



Scott A. Thomson
Vice President,
Finance & Regulatory Affairs

16705 Fraser Highway
Surrey, B.C. V3S 2X7
Tel: (604) 592-7784
Fax: (604) 592-7890
Email: scott.thomson@terasengas.com
www.terasengas.com

November 25, 2005

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas Inc. ("Terasen Gas") and Terasen Gas (Vancouver Island) Inc. ("TGVI")
Return on Equity and Capital Structure
ROE 2006 Estimates**

Please find attached a summary of estimates for Formula-Based Allowed ROEs for 2006 for a number of Canadian Utilities.

Questions concerning this application may be directed to Scott Thomson (604) 592-7784 or Tom Loski (604) 592-7464.

All of which is respectfully submitted,

**TERASEN GAS INC.
TERASEN GAS (VANCOUVER ISLAND) INC.**

Original signed by Tom Loski

For: Scott A. Thomson

cc: Registered Intervenors

Attachment

Summary of Estimates for Formula-Based Allowed ROEs for 2006					
Regulator	Companies Impacted	Month that ROE is set	2005 Allowed ROE	2006E Allowed ROE	Change from 2005
NEB	TransCanada Mainline	November	9.46%	8.89% ¹	-0.57%
	Enbridge Line 9 and NRAs	November	9.46%	8.89% ¹	-0.57%
	Foothills	November	9.46%	8.89% ¹	-0.57%
	Alberta Oil Sands Pipeline	November	9.46%	8.89% ¹	-0.57%
	Alberta Natural Gas	November	9.46%	8.89% ¹	-0.57%
	Norman Wells	November	9.46%	8.89% ¹	-0.57%
	TransQuebec & Maritimes	November	9.46%	8.89% ¹	-0.57%
Ontario Energy Board	Enbridge Gas Distribution	October (Est.)	9.57%	8.71% ¹	-0.86%
BCUC	Terasen Gas	November	9.03%	8.29% ²	-0.74%
	Terasen Gas (Vancouver Island)	November	9.53%	8.79% ²	-0.74%
	FortisBC	November	9.43%	8.69% ²	-0.74%
PUB	Newfoundland Power	November	9.24%	8.77% ¹	-0.47%
AEUB	Generic ROE	November	9.50%	8.93% ³	-0.57%
Régie de l'énergie	Gaz Métro	August	9.69%	8.95% ⁴	-0.74%

¹ Based on RBC Capital Markets - Research Industry Comment dated November 18, 2005. For Enbridge Gas Distribution, OEB is deliberating on which month to use for the *Consensus Forecasts* in the ROE calculation; this decision is expected to be released on December 1, 2005.

² Based on verbal information from BCUC staff, with a BCUC confirmation letter expected by December 2, 2005.

³ Based on AEUB Order No. U2005-410 - 2006 Generic Return on Equity Formula Result

⁴ Actual base ROE as allowed by La Régie. The 8.95% allowed ROE for 2006 does not include any incentive returns. Source: *Consensus Forecasts*, Bloomberg, RBC Capital Markets estimates