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September 3, 2010

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. – Fort Nelson Service Area (“TG Fort Nelson”)
Gas Cost Reconciliation Account (“GCRA”) and
2010 Third Quarter Gas Cost Report**

The attached materials provide the TG Fort Nelson 2010 Third Quarter Gas Cost Report as required under British Columbia Utilities Commission (the “Commission”) guidelines.

Consistent with the natural gas price forecast utilized in the Terasen Gas Inc. (“Terasen Gas”) 2010 Third Quarter Gas Cost Report, the gas cost forecast used within the attached report is based on the five-day average of the August 18, 19, 20, 23, and 24, 2010 forward prices for natural gas (“five-day average forward prices ending August 24, 2010”).

Based on the five-day average forward prices ending August 24, 2010, the September 30, 2010 GCRA deferral balance is projected to be approximately \$34,900 surplus after tax (Tab 1, Page 2, Column 2, Line 28). Further, based on the five-day average forward prices August 24, 2010, the gas purchase cost assumptions, the forecast gas cost recoveries at present rates for the 12-month period ending September 30, 2011, and accounting for the projected September 30, 2010 deferral balance, the GCRA ratio is calculated to be 108.4% (Tab 1, Page 1, Column 3, Line 10). The ratio falls outside the dead band range of 95% to 105%, indicating that current rates are over recovering costs at this time.

The forecast cost of gas, based on the five-day average forward prices ending August 24, 2010, indicates a gas cost flow through decrease, effective October 1, 2010, of \$0.448/GJ would be required to eliminate the forecast over-recovery of the 12-month forward gas purchase costs and to amortize the projected September 30, 2010 surplus deferral balance. A summary, including a component breakdown of the tested \$0.448/GJ decrease is provided in the section titled “BALANCING REQUIREMENT” at Tab 1, Page 1.

However, the TG Fort Nelson 2011 Revenue Requirements Application is anticipated to be filed in early September and within that application Terasen Gas will be seeking an increase in the TG Fort Nelson delivery rates effective January 1, 2011. Based on the five-day average forecast prices ending August 24, 2010 and at current gas cost recovery rates, the GCRA balance at December 31, 2010 is forecast to be approximately \$65,400 surplus after

tax (Tab 1, Page 2, Column 4, Line 29). Given that the GCRA balance is forecast to remain relatively small over the next three months, and that the delivery rates are expected to increase effective January 1, 2011 (noting that for customer billing purposes the TG Fort Nelson rates are a bundled rate), Terasen Gas proposes that no change be made in the gas cost recovery rate effective October 1, 2010. Terasen Gas continues to support the commodity revenue-to-cost ratio mechanism and recognizes that the request to not decrease rates October 1, 2010 is out of the ordinary, but believes that under the current circumstances and in the interest of rate stability it is not inappropriate to leave rates unchanged at this time.

Terasen Gas recommends TG Fort Nelson rates remain unchanged at October 1, 2010. However should the Commission determine a rate change is required effective October 1, 2010, Terasen Gas would suggest a partial flow through to bring the forecast 2010 fourth quarter trigger ratio (related to the January 1, 2011 to December 31, 2011 prospective period) to within the 105% limit would be appropriate, and equates to a decrease of \$0.360/GJ to the gas cost recovery charge effective October 1, 2010.

The gas cost recovery charge will be reviewed again in the TG Fort Nelson 2010 Fourth Quarter Gas Cost Report, expected to be filed in early December 2010, and the gas cost recovery rate would be established in conjunction with the delivery rates, effective January 1, 2011. Currently, based on the five-day average forward prices ending August 24, 2010, the gas purchase cost assumptions, the forecast gas cost recoveries at the current rates for the 12-month period ending December 31, 2011, and the forecast December 30, 2010 deferral balance, a gas cost recovery rate decrease at January 1, 2011 of approximately \$0.73/GJ could be applied to help offset the impact of a delivery rate increase.

The schedules within Tab 2 provide a summary of the forecast monthly GCRA activity and deferral balances with the tested October 1, 2010 flow through.

Provided in Tab 3 are the details of the forecast gas costs for TG Fort Nelson. 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 hereby requests Commission approval for TG Fort Nelson gas cost rates to remain unchanged at October 1, 2010.

Terasen Gas will continue to monitor the forward prices and will report these results in the TG Fort Nelson 2010 Fourth 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. - FORT NELSON SERVICE AREA
GAS COST RECONCILIATION ACCOUNT ("GCRA") RATE CHANGE TRIGGER MECHANISM
FOR THE PERIOD OCTOBER 1, 2010 TO SEPTEMBER 30, 2011
WITH EXISTING JULY 1, 2010 GAS COST RECOVERY RATES
FIVE-DAY AVERAGE FORWARD PRICES - AUGUST 18,19,20,23 AND 24, 2010

