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June 8, 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. ("Terasen Gas") – Revelstoke Service Area
2009 Second Quarter Gas Cost Report**

Terasen Gas hereby submits to the British Columbia Utilities Commission (the "Commission") the 2009 Second 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 June 1, 2009.

Terasen Gas, consistent 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.

As shown at Tab 1, Page 1, based on the June 1, 2009 forward prices, using 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 June 30, 2009 is \$250,369 surplus (pre-tax), and the forecast balance at June 30, 2010 is \$667,166 deficit (pre-tax). The rate change trigger mechanism is calculated to be 69.9%.

As shown at Tab 2, Page 1, based on the June 1, 2009 forward prices, using NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at June 30, 2009 is \$258,566 surplus (pre-tax), and the forecast balance at June 30, 2010 is \$861,734 deficit (pre-tax). The rate change trigger mechanism is calculated to be 64.3%.

As shown at Tab 3, Page 1, based on the June 1, 2009 forward prices, using NYMEX Mt. Belvieu Propane futures, and based on the current rates, the projected deferral account balance at June 30, 2009 is \$242,106 surplus (pre-tax), and the forecast balance at June 30, 2010 is \$472,844 deficit (pre-tax). The rate change trigger mechanism is calculated to be 76.7%.

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

Based on the June 1, 2009 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX Mt. Belvieu Propane futures, the 12-month amortization of the projected June 30, 2009 deferral account surplus balance decreases the forecast average propane cost of \$0.3327/litre (Tab 1, Page 3, Column 2, Line 4) by \$0.0337/litre (Tab 1, Page 3, Column 2, Line 6), for a total revised reference price of \$0.2990/litre (Tab 1, Page 3, Column 2, Line 10). An increase in the propane reference price to \$0.2990/litre corresponds to a customer rate increase of \$3.681/GJ (Tab 1, Page 3, Column 3, Line 20), which equates to a burner tip increase of approximately \$184 per year or 24.3% for a typical residential customer with an average annual consumption of 50 GJ.

Terasen Gas acknowledges the commodity futures markets continue to experience a large degree of price volatility and that the forecast based on the NYMEX Mt. Belvieu Propane futures may provide a more conservative outlook. Thus, based on the June 1, 2009 forward prices, using the NYMEX Mt. Belvieu Propane futures, the 12-month amortization of the projected June 30, 2009 deferral account surplus balance decreases the forecast average propane cost of \$0.3054/litre (Tab 3, Page 3, Column 2, Line 4) by \$0.0326/litre (Tab 3, Page 3, Column 2, Line 6), for a total revised reference price of \$0.2728/litre (Tab 3, Page 3, Column 2, Line 10). An increase in the propane price to \$0.2728/litre corresponds to a customer rate increase of \$2.606/GJ (Tab 3, Page 3, Column 3, Line 20), which equates to a burner tip increase of approximately \$130 per year or 17.2% for a typical residential customer with an average annual consumption of 50 GJ.

Further, Terasen Gas has reviewed the option of locking in volumes of storage gas immediately in order to reduce the forecast cost of gas. Although immediately locking in the storage volumes will provide an increased level of price certainty, there are no material reductions to the forecast cost of gas. Terasen Gas will continue to review market prices for any future opportunities to attain reductions in the cost of propane.

Terasen Gas hereby requests Commission approval for an increase in the propane reference price (based on the NYMEX Mt. Belvieu Propane futures) for use in the Revelstoke Propane Cost Deferral Account from \$0.2091/litre to \$0.2728/litre which corresponds to a rate increase of \$2.606/GJ to be effective July 1, 2009.

