

December 19, 2006

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

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

Dear Sirs:

Scott A. Thomson VP, Finance & Regulatory Affairs and Chief Financial Officer

16705 Fraser Highway Surrey, B.C. V4N 0E8 Tel: (604) 592-7784 Fax: (604) 592-7890 Email: <u>scott.thomson@terasengas.com</u> <u>www.terasengas.com</u>

Regulatory Affairs Correspondence Email: <u>regulatory.affairs@terasengas.com</u>

# Re: Terasen Gas Inc. ("Terasen Gas" or the "Company") Application for Approval of 2007 Revenue Requirements and Delivery Rates (the "Application") and British Columbia Utilities Commission (the "Commission") Order No. G-160-06 and Reasons for Decision

On October 16, 2006, Terasen Gas filed its Annual Review and Mid-Term Assessment Review material in accordance with Commission Order G-51-03 approving the Settlement Agreement for 2004-2007 Multi-Year Performance-Based Rate Plan and Commission Order No. G-121-06, issued October 2, 2006 establishing the Regulatory Timetable for the Company's 2006 Annual Review and Mid-Term Assessment Review.

On December 14, 2006, the Commission issued Order No. G-160-06 (the "Order") and Appendix A, Reasons for Decision ("Appendix A") approving the Application for 2007 Revenue Requirements and Delivery Rates. In the Order, the Commission approved a common equity component of 35.01 percent and a return on common equity ("ROE") of 8.37 percent, both rounded to the nearest two decimal places, whereas the Application requested Commission approval of an allowed common equity component of 35.01277 percent and an ROE of 8.37131 percent. In the Appendix A to the Order, TGI was directed to inform the Commission if a revision to the proposed 2007 rates is required due to the allowed common equity component and ROE.

TGI wishes to inform the Commission that only Rate Schedule 22A and 22B are affected by this change. Attached please find the revised rate schedules for Rate Schedule 22A and Rate Schedule 22B and the revised financial schedules.

If there are any questions regarding the attached, please contact Mr. Tom Loski, Director, Regulatory Affairs at (604) 592-7464.

Yours very truly,

TERASEN GAS INC.

# Original signed by: Tom Loski

For: Scott A. Thomson

Attachment c: 2004 – 2007 PBR NSP Participants

| Tariff2k7Jan1 Annual Review Update Rates 1 to 7 | TERASEN GAS INC.                                      | TAB 1                |
|---|---|----------------------|
| Rate22A   | CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY | PAGE 9               |
| 12/18/2006                                      | EFFECTIVE JANUARY 1, 2007                             | SCHEDULE 22A         |
| 15:47   | BCUC ORDER NO. G06                                    | (AMENDED 2006-12-18) |

|      | RATE SCHEDULE 22A:<br>LARGE INDUSTRIAL T-SERVICE |  |                         |  |
|------|--|--|-------------------------|--|
|      |  |  |                         |  |
| Line |  | Existing                                 | 2007 Revenue Requiremen | •  |
| No.  | Particulars                                      | Rates                                    | and Rider Changes       | Propose Rates                            |
|      | (1)  | (2)                                      | (3)                     | (4)                                      |
| 1    | Basic Charge per Month                           | \$4,536.00                               | (\$90.00)               | \$4,446.00                               |
| 2    |  |  |                         |  |
| 3    | Delivery Charge per GJ - Firm                    | • • • • • •                              |                         |  |
| 4    | (a) Firm DTQ                                     | \$11.093                                 | (\$0.220)               | \$10.873                                 |
| 5    | (b) Firm MTQ                                     | \$0.078                                  | (\$0.002)               | \$0.076                                  |
| 6    |  |  |                         |  |
| 7    | Delivery Charge per GJ - Interr MTQ              | \$0.886                                  | (\$0.018)               | \$0.868                                  |
| 8    |  |  |                         |  |
| 9    | Charges per GJ for UOR Gas                       | Balancing, Backstopping and UOR per BCUC |                         | Balancing, Backstopping and UOR per BCUC |
| 10   |  | Order No. G-110-00.                      |                         | Order No. G-110-00.                      |
| 11   |  |  |                         |  |
| 12   | Demand Surchage per GJ                           | \$17.00                                  | \$0.00                  | \$17.00                                  |
| 13   |  |  |                         |  |
| 14   | Balancing Service per GJ                         |  |                         |  |
| 15   | (a) between and including Apr. 1 and Oct. 31     | \$0.300                                  | \$0.00                  | \$0.300                                  |
| 16   | (b) between and including Nov. 1 and Mar. 31     | \$1.100                                  | \$0.00                  | \$1.100                                  |
| 17   |  | Balancing, Backstopping and UOR per BCUC |                         | Balancing, Backstopping and UOR per BCUC |
| 18   | Charges per GJ for Backstopping Gas              | Order No. G-110-00.                      |                         | Order No. G-110-00.                      |
| 19   |  |  | l                       |  |
| 20   |  | -  |                         |  |
| 21   | Replacement Gas                                  | Sumas Daily Price                        |                         | Sumas Daily Price                        |
| 22   |  | plus 20 Percent                          |                         | plus 20 Percent                          |
| 23   |  |  |                         |  |
| 24   | Administration Charge                            | \$73.00                                  | (\$1.00)                | \$72.00                                  |
| 25   |  |  |                         |  |
| 26   | Riders: 2 Revenue shortfall - 2006Q1             | \$0.001                                  | (\$0.001)               | \$0.000                                  |
| 27   | 3 ESM  | (\$0.010)                                | (\$0.006)               | (\$0.016)                                |
| 28   |  |  |                         |  |
| 29   | Total Variable Cost per GJ                       |  |                         |  |
| 30   | (a) Firm MTQ                                     | \$0.069                                  | (\$0.009)               | \$0.060                                  |
| 31   |  |  |                         |  |
| 32   | (b) Interruptible MTQ                            | \$0.877                                  | (\$0.025)               | \$0.852                                  |
|      |  |  |                         |  |

| Tariff2k7Jan1 Annual Review Update Rates 1 to 7 | TERASEN GAS INC.                                      | TAB 1                |
|---|---|----------------------|
| Rate22B   | CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY | PAGE 10              |
| 12/18/2006                                      | EFFECTIVE JANUARY 1, 2007                             | SCHEDULE 22B         |
| 15:47   | BCUC ORDER NO. G06                                    | (AMENDED 2006-12-18) |
|   |   |                      |