Tab 1
Page 1

Line No.	Particulars	Annual (\$000)	Percentage	Volume (TJ)	Unit Cost (\$/GJ)
	(1)	(2)	(3)	(4)	(5)
1	<u>RATE CHANGE TRIGGER MECHANISM</u>				
2	Projected Grossed-up GCRA Balance as at September 30, 2010	\$ (48.9)			
3	(Tab 1, Page 2, Line 31, Col 2 after tax amount grossed up using tax rate 28.5%)				
4					
5	Forecast Incurred Gas Costs - October 2010 to September 2011	\$ 2,924.8			
6	(Tab 1, Page 2, Line 19, Col 14)				
7	Forecast Recovered Gas Costs - October 2010 to September 2011	\$ 3,116.7			
8	(Tab 1, Page 2, Line 10, Col 14)				
9					
10	Ratio = $\frac{\text{Forecast Recovered Gas Costs}}{\text{Forecast Incurred Gas Costs} + \text{Projected GCRA Balance}}$	= \$ 3,116.7	=		<u>108.4%</u>
11		\$ 2,876.0			
12					
13					
14					
15					
16	<u>BALANCING REQUIREMENT</u>				
17	(applicable when Rate Change Trigger Mechanism Ratio falls outside 95% to 105% deadband)				
18					
19					
20	TESTED RATES				
21					
22	Forecast 12 Month Sales Recovery Volumes October 2010 to September 2011			537.7	
23	(Tab 1, Page 2, Line 2, Col 14)				
24					
25	Projected GCRA Balance at September 30, 2010 (Line 2)	\$ (48.9)			\$ (0.0909)
26	Forecast GCRA Activities - October 2010 to September 2011 (Line 5 - Line 7)	(191.8)			\$ (0.3567)
27	(Over) / Under Recovery at Existing Rates	<u>\$ (240.7)</u>			
28					
29					
30	Tested Rates (Decrease) / Increase				<u>\$ (0.4480)</u>

**TERASEN GAS INC. - FORT NELSON SERVICE AREA
RECOVERED AND INCURRED COSTS SUMMARY
FOR THE PERIOD OCTOBER 1, 2010 TO SEPTEMBER 30, 2011
WITH EXISTING JULY 1, 2010 GAS COST RECOVERY RATES
FIVE-DAY AVERAGE FORWARD PRICES - AUGUST 18,19,20,23 AND 24, 2010**

Line No.	Particulars	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	1-12 month Forecast Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	RECOVERED GAS COSTS													
2	Total Sales - TJ	39.5	64.8	81.7	96.5	69.7	66.4	39.1	21.6	13.8	9.3	12.3	23.0	537.7
3	T-Service UAF - TJ	0.0	0.1	0.1	0.3	0.2	0.2	0.0	0.0	-	-	-	-	0.8
4														
5	Recovery Unit Cost on Sales - \$/GJ	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	
6	Recovery Unit Cost on T-Service UAF - \$/GJ	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	
7														
8	Recovery on Sales - \$000	\$ 228.5	\$ 374.8	\$ 472.6	\$ 558.2	\$ 403.1	\$ 384.1	\$ 226.2	\$ 124.9	\$ 79.8	\$ 53.8	\$ 71.1	\$ 133.0	\$ 3,110.1
9	Recovery on T-Service UAF @ \$8.078 - \$000	0.2	0.4	0.6	2.0	1.5	1.4	0.4	0.1	-	-	-	-	6.6
10	Total Forecast Recovered Gas Costs - \$000	<u>\$ 228.7</u>	<u>\$ 375.2</u>	<u>\$ 473.1</u>	<u>\$ 560.2</u>	<u>\$ 404.7</u>	<u>\$ 385.4</u>	<u>\$ 226.5</u>	<u>\$ 125.0</u>	<u>\$ 79.8</u>	<u>\$ 53.8</u>	<u>\$ 71.1</u>	<u>\$ 133.0</u>	<u>\$ 3,116.7</u>
11														
12														
13														
14	INCURRED GAS COSTS													
15	Total Purchases Incl. UAF - TJ	40.1	65.8	82.9	98.1	70.9	67.5	39.7	21.9	14.0	9.4	12.5	23.3	546.0
16														
17	Incurred Cost - \$/GJ	4.9391	5.5849	5.6585	5.6988	5.7002	5.6793	4.4317	4.4616	4.5123	4.5726	4.5927	4.5820	
18														
19	Forecast Incurred Gas Costs - \$000	<u>\$ 197.9</u>	<u>\$ 367.3</u>	<u>\$ 469.2</u>	<u>\$ 559.1</u>	<u>\$ 403.9</u>	<u>\$ 383.4</u>	<u>\$ 175.9</u>	<u>\$ 97.8</u>	<u>\$ 63.1</u>	<u>\$ 43.1</u>	<u>\$ 57.3</u>	<u>\$ 106.9</u>	<u>\$ 2,924.8</u>
20														
21														
22														
23	GCRA BALANCE													
24	Opening Balances (Pre-Tax) ^(1*)	\$ (48.9)	\$ (79.6)	\$ (87.5)	\$ (89.0)	\$ (90.1)	\$ (90.9)	\$ (92.9)	\$ (143.6)	\$ (170.8)	\$ (187.5)	\$ (198.1)	\$ (212.0)	
25	Forecast Activity	(30.7)	(8.0)	(4.0)	(1.1)	(0.7)	(2.1)	(50.6)	(27.2)	(16.7)	(10.7)	(13.9)	(26.2)	\$ (191.8)
26	Closing Balances (Pre-tax) - \$000	<u>\$ (79.6)</u>	<u>\$ (87.6)</u>	<u>\$ (91.5)</u>	<u>\$ (90.1)</u>	<u>\$ (90.9)</u>	<u>\$ (92.9)</u>	<u>\$ (143.6)</u>	<u>\$ (170.8)</u>	<u>\$ (187.5)</u>	<u>\$ (198.1)</u>	<u>\$ (212.0)</u>	<u>\$ (238.2)</u>	
27														
28														
29	Tax Rate	28.50%	28.50%	28.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	
30														
31	Opening Balances (After-Tax) - \$000	\$ (34.9)	\$ (56.9)	\$ (62.6)	\$ (65.4)	\$ (66.2)	\$ (66.8)	\$ (68.3)	\$ (105.5)	\$ (125.5)	\$ (137.8)	\$ (145.6)	\$ (155.8)	
32	Closing Balances (After Tax) - \$000	<u>\$ (56.9)</u>	<u>\$ (62.6)</u>	<u>\$ (65.4)</u>	<u>\$ (66.2)</u>	<u>\$ (66.8)</u>	<u>\$ (68.3)</u>	<u>\$ (105.5)</u>	<u>\$ (125.5)</u>	<u>\$ (137.8)</u>	<u>\$ (145.6)</u>	<u>\$ (155.8)</u>	<u>\$ (175.1)</u>	

