



LETTER NO. L-18-06

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VIA E-MAIL

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May 5, 2006

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

Dear Mr. Bates:

Re: Terasen Gas (Squamish) Inc.
Review of 2003 and 2004 Actual Results
Pursuant to the Squamish Rate Stabilization Agreement

Terasen Gas (Squamish) Inc. ("Terasen Squamish") filed its 2003 actual results on October 15, 2004 and its 2004 actual results on May 6, 2005.

The Commission has reviewed the Terasen Squamish 2003 and 2004 actual results pursuant to the Squamish Rate Stabilization Agreement ("Squamish RSA"). The 2003 and 2004 actual results are reasonable and in accordance with Section 3 of the Squamish RSA, the April 1997 Settlement Agreement and the return on common equity allowed for Terasen Squamish by Commission Order No. G-85-98 and Letters No. L-46-02 and L-57-03 for 2003 and 2004, respectively.

Yours truly,

Original signed by

Robert J. Pellatt

DC/dg

cc: Mr. Scott A. Thomson, VP, Finance & Regulatory Affairs & CFO
Terasen Gas (Squamish) Inc.
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