



Diane Roy
Director, Regulatory Affairs

16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@terasengas.com
www.terasengas.com

December 3, 2010

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

Regulatory Affairs Correspondence
Email: regulatory.affairs@terasengas.com

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

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

Terasen Gas Inc. (“Terasen Gas” or the “Company”) hereby submits to the British Columbia Utilities Commission (the “Commission”) the 2010 Fourth 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 November 23, 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 November 23, 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 December 31, 2010 is \$12,265 surplus (pre-tax), and the forecast balance at December 31, 2011 is \$189,228 deficit (pre-tax). The rate change trigger mechanism is calculated to be 93.4%.

As shown at Tab 2, Page 1, based on the November 23, 2010 forward prices, using NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at December 31, 2010 is \$1,841 surplus (pre-tax), and the forecast balance at December 31, 2011 is \$261,168 deficit (pre-tax). The rate change trigger mechanism is calculated to be 91.1%.

As shown at Tab 3, Page 1, based on the November 23, 2010 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at December 31, 2010 is \$22,688 surplus (pre-tax), and the forecast balance at December 31, 2011 is \$117,054 deficit (pre-tax). The rate change trigger mechanism is calculated to be 95.8%.

All three of the forecast scenarios indicate that the current propane cost recovery rates are under recovering costs. Both the forecast based fully on the NYMEX WTI Light Sweet Crude Oil futures and the forecast based on the average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices provide rate change trigger ratios which fall outside the 95% to 105% deadband range. While the forecast based fully on the NYMEX Mt. Belvieu Propane Swap prices produces a rate change trigger ratio of 95.8% which falls just within the deadband range, it still indicates under recovery.

The Company acknowledges the commodity futures markets continue to experience a large degree of price volatility and that the Revelstoke Propane Cost Deferral Account balance is currently in a small surplus position. However, under each of the three forecast scenarios the deferral account will change to a deficit position during January 2011, and continue to grow steadily during the first few months of 2011 as a result of the higher consumption during the winter heating season. Terasen Gas recommends that a rate change is required at this time.

As the forecast based fully on the NYMEX B0 – Mt. Belvieu Propane Swap prices may provide a more conservative outlook, Terasen Gas proposes an increase to the propane cost recovery rates based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. Based on the November 23, 2010 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and the 12-month amortization of the projected December 31, 2010 deferral account surplus balance, an increase in the reference price to \$0.3489/litre (Tab 3, Page 4, Column 2, Line 10) is calculated.

Further, as described in the Terasen Gas 2010 Fourth Quarter Gas Cost Report for the Lower Mainland, Inland, and Columbia Service Areas, dated December 2, 2010, Commission Orders No. G-141-09 and No. G-158-09 provide approval of the increases to the variable per GJ Delivery Charge and the elimination of the ROE Rate Rider (Rider 2) charge, effective January 1, 2011. Also within the Terasen Gas 2010 Fourth Quarter Gas Cost Report for the Lower Mainland, Inland, and Columbia Service Areas, Terasen Gas is seeking Commission approval for changes to the Earnings Sharing Mechanism (“ESM”) Rate Rider (Rider 3) and the Revenue Stabilization Adjustment Mechanism (“RSAM”) Rate Rider (Rider 5), effective January 1, 2011.

Therefore, the bill impact schedules shown at Page 7 of Tabs 1, 2, and 3 have been prepared showing the combined effects of the approved and proposed Terasen Gas delivery related rate changes effective January 1, 2011, and the proposed propane cost recovery rate changes effective January 1, 2011.

Terasen Gas hereby requests Commission approval for an increase in the propane reference price (based on the NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3342/litre to \$0.3489/litre. On a combined basis, the delivery related rate changes and the proposed propane cost recovery rate changes, effective January 1, 2011 correspond to a customer rate increase of \$0.663/GJ, and equates to a burner tip increase of approximately \$33 per year or 3.2% for a typical Revelstoke residential customer with an average annual 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 November 23, 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 an increase in the propane reference price (based on the NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3342/litre to \$0.3489/litre which corresponds to a rate increase of \$0.601/GJ, effective January 1, 2011. Terasen Gas will continue to monitor the forward prices and will report these results in the 2011 First 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.

Sincerely,

TERASEN GAS INC.

Original signed by:

Diane Roy

Attachments

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING DECEMBER 31, 2011

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)

