



LETTER NO. L-44-03

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VIA FACSIMILE
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September 22, 2003

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.
Third Quarter 2003 Report
Gas Cost Flow-Through and Gas Cost Reconciliation Account Guidelines

Terasen Gas' Third Quarter 2003 Report dated September 9, 2003 indicated that a rate change is not required, pursuant to the Guidelines outlined in Letter No. L-5-03.

The forward and actual monthly index prices for Sumas, AECO and Station 2 remain volatile and the GCRA levels in the short term (April 1, 2003 to June 30, 2003) were lower than anticipated. Based on the current forward prices, the rate change trigger mechanism is within the 95 percent to 105 percent deadband pursuant to the Guidelines.

Therefore, the Commission accepts Terasen Gas' recommendations that a rate change is not required at this time for the Lower Mainland, Inland and Columbia natural gas divisions.

Yours truly,

Original signed by:

Robert J. Pellatt

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