|      | RATE SCHEDULE 22B:                           |                        |                | 2007 Revenue R | equirement | January ?             | 1, 2007       |
|------|--|------------------------|----------------|----------------|------------|-----------------------|---------------|
|      | LARGE INDUSTRIAL T-SERVICE                   | Existing October 1, 20 | 006 Rates      | and Rider 0    | Changes    | Propose F             | Rates         |
| _ine |  | Columbia               | Elkview        | Columbia       | Elkview    | Columbia              | Elkview       |
| No.  | Particulars                                  | Except Elkview         | Coal           | Except Elkview | Coal       | Except Elkview        | Coal          |
|      | (1)  | (2)                    | (3)            | (4)            | (5)        | (6)                   | (7)           |
| 1    | Basic Charge per Month                       | \$4,278.00             | \$4,278.00     | (\$85.00)      | (\$85.00)  | \$4,193.00            | \$4,193.00    |
| 2    |  |                        |                |                |            |                       |               |
| 3    | Delivery Charge per GJ - Firm                |                        |                |                |            |                       |               |
| 4    | (a) Firm DTQ                                 | \$7.068                | \$1.605        | (\$0.140)      | (\$0.032)  | \$6.928               | \$1.573       |
| 5    | (b) Firm MTQ                                 | \$0.076                | \$0.076        | (\$0.002)      | (\$0.002)  | \$0.074               | \$0.074       |
| 6    |  |                        |                |                |            |                       |               |
| 7    | Delivery Charge per GJ - Interr MTQ          |                        |                |                |            |                       |               |
| 8    | (a) between and including Apr. 1 and Oct. 31 | \$0.704                | \$0.175        | (\$0.014)      | (\$0.003)  | \$0.690               | \$0.172       |
| 9    | (b) between and including Nov. 1 and Mar. 31 | \$1.015                | \$0.252        | (\$0.020)      | (\$0.005)  | \$0.995               | \$0.247       |
| 10   |  |                        |                |                |            |                       |               |
| 11   | Charges per GJ for UOR Gas                   | Balancing, Backstoppi  | ng and UOR per |                |            | Balancing, Backstoppi | ing and       |
| 12   |  | BCUC Order No.         |                |                |            | UOR per BCUC Order    | No.           |
| 13   |  | G-110-00.              |                |                |            | G-110-00.             |               |
| 14   | Demand Surcharge per GJ                      | \$17.00                | \$17.00        | \$0.00         | \$0.00     | \$17.00               | \$17.00       |
| 15   |  |                        |                |                |            |                       |               |
| 16   | Charges per GJ for Backstopping Gas          | Balancing, Backstoppin | ng and UOR per |                |            | Balancing, Backstoppi | ing and UOR   |
| 17   |  | BCUC Order No.         |                |                |            | per BCUC Order No.    | -             |
| 18   |  | G-110-00.              |                |                |            | G-110-00.             |               |
| 19   |  |                        |                |                |            |                       |               |
| 20   | Administration Charge                        | \$73.00                | \$73.00        | (\$1.00)       | (\$1.00)   | \$72.00               | \$72.00       |
| 21   |  |                        |                |                |            |                       |               |
| 22   | Riders: 2 Revenue shortfall - 2006Q1         | \$0.001                | \$0.000        | (\$0.001)      | \$0.000    | \$0.000               | \$0.000       |
| 23   | ESM  | (\$0.008)              | (\$0.004)      | (\$0.010)      | (\$0.002)  | (\$0.018)             | (\$0.006)     |
| 24   |  |                        |                |                |            |                       |               |
| 25   |  |                        |                |                |            |                       |               |
| 26   |  |                        |                |                |            |                       |               |
| 27   |  |                        |                |                |            |                       |               |
| 28   |  |                        |                |                |            |                       |               |
| 29   |  |                        |                |                |            |                       |               |
| 30   | Total Variable Cost per GJ                   | <b>#0.000</b>          | <b>#</b> 0.070 | (\$0.010)      | (****      | <b>*</b> 0.050        | <b>#0</b> 000 |
| 31   | (a) Firm MTQ                                 | \$0.069                | \$0.072        | (\$0.013)      | (\$0.004)  | \$0.056               | \$0.068       |
| 32   | (b) Interruptible MTQ - Summer               | \$0.697                | \$0.171        | (\$0.025)      | (\$0.005)  | \$0.672               | \$0.166       |
| 33   | - Winter                                     | \$1.008                | \$0.248        | (\$0.031)      | (\$0.007)  | \$0.977               | \$0.241       |

### EFFECT ON CUSTOMERS' RATES OF JANUARY 1, 2007 RATE CHANGES CONSISTING OF 2005 REVENUE REQUIREMENT AND RIDER CHANGES BCUC ORDER NO. G-\_\_-06

(AMENDED 2006-12-18) TAB 2 PAGE 9 SCHEDULE 22A LARGE INDUSTRIAL T-SERVICE

|      |                                      | KATE SCHEDULE | 22A - LAI   |                | IAL I-SERVICE |                                 |          |              |              |                     |               |
|------|--------------------------------------|---------------|-------------|----------------|---------------|---------------------------------|----------|--------------|--------------|---------------------|---------------|
| Line |                                      | _             |             |                |               | _                               |          |              |              | Ann                 |               |
| No.  |                                      | Ex            | isting Octo | ber 1, 2006 Ra | tes           | Propose January 1, 2007 Charges |          |              |              | Increase/(Decrease) |               |
|      |                                      |               |             |                |               |                                 |          |              |              |                     | % of Previous |
| 1    |                                      | Volume        | e           | Rate           | Annual \$     | Volum                           | е        | Rate         | Annual \$    | Annual \$           | Annual Bil    |
| 2    | INLAND SERVICE AREA                  |               |             |                |               |                                 |          |              |              |                     |               |
| 3    | Basic Charge                         | 12 1          | months x    | \$4,536.00 =   | \$54,432.00   | 12 m                            | ionths x | \$4,446.00 = | \$53,352.00  | (\$1,080.00)        | -0.23%        |
| 4    |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 5    | Administration Charge                | 12 ו          | months x    | \$73.00 =      | 876.00        | 12 m                            | ionths x | \$72.00 =    | 864.00       | (12.00)             | 0.00%         |
| 6    |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 7    | Delivery Charge - Firm               |               |             |                |               |                                 |          |              |              |                     |               |
| 8    | - Firm DTQ                           | 2,419.8       | GJ x        | \$11.093 =     | 322,114.08    | 2,419.8                         | GJ x     | \$10.873 =   | 315,725.88   | (6,388.20)          | -1.36%        |
| 9    | - Firm MTQ                           | 663,803.9     | GJ x        | \$0.078 =      | 51,776.70     | 663,803.9                       | GJ x     | \$0.076 =    | 50,449.10    | (1,327.60)          | -0.28%        |
| 10   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 11   | Delivery Charge - Interruptible MTQ  | 53,497.1      | GJ x        | \$0.886 =      | 47,398.43     | 53,497.1                        | GJ x     | \$0.868 =    | 46,435.48    | (962.95)            | -0.20%        |
| 12   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 13   | Non-Standard Charges (not forecast)  |               |             |                |               |                                 |          |              |              |                     |               |
| 14   | UOR, Demand Surcharge                |               |             |                |               |                                 |          |              |              |                     |               |
| 15   | Balancing Service, Backstopping Gas  |               |             |                |               |                                 |          |              |              |                     |               |
| 16   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 17   | Riders: 2 Revenue shortfall - 2006Q1 | 717,301.0     | GJ x        | \$0.001 =      | 717.30        | 717,301.0                       | GJ x     | \$0.000 =    | 0.00         | (717.30)            | -0.15%        |
| 18   | 3 ESM                                | 717,301.0     | GJ x        | (\$0.010) =    | (7,173.01)    | 717,301.0                       | GJ x     | (\$0.016) =  | (11,476.82)  | (4,303.81)          | -0.92%        |
| 19   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 20   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 21   |                                      |               |             | _              |               |                                 |          | -            |              |                     |               |
| 22   |                                      |               |             |                |               |                                 |          |              |              |                     |               |
| 23   | Total                                | 717,301.0     |             | \$0.655        | \$470,141.50  | 717,301.0                       |          | \$0.635      | \$455,349.64 | (\$14,791.86)       | -3.15%        |

## RATE SCHEDULE 22A - LARGE INDUSTRIAL T-SERVICE

#### EFFECT ON CUSTOMERS' RATES OF JANUARY 1, 2007 RATE CHANGES CONSISTING OF 2005 REVENUE REQUIREMENT AND RIDER CHANGES BCUC ORDER NO. G-\_\_-06