(NOVEMBER 23, 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	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3427	\$0.3342	\$0.0085	\$7,885	(\$48,015)
4	December (Projected)	1,241,786	\$0.3630	\$0.3342	\$0.0288	\$35,750	(\$12,265)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$46,153</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	January 2011 (Forecast)	1,227,848	\$0.3700	\$0.3342	\$0.0358	\$43,957	\$31,692
9	February (Forecast)	959,183	\$0.3582	\$0.3342	\$0.0240	\$23,020	\$54,712
10	March (Forecast)	933,150	\$0.3458	\$0.3342	\$0.0116	\$10,825	\$65,537
11	April 2011 (Forecast)	523,647	\$0.3495	\$0.3342	\$0.0153	\$8,012	\$73,549
12	May (Forecast)	408,458	\$0.3430	\$0.3342	\$0.0088	\$3,594	\$77,143
13	June (Forecast)	251,115	\$0.3340	\$0.3342	(\$0.0002)	(\$50)	\$77,093
14	July (Forecast)	253,939	\$0.3305	\$0.3342	(\$0.0037)	(\$940)	\$76,153
15	August (Forecast)	221,696	\$0.3374	\$0.3342	\$0.0032	\$709	\$76,862
16	September (Forecast)	302,346	\$0.3512	\$0.3342	\$0.0170	\$5,140	\$82,002
17	October (Forecast)	689,669	\$0.3554	\$0.3342	\$0.0212	\$14,621	\$96,623
18	November (Forecast)	943,926	\$0.3682	\$0.3342	\$0.0340	\$32,093	\$128,716
19	December (Forecast)	1,268,596	\$0.3819	\$0.3342	\$0.0477	\$60,512	\$189,228
20	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$201,493</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,668,110	
25	December 31, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)					\$2,857,200	93.4%

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT**

Tab 1

Page 2

FOR THE PERIOD ENDING DECEMBER 31, 2012

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)

(NOVEMBER 23, 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	December 2011 Balance (Forecast)						\$189,228
2	January 2012 (Forecast)	1,264,090	\$0.3815	\$0.3342	\$0.0473	\$59,791	\$249,019
3	February (Forecast)	987,555	\$0.3743	\$0.3342	\$0.0401	\$39,601	\$288,620
4	March (Forecast)	961,944	\$0.3649	\$0.3342	\$0.0307	\$29,532	\$318,152
5	April (Forecast)	541,268	\$0.3508	\$0.3342	\$0.0166	\$8,985	\$327,137
6	May (Forecast)	422,436	\$0.3461	\$0.3342	\$0.0119	\$5,027	\$332,164
7	June (Forecast)	261,189	\$0.3338	\$0.3342	(\$0.0004)	(\$104)	\$332,060
8	July (Forecast)	263,593	\$0.3293	\$0.3342	(\$0.0049)	(\$1,292)	\$330,768
9	August (Forecast)	230,077	\$0.3353	\$0.3342	\$0.0011	\$253	\$331,021
10	September (Forecast)	312,826	\$0.3510	\$0.3342	\$0.0168	\$5,255	\$336,276
11	October (Forecast)	710,588	\$0.3540	\$0.3342	\$0.0198	\$14,070	\$350,346
12	November (Forecast)	972,040	\$0.3673	\$0.3342	\$0.0331	\$32,175	\$382,521
13	December (Forecast)	<u>1,305,088</u>	\$0.3802	\$0.3342	\$0.0460	<u>\$60,034</u>	\$442,555
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>\$253,327</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FORECAST AVERAGE COST OF PROPANE
FOR THE PERIOD ENDING DECEMBER 31, 2011

Tab 1
Page 3

(NOVEMBER 23, 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	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3325	\$ 0.4013	\$ 186,213	\$ 268,038	\$ 454,251
2	February (Forecast)	959,183	560,000	399,183	\$ 0.3325	\$ 0.3941	\$ 186,213	\$ 157,324	\$ 343,537
3	March (Forecast)	933,150	560,000	373,150	\$ 0.3325	\$ 0.3656	\$ 186,213	\$ 136,426	\$ 322,638
4	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3495	\$ -	\$ 183,021	\$ 183,021
5	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3430	\$ -	\$ 140,081	\$ 140,081
6	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3340	\$ -	\$ 83,869	\$ 83,869
7	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3305	\$ -	\$ 83,915	\$ 83,915
8	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3374	\$ -	\$ 74,793	\$ 74,793
9	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3512	\$ -	\$ 106,171	\$ 106,171
10	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.3554	\$ -	\$ 245,115	\$ 245,115
11	November (Forecast)	943,926	560,000	383,926	\$ 0.3702	\$ 0.3653	\$ 207,326	\$ 140,260	\$ 347,587
12	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3702	\$ 0.3911	\$ 207,326	\$ 277,161	\$ 484,487
13	Total January 2011 to December 2011	7,983,573	2,800,000	5,183,573			\$ 973,290	\$ 1,896,174	\$ 2,869,465
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.3594
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 14.042
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD ENDING DECEMBER 31, 2011

Tab 1
Page 4

NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICE

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 3, Line 15, Col.9)		
4	January 1 2011 to December 31 2011	\$0.3594	\$14.042
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0015)	(\$0.059)
7			
8			
9			
10	Proposed Reference Price	\$0.3579	\$13.983
11			
12	Existing Propane Reference Price	<u>\$0.3342</u>	<u>\$13.058</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0237	\$0.926
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	0.0012	\$0.047
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0249</u>	<u>\$0.973</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		<u>Litres</u>	<u>%</u>
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	<u>847,918</u>	<u>3.61%</u>
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at Dec 31,2010	(\$0.0015)	(\$0.059)
37	Total Propane Cost Jan 1 2011 to Dec 31 2011	<u>\$0.0264</u>	<u>\$1.032</u>
38	Total Propane Cost Flowthrough	<u>\$0.0249</u>	<u>\$0.973</u>

