



**LETTER NO. L-40-03**

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. 3899

**VIA FACSIMILE**  
250-480-4454

August 20, 2003

Mr. Geoff Higgins  
Manager, Regulatory Affairs  
Terasen Gas (Vancouver Island) Inc.  
1675 Douglas Street  
P.O. Box 3777  
Victoria, B.C. V8W 3V3

Dear Mr. Higgins:

Re: Terasen Gas (Vancouver Island) Inc.  
Revenue Deficiency Deferral Account ("RDDA") Financing

Further to your letter dated August 5, 2003 regarding the treatment of the RDDA, the Commission agrees with TGVI's proposed actions to finance the 2002 revenue deficiency amount (\$2.9 million) through the issuance of Class B instruments and to convert 100% of existing Class A instruments (\$85.0 million) into Class B instruments in accordance with the procedures and terms for such conversions set out in Appendix A to the Special Direction.

Yours truly,

*Original signed by:*

Robert J. Pellatt

cms