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

Terasen Gas will continue to monitor the forward prices and will report these results in the 2009 Third 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 JUNE 30, 2010
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-24-09)
(JUNE 1, 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	March 31, 2009 Balance						(\$395,803)
2	April (Projected - Storage and Hedge)					\$136,970 ^(A)	(\$258,833)
3	April (Projected - Commodity)	1,265,312	\$0.2541	\$0.2533 ^(B)	\$0.0008	\$1,012	(\$257,821)
4	May (Projected)	427,401	\$0.2023	\$0.2091	(\$0.0068)	(\$2,906)	(\$260,727)
5	June (Forecast)	251,399	\$0.2503	\$0.2091	\$0.0412	\$10,358	(\$250,369)
6	Current Quarter Total	<u>1,944,113</u>				<u>\$145,434</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	222,019	\$0.2718	\$0.2091	\$0.0627	\$13,921	(\$236,448)
10	August (Forecast)	199,838	\$0.2815	\$0.2091	\$0.0724	\$14,468	(\$221,980)
11	September (Forecast)	288,447	\$0.2978	\$0.2091	\$0.0887	\$25,585	(\$196,395)
12	October (Forecast)	577,737	\$0.3141	\$0.2091	\$0.1050	\$60,662	(\$135,733)
13	November (Forecast)	820,877	\$0.3282	\$0.2091	\$0.1191	\$97,766	(\$37,967)
14	December (Forecast)	1,086,543	\$0.3408	\$0.2091	\$0.1317	\$143,098	\$105,131
15	January 2010 (Forecast)	1,194,879	\$0.3539	\$0.2091	\$0.1448	\$173,019	\$278,150
16	February (Forecast)	936,796	\$0.3458	\$0.2091	\$0.1367	\$128,060	\$406,210
17	March (Forecast)	913,236	\$0.3385	\$0.2091	\$0.1294	\$118,173	\$524,383
18	April (Forecast)	516,153	\$0.3340	\$0.2091	\$0.1249	\$64,468	\$588,851
19	May (Forecast)	419,557	\$0.3273	\$0.2091	\$0.1182	\$49,592	\$638,443
20	June (Forecast)	245,912	\$0.3259	\$0.2091	\$0.1168	\$28,723	\$667,166
21	Total Jul 2009 to Jun 2010	<u>7,421,995</u>				<u>\$917,535</u>	
22							
23							
24							
25	Forecast Recovered Costs [(Line 21 Col. 2) x (Line 20 Col. 4)]				\$1,551,939		
26	Jun 30, 2009 Deferral Balance (Line 5 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)				\$2,219,135	69.9%	

Note (A) Projected hedging and storage withdrawal price variance adjustment for February and March 2009.

Note (B) Blended existing \$0.2091/litre and previous \$0.3105/litre propane reference price, effective April 1, 2009 (BCUC Order No. G-24-09) and January 1, 2009 (BCUC Order No.G-189-08) respectively.

TERASEN GAS INC.
REVELSTOKE FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING JUNE 30, 2010

Tab 1
Page 2

(JUNE 1, 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	July 2009	222,019	-	222,019	\$ -	\$ 0.2718	\$ -	\$ 60,354	\$ 60,354
2	August	199,838	-	199,838	\$ -	\$ 0.2815	\$ -	\$ 56,262	\$ 56,262
3	September	288,447	-	288,447	\$ -	\$ 0.2978	\$ -	\$ 85,886	\$ 85,886
4	October	577,737	-	577,737	\$ -	\$ 0.3141	\$ -	\$ 181,446	\$ 181,446
5	November	820,877	450,000	370,877	\$ 0.3200	\$ 0.3381	\$ 144,012	\$ 125,394	\$ 269,406
6	December	1,086,543	450,000	636,543	\$ 0.3200	\$ 0.3555	\$ 144,012	\$ 226,321	\$ 370,333
7	January 2010	1,194,879	450,000	744,879	\$ 0.3300	\$ 0.3683	\$ 148,512	\$ 274,365	\$ 422,877
8	February	936,796	450,000	486,796	\$ 0.3300	\$ 0.3604	\$ 148,512	\$ 175,442	\$ 323,955
9	March	913,236	450,000	463,236	\$ 0.3300	\$ 0.3467	\$ 148,512	\$ 160,592	\$ 309,104
10	April	516,153	-	516,153	\$ -	\$ 0.3340	\$ -	\$ 172,400	\$ 172,400
11	May	419,557	-	419,557	\$ -	\$ 0.3273	\$ -	\$ 137,335	\$ 137,335
12	June	245,912	-	245,912	\$ -	\$ 0.3259	\$ -	\$ 80,144	\$ 80,144
13	Total - Jul 2009 to Jun 2010	7,421,995	2,250,000	5,171,995			\$ 733,562	\$ 1,735,942	\$ 2,469,504
14									
15	Forecast Average Cost of Propane (\$/Litre)^(A)								\$ 0.3327
16									
17	Forecast Average Cost of Propane (\$/GJ)^(A)								\$ 12.999
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 INCREASE FLOWTHROUGH
FOR THE PERIOD JULY 1, 2009 TO JUNE 30, 2010