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT**

FOR THE PERIOD ENDING DECEMBER 31, 2011

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011

(NOVEMBER 23, 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	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3427	\$0.3342	\$0.0085	\$7,885	(\$48,015)
4	December (Projected)	1,241,786	\$0.3630	\$0.3342	\$0.0288	\$35,750	(\$12,265)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$46,153</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2011 (Forecast)	1,227,848	\$0.3700	\$0.3579	\$0.0121	\$14,857	\$2,592
12	February (Forecast)	959,183	\$0.3582	\$0.3579	\$0.0003	\$288	\$2,880
13	March (Forecast)	933,150	\$0.3458	\$0.3579	(\$0.0121)	(\$11,291)	(\$8,411)
14	April 2011 (Forecast)	523,647	\$0.3495	\$0.3579	(\$0.0084)	(\$4,399)	(\$12,810)
15	May (Forecast)	408,458	\$0.3430	\$0.3579	(\$0.0149)	(\$6,086)	(\$18,896)
16	June (Forecast)	251,115	\$0.3340	\$0.3579	(\$0.0239)	(\$6,002)	(\$24,898)
17	July (Forecast)	253,939	\$0.3305	\$0.3579	(\$0.0274)	(\$6,958)	(\$31,856)
18	August (Forecast)	221,696	\$0.3374	\$0.3579	(\$0.0205)	(\$4,545)	(\$36,401)
19	September (Forecast)	302,346	\$0.3512	\$0.3579	(\$0.0067)	(\$2,026)	(\$38,427)
20	October (Forecast)	689,669	\$0.3554	\$0.3579	(\$0.0025)	(\$1,724)	(\$40,151)
21	November (Forecast)	943,926	\$0.3682	\$0.3579	\$0.0103	\$9,722	(\$30,429)
22	December (Forecast)	1,268,596	\$0.3819	\$0.3579	\$0.0240	\$30,446	\$17
23	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$12,282</u>	

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING DECEMBER 31, 2012**

Tab 1
Page 6

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011

(NOVEMBER 23, 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	Proposed Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 2011 Balance (Forecast)						\$17
2	January 2012 (Forecast)	1,264,090	\$0.3815	\$0.3579	\$0.0236	\$29,833	\$29,850
3	February (Forecast)	987,555	\$0.3743	\$0.3579	\$0.0164	\$16,196	\$46,046
4	March (Forecast)	961,944	\$0.3649	\$0.3579	\$0.0070	\$6,734	\$52,780
5	April (Forecast)	541,268	\$0.3508	\$0.3579	(\$0.0071)	(\$3,843)	\$48,937
6	May (Forecast)	422,436	\$0.3461	\$0.3579	(\$0.0118)	(\$4,985)	\$43,952
7	June (Forecast)	261,189	\$0.3338	\$0.3579	(\$0.0241)	(\$6,295)	\$37,657
8	July (Forecast)	263,593	\$0.3293	\$0.3579	(\$0.0286)	(\$7,539)	\$30,118
9	August (Forecast)	230,077	\$0.3353	\$0.3579	(\$0.0226)	(\$5,200)	\$24,918
10	September (Forecast)	312,826	\$0.3510	\$0.3579	(\$0.0069)	(\$2,158)	\$22,760
11	October (Forecast)	710,588	\$0.3540	\$0.3579	(\$0.0039)	(\$2,771)	\$19,989
12	November (Forecast)	972,040	\$0.3673	\$0.3579	\$0.0094	\$9,137	\$29,126
13	December (Forecast)	<u>1,305,088</u>	\$0.3802	\$0.3579	\$0.0223	<u>\$29,103</u>	\$58,229
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>\$58,212</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING DECEMBER 31, 2011
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(NOVEMBER 23, 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	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3405	\$0.3342	\$0.0063	\$5,815	(\$50,085)
4	December (Projected)	1,241,786	\$0.3731	\$0.3342	\$0.0389	\$48,244	(\$1,841)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$56,577</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	January 2011 (Forecast)	1,227,848	\$0.3788	\$0.3342	\$0.0446	\$54,762	\$52,921
9	February (Forecast)	959,183	\$0.3676	\$0.3342	\$0.0334	\$32,037	\$84,958
10	March (Forecast)	933,150	\$0.3465	\$0.3342	\$0.0123	\$11,478	\$96,436
11	April 2011 (Forecast)	523,647	\$0.3566	\$0.3342	\$0.0224	\$11,730	\$108,166
12	May (Forecast)	408,458	\$0.3515	\$0.3342	\$0.0173	\$7,066	\$115,232
13	June (Forecast)	251,115	\$0.3311	\$0.3342	(\$0.0031)	(\$778)	\$114,454
14	July (Forecast)	253,939	\$0.3164	\$0.3342	(\$0.0178)	(\$4,520)	\$109,934
15	August (Forecast)	221,696	\$0.3238	\$0.3342	(\$0.0104)	(\$2,306)	\$107,628
16	September (Forecast)	302,346	\$0.3576	\$0.3342	\$0.0234	\$7,075	\$114,703
17	October (Forecast)	689,669	\$0.3638	\$0.3342	\$0.0296	\$20,414	\$135,117
18	November (Forecast)	943,926	\$0.3742	\$0.3342	\$0.0400	\$37,757	\$172,874
19	December (Forecast)	1,268,596	\$0.4038	\$0.3342	\$0.0696	\$88,294	\$261,168
20	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$263,009</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,668,110	
25	December 31, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)					\$2,929,232	91.1%

