



LETTER No. L-29-05

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

VIA E-MAIL/FAX

April 11, 2005

Mr. Scott Thomson
Vice President, Finance and Regulatory Affairs
Terasen Gas (Vancouver Island) Inc and
Terasen Gas Inc
16705 Fraser Highway
Surrey, B.C. V3S 2X7

Registered Intervenor
(TGVI-RPLNG04-RI)

Dear Mr. Thomson and Registered Intervenor:

Re: Terasen Gas (Vancouver Island) Inc. ("TGVI")
Review of a Resource Plan dated June 18, 2004 ("Resource Plan")
and an Application dated August 4, 2004 for a
Certificate of Public Convenience and Necessity
for a Liquefied Natural Gas Storage Project ("CPCN Application")

The Commission's Decision dated February 15, 2005 and Order No. C-2-05 approved a Certificate of Public Convenience and Necessity for TGVI for the Liquefied Natural Gas ("LNG") project at Mount Hayes, subject to several conditions. One of the conditions is:

An LNG Storage Agreement that assures TGVI of LNG mitigation revenue consistent with the amount of such revenue that TGVI used in its financial analysis will be executed by TGVI and Terasen Gas Inc. and approved by the Commission, prior to commencement of construction of LNG Project.

On March 31, 2005, TGVI filed an LNG Storage and Delivery Agreement with Terasen Gas Inc. ("Terasen Gas") dated March 31, 2005 and requested Commission approval of the Agreement pursuant to Section 61 of the Utilities Commission Act ("Act").

On March 31, 2005 Terasen Gas also filed a copy of the LNG storage and delivery agreement and requested Commission approval of the Agreement pursuant to Section 71 of the Act. TGVI and Terasen Gas requested that the two applications be reviewed concurrently and requested approval of the Agreement by April 15, 2005 in order to meet anticipated construction deadlines for the TGVI LNG facility.

The Commission has been advised that Intervenor in the proceeding related to TGVI's Resource Plan and CPCN Application have been provided with a copy of the LNG Storage and Delivery Agreement. Please provide any comments you may have with respect to the applications for approval of the Agreement pursuant to Sections 61 and 71 of the Act, in written form by Monday April 18, 2005 with copies to TGVI and Terasen Gas. TGVI and Terasen Gas may respond to the comments by Wednesday, April 20, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/dlf