



LETTER NO. L-59-09

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Log No. 29939

Via E-MAIL

August 26, 2009

Regulatory.Affairs@terasengas.com

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas (Vancouver Island) Inc.
2009/10 Annual Gas Contracting Plan (November 2009 – October 2010)

On June 30, 2009, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed on a confidential basis its 2009/10 Annual Contracting Plan ("2009/10 ACP"). The Commission generally accepts the TGVI 2009/10 ACP and items as set out on page 45. The major portfolio changes affecting the 2009/10 ACP are as follows:

1. TGVI recommends an increase of 1.2 TJ/day in the peak day demand, or an increase of 1.1% to 111.6 TJ/day from 110.4 TJ/day.
2. TGVI recommends an increase of 0.7 TJ/day in Huntingdon spot and 0.5 TJ/day in peaking purchases.
3. Storage and transportation contracts remain unchanged from 2009/10.

In addition to and as part of the foregoing approval the Commission requires that TGVI provide, by October 1, 2009 a detailed explanation of the year-over-year change by customer category in the Demand Forecast (2009/10 versus 2008/09) including the anticipated impacts of the Energy Efficiency and Conservation Programs as approved in Order G-36-09 dated April 16, 2009, and incorporate the following items in its 2010/11 ACP:

- i. TGVI is requested to restate the first objective of the Annual Contracting Plan to reflect a focus on minimizing the cost of supply with appropriate security of supply.
- ii. TGVI will evaluate the supply portfolio mix required due to the anticipated November 2011 introduction of the Mt. Hayes LNG plant and present its recommendations in its 2010/11 ACP.

The information exclusive of the Executive Summary will be treated as confidential.

A copy of TGVI's non-confidential Executive Summary for 2009/10 Annual Gas Contracting Plan is attached which is available for public dissemination.

Yours truly,

Original signed by:

Erica M. Hamilton

Attachment