



**LETTER NO. L-83-06**

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Log No. 15548

*VIA E-MAIL / FACSIMILE / POST*

December 22, 2006

Parties listed on page 25 of the Application  
(*TGI-Mission-PO*) (See attached list)

Mr. Scott Thomson  
Vice President, Finance and Regulatory Affairs  
Terasen Gas Inc.  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8

Terasen Gas Inc. 2005 Annual Review  
Intervenors and Interested Parties  
(*TGI-2005 Annual Review*) (See attached list)

Dear Sir / Madam:

Re: Terasen Gas Inc. ("Terasen Gas")  
Application for a Certificate of Public Convenience and Necessity ("CPCN")  
For a Seismic Upgrade of the Mission Intermediate Pressure System (the "Application")

On June 20, 2006, Terasen Gas filed the above Application. Terasen Gas explains that in order to improve its ability to withstand a seismic event, the intermediate pressure pipeline now on the Mission Highway Bridge would be replaced by a 2 kilometre 323 mm pipeline installed in a horizontal directional drilled ("HDD") crossing of the Fraser River, the distribution system on the north side of the Fraser River would be reinforced by looping from Cedar Station to Horne Street and the Mission Regulator Station would be removed (the "Project"). The estimated cost of the project at that time was \$8.848 million and it would increase Terasen Gas' delivery margin revenue requirement by 0.1 percent.

On June 30, 2006, the Commission issued Information Request No. 1 to Terasen Gas and on July 14 and 19, Terasen Gas responded to that request. By Letter No. L-43-06 dated July 27, 2006, the Commission issued Information Request No. 2 to Terasen Gas and advised Terasen Gas that the review of the Application would be suspended until Terasen Gas filed a report on the results of its Construction Feasibility assessment which was underway, and an updated cost estimate for the Project.

On November 30, 2006, Terasen Gas responded to Commission Information Request No. 2 and filed a Feasibility Assessment Report for the Project (the "Report") and, on a confidential basis, Appendix F to the Report regarding land and right-of-way issues.

In the Report, Terasen Gas identified that its preferred Alignment Option for the river crossing is Alignment Option A, which is near an existing BC Hydro transmission right of way (Report, p. 2 and Appendix A). Terasen Gas also advised that the Project no longer includes the distribution loop which had been constructed in the summer of 2006 at a cost of \$0.305 million and that the cost estimate for the Project, as revised, is now \$8.543 million. Consequently, the revised cost estimate for the project is \$8.543 million.

On December 15, 2006, Terasen Gas responded to a Supplemental Information Request from the Commission.

The Commission notes that Terasen Gas states in its Report that it has been in contact with stakeholders and that it will continue an active dialogue to consider ways to mitigate the impact of the proposed river crossing. The Commission also notes that the Application, the Report and the Responses to Commission Information Requests have been copied to identified stakeholders, i.e. the "Parties Listed on page 25 of the Application".

The Commission notes that as a result of the filings to date regarding the Application, sufficient information has been placed on the public record to allow the Commission and other affected stakeholders to consider the need for the proposed Project, and the feasibility and impacts of the Project. The Commission, however, wishes to extend an opportunity to stakeholders to make submissions and provide comments or concerns for consideration before the Commission makes a decision on the Application. Therefore, the Commission respectfully requests that any stakeholder who wishes to provide a submission or other comments do so by no later than January 19, 2007. Terasen Gas may respond to any submissions or comments by January 26, 2007.

Yours truly,

*Original signed by:*

Robert J. Pellatt

LZ/dlf

Attachments (2)