

LETTER NO. L-44-05

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VIA E-MAIL regulatory.affairs@terasengas.com

June 16, 2005

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 (Vancouver Island) Inc. ("TGVI") 2005 Second Quarter Gas Cost Report

On June 7, 2005 Terasen Gas (Vancouver Island) Inc. filed its 2005 Second Quarter Report and recommended no changes to Natural Gas Rates for this service area.

The Commission acknowledges receipt of the 2005 Second Quarter Report, and accepts TGVI's recommendation that customer rates remain unchanged for the Vancouver Island and Sunshine Coast service areas, effective July 1, 2005.

Yours truly, Original signed by: Robert J. Pellatt

RB/dlf