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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. – Revelstoke Service Area
2010 Second Quarter Gas Cost Report**

Terasen Gas Inc. (“Terasen Gas” or the “Company”) hereby submits to the British Columbia Utilities Commission (the “Commission”) the 2010 Second Quarter Gas Cost Report for the Revelstoke Service Area (“Revelstoke”). The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the forward prices as at May 25, 2010.

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 B0 – Mt. Belvieu Propane Swap prices, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures, and a third forecast is based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. 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 May 25, 2010 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at June 30, 2010 is \$65,628 surplus (pre-tax), and the forecast balance at June 30, 2011 is \$346,578 surplus (pre-tax). The rate change trigger mechanism is calculated to be 113.1%.

As shown at Tab 2, Page 1, based on the May 25, 2010 forward prices, using NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at June 30, 2010 is \$54,038 surplus (pre-tax), and the forecast balance at June 30, 2011 is \$263,133 surplus (pre-tax). The rate change trigger mechanism is calculated to be 109.7%.

As shown at Tab 3, Page 1, based on the May 25, 2010 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at June 30, 2010 is \$77,217 surplus (pre-tax), and the forecast balance at

June 30, 2011 is \$430,208 surplus (pre-tax). The rate change trigger mechanism is calculated to be 116.8%.

In all cases, the rate change trigger ratios fall outside the 95% to 105% deadband range, indicating that a rate change is required. The Company acknowledges the commodity futures markets continue to experience a large degree of price volatility and that the forecast based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices provides a forecast in the middle of the range. Based on the the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices and the 12-month amortization of the projected June 30, 2010 deferral account surplus balance, a decrease in the reference price to \$0.3342/litre (Tab 1, Page 4, Column 2, Line 10) has been calculated.

Thus, Terasen Gas hereby requests Commission approval for a decrease in the propane reference price (based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3781/litre to \$0.3342/litre which corresponds to a rate decrease of \$1.801/GJ to be effective July 1, 2010, and equates to a burner tip decrease of approximately \$90 per year or 8.0% for a typical residential customer with an average consumption of 50 GJ.

For information purposes, Terasen Gas provides at Tab 4, Page 1, a summary of the three sets of forward prices as at May 25, 2010. One set is based on the NYMEX WTI Light Sweet Crude Oil futures, a second set based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.

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.

In summary, Terasen Gas requests Commission approval for a decrease in the propane reference price (based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3781/litre to \$0.3342/litre which corresponds to a rate decrease of \$1.801/GJ, effective July 1, 2010. Terasen Gas will continue to monitor the forward prices and will report these results in the 2010 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 by: Brian Noel

For: Tom A. Loski

Attachments

**TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011**

**WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)**

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, 2010						(\$46,942)	
2	Apr 2010 (Projected)	509,059	\$0.4050	\$0.3781	\$0.0269	\$13,704	(\$33,238)	
3	May 2010 (Projected)	397,277	\$0.3426	\$0.3781	(\$0.0355)	(\$14,101)	(\$47,339)	
4	Jun 2010 (Projected)	242,127	\$0.3026	\$0.3781	(\$0.0755)	(\$18,289)	(\$65,628)	
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$18,686)</u>		
6								
7	<u>Forecast Volumes and Forecast Prices</u>							
8	Jul 2010 (Forecast)	245,236	\$0.3112	\$0.3781	(\$0.0669)	(\$16,406)	(\$82,034)	
9	Aug 2010 (Forecast)	214,221	\$0.3175	\$0.3781	(\$0.0606)	(\$12,982)	(\$95,016)	
10	Sep 2010 (Forecast)	293,555	\$0.3223	\$0.3781	(\$0.0558)	(\$16,380)	(\$111,396)	
11	Oct 2010 (Forecast)	673,730	\$0.3347	\$0.3781	(\$0.0434)	(\$29,240)	(\$140,636)	
12	Nov 2010 (Forecast)	922,697	\$0.3412	\$0.3781	(\$0.0369)	(\$34,048)	(\$174,684)	
13	Dec 2010 (Forecast)	1,241,786	\$0.3580	\$0.3781	(\$0.0201)	(\$24,960)	(\$199,644)	
14	Jan 2011 (Forecast)	1,227,848	\$0.3669	\$0.3781	(\$0.0112)	(\$13,752)	(\$213,396)	
15	Feb 2011 (Forecast)	959,183	\$0.3553	\$0.3781	(\$0.0228)	(\$21,869)	(\$235,265)	
16	Mar 2011 (Forecast)	933,150	\$0.3419	\$0.3781	(\$0.0362)	(\$33,780)	(\$269,045)	
17	Apr 2011 (Forecast)	523,647	\$0.3204	\$0.3781	(\$0.0577)	(\$30,214)	(\$299,259)	
18	May 2011 (Forecast)	408,458	\$0.3091	\$0.3781	(\$0.0690)	(\$28,184)	(\$327,443)	
19	Jun 2011 (Forecast)	251,115	\$0.3019	\$0.3781	(\$0.0762)	(\$19,135)	(\$346,578)	
20	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>(\$280,950)</u>		
21								
22								
23								
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]				=	<u>\$2,984,958</u>	=	113.1%
25	Jun 30 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)				=	<u>\$2,638,250</u>	=	

**TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012**

**Tab 1
Page 2**

**WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)**

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	June 2011 Balance (Forecast)						(\$346,578)
2	July (Forecast)	253,939	\$0.2994	\$0.3781	(\$0.0787)	(\$19,985)	(\$366,563)
3	August (Forecast)	221,696	\$0.3056	\$0.3781	(\$0.0725)	(\$16,073)	(\$382,636)
4	September (Forecast)	302,346	\$0.3203	\$0.3781	(\$0.0578)	(\$17,476)	(\$400,112)
5	October (Forecast)	689,669	\$0.3320	\$0.3781	(\$0.0461)	(\$31,794)	(\$431,906)
6	November (Forecast)	943,926	\$0.3459	\$0.3781	(\$0.0322)	(\$30,394)	(\$462,300)
7	December (Forecast)	1,268,596	\$0.3611	\$0.3781	(\$0.0170)	(\$21,566)	(\$483,866)
8	January 2012 (Forecast)	1,264,090	\$0.3657	\$0.3781	(\$0.0124)	(\$15,675)	(\$499,541)
9	February (Forecast)	987,555	\$0.3576	\$0.3781	(\$0.0205)	(\$20,245)	(\$519,786)
10	March (Forecast)	961,944	\$0.3464	\$0.3781	(\$0.0317)	(\$30,494)	(\$550,280)
11	April (Forecast)	541,268	\$0.3378	\$0.3781	(\$0.0403)	(\$21,813)	(\$572,093)
12	May (Forecast)	422,436	\$0.3166	\$0.3781	(\$0.0615)	(\$25,980)	(\$598,073)
13	June (Forecast)	261,189	\$0.3090	\$0.3781	(\$0.0691)	(\$18,048)	(\$616,121)
14	Total Jul 2011 to Jun 2012	<u>8,118,654</u>				<u>(\$269,543)</u>	

TERASEN GAS INC.
REVELSTOKE FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING JUNE 30, 2011

Tab 1
Page 3

(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

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 2010	245,236	-	245,236	\$ -	\$ 0.3112	\$ -	\$ 76,320	\$ 76,320
2	August 2010	214,221	-	214,221	\$ -	\$ 0.3175	\$ -	\$ 68,007	\$ 68,007
3	September 2010	293,555	-	293,555	\$ -	\$ 0.3223	\$ -	\$ 94,614	\$ 94,614
4	October 2010	673,730	-	673,730	\$ -	\$ 0.3347	\$ -	\$ 225,516	\$ 225,516
5	November 2010	922,697	560,000	362,697	\$ 0.3402	\$ 0.3426	\$ 190,519	\$ 124,267	\$ 314,786
6	December 2010	1,241,786	560,000	681,786	\$ 0.3402	\$ 0.3726	\$ 190,519	\$ 254,010	\$ 444,529
7	January 2011	1,227,848	560,000	667,848	\$ 0.3412	\$ 0.3884	\$ 191,079	\$ 259,415	\$ 450,493
8	February 2011	959,183	560,000	399,183	\$ 0.3412	\$ 0.3750	\$ 191,079	\$ 149,686	\$ 340,765
9	March 2011	933,150	560,000	373,150	\$ 0.3412	\$ 0.3429	\$ 191,079	\$ 127,970	\$ 319,049
10	April 2011	523,647	-	523,647	\$ -	\$ 0.3204	\$ -	\$ 167,761	\$ 167,761
11	May 2011	408,458	-	408,458	\$ -	\$ 0.3091	\$ -	\$ 126,234	\$ 126,234
12	June 2011	251,115	-	251,115	\$ -	\$ 0.3019	\$ -	\$ 75,802	\$ 75,802
13	Total Jul 2010 to Jun 2011	<u>7,894,625</u>	<u>2,800,000</u>	<u>5,094,625</u>			<u>\$ 954,275</u>	<u>\$ 1,749,603</u>	<u>\$ 2,703,878</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								<u>\$ 0.3425</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								<u>\$ 13.382</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**

Tab 1
Page 4

**CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING JUNE 30, 2011**

(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Line 15, Col.9)		
4	Jul 01 2010 to Jun 30 2011	\$0.3425	\$13.382
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0083)	(\$0.324)
7			
8			
9			
10	New Reference Price	\$0.3342	\$13.058
11			
12	Existing Propane Reference Price (BCUC Order No. G-41-10)	<u>\$0.3781</u>	<u>\$14.773</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0439)	(\$1.715)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0022)	(\$0.086)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.0461)</u>	<u>(\$1.801)</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 4.95% is based on 2007, 2008, and 2009 data.		
27		Litres	%
28	Sales (from Nives, FA-15202 Inventory)	<u>23,472,939</u>	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	<u>847,918</u>	<u>3.61%</u>
33	Total	<u><u>1,162,350</u></u>	<u><u>4.95%</u></u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0083)	(\$0.324)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	<u>(\$0.0378)</u>	<u>(\$1.477)</u>
38	Total Propane Cost Flowthrough	<u><u>(\$0.0461)</u></u>	<u><u>(\$1.801)</u></u>

**TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011**

Tab 1
Page 5

WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010

(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

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, 2010						(\$46,942)
2	Apr 2010 (Projected)	509,059	\$0.4050	\$0.3781	\$0.0269	\$13,704	(\$33,238)
3	May 2010 (Projected)	397,277	\$0.3426	\$0.3781	(\$0.0355)	(\$14,101)	(\$47,339)
4	Jun 2010 (Projected)	242,127	\$0.3026	\$0.3781	(\$0.0755)	(\$18,289)	(\$65,628)
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$18,686)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	Jul 2010 (Forecast)	245,236	\$0.3112	\$0.3342	(\$0.0230)	(\$5,640)	(\$71,268)
12	Aug 2010 (Forecast)	214,221	\$0.3175	\$0.3342	(\$0.0167)	(\$3,577)	(\$74,845)
13	Sep 2010 (Forecast)	293,555	\$0.3223	\$0.3342	(\$0.0119)	(\$3,493)	(\$78,338)
14	Oct 2010 (Forecast)	673,730	\$0.3347	\$0.3342	\$0.0005	\$337	(\$78,001)
15	Nov 2010 (Forecast)	922,697	\$0.3412	\$0.3342	\$0.0070	\$6,459	(\$71,542)
16	Dec 2010 (Forecast)	1,241,786	\$0.3580	\$0.3342	\$0.0238	\$29,554	(\$41,988)
17	Jan 2011 (Forecast)	1,227,848	\$0.3669	\$0.3342	\$0.0327	\$40,151	(\$1,837)
18	Feb 2011 (Forecast)	959,183	\$0.3553	\$0.3342	\$0.0211	\$20,239	\$18,402
19	Mar 2011 (Forecast)	933,150	\$0.3419	\$0.3342	\$0.0077	\$7,185	\$25,587
20	Apr 2011 (Forecast)	523,647	\$0.3204	\$0.3342	(\$0.0138)	(\$7,226)	\$18,361
21	May 2011 (Forecast)	408,458	\$0.3091	\$0.3342	(\$0.0251)	(\$10,252)	\$8,109
22	Jun 2011 (Forecast)	251,115	\$0.3019	\$0.3342	(\$0.0323)	(\$8,111)	(\$2)
23	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>\$65,626</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012

Tab 1
Page 6

WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010

(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	Volumes In Litre (2)	Average Price Per Litre (3)	Proposed Reference Price (4)	Amount Deferred Per Litre (5)=(3)-(4)	Amount Deferred (6)=(2)*(5)	Pre-Tax Deferral Balance (7)
1	June 2011 Balance (Forecast)						(\$2)
2	July (Forecast)	253,939	\$0.2994	\$0.3342	(\$0.0348)	(\$8,837)	(\$8,839)
3	August (Forecast)	221,696	\$0.3056	\$0.3342	(\$0.0286)	(\$6,340)	(\$15,179)
4	September (Forecast)	302,346	\$0.3203	\$0.3342	(\$0.0139)	(\$4,203)	(\$19,382)
5	October (Forecast)	689,669	\$0.3320	\$0.3342	(\$0.0022)	(\$1,517)	(\$20,899)
6	November (Forecast)	943,926	\$0.3459	\$0.3342	\$0.0117	\$11,044	(\$9,855)
7	December (Forecast)	1,268,596	\$0.3611	\$0.3342	\$0.0269	\$34,125	\$24,270
8	January 2012 (Forecast)	1,264,090	\$0.3657	\$0.3342	\$0.0315	\$39,819	\$64,089
9	February (Forecast)	987,555	\$0.3576	\$0.3342	\$0.0234	\$23,109	\$87,198
10	March (Forecast)	961,944	\$0.3464	\$0.3342	\$0.0122	\$11,736	\$98,934
11	April (Forecast)	541,268	\$0.3378	\$0.3342	\$0.0036	\$1,949	\$100,883
12	May (Forecast)	422,436	\$0.3166	\$0.3342	(\$0.0176)	(\$7,435)	\$93,448
13	June (Forecast)	261,189	\$0.3090	\$0.3342	(\$0.0252)	(\$6,582)	\$86,866
14	Total Jul 2011 to Jun 2012	<u>8,118,654</u>				<u>\$86,868</u>	

TERASEN GAS INC.
PROPOSED JULY 1, 2010 PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION

(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

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		\$11.840	\$142.08			\$24.840	\$298.08			\$132.520	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	157.25		250.0	\$2.604	651.00		4,500.0	\$2.219	9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$16.414	<u>820.70</u>		250.0	\$15.323	<u>3,830.75</u>		4,500.0	\$15.323	<u>68,953.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>1,120.03</u>		<u>250.0</u>		<u>4,779.83</u>		<u>4,500.0</u>		<u>80,529.24</u>	
12													
13													
14													
15	July 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$1.801)	<u>(90.05)</u>	(8.0%)		(\$1.801)	<u>(450.25)</u>	(9.4%)		(\$1.801)	<u>(8,104.50)</u>	(10.1%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,029.98</u>				<u>\$4,329.58</u>				<u>\$72,424.74</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 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, 2010						(\$46,942)
2	Apr 2010 (Projected)	509,059	\$0.4334	\$0.3781	\$0.0553	\$28,130	(\$18,812)
3	May 2010 (Projected)	397,277	\$0.3418	\$0.3781	(\$0.0363)	(\$14,433)	(\$33,245)
4	Jun 2010 (Projected)	242,127	\$0.2922	\$0.3781	(\$0.0859)	(\$20,793)	(\$54,038)
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$7,096)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	Jul 2010 (Forecast)	245,236	\$0.2998	\$0.3781	(\$0.0783)	(\$19,202)	(\$73,240)
9	Aug 2010 (Forecast)	214,221	\$0.3005	\$0.3781	(\$0.0776)	(\$16,624)	(\$89,864)
10	Sep 2010 (Forecast)	293,555	\$0.3169	\$0.3781	(\$0.0612)	(\$17,966)	(\$107,830)
11	Oct 2010 (Forecast)	673,730	\$0.3340	\$0.3781	(\$0.0441)	(\$29,712)	(\$137,542)
12	Nov 2010 (Forecast)	922,697	\$0.3437	\$0.3781	(\$0.0344)	(\$31,741)	(\$169,283)
13	Dec 2010 (Forecast)	1,241,786	\$0.3743	\$0.3781	(\$0.0038)	(\$4,719)	(\$174,002)
14	Jan 2011 (Forecast)	1,227,848	\$0.3818	\$0.3781	\$0.0037	\$4,543	(\$169,459)
15	Feb 2011 (Forecast)	959,183	\$0.3693	\$0.3781	(\$0.0088)	(\$8,441)	(\$177,900)
16	Mar 2011 (Forecast)	933,150	\$0.3470	\$0.3781	(\$0.0311)	(\$29,021)	(\$206,921)
17	Apr 2011 (Forecast)	523,647	\$0.3384	\$0.3781	(\$0.0397)	(\$20,789)	(\$227,710)
18	May 2011 (Forecast)	408,458	\$0.3306	\$0.3781	(\$0.0475)	(\$19,402)	(\$247,112)
19	Jun 2011 (Forecast)	251,115	\$0.3143	\$0.3781	(\$0.0638)	(\$16,021)	(\$263,133)
20	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>(\$209,095)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,984,958	
25	Jun 30 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)					\$2,721,860	109.7%

**TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

**Tab 2
Page 2**

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	June 2011 Balance (Forecast)						(\$263,133)
2	July (Forecast)	253,939	\$0.3003	\$0.3781	(\$0.0778)	(\$19,756)	(\$282,889)
3	August (Forecast)	221,696	\$0.3007	\$0.3781	(\$0.0774)	(\$17,159)	(\$300,048)
4	September (Forecast)	302,346	\$0.3371	\$0.3781	(\$0.0410)	(\$12,396)	(\$312,444)
5	October (Forecast)	689,669	\$0.3524	\$0.3781	(\$0.0257)	(\$17,725)	(\$330,169)
6	November (Forecast)	943,926	\$0.3568	\$0.3781	(\$0.0213)	(\$20,106)	(\$350,275)
7	December (Forecast)	1,268,596	\$0.3893	\$0.3781	\$0.0112	\$14,208	(\$336,067)
8	January 2012 (Forecast)	1,264,090	\$0.3954	\$0.3781	\$0.0173	\$21,869	(\$314,198)
9	February (Forecast)	987,555	\$0.3817	\$0.3781	\$0.0036	\$3,555	(\$310,643)
10	March (Forecast)	961,944	\$0.3572	\$0.3781	(\$0.0209)	(\$20,105)	(\$330,748)
11	April (Forecast)	541,268	\$0.3570	\$0.3781	(\$0.0211)	(\$11,421)	(\$342,169)
12	May (Forecast)	422,436	\$0.3422	\$0.3781	(\$0.0359)	(\$15,165)	(\$357,334)
13	June (Forecast)	261,189	\$0.3249	\$0.3781	(\$0.0532)	(\$13,895)	(\$371,229)
14	Total Jul 2011 to Jun 2012	<u>8,118,654</u>				<u>(\$108,096)</u>	

TERASEN GAS INC.
REVELSTOKE FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING JUNE 30, 2011
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 3

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 2010	245,236	-	245,236	\$ -	\$ 0.2998	\$ -	\$ 73,519	\$ 73,519
2	August 2010	214,221	-	214,221	\$ -	\$ 0.3005	\$ -	\$ 64,379	\$ 64,379
3	September 2010	293,555	-	293,555	\$ -	\$ 0.3169	\$ -	\$ 93,039	\$ 93,039
4	October 2010	673,730	-	673,730	\$ -	\$ 0.3340	\$ -	\$ 225,012	\$ 225,012
5	November 2010	922,697	560,000	362,697	\$ 0.3402	\$ 0.3491	\$ 190,519	\$ 126,606	\$ 317,125
6	December 2010	1,241,786	560,000	681,786	\$ 0.3402	\$ 0.4023	\$ 190,519	\$ 274,278	\$ 464,797
7	January 2011	1,227,848	560,000	667,848	\$ 0.3412	\$ 0.4159	\$ 191,079	\$ 277,734	\$ 468,813
8	February 2011	959,183	560,000	399,183	\$ 0.3412	\$ 0.4088	\$ 191,079	\$ 163,187	\$ 354,266
9	March 2011	933,150	560,000	373,150	\$ 0.3412	\$ 0.3557	\$ 191,079	\$ 132,723	\$ 323,802
10	April 2011	523,647	-	523,647	\$ -	\$ 0.3384	\$ -	\$ 177,189	\$ 177,189
11	May 2011	408,458	-	408,458	\$ -	\$ 0.3306	\$ -	\$ 135,041	\$ 135,041
12	June 2011	251,115	-	251,115	\$ -	\$ 0.3143	\$ -	\$ 78,915	\$ 78,915
13	Total Jul 2010 to Jun 2011	<u>7,894,625</u>	<u>2,800,000</u>	<u>5,094,625</u>			<u>\$ 954,275</u>	<u>\$ 1,821,623</u>	<u>\$ 2,775,898</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.3516</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 13.738</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 ENDING JUNE 30, 2011
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 4

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 2, Page 3, Line 15, Col.9)		
4	Jul 01 2010 to Jun 30 2011	\$0.3516	\$13.738
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0068)	(\$0.266)
7			
8			
9			
10	New Reference Price	\$0.3448	\$13.472
11			
12	Existing Propane Reference Price (BCUC Order No. G-41-10)	\$0.3781	\$14.773
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0333)	(\$1.301)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0016)	(\$0.063)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	(\$0.0349)	(\$1.364)
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% is based on 2007, 2008, and 2009 data.		
27		Litres	%
28	Sales	23,472,939	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	847,918	3.61%
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0068)	(\$0.266)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	(\$0.0281)	(\$1.098)
38	Total Propane Cost Flowthrough	<u>(\$0.0349)</u>	<u>(\$1.364)</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011
WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 5