(AMENDED 2006-12-18) TAB 2 PAGE 10 SCHEDULE 22B LARGE INDUSTRIAL T-SERVICE

## RATE SCHEDULE 22B - LARGE INDUSTRIAL T-SERVICE

| Line<br>No. |  | Existing October 1, 2006 Rates Propose January 1, 2007 Charges |              |                        |                           |            |            | nual<br>Decrease)  |   |               |                |
|-------------|--|--|--------------|------------------------|---------------------------|------------|------------|--------------------|---|---------------|----------------|
|             |  | 1  | Jennig e ene | ,                      |                           |            |            |                    |   |               | % of Previous  |
| 1           |  | Volume   |              | Rate                   | Annual \$                 | Volume     |            | Rate               | Annual \$   | Annual \$     | Annual Bil     |
| 2           | COLUMBIA SERVICE - EXCEPT ELKVIEW COAL   |  |              |                        |                           |            |            |                    |   |               |                |
| 3<br>4      | Basic Charge                             | 12   | months x     | \$4,278.00 =           | \$51,336.00               | 12 m       | nonths x   | \$4,193.00         | = \$50,316.00   | (\$1,020.00)  | -0.30%         |
| 5<br>6      | Administration Charge                    | 12   | months x     | \$73.00 =              | 876.00                    | 12 m       | nonths x   | \$72.00            | = 864.00  | (12.00)       | 0.00%          |
| 7           | Delivery Charge - Firm                   |  |              |                        |                           |            |            |                    |   |               |                |
| 8           | - Firm DTQ                               | 3,049.3  | GJ x         | \$7.068 =              | 258,629.40                | 3,049.3    | GJ x       | \$6.928            | = 253,506.60  | (5,122.80)    | -1.49%         |
| 9           | - Firm MTQ                               | 444,833.6  | GJ x         | \$0.076 =              | 33,807.35                 | 444,833.6  | GJ x       | \$0.074            |   | (889.66)      | -0.26%         |
| 10          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 11          | Delivery Charge - Interruptible MTQ      |  |              |                        |                           |            |            |                    |   |               |                |
| 12          | - Apr. 1 to Nov. 1                       | 4,747.7  | GJ x         | \$0.704 =              | 3,342.38                  | 4,747.7    | GJ x       | \$0.690            | -,  | (66.47)       | -0.02%         |
| 13          | - Nov. 1 to Apr. 1                       | -  | GJ x         | \$1.015 =              | 0.00                      | 0.0        | GJ x       | \$0.995            | = 0.00  | 0.00          | 0.00%          |
| 14          | New Oten devel Observes ( net ferreset ) |  |              |                        |                           |            |            |                    |   |               |                |
| 15          | Non-Standard Charges ( not forecast )    |  |              |                        |                           |            |            |                    |   |               |                |
| 16          | UOR, Demand Surcharge, Backstopping Gas  |  |              |                        |                           |            |            |                    |   |               |                |
| 17          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 18          | Riders : 2 Revenue shortfall - 2006Q1    | 449,581.3  | GJ x         | \$0.001 =              | 449.58                    | 449,581.3  | GJ x       | \$0.000            | = 0.00  | (449.58)      | -0.13%         |
| 19          | 3 ESM                                    | 449,581.3  | GJ x         | (\$0.008) =            | (3,596.65)                | 449,581.3  | GJ x       | (\$0.018)          | = (8,092.46)  | (4,495.81)    | -1.30%         |
| 20          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 21          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 22          |  |  |              | -                      |                           |            |            |                    |   |               |                |
| 23          | TOTAL                                    | 449,581.3  |              | \$0.767                | \$344,844.06              | 449,581.3  |            | \$0.740            | \$332,787.74  | (\$12,056.32) | -3.50%         |
| 24          |  |  |              | =                      |                           |            |            |                    |   |               |                |
| 25          |  |  |              |                        |                           |            |            |                    |   |               |                |
|             | COLUMBIA SERVICE - ELKVIEW COAL          |  |              |                        |                           |            |            |                    |   |               |                |
| 26<br>27    | COLUMBIA SERVICE - ELKVIEW COAL          |  |              |                        |                           |            |            |                    |   |               |                |
| 28          | Basic Charge                             | 12   | months x     | \$4,278.00 =           | \$51,336.00               | 12 m       | nonths x   | \$4,193.00         | = \$50,316.00   | (\$1,020.00)  | -0.74%         |
| 29          | Zaolo onalgo                             |  |              | ф I,210100             | <i><b>40</b>1,000.000</i> |            |            | ¢ 1,100.00         | <i><b>Q</b></i> <b>CCIC</b> | (\$1,626.00)  | 011 170        |
| 30          | Administration Charge                    | 12   | months x     | \$73.00 =              | 876.00                    | 12 m       | nonths x   | \$72.00            | = 864.00  | (12.00)       | -0.01%         |
| 31          |  |  |              | • • • • •              |                           |            |            | •                  |   | (,            |                |
| 32          | Delivery Charge - Firm                   |  |              |                        |                           |            |            |                    |   |               |                |
| 33          | - Firm DTQ                               | 2,670.0  | GJ x         | \$1.605 =              | 51,424.20                 | 2,670.0    | GJ x       | \$1.573            | = 50,398.92   | (1,025.28)    | -0.74%         |
|             |  |  |              |                        |                           |            |            |                    |   |               |                |
| 34          | - Firm MTQ                               | 479,391.0  | GJ x         | \$0.076 =              | 36,433.72                 | 479,391.0  | GJ x       | \$0.074            | = 35,474.93   | (958.79)      | -0.69%         |
| 35          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 36<br>37    | Delivery Charge - Interruptible MTQ      | 0.0  | GJ x         | <b>CO 475</b>          | 0.00                      | 0.0        | GJ x       | <b>CO 470</b>      | 0.00  | 0.00          | 0.000/         |
| 37          | - Apr. 1 to Nov. 1<br>- Nov. 1 to Apr. 1 | 0.0<br>0.0   | GJX<br>GJX   | \$0.175 =<br>\$0.252 = | 0.00<br>0.00              | 0.0<br>0.0 | GJX<br>GJX | \$0.172<br>\$0.247 |   | 0.00<br>0.00  | 0.00%<br>0.00% |
| 39          |  | 0.0  | GJ X         | φ0.202 <b>-</b>        | 0.00                      | 0.0        | 00 x       | ψ0.247             | - 0.00  | 0.00          | 0.0078         |
|             | New Oten devel Observes ( net ferreset ) |  |              |                        |                           |            |            |                    |   |               |                |
| 40          | Non-Standard Charges ( not forecast )    |  |              |                        |                           |            |            |                    |   |               |                |
| 41          | UOR, Demand Surcharge, Backstopping Gas  |  |              |                        |                           |            |            |                    |   |               |                |
| 42          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 43          | Riders : 2 Revenue shortfall - 2006Q1    | 479,391.0  | GJ x         | \$0.000 =              | 0.00                      | 479,391.0  | GJ x       | \$0.000            | = 0.00  | 0.00          | 0.00%          |
| 44          | 3 ESM                                    | 479,391.0  | GJ x         | (\$0.004) =            | (1,917.56)                | 479,391.0  | GJ x       | (\$0.006)          | = (2,876.35)  | (958.79)      | -0.69%         |
| 45          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 46          |  |  |              |                        |                           |            |            |                    |   |               |                |
| 47          |  | 1  |              | -                      |                           | <u> </u>   |            |                    |   |               |                |
| 48          | TOTAL                                    | 479,391.0  |              | \$0.288                | \$138,152.36              | 479,391.0  |            | \$0.280            | \$134,177.50  | (\$3,974.86)  | -2.88%         |
| -10         |  |  |              | <b>\$0.200</b>         | φ.00,10 <u>2.00</u>       |            |            | Ψ0. <b>2</b> 00    | <i></i>   | (\$0,07 4.00) | 2.0070         |

