



**Scott A. Thomson**  
Vice President,  
Finance & Regulatory Affairs

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July 4, 2005

British Columbia Utilities Commission  
Sixth Floor - 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Mr. Robert J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas Inc. (“Terasen Gas”)  
Application for Approval of Transactions with respect to  
Southern Crossing Pipeline (“SCP”) and Inland Pacific Connector (“IPC”)  
Addendum**

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Terasen Gas applied to the Commission for approval of transactions with respect to SCP and IPC on June 1, 2005. Since the time of that application, Terasen Gas has identified the need for corrections to Attachments 3a and 3b. The correction in both attachments consists of the addition of “SCP Deferral Account Amortization”, noted as line 16. Corrected copies of Attachments 3a and 3b are enclosed with this letter of Addendum.

If you have any questions or concerns regarding this application, please contact Tom Loski at (604) 592-7464.

Yours truly,

**TERASEN GAS INC.**

*Original signed by Tom Loski*

*For:* Scott A. Thomson

Attachments

cc: B. Brownell, BCUC  
B. Williston, BCUC  
Registered Interveners in 2004 Annual Review

**ATTACHMENT 3a (Revised June 29, 2005)**

**Summary of Financial Impacts (2004/05 onwards)**

Costs and Benefits represented as Gas Year

Year	1	2	3	4	5	6
Contract Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10

1 **Table 1. BASELINE - Mitigating Revenues Per SCP CPCN Application**

2	PG&E Demand Charges	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
3	BC Hydro Annual Demand Charges	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
4	SCP Mitigation Revenue	\$0	\$0	\$0	\$0	\$0	\$0
5	<b>Total SCP Firm Transport Revenues (A)</b>	<b>\$7,200</b>	<b>\$7,200</b>	<b>\$7,200</b>	<b>\$7,200</b>	<b>\$7,200</b>	<b>\$7,200</b>

8 **Table 2. Adjusted SCP Mitigating Revenues per NWN and Terasen Arrangements**

12	<b>Firm Transport Revenues related to PG&amp;E and NW Natural Arrangements</b>						
13	NWN Annual Demand Charges	\$7,298	\$7,298	\$7,298	\$7,298	\$7,298	\$7,298
14	PG&E Termination Payment	\$0	\$0	(\$825)	(\$825)	(\$825)	(\$825)
15	SCP Deferral Account Amortization	(\$419)	(\$503)	(\$503)	(\$503)	(\$503)	(\$84)
16	PG&EEC Termination Payments 2004-2005	\$0	(\$131)	(\$158)	(\$158)	(\$158)	(\$26)
17	<b>Net NW Natural Revenue (X)</b>	<b>\$6,879</b>	<b>\$6,664</b>	<b>\$5,812</b>	<b>\$5,812</b>	<b>\$5,812</b>	<b>\$6,363</b>
18	<b>Firm Transport Revenues related to BC Hydro SCP Capacity Transferred to TGI</b>						
19	BC Hydro Annual Demand Charges	\$3,600	\$0	\$0	\$0	\$0	\$0
20	TGI Midstream Annual Allocation	\$0	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
21	<b>Net BCH/TGI Revenue (Y)</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>
22	<b>Adjusted Mitigating Revenue to Delivery Margin Revenue</b>						
23	Net Transport Revenues (X+Y)	\$10,479	\$10,264	\$9,412	\$9,412	\$9,412	\$9,963
24	Incremental Revenue Requirement Related to IPC Development Costs	\$0	(\$549)	(\$600)	(\$580)	(\$573)	(\$566)
25	<b>Adjusted Mitigating Revenue (B)</b>	<b>\$10,479</b>	<b>\$9,715</b>	<b>\$8,812</b>	<b>\$8,833</b>	<b>\$8,840</b>	<b>\$9,397</b>
26	Levelised Adjusted Mitigating Revenue	\$9,387					
27	<b>Comparison to Baseline Mitigating Revenue</b>						
28	Baseline Mitigating Revenue (A)	-\$7,200	-\$7,200	-\$7,200	-\$7,200	-\$7,200	-\$7,200
29	Adjusted Mitigating Revenue (B)	\$10,479	\$9,715	\$8,812	\$8,833	\$8,840	\$9,397
30	Net Benefit (Cost) to Delivery Margin Account	\$3,279	\$2,515	\$1,612	\$1,633	\$1,640	\$2,197
31	Levelised Net Benefit	\$2,187					
32	<b>Present Value of Net Benefit</b>	To	To				
33		31 Oct 2010	31 Oct 2020				
34	NPV @ 6.02%	\$10,747	\$29,028				
35	NPV @ 10%	\$9,644	\$21,876				

