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September 8, 2005

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

Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**RE: Terasen Gas Inc. - Status of Revelstoke Propane Cost Deferral Account
Third Quarter 2005 Status Report per BCUC Letter No. L-5-01
Revelstoke Propane Cost Increase / Rate Changes Effective October 1, 2005**

The present Revelstoke propane reference price of \$0.3063/litre was approved by Commission Order No. G-30-05, dated March 21, 2005. The enclosed materials indicate that propane costs at Revelstoke are forecast to average \$0.3314/litre for the October 1, 2005 to September 30, 2006 period (Page 3, Line 15, Column 9). The ratio arising from the forecast propane cost recoveries at present rates, the forecast propane purchase costs based on August 31, 2005 forward prices, and the projected September 30, 2005 deferral accumulation is 84.5% (Page 2, Lines 23 & 24).

Terasen Gas Inc. ("Terasen Gas") is requesting a change in propane reference price and customer rates due to higher commodity propane prices. The twelve-month recovery of the projected September 30, 2005 deferral account deficit balance adds \$0.0310/litre to the proposed revised reference price for a total of \$0.3624/litre (Page 4, Line 9). The reference price increase of \$0.0561/litre corresponds to a rate increase of \$2.282/GJ (Page 4, Line 21). This equates, based on an average consumption of 80 GJ/year, to a burnertip increase of 13.3% for residential customers (Page 6, Line 16).

Accordingly, Terasen Gas requests Commission approval to:

1. increase, effective October 1, 2005, the propane reference price for use in the Revelstoke Propane Cost Deferral Account from \$0.3063/litre to \$0.3624/litre, and
2. pass through to Revelstoke propane customers' rates, effective October 1, 2005, an increase of \$2.282/GJ.

We trust that the Commission will find the enclosed to be in order. Should further information be required, please contact Brian Noel at 604-592-7467.

Yours very truly,

TERASEN GAS INC.

Original signed by Tom Loski for

Scott A. Thomson

Enclosures

TERASEN GAS INC.
 REVELSTOKE PROPANE DEFERRAL
 FORECAST BALANCE AS AT SEPTEMBER 30, 2006
 WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-59-05)

Line No.	Particulars	Litres Purchased	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre Column (3)-(4)	Amount Deferred Column (2)x(5)	Deferral Balance Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	June 30, 2005 Balance						\$ 283,604
2	July (Projected)	391,721	\$0.2961	\$0.3063	(\$0.0102)	(\$3,996)	279,608
3	August (Projected)	450,000	\$0.3343	\$0.3063	\$0.0280	\$12,600	292,208
4	September (Projected)	850,000	\$0.3332	\$0.3063	\$0.0269	\$22,865	315,073
5	Current Quarter Total	<u>1,691,721</u>				<u>\$31,469</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	October (Forecast)	1,100,000	\$0.3351	\$0.3063	\$0.0288	\$31,680	346,753
9	November (Forecast)	1,500,000	\$0.3303	\$0.3063	\$0.0240	\$36,000	382,753
10	December (Forecast)	1,500,000	\$0.3306	\$0.3063	\$0.0243	\$36,450	419,203
11	January 2006 (Forecast)	1,300,000	\$0.3301	\$0.3063	\$0.0238	\$30,940	450,143
12	February (Forecast)	1,200,000	\$0.3293	\$0.3063	\$0.0230	\$27,600	477,743
13	March (Forecast)	750,000	\$0.3355	\$0.3063	\$0.0292	\$21,900	499,643
14	April (Forecast)	520,000	\$0.3361	\$0.3063	\$0.0298	\$15,496	515,139
15	May (Forecast)	350,000	\$0.3338	\$0.3063	\$0.0275	\$9,625	524,764
16	June (Forecast)	320,000	\$0.3327	\$0.3063	\$0.0264	\$8,448	533,212
17	July (Forecast)	320,000	\$0.3316	\$0.3063	\$0.0253	\$8,096	541,308
18	August (Forecast)	450,000	\$0.3291	\$0.3063	\$0.0228	\$10,260	551,568
19	September (Forecast)	850,000	\$0.3281	\$0.3063	\$0.0218	\$18,530	\$ 570,098
20	Total October 2005 - September 2006	<u>10,160,000</u>				<u>\$255,025</u>	
21							
22							
23	Recovered Costs (Line 20 Col.2 x Line 19 Col.4)		<u>\$3,112,008</u>				
24	Forecast + Deferral Balance (Page 3 Line 13 Col.9 + Page 2 Line 4 Col. 7)		<u>\$3,681,999</u>	=	84.5%		

TERASEN GAS INC.
REVELSTOKE PROPANE
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD OCTOBER 1, 2005 TO SEPTEMBER 30, 2006