Page 1 2007 TEST (BCUC G-160-06) amended 2006-12-18

# SUMMARY OF RATE CHANGE REQUIRED FOR THE YEAR ENDING DECEMBER 31, 2007 (\$000)

|          |  | 2007        |  |           |               |             |          |
|----------|--|-------------|--|-----------|---------------|-------------|----------|
| Line     |  | Advance     |  |           | Bypass and    |             |          |
| No.      | Particulars  | Materials   | Core                                     | Non-Core  | Special Rates | Total       | Change   |
|          | (1)  | (2)         | (3)                                      | (4)       | (5)           | (6)         | (7)      |
| 1<br>2   | RATE CHANGE REQUIRED                                 |             |  |           |               |             |          |
| 3        | Gas Sales and Transportation Revenue,                |             |  |           |               |             |          |
| 4<br>5   | At Prior Year's Rates                                | \$1,465,181 | \$1,389,582                              | \$61,764  | \$13,835      | \$1,465,181 | \$0      |
| 6        | Add - Other Revenue Related to SCP Third Party       |             |  |           |               |             |          |
| 7        | Revenue / Terasen Gas (Vancouver Island)             | 15,173      | 0  | 0         | 15,173        | 15,173      | 0        |
| 8        |  |             |  |           |               |             |          |
| 9        | Total Revenue  | 1,480,354   | 1,389,582                                | 61,764    | 29,008        | 1,480,354   | 0        |
| 10       |  | (000,000)   | (004075)                                 | (1.055)   | (4.450)       | (000,000)   | <u> </u> |
| 11<br>12 | Less - Cost of Gas                                   | (966,880)   | (964,375)                                | (1,355)   | (1,150)       | (966,880)   | 0        |
| 12       | Gross Margin   | \$513,474   | \$425,207                                | \$60,409  | \$27,858      | \$513,474   | \$0      |
| 14       |  | , <u> </u>  | , <u>, , , , , , , , , , , , , , , ,</u> | · · · ·   |               |             | i        |
| 15       | Revenue Deficiency (Surplus)                         | (\$4,129)   | (\$8,414)                                | (\$1,195) | \$0           | (\$9,609)   |          |
| 16       |  | <u>_</u>    | <u> </u>                                 | <u> </u>  |               | · · ·       |          |
| 17       | Revenue Deficiency (Surplus) as a % of Gross Margin  | -0.80%      | -1.98%                                   | -1.98%    | 0.00%         | -1.87%      |          |
| 18       |  |             |  |           |               |             |          |
| 19       | Revenue Deficiency (Surplus) as a % of Total Revenue | -0.28%      | -0.61%                                   | -1.93%    | 0.00%         | -0.65%      |          |

Page 2 2007 TEST (BCUC G-160-06) amended 2006-12-18

UTILITY RATE BASE FOR THE YEAR ENDING DECEMBER 31, 2007 (\$000)

|         |                                      | 2007        |             | 2007        |             |        |                      |
|---------|--------------------------------------|-------------|-------------|-------------|-------------|--------|----------------------|
| Line    |                                      | Advance     | Existing    |             | Revised     |        |                      |
| No.     | Particulars                          | Materials   | Rates       | Adjustments | Rates       | Change | Reference            |
|         | (1)                                  | (2)         | (3)         | (4)         | (5)         | (6)    | (7)                  |
| 1       | Plant in Service, Beginning          | \$3,140,710 | \$3,140,710 | \$0         | \$3,140,710 | \$0    | - Tab A-3, Page 7.1  |
| 2       | CPCNs                                | 8,137       | 8,137       | 0           | 8,137       | 0      | - Tab A-3, Page 7.1  |
| 3       |                                      |             |             |             |             |        |                      |
| 4       | Additions                            | 129,717     | 129,717     | 0           | 129,717     | 0      | - Tab A-3, Page 7.1  |
| 5       | Disposals                            | (32,918)    | (32,918)    | 0           | (32,918)    | 0      | - Tab A-3, Page 7.1  |
| 6       |                                      |             |             |             |             |        |                      |
| 7       | Plant in Service, Ending             | 3,245,646   | 3,245,646   | 0           | 3,245,646   | 0      |                      |
| 8<br>9  | Add - Intangible Plant               | 1,614       | 1,614       | 0           | 1,614       | 0      |                      |
| 9<br>10 |                                      | 1,014       | 1,014       | 0           | 1,014       | 0      |                      |
| 10      |                                      | 3,247,260   | 3,247,260   | 0           | 3,247,260   | 0      |                      |
| 12      |                                      | 0,247,200   | 0,247,200   | 0           | 0,247,200   | 0      |                      |
| 13      | Contributions In Aid of Construction | (131,162)   | (131,162)   | 0           | (131,162)   | 0      | - Tab A-3, Page 8    |
| 14      |                                      | (,          | (101,102)   | 0           | (101,102)   | C C    |                      |
| 15      | Less - Accumulated Depreciation      | (744,227)   | (744,297)   | 0           | (744,297)   | (70)   | - Tab A-3, Page 15   |
| 16      | ·                                    |             | ,           |             |             | . ,    |                      |
| 17      |                                      |             |             |             |             |        |                      |
| 18      | Net Plant in Service, Ending         | \$2,371,871 | \$2,371,801 | \$0         | \$2,371,801 | (\$70) |                      |
| 19      |                                      |             |             |             |             |        |                      |
| 20      |                                      |             |             |             |             |        |                      |
| 21      | Net Plant in Service, Beginning      | \$2,339,687 | \$2,339,687 | \$0         | \$2,339,687 | \$0    | - Tab A-3, Page 9    |
| 22      |                                      |             |             |             |             |        |                      |
| 23      |                                      |             |             |             |             |        |                      |
| 24      | Net Plant in Service, Mid-Year       | \$2,355,779 | \$2,355,744 | \$0         | \$2,355,744 | (\$35) |                      |
| 25      | Adjustment to 13-Month Average       | 0           | 0           | 0           | 0           | 0      |                      |
| 26      | Construction Advances                | (11)        | (11)        | 0           | (11)        | 0      |                      |
| 27      | Work in Progress, No AFUDC           | 10,771      | 10,771      | 0           | 10,771      | 0      |                      |
| 28      | Unamortized Deferred Charges         | (8,227)     | (8,222)     | 0           | (8,222)     | 5      | - Tab A-3, Page 13.1 |
| 29      | Cash Working Capital                 | (25,197)    | (25,214)    | 17          | (25,197)    | 0      | - Tab A-3, Page 14   |
| 30      | Other Working Capital                | 143,982     | 143,982     | 0           | 143,982     | 0      | - Tab A-3, Page 14   |
| 31      | Deferred Income Tax, Mid-Year        | (606)       | (606)       | 0           | (606)       | 0      |                      |
| 32      |                                      | (2,243)     | (2,243)     | 0           | (2,243)     | 0      |                      |
| 33      | Utility Rate Base                    | \$2,474,248 | \$2,474,201 | \$17        | \$2,474,218 | (\$30) |                      |

Page 3 2007 TEST (BCUC G-160-06) amended 2006-12-18

UTILITY INCOME AND EARNED RETURN FOR THE YEAR ENDING DECEMBER 31, 2007 (\$000)

