

LETTER NO. L-48-04

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

Log No. 7279

ROBERT J. PELLATT COMMISSION SECRETARY Commission.Secretary@bcuc.com web site: http://www.bcuc.com

VIA E-MAIL

regulatory.affairs@terasengas.com

September 22, 2004

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

Dear Mr. Thomson:

Re: Terasen Gas Inc. ("Terasen Gas") 2004 Third Quarter Gas Cost Report Lower Mainland, Inland, Columbia Service Areas

On September 8, 2004, Terasen Gas filed the 2004 Third Quarter Report for the Lower Mainland, Inland and Columbia Service Areas and recommended that no changes be made to the current Commodity Cost Recovery Charges or the Midstream Cost Recovery Charges for these service areas. By this letter, the Commission acknowledges receipt of the 2004 Third Quarter Report and approves no rate changes for these service areas.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/yl