(\$217)	(\$670,177)
17	January 2010 (Forecast)	1,194,879	\$0.3169	\$0.3105	\$0.0064	\$7,647	(\$662,530)
18	February (Forecast)	936,796	\$0.3114	\$0.3105	\$0.0009	\$843	(\$661,687)
19	March (Forecast)	<u>913,236</u>	\$0.3035	\$0.3105	(\$0.0070)	<u>(\$6,393)</u>	(\$668,080)
20	Total Apr 2009 to Mar 2010	<u><u>7,445,505</u></u>				<u><u>(\$129,731)</u></u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$2,311,829		
25	Mar 31, 2009 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)			=	<u>\$1,643,846</u>	140.6%	

Note (A) Blended existing \$0.3105/litre and previous \$0.5172/litre propane reference price, effective January 1, 2009 (BCUC Order No.G-189-08) and July 1, 2008 (BCUC Order No. G-92-08) respectively.

TERASEN GAS INC.
REVELSTOKE FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING MARCH 31, 2010
(FEBRUARY 24, 2009 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	April 2009	526,332	-	526,332	\$ -	\$ 0.2419	\$ -	\$ 127,333	\$ 127,333
2	May	427,401	-	427,401	\$ -	\$ 0.2468	\$ -	\$ 105,500	\$ 105,500
3	June	251,399	-	251,399	\$ -	\$ 0.2510	\$ -	\$ 63,092	\$ 63,092
4	July	222,019	-	222,019	\$ -	\$ 0.2571	\$ -	\$ 57,072	\$ 57,072
5	August	199,838	-	199,838	\$ -	\$ 0.2688	\$ -	\$ 53,711	\$ 53,711
6	September	288,447	-	288,447	\$ -	\$ 0.2770	\$ -	\$ 79,902	\$ 79,902
7	October	577,737	-	577,737	\$ -	\$ 0.2919	\$ -	\$ 168,628	\$ 168,628
8	November	820,877	450,000	370,877	\$ 0.2884	\$ 0.3031	\$ 129,761	\$ 112,418	\$ 242,179
9	December	1,086,543	450,000	636,543	\$ 0.2884	\$ 0.3258	\$ 129,761	\$ 207,417	\$ 337,179
10	January 2010	1,194,879	450,000	744,879	\$ 0.2984	\$ 0.3282	\$ 134,261	\$ 244,449	\$ 378,710
11	February	936,796	450,000	486,796	\$ 0.2984	\$ 0.3235	\$ 134,261	\$ 157,486	\$ 291,748
12	March	913,236	450,000	463,236	\$ 0.2984	\$ 0.3084	\$ 134,261	\$ 142,879	\$ 277,140
13	Total - Apr 2009 to Mar 2010	7,445,505	2,250,000	5,195,505			\$ 662,307	\$ 1,519,888	\$ 2,182,195
14									
15	Forecast Average Cost of Propane (\$/Litre) ^(A)								\$ 0.2931
16									
17	Forecast Average Cost of Propane (\$/GJ) ^(A)								\$ 11.452
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 DEFERRAL
 FOR THE PERIOD ENDING MARCH 31, 2010
 WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-189-08)
(FEBRUARY 24, 2009 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	December 31, 2008 Balance						(\$682,559)
2	January 2009 (Projected)	1,287,097	\$0.3652	\$0.3676 ^(A)	(\$0.0024)	(\$3,089)	(\$685,648)
3	February (Projected)	953,345	\$0.4058	\$0.3105	\$0.0953	\$90,854	(\$594,794)
4	March (Forecast)	<u>929,537</u>	\$0.3722	\$0.3105	\$0.0617	<u>\$57,352</u>	(\$537,442)
5	Current Quarter Total	<u><u>3,169,979</u></u>				<u><u>\$145,117</u></u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	April (Forecast)	526,332	\$0.2397	\$0.3105	(\$0.0708)	(\$37,264)	(\$574,706)
9	May (Forecast)	427,401	\$0.2360	\$0.3105	(\$0.0745)	(\$31,841)	(\$606,547)
10	June (Forecast)	251,399	\$0.2391	\$0.3105	(\$0.0714)	(\$17,950)	(\$624,497)
11	July (Forecast)	222,019	\$0.2436	\$0.3105	(\$0.0669)	(\$14,853)	(\$639,350)
12	August (Forecast)	199,838	\$0.2418	\$0.3105	(\$0.0687)	(\$13,729)	(\$653,079)
13	September (Forecast)	288,447	\$0.2452	\$0.3105	(\$0.0653)	(\$18,836)	(\$671,915)
14	October (Forecast)	577,737	\$0.2505	\$0.3105	(\$0.0600)	(\$34,664)	(\$706,579)
15	November (Forecast)	820,877	\$0.2735	\$0.3105	(\$0.0370)	(\$30,372)	(\$736,951)
16	December (Forecast)	1,086,543	\$0.2734	\$0.3105	(\$0.0371)	(\$40,311)	(\$777,262)
17	January 2010 (Forecast)	1,194,879	\$0.2916	\$0.3105	(\$0.0189)	(\$22,583)	(\$799,845)
18	February (Forecast)	936,796	\$0.2909	\$0.3105	(\$0.0196)	(\$18,361)	(\$818,206)
19	March (Forecast)	<u>913,236</u>	\$0.2843	\$0.3105	(\$0.0262)	<u>(\$23,927)</u>	(\$842,133)
20	Total Apr 2009 to Mar 2010	<u><u>7,445,505</u></u>				<u><u>(\$304,691)</u></u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,311,829	
25	Mar 31, 2009 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,469,743	157.3%

