



LETTER NO. L-34-06

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VIA E-MAIL

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July 6, 2006

Mr. Scott Thomson
Vice President, Finance and Regulatory Affairs
and Chief Financial Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V3S 2X7

Dear Mr. Thomson:

Re: Terasen Gas (Whistler) Inc.
2006/07 Winter Hedge and Storage Plan

On May 30, 2006, Terasen Gas (Whistler) Inc. ("Terasen Whistler") filed its 2006/07 Winter Hedge and Storage Plan and subsequently filed a revision on June 13, 2006 that changed the implementation plan schedule identified in Table No. 2, page 5.

The Commission accepts the Terasen Whistler 2006/07 Winter Hedge and Storage Plan but directs Terasen Whistler to provide evidence that the storage purchases were consistent with summer spot prices and winter fixed prices at the time of the transaction are consistent with the propane forward prices. In order to demonstrate the effectiveness of winter hedging plans for Whistler, please provide a report by May, 2007 that identifies the financial outcomes of the plans from 2004 to 2007 and an analysis to demonstrate that the objectives of the plan have been met.

Yours truly,

Original signed by

Robert J. Pellatt

RB/dg