Tab 1
Page 3

(JUNE 1, 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	July 1, 2009 to June 30, 2010	\$0.3327	\$12.999
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0337)	(\$1.317)
7			
8			
9			
10	New Reference Price	\$0.2990	\$11.682
11			
12	Existing Propane Reference Price (BCUC Order No. G-24-09)	<u>\$0.2091</u>	<u>\$8.170</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0899	\$3.513
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.78% ⁽¹⁾	<u>0.0043</u>	<u>\$0.168</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0942</u>	<u>\$3.681</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 June 30, 2009	(\$0.0337)	(\$1.317)
37	Total Propane Cost - Jul 1, 2009 to Jun 30, 2010	<u>\$0.1279</u>	<u>\$4.998</u>
38	Total Propane Cost Flowthrough	<u>\$0.0942</u>	<u>\$3.681</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2010

Tab 1
Page 4

**WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2009
(JUNE 1, 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	March 31, 2009 Balance						(\$395,803)
2	April (Projected - Storage and Hedge)					\$136,970 ^(A)	(\$258,833)
3	April (Projected - Commodity)	1,265,312	\$0.2541	\$0.2533 ^(B)	\$0.0008	\$1,012	(\$257,821)
4	May (Projected)	427,401	\$0.2023	\$0.2091	(\$0.0068)	(\$2,906)	(\$260,727)
5	June (Forecast)	251,399	\$0.2503	\$0.2091	\$0.0412	\$10,358	(\$250,369)
6	Current Quarter Total	<u>1,944,113</u>				<u>\$8,464</u>	
7							
8				Proposed			
9				Reference			
10				Price			
11	Forecast Volumes and Forecast Prices						
12	July (Forecast)	222,019	\$0.2718	\$0.2990	(\$0.0272)	(\$6,039)	(\$256,408)
13	August (Forecast)	199,838	\$0.2815	\$0.2990	(\$0.0175)	(\$3,497)	(\$259,905)
14	September (Forecast)	288,447	\$0.2978	\$0.2990	(\$0.0012)	(\$346)	(\$260,251)
15	October (Forecast)	577,737	\$0.3141	\$0.2990	\$0.0151	\$8,724	(\$251,527)
16	November (Forecast)	820,877	\$0.3282	\$0.2990	\$0.0292	\$23,970	(\$227,557)
17	December (Forecast)	1,086,543	\$0.3408	\$0.2990	\$0.0418	\$45,418	(\$182,139)
18	January 2010 (Forecast)	1,194,879	\$0.3539	\$0.2990	\$0.0549	\$65,599	(\$116,540)
19	February (Forecast)	936,796	\$0.3458	\$0.2990	\$0.0468	\$43,842	(\$72,698)
20	March (Forecast)	913,236	\$0.3385	\$0.2990	\$0.0395	\$36,073	(\$36,625)
21	April (Forecast)	516,153	\$0.3340	\$0.2990	\$0.0350	\$18,065	(\$18,560)
22	May (Forecast)	419,557	\$0.3273	\$0.2990	\$0.0283	\$11,873	(\$6,687)
23	June (Forecast)	245,912	\$0.3259	\$0.2990	\$0.0269	\$6,615	(\$72)
24	Total Jul 2009 to Jun 2010	<u>7,421,995</u>				<u>\$250,297</u>	

Note (A) Projected hedging and storage withdrawal price variance adjustment for February and March 2009.