Slight differences in totals due to rounding.

Note (1*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

TERASEN GAS INC. - FORT NELSON SERVICE AREA
RECOVERED AND INCURRED COSTS SUMMARY
FOR THE PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012
WITH EXISTING JULY 1, 2010 GAS COST RECOVERY RATES
FIVE-DAY AVERAGE FORWARD PRICES - AUGUST 18,19,20,23 AND 24, 2010

Tab 1
Page 3

Line No.	Particulars													13-24 month
		Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Forecast Total
	(1)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
1	RECOVERED GAS COSTS													
2	Total Sales - TJ	39.3	64.4	81.2	96.8	70.0	66.7	39.2	21.6	13.8	9.3	12.4	23.1	537.8
3	T-Service UAF - TJ	0.0	0.1	0.1	0.3	0.2	0.2	0.0	0.0	-	-	-	-	0.8
4														
5	Recovery Unit Cost on Sales - \$/GJ	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	\$ 5.784	
6	Recovery Unit Cost on T-Service UAF - \$/GJ	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	
7														
8	Recovery on Sales - \$000	\$ 227.3	\$ 372.5	\$ 469.7	\$ 559.9	\$ 404.9	\$ 385.8	\$ 226.7	\$ 124.9	\$ 79.8	\$ 53.8	\$ 71.7	\$ 133.6	\$ 3,110.6
9	Recovery on T-Service UAF @ \$8.078 - \$000	0.2	0.4	0.6	2.0	1.5	1.4	0.4	0.1	-	-	-	-	6.6
10	Total Forecast Recovered Gas Costs - \$000	\$ 227.5	\$ 372.9	\$ 470.2	\$ 561.9	\$ 406.4	\$ 387.2	\$ 227.1	\$ 125.0	\$ 79.8	\$ 53.8	\$ 71.7	\$ 133.6	\$ 3,117.2
11														
12														
13														
14	INCURRED GAS COSTS													
15	Total Purchases Incl. UAF - TJ	39.9	65.4	82.4	98.4	71.2	67.8	39.8	21.9	14.0	9.4	12.6	23.4	546.1
16														
17	Incurred Cost - \$/GJ	4.3352	4.9514	5.0818	5.1630	5.1452	5.0770	4.1801	4.2011	4.2508	4.3172	4.3608	4.3559	
18														
19	Forecast Incurred Gas Costs - \$000	\$ 172.9	\$ 323.6	\$ 418.8	\$ 508.1	\$ 366.2	\$ 344.2	\$ 166.3	\$ 92.0	\$ 59.5	\$ 40.7	\$ 54.8	\$ 102.0	\$ 2,649.2
20														
21														
22														
23	GCRA BALANCE													
24	Opening Balances (Pre-Tax) ^(1*)	\$ (238.2)	\$ (292.8)	\$ (342.1)	\$ (385.7)	\$ (439.6)	\$ (479.8)	\$ (522.8)	\$ (583.5)	\$ (616.5)	\$ (636.8)	\$ (649.9)	\$ (666.8)	
25	Forecast Activity	(54.6)	(49.3)	(51.5)	(53.9)	(40.2)	(42.9)	(60.8)	(32.9)	(20.3)	(13.1)	(16.9)	(31.6)	\$ (468.0)
26	Closing Balances (Pre-tax) - \$000	\$ (292.8)	\$ (342.1)	\$ (393.6)	\$ (439.6)	\$ (479.8)	\$ (522.8)	\$ (583.5)	\$ (616.5)	\$ (636.8)	\$ (649.9)	\$ (666.8)	\$ (698.3)	
27														
28														
29	Tax Rate	26.50%	26.50%	26.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	
30														
31	Opening Balances (After-Tax) - \$000	\$ (175.1)	\$ (215.2)	\$ (251.5)	\$ (289.3)	\$ (329.7)	\$ (359.9)	\$ (392.1)	\$ (437.6)	\$ (462.3)	\$ (477.6)	\$ (487.4)	\$ (500.1)	
32	Closing Balances (After Tax) - \$000	\$ (215.2)	\$ (251.5)	\$ (289.3)	\$ (329.7)	\$ (359.9)	\$ (392.1)	\$ (437.6)	\$ (462.3)	\$ (477.6)	\$ (487.4)	\$ (500.1)	\$ (523.8)	

