



**LETTER NO. L-58-09**

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

Log No. 29939

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

**VIA E-MAIL**

[Regulatory.Affairs@terasengas.com](mailto:Regulatory.Affairs@terasengas.com)

August 26, 2009

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

Dear Mr. Loski:

Re: Terasen Gas Inc. ("Terasen Gas" or "TGI")  
2009/10 Annual Contracting Plan (November 2009 – October 2010)

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On June 30, 2009, Terasen Gas filed on a confidential basis its 2009/10 Annual Contracting Plan ("2009/10 ACP"). The Commission generally accepts the TGI 2009/10 ACP and items as set out on pages 29 to 31. The major portfolio changes affecting the 2009/10 ACP are as follows:

1. Terasen Gas, in its role as manager of midstream resources ("Terasen Midstream"), recommends a peak day value for 2009/10 of 1,281 TJ/day, a slight increase of 0.2% from the 2008/09 value of 1,279 TJ/day.
2. For 2009/10, supply from Commodity Providers will be based on a normalized annual demand of 301 TJ/day, plus fuel. This demand includes Terasen Gas (Whistler) Inc. volumes for the first time.
3. The Receipt Point Allocation Percentages remain consistent with the current year's delivery requirements: 70% at Station 2, 15% at Alberta, and 15% at Huntingdon.
4. Commencing November 1, 2009, Commodity Providers (Commercial and Residential Commodity Unbundling Marketers and Terasen Gas) will be required to deliver 211 TJ/day (plus fuel) at Station 2, 45 TJ/day at Huntingdon, and 45 TJ/day (plus fuel) at AECO in Alberta.
5. Commodity Providers' fuel requirements for gas delivery on November 1, 2009 will be evaluated and communicated later in the summer of 2009. For the period November 1, 2008 to October 31, 2009, the fuel percentages are 3.5% at Station 2 and 1.0% at Alberta.
6. Incremental storage contracts and third party storage redelivery service agreements will be negotiated as outlined in greater detail within the confidential sections of the TGI 2009/10 ACP. Terasen Midstream recommends the renewal of storage contracts and third party redelivery service which expire or require notice to extend prior to the submission of the TGI 2010/11 Annual Contracting Plan, as outlined in greater detail within the confidential sections of the TGI 2009/10 ACP.

7. Terasen Gas may opt to purchase winter seasonal supply at Station 2 or Huntingdon if it is unable to renew or acquire any new downstream storage contracts with firm redelivery for the upcoming winter.
8. Station 2, Alberta, Huntingdon, Stanfield and Kingsgate supply will be negotiated as outlined in greater detail within the confidential sections of the TGI 2009/10 ACP.

In addition to and as part of the foregoing approval the Commission requires that Terasen Gas provide, by October 1, 2009 a detailed explanation of the year-over-year change by customer category in the Demand Forecast (2009/10 versus 2008/09) including the anticipated impacts of the Energy Efficiency and Conservation Programs as approved in Order G-36-09 dated April 16, 2009, and incorporate the following items in its 2010/11 ACP:

- i. TGI is requested to restate the first objective of the ACP to reflect a focus on minimizing the cost of supply with appropriate security of supply.
- ii. TGVI will evaluate the supply portfolio mix required due to the anticipated November 2011 introduction of the Mt. Hayes LNG plant and present its recommendations in the 2010/11 ACP.
- iii. TGI is directed to file a scope of work for a comprehensive scenario study of B.C. natural gas supply and markets after discussions with Commission Staff. The study scope of work is to be filed within one month after the publication of the Fall 2009 "Northwest Gas Outlook" prepared by the Northwest Gas Association.

The information exclusive of the Executive Summary will be treated as confidential.

A copy of Terasen Gas' non-confidential Executive Summary for its 2009/10 Annual Contracting Plan is attached which is available for public dissemination.

Yours truly,

*Original signed by:*

Erica M. Hamilton

Attachment