Line No.	Particulars	\$/Litre	\$/GJ
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast Average Cost of Propane		
4	October 1, 2005 to September 30, 2006	\$0.3314	
5			
6	ii. Twelve months amortization of Deferral Account	<u>0.0310</u>	
7			
8			
9	New Reference Price	<u>\$0.3624</u>	
10			
11			
12	Existing Propane Reference Price (BCUC Order No. G-30-05)	<u>\$0.3063</u>	<u>\$11.968</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0561	
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment (4.14%) ⁽¹⁾	<u>0.0023</u>	
19			
20	Total Propane Cost Flowthrough	<u>\$0.0584</u>	<u>\$2.282</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 4.14% is based on 2002, 2003 and 2004 data.		
27		Litres	%
28	Sales	<u>27,571,224</u>	
29			
30	Less: Propane Used for Vaporizer	354,880	1.29%
31	Company Use	2,499	0.01%
32	Unaccounted For	<u>784,192</u>	<u>2.84%</u>
33	Total	<u>1,141,571</u>	<u>4.14%</u>

TERASEN GAS INC.
REVELSTOKE PROPANE DEFERRAL
FORECAST BALANCE AS AT SEPTEMBER 30, 2006
WITH PROPOSED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2005

Line No.	Particulars	Litres Purchased	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre Column (3)-(4)	Amount Deferred Column (2)x(5)	Deferral Balance Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	June 30, 2005 Balance						\$ 283,604
2	July (Projected)	391,721	\$0.2961	\$0.3063	(\$0.0102)	(\$3,996)	279,608
3	August (Projected)	450,000	\$0.3343	\$0.3063	\$0.0280	\$12,600	292,208
4	September (Projected)	850,000	\$0.3332	\$0.3063	\$0.0269	\$22,865	315,073
5	Current Quarter Total	<u>1,691,721</u>				<u>\$31,469</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	April (Forecast)	1,100,000	\$0.3351	\$0.3624	(\$0.0273)	(\$30,030)	285,043
12	May (Forecast)	1,500,000	\$0.3303	\$0.3624	(\$0.0321)	(\$48,150)	236,893
13	June (Forecast)	1,500,000	\$0.3306	\$0.3624	(\$0.0318)	(\$47,700)	189,193
14	July (Forecast)	1,300,000	\$0.3301	\$0.3624	(\$0.0323)	(\$41,990)	147,203
15	August (Forecast)	1,200,000	\$0.3293	\$0.3624	(\$0.0331)	(\$39,720)	107,483
16	September (Forecast)	750,000	\$0.3355	\$0.3624	(\$0.0269)	(\$20,175)	87,308
17	October (Forecast)	520,000	\$0.3361	\$0.3624	(\$0.0263)	(\$13,676)	73,632
18	November (Forecast)	350,000	\$0.3338	\$0.3624	(\$0.0286)	(\$10,010)	63,622
19	December (Forecast)	320,000	\$0.3327	\$0.3624	(\$0.0297)	(\$9,504)	54,118
20	January 2006 (Forecast)	320,000	\$0.3316	\$0.3624	(\$0.0308)	(\$9,856)	44,262
21	February (Forecast)	450,000	\$0.3291	\$0.3624	(\$0.0333)	(\$14,985)	29,277
22	March (Forecast)	850,000	\$0.3281	\$0.3624	(\$0.0343)	(\$29,155)	\$ 122
23	Total October 2005 - September 2006	<u>10,160,000</u>				<u>\$122</u>	

TERASEN GAS INC.
 PROPOSED OCTOBER 1, 2005 PROPANE COST INCREASE
 TYPICAL ANNUAL CONSUMPTION

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$10.70	\$128.40			\$22.46	\$269.52			\$119.83	\$1,437.96	
6	Delivery Charge + Rider 3 + Rider 5	80.0	\$2.822	225.76		350.0	\$2.385	834.75		5,700.0	\$2.076	11,833.20	
7													
8	Commodity Related Charges												
9	Commodity Cost + Midstream Cost + Rider 1	80.0	\$12.789	1,023.12		350.0	\$11.698	4,094.30		5,700.0	\$11.698	66,678.60	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST or GST)	80.0		1,377.28		350.0		5,198.57		5,700.0		79,949.76	
12													
13													
14													
15	October 1, 2005 Propane Cost Flowthrough												
16	Propane Price Increase		\$2.282	182.56	13.3%		\$2.282	798.70	15.4%		\$2.282	13,007.40	16.3%
17	Typical Annual Bill after Propane Price Change			\$1,559.84				\$5,997.27				\$92,957.16	