Slight differences in totals due to rounding.

Note (1*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

TERASEN GAS INC. - FORT NELSON SERVICE AREA
STATION NO. 2 INDEX FORECAST
FOR THE PERIOD ENDING SEPTEMBER 30, 2012

Line No	Particulars	Five-day Average Forward Prices - August 18,19,20,23 and 24, 2010 2010 Q3 Gas Cost Report	May 25, 2010 Forward Prices 2010 Q2 Gas Cost Report	Change in Forward Prices (4) = (2) - (3)
	(1)	(2)	(3)	(4) = (2) - (3)
1	Station No. 2 Index Prices - \$CDN/GJ			
2	2010 January	\$ 5.08	\$ 5.11	\$ (0.03)
3	February	\$ 4.77	\$ 5.13	\$ (0.36)
4	March	\$ 3.73	\$ 4.39	\$ (0.66)
5	April	\$ 3.29	Recorded \$ 3.51	\$ (0.22)
6	May	\$ 3.36	Projected \$ 3.37	\$ (0.00)
7	June	\$ 3.77	Forecast \$ 3.50	\$ 0.27
8	July	Recorded \$ 3.39	\$ 3.56	\$ (0.17)
9	August	Projected \$ 3.03	\$ 3.64	\$ (0.61)
10	September	Forecast \$ 2.77	\$ 3.72	\$ (0.94)
11	October	\$ 2.89	\$ 3.89	\$ (1.00)
12	November	\$ 3.52	\$ 4.23	\$ (0.70)
13	December	\$ 3.78	\$ 4.61	\$ (0.83)
14	<i>Simple Average (Jan, 2010 - Dec, 2010)</i>	<u>\$ 3.62</u>	<u>\$ 4.05</u>	-10.8% <u>\$ (0.44)</u>
15	<i>Simple Average (Apr, 2010 - Mar, 2011)</i>	<u>\$ 3.46</u>	<u>\$ 4.03</u>	-14.1% <u>\$ (0.57)</u>
16	<i>Simple Average (Jul, 2010 - Jun, 2011)</i>	<u>\$ 3.49</u>	<u>\$ 4.26</u>	-18.2% <u>\$ (0.78)</u>
17	<i>Simple Average (Oct, 2010 - Sep, 2011)</i>	<u>\$ 3.66</u>	<u>\$ 4.49</u>	-18.7% <u>\$ (0.84)</u>
18	2011 January	\$ 3.92	\$ 4.82	\$ (0.90)
19	February	\$ 3.92	\$ 4.80	\$ (0.88)
20	March	\$ 3.85	\$ 4.69	\$ (0.84)
21	April	\$ 3.55	\$ 4.37	\$ (0.82)
22	May	\$ 3.58	\$ 4.40	\$ (0.82)
23	June	\$ 3.63	\$ 4.45	\$ (0.82)
24	July	\$ 3.69	\$ 4.51	\$ (0.82)
25	August	\$ 3.76	\$ 4.57	\$ (0.81)
26	September	\$ 3.78	\$ 4.60	\$ (0.82)
27	October	\$ 3.86	\$ 4.70	\$ (0.84)
28	November	\$ 4.21	\$ 5.06	\$ (0.85)
29	December	\$ 4.49	\$ 5.35	\$ (0.86)
30	<i>Simple Average (Jan, 2011 - Dec, 2011)</i>	<u>\$ 4.66</u>	<u>\$ 4.69</u>	-0.8% <u>\$ (0.04)</u>
31	<i>Simple Average (Apr, 2011 - Mar, 2012)</i>	<u>\$ 4.02</u>	<u>\$ 4.87</u>	-17.3% <u>\$ (0.84)</u>
32	<i>Simple Average (Jul, 2011 - Jun, 2012)</i>	<u>\$ 4.15</u>	<u>\$ 4.96</u>	-16.4% <u>\$ (0.81)</u>
33	<i>Simple Average (Oct, 2011 - Sep, 2012)</i>	<u>\$ 4.27</u>		
34	2012 January	\$ 4.66	\$ 5.55	\$ (0.90)
35	February	\$ 4.62	\$ 5.50	\$ (0.88)
36	March	\$ 4.47	\$ 5.33	\$ (0.85)
37	April	\$ 4.07	\$ 4.77	\$ (0.70)
38	May	\$ 4.08	\$ 4.78	\$ (0.70)
39	June	\$ 4.11	\$ 4.81	\$ (0.70)
40	July	\$ 4.16		
41	August	\$ 4.24		
42	September	\$ 4.27		