Note (A) Blended existing \$0.3105/litre and previous \$0.5172/litre propane reference price, effective January 1, 2009 (BCUC Order No.G-189-08) and July 1, 2008 (BCUC Order No. G-92-08) respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING MARCH 31, 2010
(FEBRUARY 24, 2009 FORWARD PRICES BASED ON 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	April 2009	526,332	-	526,332	\$ -	\$ 0.2397	\$ -	\$ 126,181	\$ 126,181
2	May	427,401	-	427,401	\$ -	\$ 0.2360	\$ -	\$ 100,850	\$ 100,850
3	June	251,399	-	251,399	\$ -	\$ 0.2391	\$ -	\$ 60,121	\$ 60,121
4	July	222,019	-	222,019	\$ -	\$ 0.2436	\$ -	\$ 54,079	\$ 54,079
5	August	199,838	-	199,838	\$ -	\$ 0.2418	\$ -	\$ 48,317	\$ 48,317
6	September	288,447	-	288,447	\$ -	\$ 0.2452	\$ -	\$ 70,734	\$ 70,734
7	October	577,737	-	577,737	\$ -	\$ 0.2505	\$ -	\$ 144,723	\$ 144,723
8	November	820,877	450,000	370,877	\$ 0.2884	\$ 0.2555	\$ 129,761	\$ 94,776	\$ 224,537
9	December	1,086,543	450,000	636,543	\$ 0.2884	\$ 0.2628	\$ 129,761	\$ 167,254	\$ 297,016
10	January 2010	1,194,879	450,000	744,879	\$ 0.2984	\$ 0.2875	\$ 134,261	\$ 214,152	\$ 348,414
11	February	936,796	450,000	486,796	\$ 0.2984	\$ 0.2841	\$ 134,261	\$ 138,298	\$ 272,559
12	March	913,236	450,000	463,236	\$ 0.2984	\$ 0.2707	\$ 134,261	\$ 125,393	\$ 259,655
13	Total - Apr 2009 to Mar 2010	<u>7,445,505</u>	<u>2,250,000</u>	<u>5,195,505</u>			<u>\$ 662,307</u>	<u>\$ 1,344,878</u>	<u>\$ 2,007,185</u>
14									
15	Forecast Average Cost of Propane (\$/Litre) ^(A)								<u>\$ 0.2696</u>
16									
17	Forecast Average Cost of Propane (\$/GJ) ^(A)								<u>\$ 10.534</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 SERVICE AREA
PROPANE FLOATING PRICES**