Note (B) Blended existing \$0.2091/litre and previous \$0.3105/litre propane reference price, effective April 1, 2009 (BCUC Order No. G-24-09) and January 1, 2009 (BCUC Order No. G-189-08) respectively.

TERASEN GAS INC.
 PROPOSED JULY 1, 2009 PROPANE COST INCREASE
 TYPICAL ANNUAL CONSUMPTION

(JUNE 1, 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 (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$2.795	139.75		250.0	\$2.351	587.75		4,500.0	\$2.037	9,166.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$9.490	<u>474.50</u>		250.0	\$8.399	<u>2,099.75</u>		4,500.0	\$8.399	<u>37,795.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>756.33</u>		<u>250.0</u>		<u>2,985.58</u>		<u>4,500.0</u>		<u>48,552.24</u>	
12													
13													
14													
15	July 1, 2009 Propane Cost Flowthrough												
16	Propane Price Increase		\$3.681	<u>184.05</u>	24.3%		\$3.681	<u>920.25</u>	30.8%		\$3.681	<u>16,564.50</u>	34.1%
17	Typical Annual Bill after Propane Price Change			<u>\$940.38</u>				<u>\$3,905.83</u>				<u>\$65,116.74</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2010
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-24-09)
(JUNE 1, 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	March 31, 2009 Balance						(\$395,803)
2	April (Projected - Storage and Hedge)					\$136,970 ^(A)	(\$258,833)
3	April (Projected - Commodity)	1,265,312	\$0.2541	\$0.2533 ^(B)	\$0.0008	\$1,012	(\$257,821)
4	May (Projected)	427,401	\$0.1883	\$0.2091	(\$0.0208)	(\$8,890)	(\$266,711)
5	June (Forecast)	251,399	\$0.2415	\$0.2091	\$0.0324	\$8,145	(\$258,566)
6	Current Quarter Total	<u>1,944,113</u>				<u>\$137,237</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	222,019	\$0.2828	\$0.2091	\$0.0737	\$16,363	(\$242,203)
10	August (Forecast)	199,838	\$0.3000	\$0.2091	\$0.0909	\$18,165	(\$224,038)
11	September (Forecast)	288,447	\$0.3229	\$0.2091	\$0.1138	\$32,825	(\$191,213)
12	October (Forecast)	577,737	\$0.3501	\$0.2091	\$0.1410	\$81,461	(\$109,752)
13	November (Forecast)	820,877	\$0.3505	\$0.2091	\$0.1414	\$116,072	\$6,320
14	December (Forecast)	1,086,543	\$0.3746	\$0.2091	\$0.1655	\$179,823	\$186,143
15	January 2010 (Forecast)	1,194,879	\$0.3814	\$0.2091	\$0.1723	\$205,878	\$392,021
16	February (Forecast)	936,796	\$0.3670	\$0.2091	\$0.1579	\$147,920	\$539,941
17	March (Forecast)	913,236	\$0.3555	\$0.2091	\$0.1464	\$133,698	\$673,639
18	April (Forecast)	516,153	\$0.3724	\$0.2091	\$0.1633	\$84,288	\$757,927
19	May (Forecast)	419,557	\$0.3662	\$0.2091	\$0.1571	\$65,912	\$823,839
20	June (Forecast)	245,912	\$0.3632	\$0.2091	\$0.1541	\$37,895	\$861,734
21	Total Jul 2009 to Jun 2010	<u>7,421,995</u>				<u>\$1,120,300</u>	
22							
23							
24							
25	Forecast Recovered Costs [(Line 21 Col. 2) x (Line 20 Col. 4)]				\$1,551,939		
26	Jun 30, 2009 Deferral Balance (Line 5 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)				\$2,413,656	64.3%	

Note (A) Projected hedging and storage withdrawal price variance adjustment for February and March 2009.