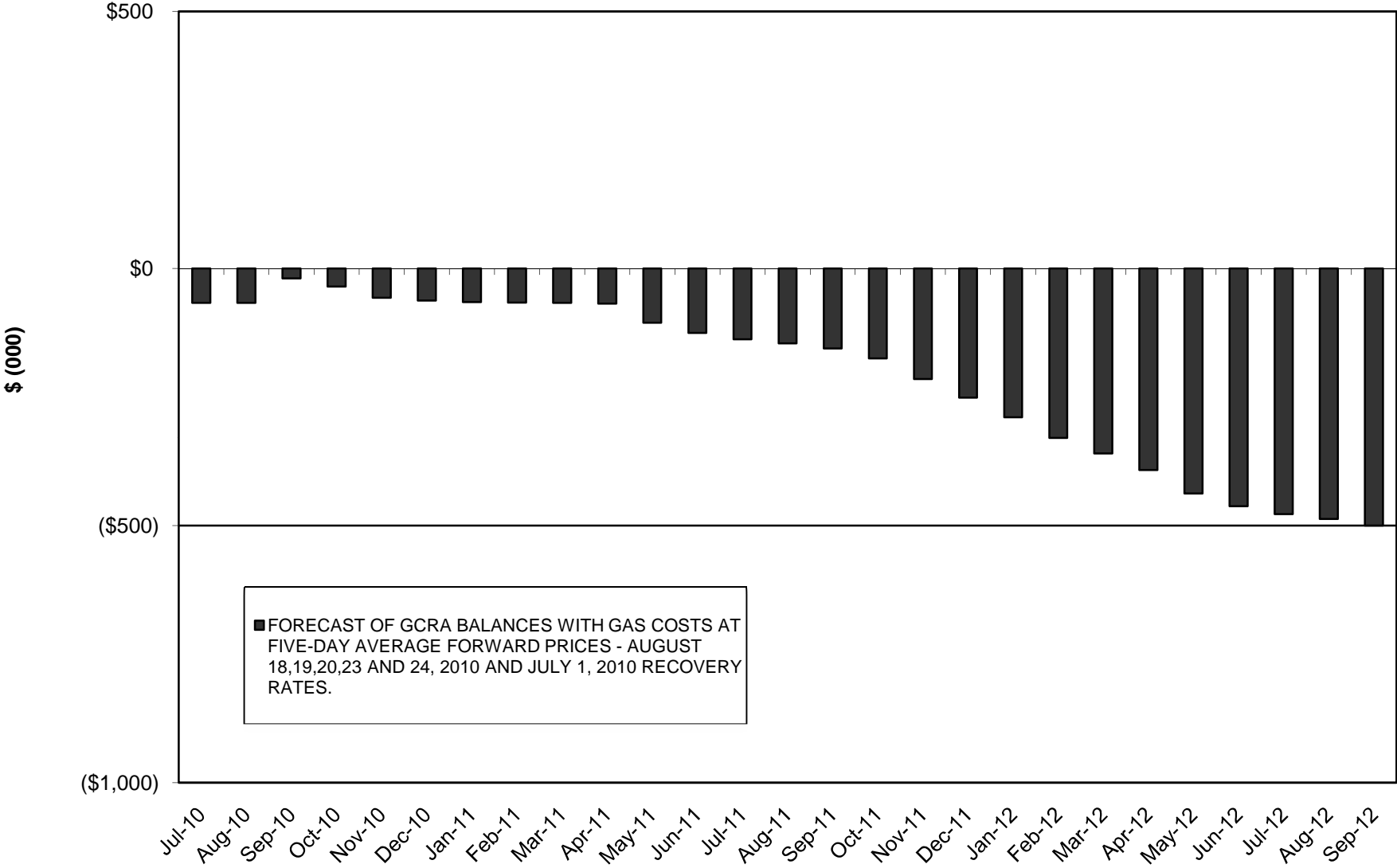
TERASEN GAS INC. - FORT NELSON SERVICE AREA
GCRA AFTER TAX BALANCES (\$000)
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH EXISTING JULY 1, 2010 GAS COST RECOVERY RATES

