



**LETTER L-70-10**

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**VIA EMAIL**

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September 9, 2010

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

Dear Mr. Loski:

Re: Terasen Gas Inc.  
Lower Mainland, Inland and Columbia Service Areas  
2010 Third Quarter Gas Cost Report  
Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account

On September 3, 2010, Terasen Gas filed its 2010 Third Quarter Gas Cost Report (the Report). The Commission acknowledges receipt of the Report.

Under normal circumstances, given the projected CCRA year-end surplus and the estimated cost of gas relative to the dead band guideline criteria contained in Letter L-5-01, the Commission would be inclined to order a change in customer rates. In the present circumstances of the Commission-directed review of rate change criteria that is currently in progress, the Commission is of the view that customer rates should remain unchanged.

It is anticipated that the 2010 Fourth Quarter Gas Cost Report will be subject to review using the revised rate change guideline.

Yours truly,

Erica M. Hamilton

MRT/cms