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING DECEMBER 31, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(NOVEMBER 23, 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	December 2011 Balance (Forecast)						\$261,168
2	January 2012 (Forecast)	1,264,090	\$0.4096	\$0.3342	\$0.0754	\$95,312	\$356,480
3	February (Forecast)	987,555	\$0.3971	\$0.3342	\$0.0629	\$62,117	\$418,597
4	March (Forecast)	961,944	\$0.3738	\$0.3342	\$0.0396	\$38,093	\$456,690
5	April (Forecast)	541,268	\$0.3694	\$0.3342	\$0.0352	\$19,053	\$475,743
6	May (Forecast)	422,436	\$0.3649	\$0.3342	\$0.0307	\$12,969	\$488,712
7	June (Forecast)	261,189	\$0.3406	\$0.3342	\$0.0064	\$1,672	\$490,384
8	July (Forecast)	263,593	\$0.3248	\$0.3342	(\$0.0094)	(\$2,478)	\$487,906
9	August (Forecast)	230,077	\$0.3319	\$0.3342	(\$0.0023)	(\$529)	\$487,377
10	September (Forecast)	312,826	\$0.3685	\$0.3342	\$0.0343	\$10,730	\$498,107
11	October (Forecast)	710,588	\$0.3742	\$0.3342	\$0.0400	\$28,424	\$526,531
12	November (Forecast)	972,040	\$0.3791	\$0.3342	\$0.0449	\$43,645	\$570,176
13	December (Forecast)	<u>1,305,088</u>	<u>\$0.4110</u>	<u>\$0.3342</u>	<u>\$0.0768</u>	<u>\$100,231</u>	<u>\$670,407</u>
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>\$409,239</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING DECEMBER 31, 2011

(NOVEMBER 23, 2010 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	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3325	\$ 0.4176	\$ 186,213	\$ 278,891	\$ 465,103
2	February (Forecast)	959,183	560,000	399,183	\$ 0.3325	\$ 0.4169	\$ 186,213	\$ 166,400	\$ 352,612
3	March (Forecast)	933,150	560,000	373,150	\$ 0.3325	\$ 0.3674	\$ 186,213	\$ 137,078	\$ 323,291
4	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3566	\$ -	\$ 186,732	\$ 186,732
5	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3515	\$ -	\$ 143,555	\$ 143,555
6	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3311	\$ -	\$ 83,141	\$ 83,141
7	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3164	\$ -	\$ 80,344	\$ 80,344
8	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3238	\$ -	\$ 71,788	\$ 71,788
9	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3576	\$ -	\$ 108,107	\$ 108,107
10	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.3638	\$ -	\$ 250,874	\$ 250,874
11	November (Forecast)	943,926	560,000	383,926	\$ 0.3702	\$ 0.3801	\$ 207,326	\$ 145,912	\$ 353,238
12	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3702	\$ 0.4304	\$ 207,326	\$ 304,962	\$ 512,288
13	Total January 2011 to December 2011	<u>7,983,573</u>	<u>2,800,000</u>	<u>5,183,573</u>			<u>\$ 973,290</u>	<u>\$ 1,957,783</u>	<u>\$ 2,931,073</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.3671</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 14.343</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
 PROPANE COST DEFERRAL ACCOUNT
 CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
 FOR THE PERIOD ENDING DECEMBER 31, 2011

Tab 2
Page 4

(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL 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 2, Page 3, Line 15, Col.9)		
4	January 1 2011 to December 31 2011	\$0.3671	\$14.343
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0002)	(\$0.008)
7			
8			
9			
10	Proposed Reference Price	\$0.3669	\$14.335
11			
12	Existing Propane Reference Price	<u>\$0.3342</u>	<u>\$13.058</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0327	\$1.278
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⁾	<u>\$0.0343</u>	<u>\$1.341</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		<u>Litres</u>	<u>%</u>
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	<u>847,918</u>	<u>3.61%</u>
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0002)	(\$0.008)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	<u>\$0.0345</u>	<u>\$1.349</u>
38	Total Propane Cost Flowthrough	<u>\$0.0343</u>	<u>\$1.341</u>