Tab 1
Page 5

Line No.	Particulars	2010 Q3 Gas Cost Report Jul 1, 2010 Existing Rates Five-day Average Forward Prices - August 18,19,20,23 and 24, 2010		2010 Q2 Gas Cost Report Jul 1, 2010 Existing Rates May 25, 2010 Forward Prices	
		(1)	(2)	(3)	(3)
1	2010 Jan		\$ 0.3		\$ 0.3
2	Feb		\$ 41.0		\$ 41.0
3	Mar		\$ (6.6)		\$ (6.6)
4	Apr		\$ 54.8		\$ 54.8
5	May		\$ (15.7)		\$ 38.8
6	Jun		\$ (80.9)		\$ 30.0
7	Jul		\$ (67.0)		\$ 27.8
8	Aug		\$ (67.0) ^(A)		\$ 25.0
9	Sep		\$ (19.3)		\$ 19.7
10	Oct		\$ (34.9)		\$ 12.3
11	Nov		\$ (56.9)		\$ 10.4
12	Dec		\$ (62.6)		\$ 15.1
13	2011 Jan		\$ (65.4)		\$ 25.5
14	Feb		\$ (66.2)		\$ 32.6
15	Mar		\$ (66.8)		\$ 37.8
16	Apr		\$ (68.3)		\$ 17.0
17	May		\$ (105.5)		\$ 6.0
18	Jun		\$ (125.5)		\$ (0.5)
19	Jul		\$ (137.8)		\$ (4.4)
20	Aug		\$ (145.6)		\$ (9.5)
21	Sep		\$ (155.8)		\$ (19.2)
22	Oct		\$ (175.1)		\$ (40.3)
23	Nov		\$ (215.2)		\$ (48.2)
24	Dec		\$ (251.5)		\$ (50.4)
25	2012 Jan		\$ (289.3)		\$ (46.6)
26	Feb		\$ (329.7)		\$ (45.0)
27	Mar		\$ (359.9)		\$ (47.4)
28	Apr		\$ (392.1)		\$ (75.2)
29	May		\$ (437.6)		\$ (90.1)
30	Jun		\$ (462.3)		\$ (99.1)
31	Jul		\$ (477.6)		
32	Aug		\$ (487.4)		
33	Sep		\$ (500.1)		

Note (A) includes volume reconciliation adjustment for prior months

TERASEN GAS INC. - FORT NELSON SERVICE AREA
 GCRA AFTER TAX BALANCES BY MONTH
 FOR THE PERIOD ENDING SEPTEMBER 2012



**TERASEN GAS INC. - FORT NELSON SERVICE AREA
RECOVERED AND INCURRED COSTS SUMMARY
FOR THE PERIOD OCTOBER 1, 2010 TO SEPTEMBER 30, 2011
WITH TESTED OCT 1, 2010 GAS COST RECOVERY RATES
FIVE-DAY AVERAGE FORWARD PRICES - AUGUST 18,19,20,23 AND 24, 2010**

Line No.	Particulars	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	1-12 month Forecast Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	RECOVERED GAS COSTS													
2	Total Sales - TJ	39.5	64.8	81.7	96.5	69.7	66.4	39.1	21.6	13.8	9.3	12.3	23.0	537.7
3	T-Service UAF - TJ	0.0	0.1	0.1	0.3	0.2	0.2	0.0	0.0	-	-	-	-	0.8
4														
5	Recovery Unit Cost on Sales - \$/GJ	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336
6	Recovery Unit Cost on T-Service UAF - \$/GJ	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078
7														
8	Recovery on Sales - \$000	\$ 210.8	\$ 345.8	\$ 436.0	\$ 514.9	\$ 371.9	\$ 354.3	\$ 208.6	\$ 115.3	\$ 73.6	\$ 49.6	\$ 65.6	\$ 122.7	\$ 2,869.2
9	Recovery on T-Service UAF @ \$8.078 - \$000	0.2	0.4	0.6	2.0	1.5	1.4	0.4	0.1	-	-	-	-	6.6
10	Total Forecast Recovered Gas Costs - \$000	<u>\$ 211.0</u>	<u>\$ 346.2</u>	<u>\$ 436.5</u>	<u>\$ 517.0</u>	<u>\$ 373.4</u>	<u>\$ 355.7</u>	<u>\$ 209.0</u>	<u>\$ 115.3</u>	<u>\$ 73.6</u>	<u>\$ 49.6</u>	<u>\$ 65.6</u>	<u>\$ 122.7</u>	<u>\$ 2,875.8</u>
11														
12														
13														
14	INCURRED GAS COSTS													
15	Total Purchases Incl. UAF - TJ	40.1	65.8	82.9	98.1	70.9	67.5	39.7	21.9	14.0	9.4	12.5	23.3	546.0
16														
17	Incurred Cost - \$/GJ	4.939	5.585	5.658	5.699	5.700	5.679	4.432	4.462	4.512	4.573	4.593	4.582	
18														
19	Forecast Incurred Gas Costs - \$000	<u>\$ 197.9</u>	<u>\$ 367.3</u>	<u>\$ 469.2</u>	<u>\$ 559.1</u>	<u>\$ 403.9</u>	<u>\$ 383.4</u>	<u>\$ 175.9</u>	<u>\$ 97.8</u>	<u>\$ 63.1</u>	<u>\$ 43.1</u>	<u>\$ 57.3</u>	<u>\$ 106.9</u>	<u>\$ 2,924.8</u>
20														
21														
22														
23	GCRA BALANCE													
24	Opening Balances (Pre-Tax) ^(1*)	\$ (48.9)	\$ (61.9)	\$ (40.8)	\$ (8.0)	\$ 34.2	\$ 64.7	\$ 92.3	\$ 59.2	\$ 41.7	\$ 31.2	\$ 24.7	\$ 16.3	
25	Forecast Activity	(13.0)	21.1	32.6	42.1	30.5	27.7	(33.1)	(17.6)	(10.5)	(6.5)	(8.4)	(15.9)	\$ 49.1
26	Closing Balances (Pre-tax) - \$000	<u>\$ (61.9)</u>	<u>\$ (40.8)</u>	<u>\$ (8.2)</u>	<u>\$ 34.2</u>	<u>\$ 64.7</u>	<u>\$ 92.3</u>	<u>\$ 59.2</u>	<u>\$ 41.7</u>	<u>\$ 31.2</u>	<u>\$ 24.7</u>	<u>\$ 16.3</u>	<u>\$ 0.4</u>	
27														
28														
29	Tax Rate	28.50%	28.50%	28.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	
30														
31	Opening Balances (After-Tax)	\$ (34.9)	\$ (44.2)	\$ (29.2)	\$ (5.8)	\$ 25.1	\$ 47.5	\$ 67.9	\$ 43.5	\$ 30.6	\$ 22.9	\$ 18.1	\$ 12.0	
32	Closing Balances (After Tax) - \$000	<u>\$ (44.2)</u>	<u>\$ (29.2)</u>	<u>\$ (5.8)</u>	<u>\$ 25.1</u>	<u>\$ 47.5</u>	<u>\$ 67.9</u>	<u>\$ 43.5</u>	<u>\$ 30.6</u>	<u>\$ 22.9</u>	<u>\$ 18.1</u>	<u>\$ 12.0</u>	<u>\$ 0.3</u>	