| 2007  |      |                                       |  |                        | 2007      |             |           |                                 |
|---|------|---------------------------------------|--|------------------------|-----------|-------------|-----------|---------------------------------|
| No.     Particulars     Materials     Rates     Rovenue     Total     Change     Reference       1     ENERGY VOLUMES (TJ)     (3)     (4)     (5)     (6)     (7)       2     Sales     116.776     116.776     0     116.776     0     - Tab A-4, Page 15       3     Transportation     95.397     0     212.173     0     212.173     0     - Tab A-4, Page 15       5     212.173     0     212.173     0     212.173     0     - Tab A-4, Page 15       5     212.173     0     212.173     0     212.173     0     - Tab A-4, Page 15     - Tab A-4       6     Average Rate per GJ     5     -     -     -     -     - Tab A-4     Page 15     -     -     -     Tab A-4     Page 16     -     -     -     -     Tab A-4     Page 16     -     -     -     Tab A-4     Page 16     -     -     -     Tab A-4     Page 16     -     -     Tab A-4     Page 16     -  |      |                                       | 2007   |                        | Revised   | d Rates     |           |                                 |
| (1)     (2)     (3)     (4)     (5)     (6)     (7)       ENERGY VOLUMES (TJ)<br>Sales     Sales     116,776     0     156,776     0     167,776     0     - Tab A-4, Page 15       Average Rate per GJ     212,173     212,173     0     212,173     0     212,173     0     - Tab A-4, Page 15       Average Rate per GJ     Sales     \$11,873     \$11,904     \$0.000     \$11,832     (\$0.041)       B     Transportation     \$0.782     \$0.787     \$0.000     \$6.860     \$0.000     \$1,390,101     \$0     - Tab A-4, Page 16       10     UTILITY REVENUE     Sales - Existing Rates     \$1,300,101     \$0     \$1,390,101     \$0     \$1,390,101     \$0     - Tab A-4, Page 16       117     Torasportation - Existing Rates     75,080     75,080     0     75,080     0     - Tab A-4, Page 16       12     Goes Margin     494,172     498,301     (96,680     0     966,880     0     - Tab A-4, Page 17.1       10     Cost of Gas Sold (Including Gas Lost)     966,880     0   | Line |                                       | Advance  | Existing               | Revised   |             |           |                                 |
| ENERGY VOLUMES (TJ)   116.776   0   - Tab A-4, Page 15     Sales   116.776   0   - Tab A-4, Page 15     Transportation   212.173   0   212.173   0     Average Rate per GJ   5   30.782   \$0.787   \$0.000   \$11.832   \$(\$0.001)     Sales   \$11.873   \$11.904   \$0.000   \$0.775   \$(\$0.007)   \$0.775   \$(\$0.007)     Average   \$0.782   \$0.787   \$0.000   \$0.775   \$(\$0.007)   \$0.775   \$(\$0.007)     JUTILITY REVENUE   Sales-Staising Rates   \$1.390.101   \$1.390.101   \$0  | No.  | Particulars                           | Materials  | Rates                  | Revenue   | Total       | Change    | Reference                       |
| 2   Sales   116,776   0   116,776   0   -Tab A-4, Page 15     3   Transportation   95,397   0   95,397   0   212,173   0   -Tab A-4, Page 15     4   212,173   212,173   0   212,173   0   -Tab A-4, Page 15     5   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     5   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     6   Average   \$11.873   \$11.904   \$0.000   \$11.832   (\$0.041)     7   Sales   Sales   \$11.873   \$11.904   \$0.000   \$11.832   (\$0.007)     7   Average   \$6.886   \$6.906   \$0.000   \$1.390,101   \$0   -Tab A-4, Page 16     11   UTILITY REVENUE   1   1.461.052   (1.93)   (1.193)   (6.11)   (5.490)     14   -   increase / (Decrease)   (5.680   75.080   75.080   -Tab A-4, Page 16   (5.480)     15   -   increase / (Decrease)   (1.410.52 <td< th=""><th></th><th>(1)</th><th>(2)</th><th>(3)</th><th>(4)</th><th>(5)</th><th>(6)</th><th>(7)</th></td<>   |      | (1)                                   | (2)  | (3)                    | (4)       | (5)         | (6)       | (7)                             |
| 2   Sales   116,776   0   116,776   0   -Tab A-4, Page 15     3   Transportation   95,397   0   95,397   0   212,173   0   -Tab A-4, Page 15     4   212,173   212,173   0   212,173   0   -Tab A-4, Page 15     5   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     5   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     6   Average   \$11.873   \$11.904   \$0.000   \$11.832   (\$0.041)     7   Sales   Sales   \$11.873   \$11.904   \$0.000   \$11.832   (\$0.007)     7   Average   \$6.886   \$6.906   \$0.000   \$1.390,101   \$0   -Tab A-4, Page 16     11   UTILITY REVENUE   1   1.461.052   (1.93)   (1.193)   (6.11)   (5.490)     14   -   increase / (Decrease)   (5.680   75.080   75.080   -Tab A-4, Page 16   (5.480)     15   -   increase / (Decrease)   (1.410.52 <td< td=""><td>1</td><td>ENERGY VOLUMES (TJ)</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>  | 1    | ENERGY VOLUMES (TJ)                   |  |                        |           |             |           |                                 |
| 3   Transportation   95.397   0   95.397   0   95.397   0   -Tab A-4, Page 15     4   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     6   Average Rate per GJ   5   212,173   0   212,173   0   212,173   0   -Tab A-4, Page 15     6   Average Rate per GJ   5   50.787   \$0.000   \$11.832   (\$0.001)     7   Sales   \$11.873   \$11.904   \$0.000   \$0.775   (\$0.007)     9   Average   \$6.866   \$6.900   \$0.075   (\$0.007)   -Tab A-4, Page 16     10   UTILTY REVENUE   5   Sales - Existing Rates   \$1,390,101   \$1,390,101   \$0   \$1,390,101   \$0   -Tab A-4, Page 16     13   - Increase / (Decrease)   (\$1612)   (\$1,461,512   (\$1,93)   (\$1,193)   (\$681)     17   Total   1.461,052   1,461,811   (\$9,609)   1,455,572   (\$5,480)     18   Cost of Gas Sold (Including Gas Lost)   966,880   0   966,880   0   -Tab A-4, Page 17.1 <t< td=""><td>2</td><td></td><td>116,776</td><td>116,776</td><td>0</td><td>116,776</td><td>0</td><td>- Tab A-4, Page 15</td></t<>  | 2    |                                       | 116,776  | 116,776                | 0         | 116,776     | 0         | - Tab A-4, Page 15              |
| 5   Average Rate per GJ     3   Sales   \$11.873   \$11.904   \$0.000   \$11.832   \$(\$0.041)     3   Transportation   \$0.782   \$0.787   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$6.996   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$6.906   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$5.990   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$5.990   \$0.000   \$0.775   \$(\$0.007)     10   UTILTY REVENUE   \$1.390,101   \$1.390,101   \$0   \$1.390,101   \$0   \$1.390,101   \$0   \$1.444,789   \$1.490   \$1.451     11   UTILTY REVENUE   \$1.890,101   \$1.390,101   \$0   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,6572   \$1.6400   \$1.85,6572  | 3    | Transportation                        |  |                        |           |             | 0         |                                 |
| 5   Average Rate per GJ     3   Sales   \$11.873   \$11.904   \$0.000   \$11.832   \$(\$0.041)     3   Transportation   \$0.782   \$0.787   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$6.996   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$6.906   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$5.990   \$0.000   \$0.775   \$(\$0.007)     9   Average   \$6.886   \$5.990   \$0.000   \$0.775   \$(\$0.007)     10   UTILTY REVENUE   \$1.390,101   \$1.390,101   \$0   \$1.390,101   \$0   \$1.390,101   \$0   \$1.444,789   \$1.490   \$1.451     11   UTILTY REVENUE   \$1.890,101   \$1.390,101   \$0   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,61   \$1.900   \$1.451,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,672   \$1.640   \$1.85,6572   \$1.6400   \$1.85,6572  | 4    | •                                     | 212,173  | 212,173                | 0         | 212,173     | 0         |                                 |
| 6   Average Rate per GJ     7   Sales   \$11.873   \$11.904   \$0.000   \$11.832   (\$0.041)     8   Transportation   \$0.762   \$0.767   \$0.000   \$0.775   (\$0.007)     9   Average   \$6.886   \$6.906   \$0.000   \$6.860   (\$0.026)     11   UTILITY REVENUE   51.390.101   \$0   \$1.339.011   \$0   - Tab A-4, Page 16     12   Sales - Existing Rates   \$1.390.101   \$0   75.080   0   75.080   0   - Tab A-4, Page 16     16   - Increase / (Decrease)   (\$1612)   (\$1.483)   (\$1.933)   (\$1.933)   (\$681)     17   Total   1.461.052   1.465.181   (9.609)   1.455.572   (\$5.480)     19   Cost of Gas Sold (Including Gas Lost)   966.880   966.880   0   966.880   0   - Tab A-4, Page 17.1     20   Operation and Maintenance   169.272   169.272   0   Tab A-5, Page 2     21   Gross Margin   494.172   498.301   (9.609)   488.692   (5.480)     22   Operaction and Maintenance <td>5</td> <td></td> <td></td> <td> · ·</td> <td></td> <td>· · · · · ·</td> <td></td> <td></td>   | 5    |                                       |  | · ·                    |           | · · · · · · |           |                                 |
