



**LETTER NO. L-33-06**

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. 14988

**VIA E-MAIL**

[regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

June 29, 2006

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

Dear Mr. Thomson:

Re: Terasen Gas Inc.  
2006/07 Midstream Annual Gas Contracting Plan

On June 1, 2006, Terasen Gas Inc. ("Terasen Gas" or "TGI") filed on a confidential basis its 2006/07 Midstream Annual Contracting Plan ("2006/07 ACP") based on the Essential Services Model. The Commission generally accepts the 2006/07 ACP and items listed on pages 7 to 12. The major portfolio changes affecting the 2006/07 ACP are as follows:

1. Terasen Midstream recommends a peak day value for 2006/07 of 1,282 TJ/d, an increase of 1.8% from the 2005/06 value of 1,260 TJ/d.
2. Supply from Commodity Providers (Commercial Unbundling Marketers and Terasen Gas) will be based on a normalized annual demand of 321 TJ/d, plus fuel, down from 333 TJ/d for 2005/06 due to a decline in customer usage rates.
3. Commencing November 1, 2006, Commodity Providers (Commercial Unbundling Marketers and Terasen Gas) will be required to deliver - excluding fuel - 225 TJ/d at Station 2, 48 TJ/d at Huntingdon and 48 TJ/d at AECO (Alberta).
4. Commodity Providers' fuel requirements for the period November 1, 2006 to October 31, 2007 are projected to be the same as for the previous 12 months: 3.0% at Station 2 and 1.0% in Alberta.
5. Supply requirement from Terasen Gas Commodity for 2006/07 is estimated at 303 TJ/d based on forecast Commercial Unbundling take-up rates of approximately 18 TJ/d.
6. Westcoast T-South Export capacity was de-contracted to offset for an equivalent amount of discounted third party T-South Long Haul transportation contracted effective November 1, 2006.

7. Incremental storage contracts and third party storage redelivery service agreements will be negotiated.
8. Terasen Midstream recommends the renewal of storage contracts and third party redelivery service which expire or require notice to extend prior to the submission of the 2007/08 ACP.
9. Station 2, Alberta, Huntingdon, Stanfield and Kingsgate supply will be negotiated.

The Commission notes that the peak day demand forecast is 1.8% higher while normal annual demand has decreased by 3.6%. Therefore TGI is directed to provide support for its peak day methodology and peak day forecast in relation to its annual demand forecast in the upcoming Resource Plan so that this matter can be reviewed in a public forum.

Attached is Terasen Gas' non-confidential 2006/07 Midstream Resources Annual Gas Contracting Plan that is available for public dissemination.

Yours truly,

*Original signed by*

Robert J. Pellatt

RB/dg  
Attachment