Note (B) Blended existing \$0.2091/litre and previous \$0.3105/litre propane reference price, effective April 1, 2009 (BCUC Order No. G-24-09) and January 1, 2009 (BCUC Order No.G-189-08) respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING JUNE 30, 2010
 (JUNE 1, 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	July 2009	222,019	-	222,019	\$ -	\$ 0.2828	\$ -	\$ 62,783	\$ 62,783
2	August	199,838	-	199,838	\$ -	\$ 0.3000	\$ -	\$ 59,949	\$ 59,949
3	September	288,447	-	288,447	\$ -	\$ 0.3229	\$ -	\$ 93,142	\$ 93,142
4	October	577,737	-	577,737	\$ -	\$ 0.3501	\$ -	\$ 202,288	\$ 202,288
5	November	820,877	450,000	370,877	\$ 0.3200	\$ 0.3875	\$ 144,012	\$ 143,703	\$ 287,716
6	December	1,086,543	450,000	636,543	\$ 0.3200	\$ 0.4132	\$ 144,012	\$ 263,026	\$ 407,038
7	January 2010	1,194,879	450,000	744,879	\$ 0.3300	\$ 0.4124	\$ 148,512	\$ 307,218	\$ 455,730
8	February	936,796	450,000	486,796	\$ 0.3300	\$ 0.4012	\$ 148,512	\$ 195,293	\$ 343,805
9	March	913,236	450,000	463,236	\$ 0.3300	\$ 0.3802	\$ 148,512	\$ 176,135	\$ 324,647
10	April	516,153	-	516,153	\$ -	\$ 0.3724	\$ -	\$ 192,198	\$ 192,198
11	May	419,557	-	419,557	\$ -	\$ 0.3662	\$ -	\$ 153,621	\$ 153,621
12	June	245,912	-	245,912	\$ -	\$ 0.3632	\$ -	\$ 89,305	\$ 89,305
13	Total - Jul 2009 to Jun 2010	<u>7,421,995</u>	<u>2,250,000</u>	<u>5,171,995</u>			<u>\$ 733,562</u>	<u>\$ 1,938,660</u>	<u>\$ 2,672,222</u>
14									
15	Forecast Average Cost of Propane (\$/Litre)^(A)								<u>\$ 0.3600</u>
16									
17	Forecast Average Cost of Propane (\$/GJ)^(A)								<u>\$ 14.066</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 DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2010
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-24-09)
(JUNE 1, 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	March 31, 2009 Balance						(\$395,803)
2	April (Projected - Storage and Hedge)					\$136,970 ^(A)	(\$258,833)
3	April (Projected - Commodity)	1,265,312	\$0.2541	\$0.2533 ^(B)	\$0.0008	\$1,012	(\$257,821)
4	May (Projected)	427,401	\$0.2164	\$0.2091	\$0.0073	\$3,120	(\$254,701)
5	June (Forecast)	251,399	\$0.2592	\$0.2091	\$0.0501	\$12,595	(\$242,106)
6	Current Quarter Total	<u>1,944,113</u>				<u>\$153,697</u>	
7							
8	<u>Forecast Volumes and Forecast Prices</u>						
9	July (Forecast)	222,019	\$0.2609	\$0.2091	\$0.0518	\$11,501	(\$230,605)
10	August (Forecast)	199,838	\$0.2631	\$0.2091	\$0.0540	\$10,791	(\$219,814)
11	September (Forecast)	288,447	\$0.2726	\$0.2091	\$0.0635	\$18,316	(\$201,498)
12	October (Forecast)	577,737	\$0.2780	\$0.2091	\$0.0689	\$39,806	(\$161,692)
13	November (Forecast)	820,877	\$0.3059	\$0.2091	\$0.0968	\$79,461	(\$82,231)
14	December (Forecast)	1,086,543	\$0.3071	\$0.2091	\$0.0980	\$106,481	\$24,250
15	January 2010 (Forecast)	1,194,879	\$0.3264	\$0.2091	\$0.1173	\$140,159	\$164,409
16	February (Forecast)	936,796	\$0.3246	\$0.2091	\$0.1155	\$108,200	\$272,609
17	March (Forecast)	913,236	\$0.3215	\$0.2091	\$0.1124	\$102,648	\$375,257
18	April (Forecast)	516,153	\$0.2957	\$0.2091	\$0.0866	\$44,699	\$419,956
19	May (Forecast)	419,557	\$0.2885	\$0.2091	\$0.0794	\$33,313	\$453,269
20	June (Forecast)	245,912	\$0.2887	\$0.2091	\$0.0796	\$19,575	\$472,844
21	Total Jul 2009 to Jun 2010	<u>7,421,995</u>				<u>\$714,950</u>	
22							
23							
24							
25	Forecast Recovered Costs [(Line 21 Col. 2) x (Line 20 Col. 4)]				\$1,551,939		
26	Jun 30, 2009 Deferral Balance (Line 5 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)			=	\$2,024,680	=	76.7%