| 8   Transportation   \$0.782   \$0.787   \$0.000   \$0.775   \$0.007     9   Average   \$6.886   \$6.906   \$0.000   \$6.860   \$0.000     11   UTILITY REVENUE   Sales - Existing Rates   \$1,390,101   \$0   \$1,390,101   \$0   \$1,390,101   \$0   - Tab A-4, Page 16     13   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,799)   - Tab A-4, Page 16     14   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,799)   - Tab A-4, Page 16     16   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   Cost of Gas Sold (Including Gas Lost)   966,880   0   966,880   0   - Tab A-4, Page 17.1     19   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   1993   1,993   1,993   1,993   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   1,993 </td <td></td> <td>Average Rate per GJ</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>   |      | Average Rate per GJ                   |  |                        |           |             |           |                                 |
| 9   Average   \$6.886   \$6.906   \$0.000   \$6.860   (\$0.026)     10   UTILITY REVENUE     12   Sales - Existing Rates   \$1,390,101   \$1,390,101   \$0   \$1,390,101   \$0   • Tab A-4, Page 16     13   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,799)   • Tab A-4, Page 16     14   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)     15   Transportation - Existing Rates   75,080   0   75,080   0   • Tab A-4, Page 16     16   - Increase / (Decrease)   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     17   Total   1   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   Cost of Gas Sold (Including Gas Lost)   966,880   966,880   9   966,880   0   • Tab A-4, Page 17.1     20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Judity Taxes   169,272   0   169,272   0   -Tab A-5, Page 2   1993   0  | 7    | Sales                                 | \$11.873   | \$11.904               | \$0.000   | \$11.832    | (\$0.041) |                                 |
| 10   UTILITY REVENUE     11   UTILITY RATE BASE   \$1,390,101   \$1,390,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$13,90,101   \$0   \$14   \$14   \$1,461,052   \$1,465,181   \$(9,609)   \$1,455,572   \$(5,480)   \$13,90,101   \$13,90,101   \$13,90,101   \$13,90,101   \$13,90,101   \$13,90,101   \$10   \$16,90,90   \$1,455,572   \$(5,480)   \$14,461,052   \$1,465,181   \$(9,609)   \$1,455,572   \$(5,480)   \$169,272   \$169,272   \$0   \$Tab A-4, Page 17.1     20   Operation and Maintenance   \$169,272   \$169,272   \$0   \$1ab A-5, Page 2   \$169,272   \$0   \$Tab A-6, Page 4   \$26,290   \$1ab A-6, Page 7   \$169,272   \$0   \$Tab A-6, Page 7   \$169,272   \$0   \$Tab A-6, Page 7   \$169,272   \$0   \$Tab A-6, Page 7   <   | 8    | Transportation                        | \$0.782  | \$0.787                | \$0.000   | \$0.775     | (\$0.007) |                                 |
| 10   UTILITY REVENUE     11   UTILITY REVENUE     12   Sales - Existing Rates   \$1,390,101   \$1,390,101   \$0   \$13,90,101   \$0   - Tab A-4, Page 16     13   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,799)   - Tab A-4, Page 16     16   - Increase / (Decrease)   (512)   (1,193)   (681)   - Tab A-4, Page 16     16   - Increase / (Decrease)   (1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     17   Total   1461,052   1,465,181   (9,609)   488,692   (5,480)     19   Cost of Gas Sold (Including Gas Lost)   966,880   0   966,880   0   - Tab A-4, Page 17.1     21   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     22   Vehicle Lease   1,993   1,993   1,993   - Tab A-5, Page 2   Vehicle Lease   - Tab A-6, Page 4     23   Operating Revenue   (24,910)   (24,910)   0   - Tab A-6, Page 7   - Tab A-6, Page 7     24   Vehicle Lease   1,993   0,993   0   | 9    | Average                               | \$6.886  | \$6.906                | \$0.000   | \$6.860     | (\$0.026) |                                 |
| 12   Sales - Existing Rates   \$1,390,101   \$1,390,101   \$0   \$1,390,101   \$0   - Tab A-4, Page 16     13   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,779)   - Tab A-4, Page 16     14   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)   - Tab A-4, Page 16     16   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)   - Tab A-4, Page 16     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)   - Tab A-4, Page 17.1     18   Cost of Gas Sold (Including Gas Lost)   966,880   966,880   0   - Tab A-4, Page 17.1     19   Cost of Gas Sold (Including Gas Lost)   966,880   0   966,880   0   - Tab A-4, Page 17.1     21   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)   -     22   Vehicle Lease   1,993   0   1,993   0   -   -   Tab A-6, Page 7     24   Vehicle Lease   1,993   0   1,993   0   -   Tab A-6, Page 7   - <t< td=""><td>10</td><td>5</td><td></td><td></td><td>·</td><td></td><td>(, ,</td><td></td></t<>  | 10   | 5                                     |  |                        | ·         |             | (, ,      |                                 |
| 13   - Increase / (Decrease)   (3,617)   0   (8,416)   (4,799)     14   14   14   14   14     15   Transportation - Existing Rates   75,080   75,080   0   75,080   0   - Tab A-4, Page 16     16   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   1   Cost of Gas Sold (Including Gas Lost)   966,880   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   494,172   498,301   (9,609)   488,692   0   - Tab A-5, Page 2     22   Vehicle Lease   1,993   0   1993   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   <   | 11   | UTILITY REVENUE                       |  |                        |           |             |           |                                 |
| 14   Transportation - Existing Rates   75,080   75,080   75,080   0   75,080   0   - Tab A-4, Page 16     15   Transportation - Existing Rates   (1,193)   (1,193)   (1,193)   (681)     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   0   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   0   6705   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   169,272   169,272   0   - Tab A-5, Page 2   -     22   Operation and Maintenance   169,272   169,272   0   - Tab A-5, Page 2   -     23   Operation and Sundry Taxes   44,452   44,452   0   - Tab A-6, Page 4     24   Vehicle Lease   1,993   0   - Tab A-6, Page 4     25   Property and Sundry Taxes   44,452   0   44,477   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-1, Page   | 12   | Sales - Existing Rates                | \$1,390,101  | \$1,390,101            | \$0       | \$1,390,101 | \$0       | - Tab A-4, Page 16              |
| 14   Transportation - Existing Rates   75,080   75,080   75,080   0   75,080   0   - Tab A-4, Page 16     15   Transportation - Existing Rates   (1,193)   (1,193)   (1,193)   (681)     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   0   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   0   6705   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   169,272   169,272   0   - Tab A-5, Page 2   -     22   Operation and Maintenance   169,272   169,272   0   - Tab A-5, Page 2   -     23   Operation and Sundry Taxes   44,452   44,452   0   - Tab A-6, Page 4     24   Vehicle Lease   1,993   0   - Tab A-6, Page 4     25   Property and Sundry Taxes   44,452   0   44,477   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-1, Page   | 13   | - Increase / (Decrease)               | (3,617)  | 0                      | (8,416)   | (8,416)     | (4,799)   |                                 |
| 16   - Increase / (Decrease)   (512)   (1,193)   (1,193)   (681)     17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   966,880   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     276,508   275,578   0   275,578   70   29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes <td< td=""><td>14</td><td></td><td></td><td></td><td></td><td></td><td> ,</td><td></td></td<>   | 14   |                                       |  |                        |           |             | ,         |                                 |
| 17   Total   1,461,052   1,465,181   (9,609)   1,455,572   (5,480)     18   Cost of Gas Sold (Including Gas Lost)   966,880   966,880   0   966,880   0   - Tab A-4, Page 17.1     21   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     22   Operation and Maintenance   169,272   0   169,272   0   - Tab A-5, Page 2     23   Operation and Maintenance   1,993   1,993   0   1,993   0     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 2     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes   | 15   | Transportation - Existing Rates       | 75,080   | 75,080                 | 0         | 75,080      | 0         | - Tab A-4, Page 16              |
