



LETTER NO. L-16-08

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VIA E-MAIL

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May 8, 2008

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas (Vancouver Island) ("TGVI")
2008 Price Risk Management Plan (November 2008 – October 2011)

On April 21, 2008 TGVI filed its Price Risk Management Plan ("PRMP") Application for the period November 2008 to October 2011. The PRMP is based on similar objectives to last year's strategy and forms the basis of the Application. They are identified as follows:

1. Remain competitive with alternate fuel sources primarily electricity.
2. Dampen impacts of commodity price volatility on customer rates.
3. Reduce the risk of regional price disconnects.

It is recognized that TGVI is unique in that a royalty hedge is in place throughout the term of the PRMP. The Commission accepts TGVI's Application to:

- Apply the Price Risk Management Plan over a three-year period from November 2008 to October 2011.
- Execute fixed price contracts to hedge Sumas winter and AECO summer price exposures.
- Implement the accelerated hedging plan as indicated in the PRMP.
- Implement hedges according to the pre-defined Hedging Implementation Schedule outlined in Section 6.4 of the Application and attached as Appendix A to this Order.

Appendix A to this Order will be held confidential.

Yours truly,

Erica Hamilton

RB/emh
Confidential Attachment