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT**

Tab 2
Page 5

FOR THE PERIOD ENDING DECEMBER 31, 2011

**WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011
(NOVEMBER 23, 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	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3405	\$0.3342	\$0.0063	\$5,815	(\$50,085)
4	December (Projected)	1,241,786	\$0.3731	\$0.3342	\$0.0389	\$48,244	(\$1,841)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$56,577</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2011 (Forecast)	1,227,848	\$0.3788	\$0.3669	\$0.0119	\$14,611	\$12,770
12	February (Forecast)	959,183	\$0.3676	\$0.3669	\$0.0007	\$671	\$13,441
13	March (Forecast)	933,150	\$0.3465	\$0.3669	(\$0.0204)	(\$19,036)	(\$5,595)
14	April 2011 (Forecast)	523,647	\$0.3566	\$0.3669	(\$0.0103)	(\$5,394)	(\$10,989)
15	May (Forecast)	408,458	\$0.3515	\$0.3669	(\$0.0154)	(\$6,290)	(\$17,279)
16	June (Forecast)	251,115	\$0.3311	\$0.3669	(\$0.0358)	(\$8,990)	(\$26,269)
17	July (Forecast)	253,939	\$0.3164	\$0.3669	(\$0.0505)	(\$12,824)	(\$39,093)
18	August (Forecast)	221,696	\$0.3238	\$0.3669	(\$0.0431)	(\$9,555)	(\$48,648)
19	September (Forecast)	302,346	\$0.3576	\$0.3669	(\$0.0093)	(\$2,812)	(\$51,460)
20	October (Forecast)	689,669	\$0.3638	\$0.3669	(\$0.0031)	(\$2,138)	(\$53,598)
21	November (Forecast)	943,926	\$0.3742	\$0.3669	\$0.0073	\$6,891	(\$46,707)
22	December (Forecast)	1,268,596	\$0.4038	\$0.3669	\$0.0369	\$46,811	\$104
23	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$1,945</u>	

**TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT**

**FOR THE PERIOD ENDING DECEMBER 31, 2012
WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011**

(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 2011 Balance (Forecast)						\$104
2	January 2012 (Forecast)	1,264,090	\$0.4096	\$0.3669	\$0.0427	\$53,977	\$54,081
3	February (Forecast)	987,555	\$0.3971	\$0.3669	\$0.0302	\$29,824	\$83,905
4	March (Forecast)	961,944	\$0.3738	\$0.3669	\$0.0069	\$6,637	\$90,542
5	April (Forecast)	541,268	\$0.3694	\$0.3669	\$0.0025	\$1,353	\$91,895
6	May (Forecast)	422,436	\$0.3649	\$0.3669	(\$0.0020)	(\$845)	\$91,050
7	June (Forecast)	261,189	\$0.3406	\$0.3669	(\$0.0263)	(\$6,869)	\$84,181
8	July (Forecast)	263,593	\$0.3248	\$0.3669	(\$0.0421)	(\$11,097)	\$73,084
9	August (Forecast)	230,077	\$0.3319	\$0.3669	(\$0.0350)	(\$8,053)	\$65,031
10	September (Forecast)	312,826	\$0.3685	\$0.3669	\$0.0016	\$501	\$65,532
11	October (Forecast)	710,588	\$0.3742	\$0.3669	\$0.0073	\$5,187	\$70,719
12	November (Forecast)	972,040	\$0.3791	\$0.3669	\$0.0122	\$11,859	\$82,578
13	December (Forecast)	<u>1,305,088</u>	\$0.4110	\$0.3669	\$0.0441	<u>\$57,554</u>	\$140,132
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>\$140,028</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING DECEMBER 31, 2011
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(NOVEMBER 23, 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	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3450	\$0.3342	\$0.0108	\$9,955	(\$45,945)
4	December (Projected)	1,241,786	\$0.3529	\$0.3342	\$0.0187	\$23,257	(\$22,688)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$35,730</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	January 2011 (Forecast)	1,227,848	\$0.3611	\$0.3342	\$0.0269	\$33,029	\$10,341
9	February (Forecast)	959,183	\$0.3487	\$0.3342	\$0.0145	\$13,908	\$24,249
10	March (Forecast)	933,150	\$0.3451	\$0.3342	\$0.0109	\$10,171	\$34,420
11	April 2011 (Forecast)	523,647	\$0.3424	\$0.3342	\$0.0082	\$4,294	\$38,714
12	May (Forecast)	408,458	\$0.3344	\$0.3342	\$0.0002	\$82	\$38,796
13	June (Forecast)	251,115	\$0.3369	\$0.3342	\$0.0027	\$678	\$39,474
14	July (Forecast)	253,939	\$0.3445	\$0.3342	\$0.0103	\$2,616	\$42,090
15	August (Forecast)	221,696	\$0.3509	\$0.3342	\$0.0167	\$3,702	\$45,792
16	September (Forecast)	302,346	\$0.3448	\$0.3342	\$0.0106	\$3,205	\$48,997
17	October (Forecast)	689,669	\$0.3471	\$0.3342	\$0.0129	\$8,897	\$57,894
18	November (Forecast)	943,926	\$0.3622	\$0.3342	\$0.0280	\$26,430	\$84,324
19	December (Forecast)	1,268,596	\$0.3600	\$0.3342	\$0.0258	\$32,730	\$117,054
20	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$139,742</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,668,110	
25	December 31, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=		\$2,785,168	= 95.8%

