

LETTER NO. L-24-06

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VIA E-MAIL regulatory.affairs@terasengas.com

June 8, 2006

Mr. Scott Thomson Vice President, Finance and Regulatory Affairs Terasen Gas Inc. 16075 Fraser Highway Surrey, B.C. V3S 2X7

Dear Mr. Thomson:

Re: Terasen Gas Inc. Lower Mainland, Inland and Columbia Service Areas 2006 Second Quarter Gas Costs Report -<u>Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account</u>

On June 8, 2006, Terasen Gas Inc. filed its 2006 Second Quarter Report and recommended that no changes be made to the natural gas rates for all rate schedules. The Commission acknowledges receipt of the 2006 Second Quarter Report and accepts the recommendation that customer rates remain unchanged for the Lower Mainland, Inland and Columbia service areas.

Yours truly,

Constance M. Smith for: Robert J. Pellatt