



LETTER NO. L-81-06

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Log No. 17263

VIA E-MAIL
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December 15, 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) Inc. ("TGVI")
Fourth Quarter 2006 Gas Cost Report

On October 23, 2006, TGVI filed a Settlement Update to its 2006-2007 Revenue Requirements Application Negotiated Settlement Agreement. The filed document includes 2007 proposed rates for all its sales and transportation rate class customers. On December 7, 2006 TGVI filed its 2006 Fourth Quarter Gas Cost Report for information.

By this letter, the Commission acknowledges receipt of the 2006 Fourth Quarter Gas Cost Report, and accepts it for informational purposes, rather than a recommendation that there be changes to the 2007 rate proposal of TGVI as filed as part of the 2006 Settlement Update proceeding currently before the Commission.

Yours truly,

Original signed by

Robert J. Pellatt

JBW/cms