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, 2010						(\$46,942)
2	Apr 2010 (Projected)	509,059	\$0.4334	\$0.3781	\$0.0553	\$28,130	(\$18,812)
3	May 2010 (Projected)	397,277	\$0.3418	\$0.3781	(\$0.0363)	(\$14,433)	(\$33,245)
4	Jun 2010 (Projected)	242,127	\$0.2922	\$0.3781	(\$0.0859)	(\$20,793)	(\$54,038)
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$7,096)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	Jul 2010 (Forecast)	245,236	\$0.2998	\$0.3448	(\$0.0450)	(\$11,036)	(\$65,074)
12	Aug 2010 (Forecast)	214,221	\$0.3005	\$0.3448	(\$0.0443)	(\$9,490)	(\$74,564)
13	Sep 2010 (Forecast)	293,555	\$0.3169	\$0.3448	(\$0.0279)	(\$8,190)	(\$82,754)
14	Oct 2010 (Forecast)	673,730	\$0.3340	\$0.3448	(\$0.0108)	(\$7,276)	(\$90,030)
15	Nov 2010 (Forecast)	922,697	\$0.3437	\$0.3448	(\$0.0011)	(\$1,015)	(\$91,045)
16	Dec 2010 (Forecast)	1,241,786	\$0.3743	\$0.3448	\$0.0295	\$36,633	(\$54,412)
17	Jan 2011 (Forecast)	1,227,848	\$0.3818	\$0.3448	\$0.0370	\$45,430	(\$8,982)
18	Feb 2011 (Forecast)	959,183	\$0.3693	\$0.3448	\$0.0245	\$23,500	\$14,518
19	Mar 2011 (Forecast)	933,150	\$0.3470	\$0.3448	\$0.0022	\$2,053	\$16,571
20	Apr 2011 (Forecast)	523,647	\$0.3384	\$0.3448	(\$0.0064)	(\$3,351)	\$13,220
21	May 2011 (Forecast)	408,458	\$0.3306	\$0.3448	(\$0.0142)	(\$5,800)	\$7,420
22	Jun 2011 (Forecast)	251,115	\$0.3143	\$0.3448	(\$0.0305)	(\$7,659)	(\$239)
23	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>\$53,799</u>	

**TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012
WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)**

**Tab 2
Page 6**

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferrec Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 2011 Balance (Forecast)						(\$239)
2	July (Forecast)	253,939	\$0.3003	\$0.3448	(\$0.0445)	(\$11,300)	(\$11,539)
3	August (Forecast)	221,696	\$0.3007	\$0.3448	(\$0.0441)	(\$9,777)	(\$21,316)
4	September (Forecast)	302,346	\$0.3371	\$0.3448	(\$0.0077)	(\$2,328)	(\$23,644)
5	October (Forecast)	689,669	\$0.3524	\$0.3448	\$0.0076	\$5,241	(\$18,403)
6	November (Forecast)	943,926	\$0.3568	\$0.3448	\$0.0120	\$11,327	(\$7,076)
7	December (Forecast)	1,268,596	\$0.3893	\$0.3448	\$0.0445	\$56,453	\$49,377
8	January 2012 (Forecast)	1,264,090	\$0.3954	\$0.3448	\$0.0506	\$63,963	\$113,340
9	February (Forecast)	987,555	\$0.3817	\$0.3448	\$0.0369	\$36,441	\$149,781
10	March (Forecast)	961,944	\$0.3572	\$0.3448	\$0.0124	\$11,928	\$161,709
11	April (Forecast)	541,268	\$0.3570	\$0.3448	\$0.0122	\$6,603	\$168,312
12	May (Forecast)	422,436	\$0.3422	\$0.3448	(\$0.0026)	(\$1,098)	\$167,214
13	June (Forecast)	261,189	\$0.3249	\$0.3448	(\$0.0199)	(\$5,198)	\$162,016
14	Total Jul 2011 to Jun 2012	<u>8,118,654</u>				<u>\$162,255</u>	

TERASEN GAS INC.
PROPOSED JULY 1, 2010 PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.840	\$142.08			\$24.840	\$298.08			\$132.520	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	157.25		250.0	\$2.604	651.00		4,500.0	\$2.219	9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$16.414	<u>820.70</u>		250.0	\$15.323	<u>3,830.75</u>		4,500.0	\$15.323	<u>68,953.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>1,120.03</u>		<u>250.0</u>		<u>4,779.83</u>		<u>4,500.0</u>		<u>80,529.24</u>	
12													
13													
14													
15	July 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$1.364)	<u>(68.20)</u>	(6.1%)		(\$1.364)	<u>(341.00)</u>	(7.1%)		(\$1.364)	<u>(6,138.00)</u>	(7.6%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,051.83</u>				<u>\$4,438.83</u>				<u>\$74,391.24</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