Note (A) Projected hedging and storage withdrawal price variance adjustment for February and March 2009.

Note (B) Blended existing \$0.2091/litre and previous \$0.3105/litre propane reference price, effective April 1, 2009 (BCUC Order No. G-24-09) and January 1, 2009 (BCUC Order No.G-189-08) respectively.

TERASEN GAS INC.
 REVELSTOKE FORECAST AVERAGE COST OF PROPANE
 FOR THE PERIOD ENDING JUNE 30, 2010
(JUNE 1, 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	July 2009	222,019	-	222,019	\$ -	\$ 0.2609	\$ -	\$ 57,925	\$ 57,925
2	August	199,838	-	199,838	\$ -	\$ 0.2631	\$ -	\$ 52,575	\$ 52,575
3	September	288,447	-	288,447	\$ -	\$ 0.2726	\$ -	\$ 78,630	\$ 78,630
4	October	577,737	-	577,737	\$ -	\$ 0.2780	\$ -	\$ 160,603	\$ 160,603
5	November	820,877	450,000	370,877	\$ 0.3200	\$ 0.2887	\$ 144,012	\$ 107,085	\$ 251,097
6	December	1,086,543	450,000	636,543	\$ 0.3200	\$ 0.2979	\$ 144,012	\$ 189,616	\$ 333,629
7	January 2010	1,194,879	450,000	744,879	\$ 0.3300	\$ 0.3242	\$ 148,512	\$ 241,512	\$ 390,024
8	February	936,796	450,000	486,796	\$ 0.3300	\$ 0.3196	\$ 148,512	\$ 155,592	\$ 304,105
9	March	913,236	450,000	463,236	\$ 0.3300	\$ 0.3131	\$ 148,512	\$ 145,049	\$ 293,562
10	April	516,153	-	516,153	\$ -	\$ 0.2957	\$ -	\$ 152,603	\$ 152,603
11	May	419,557	-	419,557	\$ -	\$ 0.2885	\$ -	\$ 121,050	\$ 121,050
12	June	245,912	-	245,912	\$ -	\$ 0.2887	\$ -	\$ 70,984	\$ 70,984
13	Total - Jul 2009 to Jun 2010	<u>7,421,995</u>	<u>2,250,000</u>	<u>5,171,995</u>			<u>\$ 733,562</u>	<u>\$ 1,533,223</u>	<u>\$ 2,266,785</u>
14									
15	Forecast Average Cost of Propane (\$/Litre)^(A)								<u>\$ 0.3054</u>
16									
17	Forecast Average Cost of Propane (\$/GJ)^(A)								<u>\$ 11.932</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 INCREASE FLOWTHROUGH
FOR THE PERIOD JULY 1, 2009 TO JUNE 30, 2010
(JUNE 1, 2009 FORWARD PRICES BASED ON MT. BELVIEU PROPANE FUTURES)

Tab 3
Page 3

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	July 1, 2009 to June 30, 2010	\$0.3054	\$11.932
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0326)	(\$1.274)
7			
8			
9			
10	New Reference Price	\$0.2728	\$10.658
11			
12	Existing Propane Reference Price (BCUC Order No. G-24-09)	<u>\$0.2091</u>	<u>\$8.170</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0637	\$2.489
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.78% ⁽¹⁾	<u>0.0030</u>	<u>\$0.117</u>
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0667</u>	<u>\$2.606</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 June 30, 2009	(\$0.0326)	(\$1.274)
37	Total Propane Cost - Jul 1, 2009 to Jun 30, 2010	<u>\$0.0993</u>	<u>\$3.880</u>
38	Total Propane Cost Flowthrough	<u>\$0.0667</u>	<u>\$2.606</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2010
WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2009
(JUNE 1, 2009 FORWARD PRICES BASED ON MT. BELVIEU PROPANE FUTURES)

