



LETTER NO. L-6-06

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. 10687

VIA E-MAIL

regulatory.affairs@terasengas.com

January 25, 2006

TGI_Chetynd Document A-3

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

Dear Mr. Thomson:

Re: Terasen Gas Inc.
Application for Approval of Operating Terms for the Supply and Distribution of
Natural Gas within the District of Chetynd ("Chetynd")

On July 19, 2005, Terasen Gas Inc. ("Terasen Gas") applied pursuant to Section 32 of the Utilities Commission Act ("the Act") for approval of Operating Terms for the supply and distribution of natural gas service within the boundaries of Chetynd. The Operating Terms proposed for Chetynd did not have a fixed term nor did it contain a provision for the payment of Franchise Fees (the "Application").

On September 2, 2005, Chetynd filed a Reply to the Application. In accordance with the regulatory timetable established by Commission Letters No. L-82-05 and L-86-05, Terasen Gas filed a response on October 21, 2005 (the "Terasen Response") and Chetynd filed its response on November 4, 2005 (the "Chetynd Response"). The Terasen Response included a Revised Application that contained a provision for Operating Fees of 3 percent and a term of 21 years effective from January 1, 2006 to December 31, 2026. The Chetynd Response proposed that if the Commission approves the new Operating Terms proposed by Terasen Gas then the Commission should also extend the expired Operating Agreement to the end of 2005.

By email dated January 13, 2006 (enclosed), Terasen Gas advised the Commission that Terasen Gas continued to charge the 3 percent Operating Fee to its customers in Chetynd in anticipation that the new Operating Agreement will contain a provision for a 3 percent Operating Fee or Franchise Fee. Terasen Gas stated that it is prepared to refund the Operating Fees collected from July 1, 2005 if an Operating Fee is not included in the new Operating Agreement.

The Commission requires a submission from Terasen Gas and Chetynd regarding the proposed commencement date of a new Operating Agreement, i.e. should the commencement date of a new Operating Agreement be July 19, 2005 (the date of the Terasen Gas Application), January 1, 2006 (the date proposed in Terasen Gas' Revised Application) or some other date? A response from Terasen Gas is required by January 31, 2006 and from Chetynd by February 7, 2006.

Yours truly,

Original signed by:

Robert J. Pellatt

Enclosure

cc: Mr. Colin Stewart
Staples McDannold Stewart
Mr. Mike Redfearn, Chief Administrative Officer
District of Chetynd

PF/TGI_District Chetynd Operatng Agreement/A-3_Request for Submission TGI & Chetynd