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, 2010						(\$46,942)
2	Apr 2010 (Projected)	509,059	\$0.3767	\$0.3781	(\$0.0014)	(\$723)	(\$47,665)
3	May 2010 (Projected)	397,277	\$0.3434	\$0.3781	(\$0.0347)	(\$13,768)	(\$61,433)
4	Jun 2010 (Projected)	242,127	\$0.3129	\$0.3781	(\$0.0652)	(\$15,784)	(\$77,217)
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$30,275)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	Jul 2010 (Forecast)	245,236	\$0.3226	\$0.3781	(\$0.0555)	(\$13,611)	(\$90,828)
9	Aug 2010 (Forecast)	214,221	\$0.3344	\$0.3781	(\$0.0437)	(\$9,361)	(\$100,189)
10	Sep 2010 (Forecast)	293,555	\$0.3277	\$0.3781	(\$0.0504)	(\$14,795)	(\$114,984)
11	Oct 2010 (Forecast)	673,730	\$0.3355	\$0.3781	(\$0.0426)	(\$28,701)	(\$143,685)
12	Nov 2010 (Forecast)	922,697	\$0.3386	\$0.3781	(\$0.0395)	(\$36,447)	(\$180,132)
13	Dec 2010 (Forecast)	1,241,786	\$0.3417	\$0.3781	(\$0.0364)	(\$45,201)	(\$225,333)
14	Jan 2011 (Forecast)	1,227,848	\$0.3520	\$0.3781	(\$0.0261)	(\$32,047)	(\$257,380)
15	Feb 2011 (Forecast)	959,183	\$0.3412	\$0.3781	(\$0.0369)	(\$35,394)	(\$292,774)
16	Mar 2011 (Forecast)	933,150	\$0.3368	\$0.3781	(\$0.0413)	(\$38,539)	(\$331,313)
17	Apr 2011 (Forecast)	523,647	\$0.3024	\$0.3781	(\$0.0757)	(\$39,640)	(\$370,953)
18	May 2011 (Forecast)	408,458	\$0.2875	\$0.3781	(\$0.0906)	(\$37,006)	(\$407,959)
19	Jun 2011 (Forecast)	251,115	\$0.2895	\$0.3781	(\$0.0886)	(\$22,249)	(\$430,208)
20	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>(\$352,991)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]				\$2,984,958		
25	Jun 30 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=	\$2,554,641	=	116.8%

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012
WITH EXISTING PROPANE REFERENCE PRICE (COMMISSION ORDER NO. G-41-10)
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 2

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	June 2011 Balance (Forecast)						(\$430,208)
2	July (Forecast)	253,939	\$0.2986	\$0.3781	(\$0.0795)	(\$20,188)	(\$450,396)
3	August (Forecast)	221,696	\$0.3105	\$0.3781	(\$0.0676)	(\$14,987)	(\$465,383)
4	September (Forecast)	302,346	\$0.3035	\$0.3781	(\$0.0746)	(\$22,555)	(\$487,938)
5	October (Forecast)	689,669	\$0.3116	\$0.3781	(\$0.0665)	(\$45,863)	(\$533,801)
6	November (Forecast)	943,926	\$0.3349	\$0.3781	(\$0.0432)	(\$40,778)	(\$574,579)
7	December (Forecast)	1,268,596	\$0.3328	\$0.3781	(\$0.0453)	(\$57,467)	(\$632,046)
8	January 2012 (Forecast)	1,264,090	\$0.3360	\$0.3781	(\$0.0421)	(\$53,218)	(\$685,264)
9	February (Forecast)	987,555	\$0.3334	\$0.3781	(\$0.0447)	(\$44,144)	(\$729,408)
10	March (Forecast)	961,944	\$0.3356	\$0.3781	(\$0.0425)	(\$40,883)	(\$770,291)
11	April (Forecast)	541,268	\$0.3186	\$0.3781	(\$0.0595)	(\$32,205)	(\$802,496)
12	May (Forecast)	422,436	\$0.2910	\$0.3781	(\$0.0871)	(\$36,794)	(\$839,290)
13	June (Forecast)	261,189	\$0.2930	\$0.3781	(\$0.0851)	(\$22,227)	(\$861,517)
14	Total Jul 2011 to Jun 2012	<u>8,118,654</u>				<u>(\$431,309)</u>	

TERASEN GAS INC.
REVELSTOKE FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING JUNE 30, 2011
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 3

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 2010	245,236	-	245,236	\$ -	\$ 0.3226	\$ -	\$ 79,121	\$ 79,121
2	August 2010	214,221	-	214,221	\$ -	\$ 0.3344	\$ -	\$ 71,636	\$ 71,636
3	September 2010	293,555	-	293,555	\$ -	\$ 0.3277	\$ -	\$ 96,189	\$ 96,189
4	October 2010	673,730	-	673,730	\$ -	\$ 0.3355	\$ -	\$ 226,020	\$ 226,020
5	November 2010	922,697	560,000	362,697	\$ 0.3402	\$ 0.3362	\$ 190,519	\$ 121,928	\$ 312,447
6	December 2010	1,241,786	560,000	681,786	\$ 0.3402	\$ 0.3428	\$ 190,519	\$ 233,743	\$ 424,262
7	January 2011	1,227,848	560,000	667,848	\$ 0.3412	\$ 0.3610	\$ 191,079	\$ 241,095	\$ 432,174
8	February 2011	959,183	560,000	399,183	\$ 0.3412	\$ 0.3412	\$ 191,079	\$ 136,185	\$ 327,264
9	March 2011	933,150	560,000	373,150	\$ 0.3412	\$ 0.3302	\$ 191,079	\$ 123,217	\$ 314,296
10	April 2011	523,647	-	523,647	\$ -	\$ 0.3024	\$ -	\$ 158,333	\$ 158,333
11	May 2011	408,458	-	408,458	\$ -	\$ 0.2875	\$ -	\$ 117,426	\$ 117,426
12	June 2011	251,115	-	251,115	\$ -	\$ 0.2895	\$ -	\$ 72,690	\$ 72,690
13	Total Jul 2010 to Jun 2011	7,894,625	2,800,000	5,094,625			\$ 954,275	\$ 1,677,583	\$ 2,631,858
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.3334
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 13.026
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