| 18   966,880   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     21   Gross Margin   169,272   169,272   0   169,272   0   - Tab A-5, Page 2     23   Operation and Maintenance   169,272   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   0   1.993   0   - Tab A-6, Page 4     25   Property and Sundry Taxes   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes   32,706   34,068   (\$1,3171)   30,897   (1,809)   - Current Revision, Tab 1,     34  | 16   | - Increase / (Decrease)               | (512)  |                        | (1,193)   | (1,193)     | (681)     |                                 |
| 19   Cost of Gas Sold (Including Gas Lost)   966,880   966,880   0   966,880   0   - Tab A-4, Page 17.1     20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     23   Operation and Maintenance   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     20   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision  | 17   | Total                                 | 1,461,052  | 1,465,181              | (9,609)   | 1,455,572   | (5,480)   |                                 |
| 20   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     23   Operation and Maintenance   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   -   -   -     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     276,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     34   34   32,706   | 18   |                                       |  |                        |           |             |           |                                 |
| 21   Gross Margin   494,172   498,301   (9,609)   488,692   (5,480)     22   Operation and Maintenance   169,272   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   0   1,993   0   - Tab A-6, Page 4     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-6, Page 7     28   275,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     34   5   UTILITY RATE BASE   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,   36  | 19   | Cost of Gas Sold (Including Gas Lost) | 966,880  | 966,880                | 0         | 966,880     | 0         | - Tab A-4, Page 17.1            |
| 22   23   Operation and Maintenance   169,272   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-6, Page 7     28   275,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes   32,706   34,068   (3,171)   30,897   (\$3,741)   - Current Revision, Tab 1,     32   FARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1, <td< td=""><td>20</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>  | 20   |                                       |  |                        |           |             |           |                                 |
| 23   Operation and Maintenance   169,272   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-6, Page 7     28   Utility Income Before Income Taxes   275,508   275,578   0   275,578   70     29   Utility Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     34   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     35   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30) </td <td>21</td> <td>Gross Margin</td> <td>494,172</td> <td>498,301</td> <td>(9,609)</td> <td>488,692</td> <td>(5,480)</td> <td></td> | 21   | Gross Margin                          | 494,172  | 498,301                | (9,609)   | 488,692     | (5,480)   |                                 |
| 23   Operation and Maintenance   169,272   169,272   0   169,272   0   - Tab A-5, Page 2     24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-6, Page 7     28   Utility Income Before Income Taxes   275,508   275,578   0   275,578   70     29   Utility Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     34   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     35   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30) </td <td>22</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>  | 22   |                                       |  |                        |           |             |           |                                 |
| 24   Vehicle Lease   1,993   1,993   0   1,993   0     25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     27   Other Operating Revenue   275,508   275,578   0   275,578   70     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revisio   |      | Operation and Maintenance             | 169.272  | 169.272                | 0         | 169.272     | 0         | - Tab A-5. Page 2               |
| 25   Property and Sundry Taxes   44,452   44,452   0   44,452   0   - Tab A-6, Page 4     26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     28   275,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   330   - Current Revision, Tab 1,   330   - Current Revision, Tab 1,  |      |                                       |  |                        |           |             |           |                                 |
| 26   Depreciation and Amortization   84,701   84,771   0   84,771   70   - Tab A-6, Page 7     27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     28   275,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   1   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   31   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,  |      |                                       | ,  |                        | 0         |             | 0         | - Tab A-6, Page 4               |
| 27   Other Operating Revenue   (24,910)   (24,910)   0   (24,910)   0   - Tab A-1, Page 7     28   275,508   275,578   0   275,578   70   - Tab A-1, Page 7     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)   - Current Revision, Tab 1,     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   31   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,  | 26   |                                       | 84,701   |                        | 0         |             | 70        | - Tab A-6. Page 7               |
| 28   275,508   275,578   0   275,578   70     29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   310   310   310   310   - Current Revision, Tab 1,   |      |                                       | ,  | ,                      | 0         | ,           | 0         | , 0                             |
| 29   Utility Income Before Income Taxes   218,664   222,723   (9,609)   213,114   (5,550)     30   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   36   36   36   37   36   36   |      |                                       |  |                        | 0         |             | 70        | , <b>G</b>                      |
| 30   31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   \$100   \$12,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   \$100   \$100   \$100   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,   |      | Utility Income Before Income Taxes    |  |                        |           |             |           |                                 |
| 31   Income Taxes   32,706   34,068   (3,171)   30,897   (1,809)   - Current Revision, Tab 1,     32   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   \$100   \$12,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   \$100   \$100   \$100   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,  |      |                                       |  |                        |           |             | ( ) /     |                                 |
| 32   33   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   35   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36  |      | Income Taxes                          | 32,706   | 34.068                 | (3,171)   | 30.897      | (1.809)   | - Current Revision, Tab 1, Page |
| 33   EARNED RETURN   \$185,958   \$188,655   (\$6,438)   \$182,217   (\$3,741)   - Current Revision, Tab 1,     34   35   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36   36   36   36   36   37  |      |                                       |  | 0.,000                 | (0,)      |             | (.,       |                                 |
| 34 35 UTILITY RATE BASE \$2,474,248 \$2,474,201 \$17 \$2,474,218 (\$30) - Current Revision, Tab 1,   36   |      | EARNED RETURN                         | \$185,958  | \$188.655              | (\$6,438) | \$182.217   | (\$3,741) | - Current Revision, Tab 1, Page |
| 35   UTILITY RATE BASE   \$2,474,248   \$2,474,201   \$17   \$2,474,218   (\$30)   - Current Revision, Tab 1,     36  |      |                                       | ÷  | <i><i><i>ϕ</i></i></i> | (\$3,130) |             | (40,11)   |                                 |
| 36  |      | UTILITY RATE BASE                     | \$2 474 248  | \$2 474 201            | \$17      | \$2 474 218 | (\$30)    | - Current Revision Tab 1 Page   |
|   |      |                                       | Ψ <b>2</b> , <del>1</del> 7, <del>2</del> <del>1</del> 0 | Ψ2,717,201             | ψ17       | Ψ=,=1=,210  | (000)     | canonic revision, rub 1, r ages |
| 57 RATE OF REFORM ON OTHETT RATE DASE 7.510% 7.025% 7.005% 7.005% 7.015%  |      | DATE OF PETLIPN ON LITH ITY PATE BASE | 7 5160/  | 7 625%                 |           | 7 365%      | -0 1519/  |                                 |
|   | 31   | RATE OF RETURN ON UTILITT RATE DASE   | 1.010%   | 1.020%                 |           | 7.303%      | -0.131%   |                                 |

