



LETTER NO. L-72-05

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>

Log No. 11285

VIA E-MAIL

Regulatory.Affairs@terasengas.com

September 12, 2005

Mr. Scott Thomson
Vice President, Finance and Regulatory Affairs
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V3S 2X7

Dear Mr. Thomson:

Re: Terasen Gas Inc.
Rate Schedules 10 and 14A
Complaint from Direct Energy Marketing Limited

By letter dated August 25, 2005, Direct Energy Marketing Limited ("DEML") submitted a complaint about Terasen Gas practices related to Rate Schedules ("RS") 10 and 14A for gas sales to transportation customers and others.

Please provide Terasen Gas' response to the issues and questions raised in the DEML letter, by Friday, September 23, 2005, with a copy to DEML. In the response, please clarify any differences between the current circumstances and the situation under the RS 10 and RS 14A tariffs that have been approved to take effect November 1, 2005.

Further to the concern raised by DEML on page 2 of its letter, please clarify the situation with regard to the ability of a RS 14A customer to use RS 10 supply in the 2005/06 gas contract year. If a RS 14A firm supply customer will be able to use lower cost, interruptible RS 10 supply during portions of the year, please explain why this is consistent with the spirit and intent of RS 14A and in the best interest of all stakeholders. Would Terasen Gas support a requirement that RS 14A customers buy all their gas purchases from Terasen Gas under RS 14A?

DEML may reply to the Terasen Gas response by Friday, September 30, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/dlf

cc: Mr. Glenn MacIntyre, Director
Government & Regulatory Affairs Western Region
Direct Energy Marketing Ltd.
The Honourable Richard Neufeld, Minister
Ministry of Energy, Mines & Petroleum Resources
Mr. Douglas Stout, Marketing and Business Development
Terasen Gas Inc.