Tab 3
Page 4

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING JUNE 30, 2011
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 3, Page 3, Line 15, Col.9)		
4	Jul 01 2010 to Jun 30 2011	\$0.3334	\$13.026
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0098)	(\$0.383)
7			
8			
9			
10	New Reference Price	\$0.3236	\$12.643
11			
12	Existing Propane Reference Price (BCUC Order No. G-41-10)	\$0.3781	\$14.773
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0545)	(\$2.129)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0027)	(\$0.105)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	(\$0.0572)	(\$2.234)
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% is based on 2007, 2008, and 2009 data.		
27		Litres	%
28	Sales	23,472,939	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	847,918	3.61%
33	Total	1,162,350	4.95%
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0098)	(\$0.383)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	(\$0.0474)	(\$1.851)
38	Total Propane Cost Flowthrough	(\$0.0572)	(\$2.234)

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2011
WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 5

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, 2010						(\$46,942)
2	Apr 2010 (Projected)	509,059	\$0.3767	\$0.3781	(\$0.0014)	(\$723)	(\$47,665)
3	May 2010 (Projected)	397,277	\$0.3434	\$0.3781	(\$0.0347)	(\$13,768)	(\$61,433)
4	Jun 2010 (Projected)	242,127	\$0.3129	\$0.3781	(\$0.0652)	(\$15,784)	(\$77,217)
5	Current Quarter Total	<u>1,148,462</u>				<u>(\$30,275)</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	Jul 2010 (Forecast)	245,236	\$0.3226	\$0.3236	(\$0.0010)	(\$245)	(\$77,462)
12	Aug 2010 (Forecast)	214,221	\$0.3344	\$0.3236	\$0.0108	\$2,314	(\$75,148)
13	Sep 2010 (Forecast)	293,555	\$0.3277	\$0.3236	\$0.0041	\$1,204	(\$73,944)
14	Oct 2010 (Forecast)	673,730	\$0.3355	\$0.3236	\$0.0119	\$8,017	(\$65,927)
15	Nov 2010 (Forecast)	922,697	\$0.3386	\$0.3236	\$0.0150	\$13,840	(\$52,087)
16	Dec 2010 (Forecast)	1,241,786	\$0.3417	\$0.3236	\$0.0181	\$22,476	(\$29,611)
17	Jan 2011 (Forecast)	1,227,848	\$0.3520	\$0.3236	\$0.0284	\$34,871	\$5,260
18	Feb 2011 (Forecast)	959,183	\$0.3412	\$0.3236	\$0.0176	\$16,882	\$22,142
19	Mar 2011 (Forecast)	933,150	\$0.3368	\$0.3236	\$0.0132	\$12,318	\$34,460
20	Apr 2011 (Forecast)	523,647	\$0.3024	\$0.3236	(\$0.0212)	(\$11,101)	\$23,359
21	May 2011 (Forecast)	408,458	\$0.2875	\$0.3236	(\$0.0361)	(\$14,745)	\$8,614
22	Jun 2011 (Forecast)	251,115	\$0.2895	\$0.3236	(\$0.0341)	(\$8,563)	\$51
23	Total Jul 2010 to Jun 2011	<u>7,894,625</u>				<u>\$77,268</u>	

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FOR THE PERIOD ENDING JUNE 30, 2012
WITH PROPOSED REFERENCE PRICE EFFECTIVE JULY 1, 2010
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferrec Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 2011 Balance (Forecast)						\$51
2	July (Forecast)	253,939	\$0.2986	\$0.3236	(\$0.0250)	(\$6,348)	(\$6,297)
3	August (Forecast)	221,696	\$0.3105	\$0.3236	(\$0.0131)	(\$2,904)	(\$9,201)
4	September (Forecast)	302,346	\$0.3035	\$0.3236	(\$0.0201)	(\$6,077)	(\$15,278)
5	October (Forecast)	689,669	\$0.3116	\$0.3236	(\$0.0120)	(\$8,276)	(\$23,554)
6	November (Forecast)	943,926	\$0.3349	\$0.3236	\$0.0113	\$10,666	(\$12,888)
7	December (Forecast)	1,268,596	\$0.3328	\$0.3236	\$0.0092	\$11,671	(\$1,217)
8	January 2012 (Forecast)	1,264,090	\$0.3360	\$0.3236	\$0.0124	\$15,675	\$14,458
9	February (Forecast)	987,555	\$0.3334	\$0.3236	\$0.0098	\$9,678	\$24,136
10	March (Forecast)	961,944	\$0.3356	\$0.3236	\$0.0120	\$11,543	\$35,679
11	April (Forecast)	541,268	\$0.3186	\$0.3236	(\$0.0050)	(\$2,706)	\$32,973
12	May (Forecast)	422,436	\$0.2910	\$0.3236	(\$0.0326)	(\$13,771)	\$19,202
13	June (Forecast)	<u>261,189</u>	\$0.2930	\$0.3236	(\$0.0306)	<u>(\$7,992)</u>	\$11,210
14	Total Jul 2011 to Jun 2012	<u><u>8,118,654</u></u>				<u><u>\$11,159</u></u>	

TERASEN GAS INC.
PROPOSED JULY 1, 2010 PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION
(MAY 25, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

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		\$11.840	\$142.08			\$24.840	\$298.08			\$132.520	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	157.25		250.0	\$2.604	651.00		4,500.0	\$2.219	9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$16.414	<u>820.70</u>		250.0	\$15.323	<u>3,830.75</u>		4,500.0	\$15.323	<u>68,953.50</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>1,120.03</u>		<u>250.0</u>		<u>4,779.83</u>		<u>4,500.0</u>		<u>80,529.24</u>	
12													
13													
14													
15	July 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$2.234)	<u>(111.70)</u>	(10.0%)		(\$2.234)	<u>(558.50)</u>	(11.7%)		(\$2.234)	<u>(10,053.00)</u>	(12.5%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,008.33</u>				<u>\$4,221.33</u>				<u>\$70,476.24</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE FLOATING PRICES