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING DECEMBER 31, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(NOVEMBER 23, 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	December 2011 Balance (Forecast)						\$117,054
2	January 2012 (Forecast)	1,264,090	\$0.3533	\$0.3342	\$0.0191	\$24,144	\$141,198
3	February (Forecast)	987,555	\$0.3515	\$0.3342	\$0.0173	\$17,085	\$158,283
4	March (Forecast)	961,944	\$0.3560	\$0.3342	\$0.0218	\$20,970	\$179,253
5	April (Forecast)	541,268	\$0.3322	\$0.3342	(\$0.0020)	(\$1,083)	\$178,170
6	May (Forecast)	422,436	\$0.3272	\$0.3342	(\$0.0070)	(\$2,957)	\$175,213
7	June (Forecast)	261,189	\$0.3270	\$0.3342	(\$0.0072)	(\$1,881)	\$173,332
8	July (Forecast)	263,593	\$0.3338	\$0.3342	(\$0.0004)	(\$105)	\$173,227
9	August (Forecast)	230,077	\$0.3387	\$0.3342	\$0.0045	\$1,035	\$174,262
10	September (Forecast)	312,826	\$0.3335	\$0.3342	(\$0.0007)	(\$219)	\$174,043
11	October (Forecast)	710,588	\$0.3338	\$0.3342	(\$0.0004)	(\$284)	\$173,759
12	November (Forecast)	972,040	\$0.3555	\$0.3342	\$0.0213	\$20,704	\$194,463
13	December (Forecast)	<u>1,305,088</u>	\$0.3495	\$0.3342	\$0.0153	<u>\$19,968</u>	\$214,431
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>\$97,377</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING DECEMBER 31, 2011

(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX 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	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3325	\$ 0.3851	\$ 186,213	\$ 257,186	\$ 443,398
2	February (Forecast)	959,183	560,000	399,183	\$ 0.3325	\$ 0.3714	\$ 186,213	\$ 148,248	\$ 334,461
3	March (Forecast)	933,150	560,000	373,150	\$ 0.3325	\$ 0.3639	\$ 186,213	\$ 135,773	\$ 321,986
4	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3424	\$ -	\$ 179,309	\$ 179,309
5	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3344	\$ -	\$ 136,607	\$ 136,607
6	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3369	\$ -	\$ 84,597	\$ 84,597
7	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3445	\$ -	\$ 87,486	\$ 87,486
8	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3509	\$ -	\$ 77,798	\$ 77,798
9	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3448	\$ -	\$ 104,235	\$ 104,235
10	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.3471	\$ -	\$ 239,356	\$ 239,356
11	November (Forecast)	943,926	560,000	383,926	\$ 0.3702	\$ 0.3506	\$ 207,326	\$ 134,609	\$ 341,935
12	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3702	\$ 0.3519	\$ 207,326	\$ 249,360	\$ 456,687
13	Total January 2011 to December 2011	<u>7,983,573</u>	<u>2,800,000</u>	<u>5,183,573</u>			<u>\$ 973,290</u>	<u>\$ 1,834,566</u>	<u>\$ 2,807,856</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.3517</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 13.742</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD ENDING DECEMBER 31, 2011
(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	\$/Litre (2)	\$/GJ (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	January 1 2011 to December 31 2011	\$0.3517	\$13.742
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0028)	(\$0.109)
7			
8			
9			
10	Proposed Reference Price	\$0.3489	\$13.633
11			
12	Existing Propane Reference Price	\$0.3342	\$13.058
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0147	\$0.574
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	0.0007	\$0.027
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0154</u>	<u>\$0.601</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		<u>Litres</u>	<u>%</u>
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	<u>847,918</u>	<u>3.61%</u>
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0028)	(\$0.109)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	<u>\$0.0182</u>	<u>\$0.710</u>
38	Total Propane Cost Flowthrough	<u>\$0.0154</u>	<u>\$0.601</u>

