

LETTER NO. L-100-07

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VIA E-MAIL regulatory.affairs@terasengas.com

December 14, 2007

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

Dear Mr. Thomson:

Re: Terasen Gas (Vancouver Island) Inc. 2007 Fourth Quarter Gas Cost Report and the Annual Revenue Surplus/Deficiency

On December 6, 2007 Terasen Gas (Vancouver Island) Inc. filed the 2007 Fourth Quarter Report on Gas Costs and the Annual Revenue Surplus/Deficiency forecast for information. By this letter, the Commission acknowledges receipt of the Report, regarding the Vancouver Island and the Sunshine Coast service areas.

Yours truly,

Original signed by

Erica M. Hamilton

RB/dlf