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**ATTACHMENT 3a (Revised June 29, 2005)**

**Summary of Financial Impacts (2004/05 onwards)**

Costs and Benefits represented as Gas Year

Year	1	2	3	4	5	6
Contract Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10

40 **Table 3. Impact to Midstream Portfolio (Westcoast T-South = \$0.35)**

41	<b>Termination of PG&amp;E Agreements</b>						
42	<b>Termination of PG&amp;E Agreements</b>						
43	PG&E Peaking Arrangement Adjustment	\$1,318	\$1,318	\$1,318	\$1,318	\$1,318	\$1,318
44	Residual TCPL Capacity after mitigation	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)
45	Net Benefit (Cost) of PG&E Arrangement (C)	\$1,131	\$1,131	\$1,131	\$1,131	\$1,131	\$1,131
46							
47	<b>Return of BC Hydro SCP Capacity ((Westcoast T-South = \$0.35)</b>						
48	Midstream SCP Allocation	0	(\$3,600)	(\$3,600)	(\$3,600)	(\$3,600)	(\$3,600)
49	Release of Westcoast Capacity (T-South = \$0.35)	0	\$6,734	\$6,899	\$6,899	\$6,899	\$6,899
50	Huntingdon Downstream Resources	\$0	(\$1,224)	(\$1,168)	(\$1,205)	(\$1,293)	(\$1,291)
51	Kingsgate Peaking Arrangement	\$0	\$261	\$275	\$277	\$279	\$279
52	Net Benefit (Cost) of BCH Capacity (D)	\$0	\$2,170	\$2,406	\$2,371	\$2,284	\$2,287
53							
54	<b>Net Benefit (Cost) to Midstream Portfolio</b>						
55	Net Benefit (Cost) (C+D)	\$1,131	\$3,302	\$3,537	\$3,502	\$3,416	\$3,418
56	<b>Present Value of Net Benefit</b>	To	To				
		31 Oct 2010	31 Oct 2020				
57	NPV @ 6.02%	\$14,701	\$26,185				
58	NPV @ 10%	\$12,857	\$20,549				
59							

60 **Table 4. Overall Financial Impact**

61	Net Benefit (Cost) to Delivery Margin Account	\$3,279	\$2,515	\$1,612	\$1,633	\$1,640	\$2,197
62	Net Benefit (Cost) to Midstream Portfolio	\$1,131	\$3,302	\$3,537	\$3,502	\$3,416	\$3,418
63	Net Financial Benefit (Cost)	\$4,411	\$5,817	\$5,149	\$5,135	\$5,055	\$5,615
64	Levelised Net Financial Impact	\$5,178					
65	<b>Present Value</b>	To	To				
		31 Oct 2010	31 Oct 2020				
66	NPV @ 6.02%	\$25,448	\$55,213				
67	NPV @ 10%	\$22,501	\$42,426				

**ATTACHMENT 3b (Revised June 29, 2005)**

**Summary of Financial Impacts (2004/05 onwards)**

Costs and Benefits represented as Gas Year

Year	1	2	3	4	5	6
Contract Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10

1 **Table 1. BASELINE - Mitigating Revenues Per SCP CPCN Application**

2 PG&E Demand Charges	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
3 BC Hydro Annual Demand Charges	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
4 SCP Mitigation Revenue	\$0	\$0	\$0	\$0	\$0	\$0
5 Total SCP Firm Transport Revenues (A)	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200