Slight differences in totals due to rounding.
Note (1*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

**TERASEN GAS INC. - FORT NELSON SERVICE AREA
RECOVERED AND INCURRED COSTS SUMMARY
FOR THE PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012
WITH TESTED OCT 1, 2010 GAS COST RECOVERY RATES
FIVE-DAY AVERAGE FORWARD PRICES - AUGUST 18,19,20,23 AND 24, 2010**

Tab 2
Page 2

Line No.	Particulars	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	13-24 month Forecast Total
	(1)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
1	RECOVERED GAS COSTS													
2	Total Sales - TJ	39.3	64.4	81.2	96.8	70.0	66.7	39.2	21.6	13.8	9.3	12.4	23.1	537.8
3	T-Service UAF - TJ	0.0	0.1	0.1	0.3	0.2	0.2	0.0	0.0	-	-	-	-	0.8
4														
5	Recovery Unit Cost on Sales - \$/GJ	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	\$ 5.336	
6	Recovery Unit Cost on T-Service UAF - \$/GJ	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	\$ 8.078	
7														
8	Recovery on Sales - \$000	\$ 209.7	\$ 343.6	\$ 433.3	\$ 516.5	\$ 373.5	\$ 355.9	\$ 209.2	\$ 115.3	\$ 73.6	\$ 49.6	\$ 66.2	\$ 123.3	\$ 2,869.7
9	Recovery on T-Service UAF @ \$8.078 - \$000	0.2	0.4	0.6	2.0	1.5	1.4	0.4	0.1	-	-	-	-	6.6
10	Total Forecast Recovered Gas Costs - \$000	<u>\$ 209.9</u>	<u>\$ 344.1</u>	<u>\$ 433.9</u>	<u>\$ 518.6</u>	<u>\$ 375.0</u>	<u>\$ 357.3</u>	<u>\$ 209.5</u>	<u>\$ 115.3</u>	<u>\$ 73.6</u>	<u>\$ 49.6</u>	<u>\$ 66.2</u>	<u>\$ 123.3</u>	<u>\$ 2,876.3</u>
11														
12														
13														
14	INCURRED GAS COSTS													
15	Total Purchases Incl. UAF - TJ	39.9	65.4	82.4	98.4	71.2	67.8	39.8	21.9	14.0	9.4	12.6	23.4	546.1
16														
17	Incurred Cost - \$/GJ	4.335	4.951	5.082	5.163	5.145	5.077	4.180	4.201	4.251	4.317	4.361	4.356	
18														
19	Forecast Incurred Gas Costs - \$000	<u>\$ 172.9</u>	<u>\$ 323.6</u>	<u>\$ 418.8</u>	<u>\$ 508.1</u>	<u>\$ 366.2</u>	<u>\$ 344.2</u>	<u>\$ 166.3</u>	<u>\$ 92.0</u>	<u>\$ 59.5</u>	<u>\$ 40.7</u>	<u>\$ 54.8</u>	<u>\$ 102.0</u>	<u>\$ 2,649.2</u>
20														
21														
22														
23	GCRA BALANCE													
24	Opening Balances (Pre-Tax) ^(1*)	\$ 0.4	\$ (36.6)	\$ (57.1)	\$ (70.7)	\$ (81.2)	\$ (90.1)	\$ (103.1)	\$ (146.3)	\$ (169.6)	\$ (183.7)	\$ (192.6)	\$ (204.0)	
25	Forecast Activity	(37.0)	(20.5)	(15.1)	(10.5)	(8.9)	(13.1)	(43.2)	(23.3)	(14.2)	(8.9)	(11.3)	(21.2)	\$ (227.1)
26	Closing Balances (Pre-tax) - \$000	<u>\$ (36.6)</u>	<u>\$ (57.1)</u>	<u>\$ (72.2)</u>	<u>\$ (81.2)</u>	<u>\$ (90.1)</u>	<u>\$ (103.1)</u>	<u>\$ (146.3)</u>	<u>\$ (169.6)</u>	<u>\$ (183.7)</u>	<u>\$ (192.6)</u>	<u>\$ (204.0)</u>	<u>\$ (225.2)</u>	
27														
28														
29	Tax Rate	26.50%	26.50%	26.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	
30														
31	Opening Balances (After-Tax)	\$ 0.3	\$ (26.9)	\$ (41.9)	\$ (53.0)	\$ (60.9)	\$ (67.5)	\$ (77.3)	\$ (109.7)	\$ (127.2)	\$ (137.8)	\$ (144.5)	\$ (153.0)	
32	Closing Balances (After Tax) - \$000	<u>\$ (26.9)</u>	<u>\$ (41.9)</u>	<u>\$ (53.0)</u>	<u>\$ (60.9)</u>	<u>\$ (67.5)</u>	<u>\$ (77.3)</u>	<u>\$ (109.7)</u>	<u>\$ (127.2)</u>	<u>\$ (137.8)</u>	<u>\$ (144.5)</u>	<u>\$ (153.0)</u>	<u>\$ (168.9)</u>	