Forward Prices: February 24, 2009

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-09	\$39.96	\$0.2419
May-09	\$42.76	\$0.2468
Jun-09	\$44.23	\$0.2510
Jul-09	\$45.43	\$0.2571
Aug-09	\$46.38	\$0.2688
Sep-09	\$47.25	\$0.2770
Oct-09	\$48.11	\$0.2919
Nov-09	\$48.98	\$0.2950
Dec-09	\$49.82	\$0.3103
Jan-10	\$50.56	\$0.3169
Feb-10	\$51.28	\$0.3114
Mar-10	\$51.97	\$0.3035

PROPANE FUTURES		
Month	Propane Futures Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-09	\$0.62	\$0.2397
May-09	\$0.63	\$0.2360
Jun-09	\$0.63	\$0.2391
Jul-09	\$0.64	\$0.2436
Aug-09	\$0.65	\$0.2418
Sep-09	\$0.66	\$0.2452
Oct-09	\$0.66	\$0.2505
Nov-09	\$0.67	\$0.2735
Dec-09	\$0.68	\$0.2734
Jan-10	\$0.69	\$0.2916
Feb-10	\$0.68	\$0.2909
Mar-10	\$0.66	\$0.2843

50% CRUDE OIL & 50% PROPANE FUTURES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-09	\$0.2408
May-09	\$0.2414
Jun-09	\$0.2451
Jul-09	\$0.2503
Aug-09	\$0.2553
Sep-09	\$0.2611
Oct-09	\$0.2712
Nov-09	\$0.2843
Dec-09	\$0.2918
Jan-10	\$0.3043
Feb-10	\$0.3012
Mar-10	\$0.2939

Notes: US-Cdn exchange rates source - Barclays Bank dated February 24, 2009.

DRAFT ORDER

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

and

An Application by Terasen Gas Inc.
Regarding Propane Commodity Charges effective April 1, 2009
for the Revelstoke Service Area

BEFORE:

[Date]

WHEREAS:

- A. By Order No.G-189-08 the Commission decreased the propane commodity rates for Terasen Gas Inc. (“Terasen Gas”) Revelstoke Service Area (“Revelstoke”) effective January 1, 2009; and
- B. On March 4, 2009 Terasen Gas filed its 2009 First Quarter Gas Cost Report for Revelstoke; and
- C. Terasen Gas provided three sets of forward prices for the forecast cost of propane. One forecast was based 50 percent on the NYMEX West Texas Intermediate (“WTI”) light sweet crude oil futures and 50 percent on the NYMEX Mt. Belvieu propane futures, the second was based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third was based 100 percent on the NYMEX Mt. Belvieu propane futures; and
- D. Using a propane price forecast based on an average of 50 percent of the February 24, 2009 NYMEX WTI light sweet crude oil futures and 50 percent of the February 24, 2009 NYMEX Mt. Belvieu propane futures, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2009 of \$ 537,897 surplus is forecast to change to a pre-tax surplus balance of \$755,013 at March 31, 2010. The rate change trigger mechanism is calculated to be 148.5 percent which does not fall within the deadband range of 95 percent to 105 percent set out in Letter No. L-05-01; and
- E. Terasen Gas has requested a propane reference price decrease from \$0.3105 per litre to \$0.2091 per litre, which is a reduction of \$0.1014 per litre corresponding to a rate decrease of \$3.774 per gigajoule, effective April 1, 2009. This equates to a decrease of approximately \$189 or 19.5 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- F. The Commission concludes that the requested change to the propane reference price for Revelstoke is necessary at this time.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission approves a propane reference price decrease from \$0.3105 per litre to \$0.2091 per litre, which corresponds to a decrease of \$3.774 per gigajoule in customer rates, effective April 1, 2009. Terasen Gas will inform all customers affected by the rate change.

DATED at the City of Vancouver, in the Province of British Columbia, this day of March 2009.

BY ORDER