8 **Table 2. Adjusted SCP Mitigating Revenues per NWN and Terasen Arrangements**

12	<b>Firm Transport Revenues related to PG&amp;E and NW Natural Arrangements</b>					
13	<b>Firm Transport Revenues related to PG&amp;E and NW Natural Arrangements</b>					
14	NWN Annual Demand Charges	\$7,298	\$7,298	\$7,298	\$7,298	\$7,298
15	PG&E Termination Payment			(\$825)	(\$825)	(\$825)
16	SCP Deferral Account Amortization	(\$419)	(\$503)	(\$503)	(\$503)	(\$84)
17	PG&EEC Termination Payments 2004-2005		(\$131)	(\$158)	(\$158)	(\$26)
18	Net NW Natural Revenue (X)	\$6,879	\$6,664	\$5,812	\$5,812	\$6,363
19	<b>Firm Transport Revenues related to BC Hydro SCP Capacity Transferred to TGI</b>					
20	<b>Firm Transport Revenues related to BC Hydro SCP Capacity Transferred to TGI</b>					
21	BC Hydro Annual Demand Charges	\$3,600	\$0	\$0	\$0	\$0
22	TGI Midstream Annual Allocation	\$0	\$3,600	\$3,600	\$3,600	\$3,600
23	Net BCH/TGI Revenue (Y)	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
24	<b>Adjusted Mitigating Revenue to Delivery Margin Revenue</b>					
25	<b>Adjusted Mitigating Revenue to Delivery Margin Revenue</b>					
26	Net Transport Revenues (X+Y)	\$10,479	\$10,264	\$9,412	\$9,412	\$9,963
27	Incremental Revenue Requirement Related to IPC Development Costs	\$0	(\$549)	(\$600)	(\$580)	(\$573)
28	Adjusted Mitigating Revenue (B)	\$10,479	\$9,715	\$8,812	\$8,833	\$8,840
29	Levelised Adjusted Mitigating Revenue	\$9,387				
30	<b>Comparison to Baseline Mitigating Revenue</b>					
31	<b>Comparison to Baseline Mitigating Revenue</b>					
32	Baseline Mitigating Revenue (A)	-\$7,200	-\$7,200	-\$7,200	-\$7,200	-\$7,200
33	Adjusted Mitigating Revenue (B)	\$10,479	\$9,715	\$8,812	\$8,833	\$8,840
34	Net Benefit (Cost) to Delivery Margin Account	\$3,279	\$2,515	\$1,612	\$1,633	\$1,640
35	Levelised Net Benefit	\$2,187				
36	<b>Present Value of Net Benefit</b>	To	To			
		31 Oct 2010	31 Oct 2020			
37	NPV @ 6.02%	\$10,747	\$22,814			
38	NPV @ 10%	\$9,644	\$17,714			

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**ATTACHMENT 3b (Revised June 29, 2005)**

**Summary of Financial Impacts (2004/05 onwards)**

Costs and Benefits represented as Gas Year

Year	1	2	3	4	5	6
Contract Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10

40 **Table 3. Impact to Midstream Portfolio (Westcoast T-South = \$0.35)**

41	<b>Termination of PG&amp;E Agreements</b>						
42	<b>Termination of PG&amp;E Agreements</b>						
43	PG&E Peaking Arrangement Adjustment	\$1,318	\$1,318	\$1,318	\$1,318	\$1,318	\$1,318
44	Residual TCPL Capacity after mitigation	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)
45	Net Benefit (Cost) of PG&E Arrangement (C)	\$1,131	\$1,131	\$1,131	\$1,131	\$1,131	\$1,131
46							
47	<b>Return of BC Hydro SCP Capacity (Westcoast T-South = \$0.35)</b>						
48	Midstream SCP Allocation	0	(\$3,600)	(\$3,600)	(\$3,600)	(\$3,600)	(\$3,600)
49	Release of Westcoast Capacity (T-South = \$0.35)	0	\$7,555	\$7,884	\$7,884	\$7,884	\$7,884
50	Huntingdon Downstream Resources	\$0	(\$1,224)	(\$1,168)	(\$1,205)	(\$1,293)	(\$1,291)
51	Kingsgate Peaking Arrangement	\$0	\$261	\$275	\$277	\$279	\$279
52	Net Benefit (Cost) of BCH Capacity (D)	\$0	\$2,991	\$3,391	\$3,356	\$3,270	\$3,272
53							
54	<b>Net Benefit (Cost) to Midstream Portfolio</b>						
55	Net Benefit (Cost) (C+D)	\$1,131	\$4,122	\$4,522	\$4,488	\$4,401	\$4,404

56	Present Value of Net Benefit	To	To
		31 Oct 2010	31 Oct 2020
57	NPV @ 6.02%	\$18,468	\$35,055
58	NPV @ 10%	\$16,117	\$27,228

60 **Table 4. Overall Financial Impact**

61	Net Benefit (Cost) to Delivery Margin Account	\$3,279	\$2,515	\$1,612	\$1,633	\$1,640	\$2,197
62	Net Benefit (Cost) to Midstream Portfolio	\$1,131	\$4,122	\$4,522	\$4,488	\$4,401	\$4,404
63	Net Financial Benefit (Cost)	\$4,411	\$6,638	\$6,135	\$6,120	\$6,041	\$6,601
64	Levelised Net Financial Impact	\$5,945					

65	Present Value	To	To
		31 Oct 2010	31 Oct 2020
66	NPV @ 6.02%	\$29,215	\$57,869
67	NPV @ 10%	\$25,761	\$44,942