



LETTER NO. L-77-07

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

ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

Log No. 10687

VIA E-MAIL

regulatory.affairs@terasengas.com

September 27, 2007

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 Chetwynd

On July 19, 2005, Terasen Gas Inc. ("Terasen") applied to the British Columbia Utilities Commission (the "Commission") 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 District of Chetwynd (the "District of Chetwynd", the "Application"). The Operating Terms proposed in the Application replace the Operating Agreement that was approved by Commission Order No. C-20-80 and extended by various Orders until June 30, 2005. On September 2, 2005 the District of Chetwynd filed a Reply to the Application and opposed, with reasons, the establishment of the new Operating Agreement.

Commission Letter No. L-82-05 established a written inquiry into the Terasen Application including a timetable for submissions pursuant to Section 32 of the Act. The deadline for submissions was extended by Letter No. L-86-05. By Letter No. L-6-06 the Commission required further submissions from Terasen and the District of Chetwynd regarding the proposed commencement date of any new Operating Agreement.

The Commission reviewed the Application and the related submissions and by Order No. G-17-06 with attached Reasons for Decision approved the Operating Agreement proposed by Terasen on October 21, 2005, and amended as proposed by the District of Chetwynd on November 4, 2005, pursuant to Section 32 of the Act. Commission Order No. G-17-06 also directed that the Operating Agreement between Terasen and the District of Chetwynd approved therein was effective from July 1, 2005 and shall expire twenty-one years from the 1st day of July 2005.

Commission Order No. G-17-06 required Terasen and the District of Chetwynd to file with the Commission an endorsed Operating Agreement in accordance with the terms approved by this Order and Reasons for Decision. Commission Order No. G-17-06 provided that the terms of this Operating Agreement may be reviewed, upon application by Terasen or the District of Chetwynd, should the Commission determine that a significant revision is required.

To date an endorsed copy of the Operating Agreement that is in accordance with Commission Order No. G-17-06 and the Reasons for Decision has not been filed. The Commission requires that Terasen and the District of Chetwynd file the endorsed Operating Agreement by October 19, 2007 that is in accordance with Commission Order No. G-17-06 and the Reasons for Decision. If an endorsed Operating Agreement is not filed by October 19, 2007, Terasen may file by October 26, 2007, pursuant to Section 32 of the Act, the terms of use of the District of Chetwynd thoroughfares for Commission endorsement that are in accordance with the terms approved by Commission Order No. G-17-06 and the Reasons for Decision.

Yours truly,

Original signed by

Erica M. Hamilton

PWN/cms

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