Tab 3
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	March 31, 2009 Balance						(\$395,803)
2	April (Projected - Storage and Hedge)					\$136,970 ^(A)	(\$258,833)
3	April (Projected - Commodity)	1,265,312	\$0.2541	\$0.2533 ^(B)	\$0.0008	\$1,012	(\$257,821)
4	May (Projected)	427,401	\$0.2164	\$0.2091	\$0.0073	\$3,120	(\$254,701)
5	June (Forecast)	251,399	\$0.2592	\$0.2091	\$0.0501	\$12,595	(\$242,106)
6	Current Quarter Total	<u>1,944,113</u>				<u>\$153,697</u>	
7							
8							
9							
10				Proposed Reference			
11	Forecast Volumes and Forecast Prices						
12	July (Forecast)	222,019	\$0.2609	\$0.2728	(\$0.0119)	(\$2,642)	(\$244,748)
13	August (Forecast)	199,838	\$0.2631	\$0.2728	(\$0.0097)	(\$1,938)	(\$246,686)
14	September (Forecast)	288,447	\$0.2726	\$0.2728	(\$0.0002)	(\$58)	(\$246,744)
15	October (Forecast)	577,737	\$0.2780	\$0.2728	\$0.0052	\$3,004	(\$243,740)
16	November (Forecast)	820,877	\$0.3059	\$0.2728	\$0.0331	\$27,171	(\$216,569)
17	December (Forecast)	1,086,543	\$0.3071	\$0.2728	\$0.0343	\$37,268	(\$179,301)
18	January 2010 (Forecast)	1,194,879	\$0.3264	\$0.2728	\$0.0536	\$64,046	(\$115,255)
19	February (Forecast)	936,796	\$0.3246	\$0.2728	\$0.0518	\$48,526	(\$66,729)
20	March (Forecast)	913,236	\$0.3215	\$0.2728	\$0.0487	\$44,475	(\$22,254)
21	April (Forecast)	516,153	\$0.2957	\$0.2728	\$0.0229	\$11,820	(\$10,434)
22	May (Forecast)	419,557	\$0.2885	\$0.2728	\$0.0157	\$6,587	(\$3,847)
23	June (Forecast)	245,912	\$0.2887	\$0.2728	\$0.0159	\$3,910	\$63
24	Total Jul 2009 to Jun 2010	<u>7,421,995</u>				<u>\$242,169</u>	

Note (A) Projected hedging and storage withdrawal price variance adjustment for February and March 2009.

Note (B) Blended existing \$0.2091/litre and previous \$0.3105/litre propane reference price, effective April 1, 2009 (BCUC Order No. G-24-09) and January 1, 2009 (BCUC Order No. G-189-08) respectively.

TERASEN GAS INC.
 PROPOSED JULY 1, 2009 PROPANE COST INCREASE
 TYPICAL ANNUAL CONSUMPTION
 (JUNE 1, 2009 FORWARD PRICES BASED ON 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 (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$2.795	139.75		250.0	\$2.351	587.75		4,500.0	\$2.037	9,166.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$9.490	<u>474.50</u>		250.0	\$8.399	<u>2,099.75</u>		4,500.0	\$8.399	<u>37,795.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>756.33</u>		<u>250.0</u>		<u>2,985.58</u>		<u>4,500.0</u>		<u>48,552.24</u>	
12													
13													
14													
15	July 1, 2009 Propane Cost Flowthrough												
16	Propane Price Increase		\$2.606	<u>130.30</u>	17.2%		\$2.606	<u>651.50</u>	21.8%		\$2.606	<u>11,727.00</u>	24.2%
17	Typical Annual Bill after Propane Price Change			<u>\$886.63</u>				<u>\$3,637.08</u>				<u>\$60,279.24</u>	