Forward Prices: May 25, 2010

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-10	\$68.75	\$0.2998
Aug-10	\$70.10	\$0.3005
Sep-10	\$71.04	\$0.3169
Oct-10	\$71.76	\$0.3340
Nov-10	\$72.42	\$0.3437
Dec-10	\$73.04	\$0.3743
Jan-11	\$73.45	\$0.3818
Feb-11	\$73.83	\$0.3693
Mar-11	\$74.17	\$0.3470
Apr-11	\$74.50	\$0.3384
May-11	\$74.81	\$0.3306
Jun-11	\$75.08	\$0.3143
Jul-11	\$75.33	\$0.3003
Aug-11	\$75.55	\$0.3007
Sep-11	\$75.77	\$0.3371
Oct-11	\$76.00	\$0.3524
Nov-11	\$76.25	\$0.3568
Dec-11	\$76.53	\$0.3893
Jan-12	\$76.59	\$0.3954
Feb-12	\$76.68	\$0.3817
Mar-12	\$76.79	\$0.3572
Apr-12	\$76.91	\$0.3570
May-12	\$77.04	\$0.3422
Jun-12	\$77.19	\$0.3249

PROPANE SWAP PRICES		
Month	Propane Swap Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-10	\$0.99	\$0.3226
Aug-10	\$0.99	\$0.3344
Sep-10	\$1.00	\$0.3277
Oct-10	\$1.01	\$0.3355
Nov-10	\$1.02	\$0.3386
Dec-10	\$1.02	\$0.3417
Jan-11	\$1.03	\$0.3520
Feb-11	\$1.01	\$0.3412
Mar-11	\$0.96	\$0.3368
Apr-11	\$0.91	\$0.3024
May-11	\$0.90	\$0.2875
Jun-11	\$0.90	\$0.2895
Jul-11	\$0.90	\$0.2986
Aug-11	\$0.91	\$0.3105
Sep-11	\$0.91	\$0.3035
Oct-11	\$0.92	\$0.3116
Nov-11	\$0.93	\$0.3349
Dec-11	\$0.94	\$0.3328
Jan-12	\$0.90	\$0.3360
Feb-12	\$0.90	\$0.3334
Mar-12	\$0.90	\$0.3356
Apr-12	\$0.90	\$0.3186
May-12	\$0.90	\$0.2910
Jun-12	\$0.90	\$0.2930

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-10	\$0.3112
Aug-10	\$0.3175
Sep-10	\$0.3223
Oct-10	\$0.3347
Nov-10	\$0.3412
Dec-10	\$0.3580
Jan-11	\$0.3669
Feb-11	\$0.3553
Mar-11	\$0.3419
Apr-11	\$0.3204
May-11	\$0.3091
Jun-11	\$0.3019
Jul-11	\$0.2994
Aug-11	\$0.3056
Sep-11	\$0.3203
Oct-11	\$0.3320
Nov-11	\$0.3459
Dec-11	\$0.3611
Jan-12	\$0.3657
Feb-12	\$0.3576
Mar-12	\$0.3464
Apr-12	\$0.3378
May-12	\$0.3166
Jun-12	\$0.3090

Notes: US-Cdn exchange rates source - Barclays Bank dated May 25, 2010.



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 2010 Second Quarter Gas Cost Report and
Propane Commodity Charges effective July 1, 2010
for the Revelstoke Service Area

BEFORE:

[June __, 2010]

WHEREAS:

- A. By Order No. G-41-10 dated March 11, 2010, the British Columbia Utilities Commission (the "Commission") increased the propane commodity rates for the Terasen Gas Inc. ("Terasen Gas") Revelstoke service area ("Revelstoke") effective April 1, 2010; and
- B. On June 3, 2010 Terasen Gas filed its 2010 Second Quarter Gas Cost Report for Revelstoke (the "2010 Second Quarter Report"); 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 B0 – Mt. Belvieu propane swap prices, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX B0 – Mt. Belvieu propane swap prices; and
- D. Using a propane price forecast based on an average of 50 percent of the May 25, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the May 25, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$65,628 surplus is forecast to change to a pre-tax surplus balance of \$346,578 at June 30, 2011. The rate change trigger mechanism is calculated to be 113.1 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 May 25, 2010 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$54,038 surplus is forecast to



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change to a pre-tax surplus balance of \$263,133 at June 30, 2011. The rate change trigger mechanism is calculated to be 109.7 percent which does not fall within the deadband range of 95 percent to 105 percent; and

- F. Using a propane price forecast based on May 25, 2010 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2010 of \$77,217 surplus is forecast to change to a pre-tax surplus balance of \$430,208 at June 30, 2011. The rate change trigger mechanism is calculated to be 116.8 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. In the 2010 Second Quarter Report, Terasen Gas requests approval of a propane rate, that is based on a propane price forecast using an average of 50 percent of the May 25, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the May 25, 2010 NMYEX B0 - Mt. Belvieu propane swap prices, which would decrease the propane reference price by \$0.0439 per litre, from \$0.3781 per litre to \$0.3342 per litre, effective July 1, 2010. This corresponds to a rate decrease of \$1.801 per gigajoule; and
- H. The rate change will result in a decrease of approximately \$90 or 8.0 percent in the annual bill of a typical residential customer, based on consumption of 50 gigajoules annually; and
- 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 decrease of \$0.0439 per litre to \$0.3342 per litre, which corresponds to a decrease of \$1.801 per gigajoule in customer rates, effective July 1, 2010. 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 2010.

BY ORDER