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING DECEMBER 31, 2011

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011

(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	Volumes In Litre (2)	Average Price Per Litre (3)	Approved Reference Price (4)	Amount Deferred Per Litre (5)=(3)-(4)	Amount Deferred (6)=(2)*(5)	Pre-Tax Deferral Balance (7)
1	September 30, 2010						(\$58,418)
2	October (Projected)	358,943	\$0.3412	\$0.3342	\$0.0070	\$2,518	(\$55,900)
3	November (Projected)	922,697	\$0.3450	\$0.3342	\$0.0108	\$9,955	(\$45,945)
4	December (Projected)	1,241,786	\$0.3529	\$0.3342	\$0.0187	\$23,257	(\$22,688)
5	Current Quarter Total	<u>2,523,426</u>				<u>\$35,730</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>						
11	January 2011 (Forecast)	1,227,848	\$0.3611	\$0.3489	\$0.0122	\$14,980	(\$7,708)
12	February (Forecast)	959,183	\$0.3487	\$0.3489	(\$0.0002)	(\$192)	(\$7,900)
13	March (Forecast)	933,150	\$0.3451	\$0.3489	(\$0.0038)	(\$3,546)	(\$11,446)
14	April 2011 (Forecast)	523,647	\$0.3424	\$0.3489	(\$0.0065)	(\$3,404)	(\$14,850)
15	May (Forecast)	408,458	\$0.3344	\$0.3489	(\$0.0145)	(\$5,923)	(\$20,773)
16	June (Forecast)	251,115	\$0.3369	\$0.3489	(\$0.0120)	(\$3,013)	(\$23,786)
17	July (Forecast)	253,939	\$0.3445	\$0.3489	(\$0.0044)	(\$1,117)	(\$24,903)
18	August (Forecast)	221,696	\$0.3509	\$0.3489	\$0.0020	\$443	(\$24,460)
19	September (Forecast)	302,346	\$0.3448	\$0.3489	(\$0.0041)	(\$1,240)	(\$25,700)
20	October (Forecast)	689,669	\$0.3471	\$0.3489	(\$0.0018)	(\$1,241)	(\$26,941)
21	November (Forecast)	943,926	\$0.3622	\$0.3489	\$0.0133	\$12,554	(\$14,387)
22	December (Forecast)	1,268,596	\$0.3600	\$0.3489	\$0.0111	\$14,081	(\$306)
23	Total January 2011 to December 2011	<u>7,983,573</u>				<u>\$22,382</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING DECEMBER 31, 2012

WITH PROPOSED REFERENCE PRICE EFFECTIVE JANUARY 1, 2011

(NOVEMBER 23, 2010 FORWARD PRICES BASED ON NYMEX 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	December 2011 Balance (Forecast)						(\$306)
2	January 2012 (Forecast)	1,264,090	\$0.3533	\$0.3489	\$0.0044	\$5,562	\$5,256
3	February (Forecast)	987,555	\$0.3515	\$0.3489	\$0.0026	\$2,568	\$7,824
4	March (Forecast)	961,944	\$0.3560	\$0.3489	\$0.0071	\$6,830	\$14,654
5	April (Forecast)	541,268	\$0.3322	\$0.3489	(\$0.0167)	(\$9,039)	\$5,615
6	May (Forecast)	422,436	\$0.3272	\$0.3489	(\$0.0217)	(\$9,167)	(\$3,552)
7	June (Forecast)	261,189	\$0.3270	\$0.3489	(\$0.0219)	(\$5,720)	(\$9,272)
8	July (Forecast)	263,593	\$0.3338	\$0.3489	(\$0.0151)	(\$3,980)	(\$13,252)
9	August (Forecast)	230,077	\$0.3387	\$0.3489	(\$0.0102)	(\$2,347)	(\$15,599)
10	September (Forecast)	312,826	\$0.3335	\$0.3489	(\$0.0154)	(\$4,818)	(\$20,417)
11	October (Forecast)	710,588	\$0.3338	\$0.3489	(\$0.0151)	(\$10,730)	(\$31,147)
12	November (Forecast)	972,040	\$0.3555	\$0.3489	\$0.0066	\$6,415	(\$24,732)
13	December (Forecast)	<u>1,305,088</u>	<u>\$0.3495</u>	<u>\$0.3489</u>	<u>\$0.0006</u>	<u>\$783</u>	<u>(\$23,949)</u>
14	Total January 2012 to December 2012	<u><u>8,232,693</u></u>				<u><u>(\$23,643)</u></u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES
 Forward Prices: NOVEMBER 23, 2010

Propane Swap Prices

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-11	\$81.25	\$0.3788
Feb-11	\$81.83	\$0.3676
Mar-11	\$82.35	\$0.3465
Apr-11	\$82.74	\$0.3566
May-11	\$83.07	\$0.3515
Jun-11	\$83.37	\$0.3311
Jul-11	\$83.62	\$0.3164
Aug-11	\$83.84	\$0.3238
Sep-11	\$84.05	\$0.3576
Oct-11	\$84.25	\$0.3638
Nov-11	\$84.46	\$0.3742
Dec-11	\$84.68	\$0.4038
Jan-12	\$84.77	\$0.4096
Feb-12	\$84.86	\$0.3971
Mar-12	\$84.95	\$0.3738
Apr-12	\$85.04	\$0.3694
May-12	\$85.14	\$0.3649
Jun-12	\$85.25	\$0.3406
Jul-12	\$85.31	\$0.3248
Aug-12	\$85.37	\$0.3319
Sep-12	\$85.44	\$0.3685
Oct-12	\$85.50	\$0.3742
Nov-12	\$85.58	\$0.3791
Dec-12	\$85.67	\$0.4110

