



LETTER NO. L-83-05

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October 12, 2005

Mr. Scott A. Thomson
Vice President, Finance
Terasen Gas (Whistler) Inc.
16705 Fraser Highway
Surrey, B.C. V3S 2X7

Dear Mr. Scott A. Thomson

Re: Terasen Gas (Whistler) Inc.
Third Offloading Tower and Remote Plant Monitoring
Revision to Cost Estimate

This is in response to Terasen Whistler's September 30, 2005 letter informing the Commission that the estimated cost of the third propane offloading tower has increased from \$120,000 in its August 5, 2005 Application to \$193,125, which is a 61 percent increase.

In its letter, Terasen Whistler continues to maintain that both the third offloading tower and the remote monitoring system are required to meet short-term demand growth and ensure secure and reliable propane service. Moreover, it states that the increase in dollar terms is relatively small compared to the Whistler rate base.

The Commission is very disappointed with Terasen Whistler's performance in this matter, which raises concerns about the ability of the Utility to manage capital projects. However, in the circumstances, and notwithstanding the increase in the cost estimate, the Commission will not revisit the approval that was granted by Order No. C-16-05.

The Commission nevertheless directs Terasen Whistler to take whatever actions it reasonably can by way of reducing the scope of the project (e.g. by cutting back the monitoring system), reducing the cost of executing the project (e.g. by curtailing project management costs) or making other changes, in order to reduce expenditures so that the actual cost is closer to the estimate in the Application. Terasen Gas is directed to file a report on its efforts in this regard and the results that it achieved, by November 30, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/dg

cc: Participants in Terasen Whistler
Revenue Requirements Settlement proceeding