BRITISH COLUMBIA UTILITIES COMMISSION

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VIA E-MAIL
Stirling.Bates@gems6.gov.bc.ca   March 16, 2005

Mr. Stirling M. Bates
Director, Regulatory Policy
Oil and Gas Policy Branch / Oil and Gas Division
Ministry of Energy and Mines
PO Box 9318, Stn Prov Gov't
5th Floor, 1810 Blanshard Street
Victoria, BC   V8W 9N3

Dear Mr. Bates:

Re: Terasen Gas (Squamish) Inc.
Proposed Main Extension to Discovery Center

The Commission has reviewed the financial projections contained in the Terasen Gas (Squamish) Inc. ("Terasen Squamish") Discovery Center main extension application dated March 3, 2005. The Commission agrees, that based on the information available, the extension should proceed.

Consistent with previous main extension applications, Terasen Squamish will take responsibility for increased Rate Stabilization Facility ("RSF") funding that result from:

1.   Capital costs that are higher than forecast; and
2.   Customer consumption and attachments less than forecast.

In the application Terasen Squamish has included natural gas prices based on its approved January 1, 2005 rates. The RSF impact analysis pertaining to the Discovery Center main extension indicates favourable RSF payments for each of the 20 years in the forecast period.

The Commission requests a copy of the Ministry's response to Terasen Squamish approving the Discovery Center main extension. Should the Ministry not approve the extension or requires changes which will affect the RSF payment calculations, please provide the Commission details explaining the disapproval or the changes.

Yours truly,

Original signed by:

Robert J. Pellatt

DC/cms

cc: Mr. Scott A. Thomson, Senior Vice President and CFO
          Terasen Gas (Squamish) Inc.
        Mr. Paul Wieringa, Director
          Electricity Policy Branch
          Ministry of Energy and Mines