PROPANE SWAP PRICES		
Month	Propane Swap Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-11	\$1.24	\$0.3611
Feb-11	\$1.21	\$0.3487
Mar-11	\$1.15	\$0.3451
Apr-11	\$1.10	\$0.3424
May-11	\$1.09	\$0.3344
Jun-11	\$1.09	\$0.3369
Jul-11	\$1.10	\$0.3445
Aug-11	\$1.10	\$0.3509
Sep-11	\$1.11	\$0.3448
Oct-11	\$1.12	\$0.3471
Nov-11	\$1.12	\$0.3622
Dec-11	\$1.13	\$0.3600
Jan-12	\$1.05	\$0.3533
Feb-12	\$1.05	\$0.3515
Mar-12	\$1.05	\$0.3560
Apr-12	\$1.05	\$0.3322
May-12	\$1.05	\$0.3272
Jun-12	\$1.05	\$0.3270
Jul-12	\$1.05	\$0.3338
Aug-12	\$1.05	\$0.3387
Sep-12	\$1.05	\$0.3335
Oct-12	\$1.05	\$0.3338
Nov-12	\$1.05	\$0.3555
Dec-12	\$1.05	\$0.3495

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jan-11	\$0.3700
Feb-11	\$0.3582
Mar-11	\$0.3458
Apr-11	\$0.3495
May-11	\$0.3430
Jun-11	\$0.3340
Jul-11	\$0.3305
Aug-11	\$0.3374
Sep-11	\$0.3512
Oct-11	\$0.3554
Nov-11	\$0.3682
Dec-11	\$0.3819
Jan-12	\$0.3815
Feb-12	\$0.3743
Mar-12	\$0.3649
Apr-12	\$0.3508
May-12	\$0.3461
Jun-12	\$0.3338
Jul-12	\$0.3293
Aug-12	\$0.3353
Sep-12	\$0.3510
Oct-12	\$0.3540
Nov-12	\$0.3673
Dec-12	\$0.3802

Notes: US-Cdn exchange rates source - Barclays Bank dated November 23, 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 Fourth Quarter Gas Cost Report and
Propane Commodity Charges effective January 1, 2011
for the Revelstoke Service Area

BEFORE:

[December __, 2010]

WHEREAS:

- A. By Order No. G-101-10 dated June 10, 2010, the British Columbia Utilities Commission (the "Commission") decreased the propane commodity rates for the Terasen Gas Inc. ("Terasen Gas") Revelstoke service area ("Revelstoke") effective July 1, 2010; and
- B. By Order No. G-141-09 dated November 26, 2009 and Order No. G-158-09 dated December 26, 2009, the Commission approved the Terasen Gas Lower Mainland, Inland, and Columbia Service Areas variable per GJ Delivery Charges effective January 1, 2011 and the ROE Rate Rider (Rider 2) charges effective January 1 to December 31, 2010; and
- C. On December 2, 2010, Terasen Gas submitted its 2010 Fourth Quarter Gas Cost Report for the Lower Mainland, Inland, and Columbia service areas wherein Terasen Gas requested approval to reset the delivery margin related Earnings Sharing Mechanism ("ESM") Rate Rider (Rider 3) and Revenue Stabilization Adjustment Mechanism ("RSAM") Rate Rider (Rider 5) effective January 1, 2011; and
- D. On December 3, 2010 Terasen Gas filed its 2010 Fourth Quarter Gas Cost Report for Revelstoke (the "2010 Fourth Quarter Report"); and
- E. 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



- F. Using a propane price forecast based on an average of 50 percent of the November 23, 2010 NYMEX WTI light sweet crude oil futures and 50 percent of the November 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at December 31, 2010 of \$12,265 surplus is forecast to change to a pre-tax deficit balance of \$189,228 at December 31, 2011. The rate change trigger mechanism is calculated to be 93.4 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- G. Using a propane price forecast based on November 23, 2010 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at December 31, 2010 of \$1,841 surplus is forecast to change to a pre-tax deficit balance of \$261,168 at December 31, 2011. The rate change trigger mechanism is calculated to be 91.1 percent which does not fall within the deadband range of 95 percent to 105 percent; and
- H. Using a propane price forecast based on November 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at December 31, 2010 of \$22,688 surplus is forecast to change to a pre-tax deficit balance of \$117,054 at December 31, 2011. The rate change trigger mechanism is calculated to be 95.8 percent which falls within the deadband range of 95 percent to 105 percent; and
- I. In the 2010 Fourth Quarter Report, Terasen Gas indicates that all three forecasts indicate that current propane cost recovery rates will under recover costs and requests approval of a propane rate, that is based on a propane price forecast using the November 23, 2010 NYMEX B0 - Mt. Belvieu propane swap prices, which would increase the propane reference price by \$0.0147 per litre, from \$0.3342 per litre to \$0.3489 per litre, effective January 1, 2011. This corresponds to a rate increase of \$0.601 per gigajoule; and
- J. On a combined basis, the delivery related rate changes and the proposed gas cost recovery rate changes, effective January 1, 2011, equate to an increase to a typical residential customer's annual bill, based on an annual consumption of 50 GJ, of approximately \$33 or 3.2 percent; and
- K. 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 \$0.0147 per litre to \$0.3489 per litre, which corresponds to an increase of \$0.601 per gigajoule in customer rates, effective January 1, 2011. 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 December 2010.

BY ORDER