Slight differences in totals due to rounding.

Note (1*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

TERASEN GAS INC. - FORT NELSON SERVICE AREA
GCRA AFTER TAX BALANCES (\$000)
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH TESTED GAS COST RECOVERY RATES

Tab 2
Page 3

Line No.	Particulars	2010 Q3 Gas Cost Report Oct 1, 2010 Tested Rates Five-day Average Forward Prices - August 18,19,20,23 and 24, 2010		2010 Q3 Gas Cost Report Jul 1, 2010 Existing Rates Five-day Average Forward Prices - August 18,19,20,23 and 24, 2010	
		(1)	(2)	(3)	(3)
1	2010 Jan		\$ 0.3		\$ 0.3
2	Feb		\$ 41.0		\$ 41.0
3	Mar		\$ (6.6)		\$ (6.6)
4	Apr		\$ 54.8		\$ 54.8
5	May		\$ (15.7)		\$ (15.7)
6	Jun		\$ (80.9)		\$ (80.9)
7	Jul		Recorded \$ (67.0)		Recorded \$ (67.0)
8	Aug		Projected \$ (67.0) ^(A)		Projected \$ (67.0)
9	Sep		Projected \$ (19.3)		Projected \$ (19.3)
10	Oct	forecast @ proposed rate	\$ (34.9)	forecast @ existing rate	\$ (34.9)
11	Nov		\$ (44.2)		\$ (56.9)
12	Dec		\$ (29.2)		\$ (62.6)
13	2011 Jan		\$ (5.8)		\$ (65.4)
14	Feb		\$ 25.1		\$ (66.2)
15	Mar		\$ 47.5		\$ (66.8)
16	Apr		\$ 67.9		\$ (68.3)
17	May		\$ 43.5		\$ (105.5)
18	Jun		\$ 30.6		\$ (125.5)
19	Jul		\$ 22.9		\$ (137.8)
20	Aug		\$ 18.1		\$ (145.6)
21	Sep		\$ 12.0		\$ (155.8)
22	Oct		\$ 0.3		\$ (175.1)
23	Nov		\$ (26.9)		\$ (215.2)
24	Dec		\$ (41.9)		\$ (251.5)
25	2012 Jan		\$ (53.0)		\$ (289.3)
26	Feb		\$ (60.9)		\$ (329.7)
27	Mar		\$ (67.5)		\$ (359.9)
28	Apr		\$ (77.3)		\$ (392.1)
29	May		\$ (109.7)		\$ (437.6)
30	Jun		\$ (127.2)		\$ (462.3)
31	Jul		\$ (137.8)		\$ (477.6)
32	Aug		\$ (144.5)		\$ (487.4)
33	Sep		\$ (153.0)		\$ (500.1)

Note (A) includes volume reconciliation adjustment for prior months



LETTER NO. L-XX-10

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DRAFT L-Order

VIA E-MAIL

Regulatory.Affairs@terasengas.com

September XX, 2010

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas Inc.
Fort Nelson Service Area
2010 Third Quarter Gas Cost Report
Gas Cost Reconciliation Account

On September 3, 2010 Terasen Gas Inc. filed its 2010 Third Quarter Gas Cost Report (the "Report"). The Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Fort Nelson service area as of October 1, 2010.

Yours truly,

Erica M. Hamilton
Commission Secretary