



LETTER L-96-10

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VIA EMAIL

regulatory.affairs@terasengas.com

December 2, 2010

Ms. Diane Roy
Director, Regulatory Affairs
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: Harmonized Sales Tax Impacts
in the 2010-2011 Revenue Requirements for
Terasen Gas Inc, Terasen Gas (Vancouver Island) Inc.
and Terasen Gas (Whistler) Inc.

On September 27, 2010 Terasen Utilities filed with the British Columbia Utilities Commission (the Commission) a proposed plan to address the adjustment required to the 2010 and 2011 Revenue Requirements as a result of implementing the Harmonized Sales Tax (HST) effective July 1, 2010 on Terasen Gas Inc. (TGI), Terasen Gas (Vancouver Island) Inc. (TGVI), and Terasen Gas (Whistler) Inc. (TGW), (collectively Terasen Utilities) (the HST Filing).

The Commission received and reviewed the HST Filing and accepts the methodology proposed by Terasen Utilities to calculate the HST adjustment on the 2010 and 2011 Revenue Requirements for TGI, TGVI and TGW.

The Commission previously approved TGI's request to capture the HST adjustment in the Tax Variance Deferral account as part of Order G-141-09, Negotiated Settlement Agreement, item 33 (b) iii, and for TGW in Order G-138-10. The Commission accepts TGVI's proposal to capture the 2010 and 2011 Revenue Requirements HST adjustment in the Tax Variance Deferral account.

The Commission accepts that the final amounts to be returned to customers, and the potential recovery of any implementation costs, will be addressed as part of TGI, TGVI and TGW's 2012 Revenue Requirements Applications.

Yours truly,

Erica M. Hamilton

CM/yl