



LETTER NO. L-61-06

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Log No. 16131

VIA E-MAIL

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October 5, 2006

Mr. Scott Thomson
Vice President, Finance and Regulatory Affairs
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Thomson:

Re: Terasen Gas Inc. ("Terasen Gas")
Update of Fuel Gas Ratios to the Approved 2006/2007 Annual Contracting Plan
Commission Letter No. L-33-06

Commission Letter No. L-33-06 accepted for Terasen Gas the 2006/07 Annual Gas Contracting Plan and fuel rates for fuel delivered by marketers to Terasen Gas. The accepted fuel rates were 3% and 1% for Station 2 and AECO/NIT respectively. This has resulted in fuel gas overcollection of 10.3% for the period November 2004 to August 2006.

On September 18, 2006, Terasen Gas applied to the Commission to have the fuel rates adjusted as 5.87 PJ of fuel gas was budgeted and only 5.27 PJ was actually required. Terasen Gas proposes that the fuel rates for Station 2 and AECO/NIT change to 2.2% and 1% respectively.

The Commission considers that a change to the fuel rates for Terasen Gas is required and accepts the ratios for Station 2 and AECO/NIT of 2.2% and 1% respectively. Gas marketers should take note of this change as they are directly affected by these amendments, and Terasen Gas is requested to forward a copy of this Letter to each gas marketer.

Yours truly,

Original signed by

Robert J. Pellatt

RJP/dlf