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

Forward Prices: June 1, 2009

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-09	\$68.58	\$0.2828
Aug-09	\$69.37	\$0.3000
Sep-09	\$70.07	\$0.3229
Oct-09	\$70.58	\$0.3501
Nov-09	\$71.04	\$0.3505
Dec-09	\$71.52	\$0.3746
Jan-10	\$71.92	\$0.3814
Feb-10	\$72.22	\$0.3670
Mar-10	\$72.48	\$0.3555
Apr-10	\$72.74	\$0.3724
May-10	\$72.99	\$0.3662
Jun-10	\$73.24	\$0.3632

PROPANE FUTURES		
Month	Propane Futures Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-09	\$0.78	\$0.2609
Aug-09	\$0.80	\$0.2631
Sep-09	\$0.81	\$0.2726
Oct-09	\$0.82	\$0.2780
Nov-09	\$0.84	\$0.3059
Dec-09	\$0.85	\$0.3071
Jan-10	\$0.86	\$0.3264
Feb-10	\$0.86	\$0.3246
Mar-10	\$0.85	\$0.3215
Apr-10	\$0.85	\$0.2957
May-10	\$0.86	\$0.2885
Jun-10	\$0.85	\$0.2887

50% CRUDE OIL & 50% PROPANE FUTURES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-09	\$0.2718
Aug-09	\$0.2815
Sep-09	\$0.2978
Oct-09	\$0.3141
Nov-09	\$0.3282
Dec-09	\$0.3408
Jan-10	\$0.3539
Feb-10	\$0.3458
Mar-10	\$0.3385
Apr-10	\$0.3340
May-10	\$0.3273
Jun-10	\$0.3259

Notes: US-Cdn exchange rates source - Barclays Bank dated June 1, 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 July 1, 2009
for the Revelstoke Service Area

BEFORE:

[Date]

WHEREAS:

- A. By Order No.G-24-09 the Commission decreased the propane commodity rates for Terasen Gas Inc. (“Terasen Gas”) Revelstoke Service Area (“Revelstoke”) effective April 1, 2009; and
- B. On June 8, 2009 Terasen Gas filed its 2009 Second Quarter Gas Cost Report for Revelstoke; and
- C. Terasen Gas provided three sets of forward prices for the forecast cost of propane. One forecast 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 based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third 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 June 1, 2009 NYMEX WTI light sweet crude oil futures and 50 percent of the June 1, 2009 NYMEX Mt. Belvieu propane futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2009 of \$250,369 surplus is forecast to change to a pre-tax deficit balance of \$667,166 at June 30, 2010. The rate change trigger mechanism is calculated to be 69.9 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. Using a propane price forecast based on June 1, 2009 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2009 of \$258,566 surplus is forecast to change to a pre-tax deficit balance of \$861,734 at June 30, 2010. The rate change trigger mechanism is calculated to be 64.3 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- F. Using a propane price forecast based on June 1, 2009 NYMEX Mt. Belvieu propane futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2009 of \$242,106 surplus is forecast to change to a pre-tax deficit balance of \$472,844 at June 30, 2010. The rate change trigger mechanism is calculated to be 76.7 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. In the 2008 Second Quarter Report for Revelstoke, Terasen Gas requests approval of a propane rate that is based on propane futures prices which would increase the propane reference price by \$0.0637 per litre, from \$0.2091 per litre to \$0.2728 per litre, effective July 1, 2009. This corresponds to a rate increase of \$2.606 per gigajoule; and
- H. The rate change will result in an increase of approximately \$130 or 17.2 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and

DRAFT ORDER

- I. The Commission has determined that the requested changes to the propane reference price and propane rate for Revelstoke should be approved.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission approves a propane reference price increase of \$0.2091 per litre to \$0.2728 per litre, which corresponds to an increase of \$2.606 per gigajoule in customer rates, effective July 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 June 2009.

BY ORDER