



LETTER NO. L-61-05

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. 10381

VIA E-MAIL

Regulatory.Affairs@terasengas.com

July 22, 2005

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. ("Terasen Gas")
2005 Price Management Plan (November 2005 – October 2008)

On June 10, 2005 Terasen Gas filed its Price Risk Management Plan ("PRMP") Application for the period November, 2005 to October 2008. The PRMP is based on similar objectives to last year's strategy and forms the basis of the Application. The 3 major themes are as follows:

1. Focus price risk management activities on remaining competitive with other energy sources primarily electricity.
2. Dampen impacts of commodity price volatility on customer rates.
3. Reduce the risk of regional price disconnects.

In order to further clarify the plan, two information requests were sent to Terasen Gas on June 23, 2005 and July 14, 2005 respectively. Risk Advisory consultants to Terasen Gas recommended a survey of residential customers to determine their tolerance for volatility in their annual bills. Western Opinion Research was hired for this task and the results were used as input to develop the 2005–2008 PRMP. The key contracting decisions that require Commission acceptance were outlined on page 1 of the non-confidential Executive Summary.

The Commission has reviewed the Application and the responses to information requests to develop its directions. As a result, the amount of hedging has been amended. Terasen Gas is to implement the components as identified in the confidential Appendix A (attached).

Yours truly,

Original signed by:

Constance M. Smith
for: Robert J. Pellatt

RB/cms
Attachment