



LETTER NO. L-62-10

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

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102
Log No. 34115

VIA EMAIL

Regulatory.Affairs@terasengas.com

August 26, 2010

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

Dear Mr. Loski:

Re: Terasen Gas Inc.

2010/11 Annual Contracting Plan (November 2010 – October 2011)

On July 7, 2010, Terasen Gas Inc. (TGI) filed on a confidential basis its 2010/11 Annual Contracting Plan (2010/11 ACP). The Commission generally accepts the TGI 2010/11 ACP and items as set out on pages 59 to 62. The major portfolio changes affecting the 2010/11 ACP are as follows:

1. TGI, in its role as manager of midstream resources (Terasen Midstream), recommends a peak day value for 2010/11 of 1,268 TJ/day, a decrease of 1 percent from the 2009/10 value of 1,281 TJ/day; and
2. For 2010/11, supply from Commodity Providers will be based on a normalized annual demand of 314 TJ/day, plus fuel; and
3. The Receipt Point Allocation Percentages remain consistent with the current year's delivery requirements: 70 percent at Station 2, 15 percent at Alberta, and 15 percent at Huntingdon; and
4. Commencing November 1, 2010, Commodity Providers (Commercial and Residential Commodity Unbundling Marketers and Terasen Gas) will be required to deliver 220 TJ/day (plus fuel) at Station 2, 47 TJ/day at Huntingdon, and 47 TJ/day (plus fuel) at AECO in Alberta; and
5. Commodity Providers' fuel requirements for gas delivery on November 1, 2010 will be evaluated and communicated later in the summer of 2010. For the period November 1, 2009 to October 31, 2010, the fuel percentages are 3.5 percent at Station 2 and 1.0 percent at Alberta; and
6. For 2010/11, there will be a net decrease of 41 TJ/day of market area storage over 2009/2010 due to the expiration of storage contracts at the end of the 2009/10 winter season; and
7. For 2010/11, an increase of 25 TJ/day in the contracting of peaking gas at Huntingdon will partially offset the loss of the 41 TJ/day market area storage mentioned above (the remaining 16 TJ/day was not required due

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to the lower peak day forecast in 2010/11 compared to 2009/10); and

8. Station 2, Alberta, Huntingdon, Stanfield and Kingsgate supply will be negotiated as outlined in greater detail within the confidential sections of the TGI 2010/2011 ACP.

In addition to the items specified in section 7.1.3.2 of the Application "*Actions prior to submitting TGI 2011/12 ACP*", TGI will update the Northeastern BC Study, consulting in advance with Commission staff with regard to overall scope and potential topics for additional analysis.

Nothing in this letter is to be construed as negating or superseding Commission directives related to the TGI Price Risk Management Plan pursuant to Orders E-23-10 and E-27-10.

The information contained in the 2010/2011 ACP, exclusive of the Executive Summary, will be treated as confidential for reasons of commercial sensitivity.

A copy of TGI's non-confidential Executive Summary for the TGI 2010/11 Annual Contracting Plan is attached which is available for public dissemination.

Yours truly,

Erica M. Hamilton

MT/dg
Attachment