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March 9, 2009

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. ("Terasen Gas") – Revelstoke Service Area
Revised 2009 First Quarter Gas Cost Report**

On March 4, 2009 Terasen Gas submitted to the British Columbia Utilities Commission (the "Commission") the Revelstoke Service Area ("Revelstoke") 2009 First Quarter Gas Cost Report (the "Report") requesting approval to decrease the propane reference price from \$0.3105 per litre to \$0.2091 per litre, and a corresponding rate decrease of \$3.774 per gigajoule to the tariff rate, effective April 1, 2009. While the calculation in the determination of the propane reference price is correct, an error was made in calculating the associated change to the tariff rate. The adjustment related to the Unaccounted For / Company Use / Vaporizer Use gas was inversely computed, resulting in an understatement of the decrease required to the tariff rate.

Terasen Gas hereby submits to the Commission the attached Revelstoke Revised 2009 First Quarter Gas Cost Report (the "Revised Report"). For administrative ease, the Revised Report includes a complete set of schedules and supersedes the Report, filed on March 4, 2009, in its entirety. The Revised Report continues to utilize 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 (Original Tab 1, Page 1, Column 7, Line 4), and the forecast pre-tax balance at March 31, 2010 is \$755,013 surplus (Original Tab 1, Page 1, Column 7, Line 19). The rate change trigger mechanism is calculated to be 148.5% (Original 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 (Original 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 (Amended Tab 1, Page 3, Column 2, Line 10). The reference price decrease of \$0.1014/litre corresponds to a rate decrease of \$4.150/GJ (Amended Tab 1, Page 3, Column 3, Line 20). The proposed rate decrease of \$4.150/GJ, effective April 1, 2009, equates to a burner tip decrease of approximately \$208 or 21.4% 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 \$4.150/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, 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

ORIGINAL Tab 1
Page 2

(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

AMENDED Tab 1
Page 3

(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 | (0.0722) | (\$2.821) |
| 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⁾ | (0.0048) | (\$0.188) |
| 19 | | | |
| 20 | Total Propane Cost Flowthrough ⁽²⁾ | <u>(\$0.1062)</u> | <u>(\$4.150)</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 | <u>1,117,978</u> | <u>4.78%</u> |
| 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>(\$0.0340)</u> | <u>(\$1.329)</u> |
| 38 | Total Propane Cost Flowthrough | <u>(\$0.1062)</u> | <u>(\$4.150)</u> |

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING MARCH 31, 2010

ORIGINAL Tab 1
Page 4

WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2009

(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 | | (\$4.150) | <u>(207.50)</u> | (21.4%) | | (\$4.150) | <u>(1,037.50)</u> | (25.7%) | | (\$4.150) | <u>(18,675.00)</u> | (27.7%) |
| 17 | Typical Annual Bill after Propane Price Change | | | <u>\$760.63</u> | | | | <u>\$3,000.05</u> | | | | <u>\$48,729.90</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) | | | | \$1,643,846 | 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)

| 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. On March 9, 2009 Terasen Gas filed its Revised 2009 First Quarter Gas Cost Report for Revelstoke; and
- D. 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
- E. 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
- F. 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 \$4.150 per gigajoule, effective April 1, 2009. This equates to a decrease of approximately \$208 or 21.4 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- G. 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 \$4.150 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