# Page 4 2007 TEST (BCUC G-160-06) amended 2006-12-18

INCOME TAXES / REVENUE DEFICIENCY FOR THE YEAR ENDING DECEMBER 31, 2007 (\$000)

|        |  | 2007      |  | 2007<br>Revised |                      |           |                                   |
|--------|--|-----------|--|-----------------|----------------------|-----------|-----------------------------------|
| Line   |  | Advance   | Existing                                     | Revised         | Nates                |           |                                   |
| No.    | Particulars                                      | Materials | Rates  | Revenue         | Total                | Change    | Reference                         |
|        | (1)  | (2)       | (3)  | (4)             | (5)                  | (6)       | (7)                               |
| 1      | CALCULATION OF INCOME TAXES                      |           |  |                 |                      |           |                                   |
| 2      | Earned Return                                    | \$185,958 | \$188,655                                    | (\$6,438)       | \$182,217            | (\$3,741) | - Current Revision, Tab 1, Page 6 |
| 3      | Deduct - Interest on Debt                        | (109,712) | (109,714)                                    | (\$0,438)       | (109,714)            | (, , , ,  | - Current Revision, Tab 1, Fage 0 |
| 4      | Add- Non-Tax Ded. Expense (Net)                  | (109,712) | (109,714)<br>(2,290)                         | 0               | (109,714)<br>(2,290) | (2)<br>0  | - Tab A-6, Page 6                 |
| 4<br>5 | Add- Noll-Tax Ded. Expense (Net)                 | (2,290)   | (2,290)                                      | 0               | (2,290)              | 0         | - Tab A-o, Fage o                 |
| 6      | Accounting Income After Tax                      | 73,956    | 76,651                                       | (6,438)         | 70,213               | (3,743)   |                                   |
| 7      | Add (Deduct) - Timing Differences                | (7,553)   | (7,483)                                      | 0               | (7,483)              | 70        | - Tab A-6, Page 6                 |
| 8      | Add - Large Corporation Tax                      | 0         | 0  | 0               | 0                    | 0         |                                   |
| 9      |  |           |  |                 |                      |           |                                   |
| 10     | Taxable Income After Tax                         | \$66,403  | \$69,168                                     | (\$6,438)       | \$62,730             | (\$3,673) |                                   |
| 11     |  | + ,       |  | (+ - / /        | ·· / ··              | (+ - / /  |                                   |
| 12     | Income Tax Rate (Current Tax)                    | 33.000%   | 33.000%                                      | 33.000%         | 33.000%              | 0.000%    |                                   |
| 13     | 1 - Current Income Tax Rate                      | 67.000%   | 67.000%                                      | 67.000%         | 67.000%              | 0.000%    |                                   |
| 14     |  |           |  |                 |                      |           |                                   |
| 15     | Taxable Income (L10 / L13)                       | \$99,109  | \$103,236                                    | (\$9,610)       | \$93,626             | (\$5,483) |                                   |
| 16     |  |           | · ·  |                 | · · ·                |           |                                   |
| 17     | Income Tax - Current (L12 x L15)                 | \$32,706  | \$34,068                                     | (\$3,171)       | \$30,897             | (\$1,809) |                                   |
| 18     |  | ·,· · · · | <i><b>4</b></i> <b>• · · · · · · · · · ·</b> | (+-,,)          | +,                   | (+ , )    |                                   |
| 19     | - Large Corporation Tax                          | 0         | 0  | 0               | 0                    | 0         |                                   |
| 20     |  |           | ·  |                 |                      |           |                                   |
| 21     | Total  | \$32,706  | \$34,068                                     | (\$3,171)       | \$30,897             | (\$1,809) | - Current Revision, Tab 1, Page 4 |
| 22     |  |           |  |                 |                      | <u> </u>  |                                   |
| 23     |  |           |  |                 |                      |           |                                   |
| 24     | REVENUE DEFICIENCY                               |           |  |                 |                      |           |                                   |
| 25     | Earned Return                                    | \$185.958 |  | (\$6,438)       | \$182,217            | (\$3,741) | - Current Revision, Tab 1, Page 4 |
| 26     | Add - Income Taxes                               | 32,706    |  | (3,171)         | 30,897               | (1,809)   | - Current Revision, Tab 1, Page 4 |
| 27     | Deduct - Utility Income Before Taxes,            | ,         |  |                 | *                    |           |                                   |
| 28     | Existing Rates                                   | (222,793) |  | 0               | (222,723)            | 70        | - Current Revision, Tab 1, Page 4 |
| 29     | Corporate Capital Tax                            | 0         |  | 0               | 0                    | 0         |                                   |
| 30     |  |           | •  |                 |                      | -         |                                   |
| 31     | Deficiency/(Surplus) After Corporate Capital Tax | (\$4,129) |  | (\$9,609)       | (\$9,609)            | (\$5,480) |                                   |
|        |  |           |  |                 |                      |           |                                   |

Page 5 2007 TEST (BCUC G-160-06) amended 2006-12-18

# RETURN ON CAPITAL FOR THE YEAR ENDING DECEMBER 31, 2007 (\$000)

| Line | 5.4.4                     | 5 (       |           | italization<br>mount %                |          | Embedded | Cost      | Earned    |
|------|---------------------------|-----------|-----------|---------------------------------------|----------|----------|-----------|-----------|
| No.  | Particulars               | Reference |           |                                       | <u>%</u> | Cost     | Component | Return    |
|      | (1)                       | (2)       | (3)       | (4)                                   | (5)      | (6)      | (7)       | (8)       |
| 1    | 2007 AT 2006 RATES        |           |           |                                       |          |          |           |           |
| 2    | Long-Term Debt            |           |           | \$1,470,051                           | 59.42%   | 7.018%   | 4.170%    |           |
| 3    | Unfunded Debt             |           |           | 137,931                               | 5.57%    | 4.750%   | 0.265%    |           |
| 4    | Preference Shares         |           |           | 0                                     | 0.00%    | 0.000%   | 0.000%    |           |
| 5    | Common Equity             |           |           | 866,219                               | 35.01%   | 9.112%   | 3.190%    |           |
| 6    |                           |           |           | · · · · · · · · · · · · · · · · · · · |          | -        |           |           |
| 7    |                           |           |           | \$2,474,201                           | 100.00%  |          | 7.625%    |           |
| 8    |                           |           |           |                                       |          | =        |           |           |
| 9    | 2007 REVISED RATES        |           |           |                                       |          |          |           |           |
| 10   | Long-Term Debt            |           |           | \$1,470,051                           | 59.41%   | 7.018%   | 4.169%    | \$103,162 |
| 11   | Unfunded Debt             |           | \$137,931 |                                       |          |          |           |           |
| 12   | Adjustment, Revised Rates |           | 12        | 137,943                               | 5.58%    | 4.750%   | 0.265%    | 6,552     |
| 13   | Preference Shares         |           |           | 0                                     | 0.00%    | 0.000%   | 0.000%    | 0         |
| 14   | Common Equity             |           |           | 866,224                               | 35.01%   | 8.370%   | 2.930%    | 72,503    |
| 15   |                           |           |           |                                       |          | -        |           |           |
| 16   |                           |           |           | \$2,474,218                           | 100.00%  |          | 7.365%    | \$182,217 |
| 17   |                           |           |           |                                       |          |          |           |           |
| 18   | 2007 ADVANCED MATERIALS   |           |           |                                       |          |          |           |           |
| 19   | Long-Term Debt            |           |           | \$1,470,051                           | 59.42%   | 7.018%   | 4.170%    | \$103,162 |
| 20   | Unfunded Debt             |           | \$137,892 |                                       |          |          |           |           |
| 21   | Adjustment, Revised Rates |           | 12        | 137,904                               | 5.57%    | 4.750%   | 0.265%    | 6,550     |
| 22   | Preference Shares         |           |           | 0                                     | 0.00%    | 0.000%   | 0.000%    | 0         |
| 23   | Common Equity             |           |           | 866,293                               | 35.01%   | 8.801%   | 3.082%    | 76,246    |
| 24   |                           |           |           |                                       |          |          |           |           |
| 25   |                           |           |           | \$2,474,248                           | 100.00%  | _        | 7.516%    | \$185,958 |
| 26   |                           |           |           |                                       |          |          |           |           |
| 27   | CHANGE FROM 2006 APPROVED |           |           |                                       |          |          |           |           |
| 28   | Long-Term Debt            |           |           | \$0                                   | -0.01%   | 0.000%   | -0.001%   | \$0       |
| 29   | Unfunded Debt             |           | \$39      |                                       |          |          |           |           |
| 30   | Adjustment, Revised Rates |           | 0         | 39                                    | 0.01%    | 0.000%   | 0.000%    | 2         |
| 31   | Preference Shares         |           |           | 0                                     | 0.00%    | 0.000%   | 0.000%    | 0         |
| 32   | Common Equity             |           |           | (69)                                  | 0.00%    | -0.431%  | -0.152%   | (3,743)   |
| 33   |                           |           |           |                                       |          |          |           |           |
| 34   |                           |           |           | (\$30)                                | 0.00%    | =        | -0.153%   | (\$3,741) |