



LETTER No. L-16-09

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VIA E-MAIL

Regulatory.Affairs@terasengas.com

March 5, 2009

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

Dear Mr. Loski:

Re: Terasen Gas Inc.
2008–2011 Price Risk Management Plan
Modification of Hedging Limits within Letter L-19-08

By letter dated March 2, 2009 Terasen Gas Inc. ("Terasen Gas") proposed to modify the hedging limits as outlined in the in the 2008–2011 Price Risk Management Plan ("Plan") to capture current market prices. The Commission accepts the modification set out in the March 2, 2009 letter as being consistent with the Plan, page 19 which stated that:

"Should prices fall significantly below the current CCRA rate, Terasen Gas would consider a strategy of increasing hedging volumes to capture such a discount to the CCRA rate and further enhance the success of meeting the Plan's objectives. With this strategy, prices would be locked in significantly below the CCRA rate. Should Terasen Gas wish to implement this strategy, it would seek Commission approval."

Therefore, the Commission accepts the Terasen Gas proposal for further hedging as described in its letter dated March 2, 2009.

Yours truly,

Original signed by:

Erica Hamilton

RB/cms