



**LETTER NO. L-23-06**

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. 14782

**VIA E-MAIL**

regulatory.affairs@terasengas.com

June 6, 2006

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

Dear Mr. Thomson:

Re: Terasen Gas (Vancouver Island) ("TGVI")  
2006 Price Risk Management Plan (November 2006 – October 2009)

On May 11, 2006 Terasen Gas (Vancouver Island) filed its 2006 Price Risk Management Plan ("PRMP") Application for the period November, 2006 to October 2009. The PRMP is based on similar objectives to last year's strategy and forms the basis of the TGVI Application. They are identified as follows:

1. Remain competitive with alternate fuel sources primarily electricity.
2. Dampen impacts of commodity price volatility on customer rates.
3. Reduce the risk of regional price disconnects.

It is recognized that TGVI is unique in that a natural hedge is in place through the revenue deficiency recovery period as a result of the royalty revenue mechanism. The Commission accepts TGVI's PRMP for the November 2006 to October 2009 period considering the proposed strategy and the reporting mechanism in place.

The PRMP will be held confidential except for the Executive Summary.

Yours truly,

*Original signed by:*

*Constance M. Smith*  
*for:* Robert J. Pellatt

RB/dg