



March 5, 2007

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
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Scott A. Thomson
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Regulatory Affairs Correspondence
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Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas Inc. – Lower Mainland, Inland, and Columbia Service Areas
Commodity Cost Reconciliation Account (“CCRA”) and Midstream Cost
Reconciliation Account (“MCRA”) Quarterly Gas Costs
2007 First Quarter Report**

The attached materials provide the Terasen Gas Inc. (“Terasen Gas” or the “Company”) 2007 First Quarter Report for the CCRA and MCRA deferral accounts as required under British Columbia Utilities Commission (the “Commission”) guidelines.

The materials comprising the report are attached herein under Tabs 1 and 2. Based on the February 28, 2007 forward prices, the March 31, 2007 CCRA balance is projected to be approximately \$35 million surplus (after tax). The CCRA ratio arising from the forward prices at February 28, 2007, the gas purchase cost assumptions, the forecast commodity cost recoveries at present rates, and the projected March 31, 2007 deferral balance is 95.7% (Tab 1, Page 5, Line 11, Column 2). The ratio falls within the deadband range of 95% to 105%, indicating that a rate change is not required at this time.

Tab 2 provides additional forecast gas cost details for the 12-month period ending March 31, 2008. The CCRA forecast gas costs are presented on the schedules provided within Tab 2, Table A, Pages 1 to 1.2, and the MCRA forecast gas costs are presented on the schedules provided within Tab 2, Table B, Pages 1 to 1.2.

The monthly deferral account balances for the CCRA, the MCRA, and for these accounts on a combined basis are shown on the schedules provided within Tab 1, Pages 1 to 1.1. The MCRA balance at March 31, 2007 is projected to be approximately \$6 million deficit (after tax). Based on the gas purchase cost assumptions, the February 28, 2007 forward prices, and the forecast midstream cost recoveries at present rates, the December 31, 2007 MCRA balance is forecast to be approximately \$29 million deficit (after tax) and the December 31, 2008 MCRA balance is forecast to be approximately \$66 million deficit (after tax). Terasen Gas will continue to monitor and report MCRA

balances which is consistent with the Company's position that midstream rates be reported on a quarterly basis and, under normal circumstances, midstream rates be adjusted on an annual basis with a January 1st effective date.

In summary, Terasen Gas proposes that no change be made to either the commodity or the midstream rates at this time.

We trust that the Commission will find this filing in order. If there are any questions regarding this filing, please contact Brian Noel at 604-592-7467.

Yours very truly,

TERASEN GAS INC.

Original signed:

Scott A. Thomson

Attachments

TERASEN GAS INC. - LOWER MAINLAND, INLAND AND COLUMBIA SERVICE AREAS
BCUC CCRA/MCRA GAS COST GUIDELINES
CCRA & MCRA ACTIVITY AND CURRENT FORECAST (After Monthly Volume Adjustments)
(\$ Millions)
February 28, 2007 Forward Curve

Line No.	Particulars	Recorded Previous Qtr (1*) Oct-Dec	2007 Rec Jan	Forec Feb	Forec Mar	Forec Apr	Forec May	Forec Jun	Forec Jul	Forec Aug	Forec Sep	Forec Oct	Forec Nov	2007 Forec Dec	2008 Forec Jan	2008 Forec Feb	2008 Forec Mar	Total Apr-Mar
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1	CCRA Forecast (at existing rates)																	
2																		
3	CCRA Balance, Beginning - Pre-Tax	\$ (82)	\$ (78)	\$ (70)	\$ (61)	\$ (52)	\$ (51)	\$ (49)	\$ (46)	\$ (42)	\$ (38)	\$ (34)	\$ (30)	\$ (19)	\$ (5)	\$ 10	\$ 23	\$ (52)
4																		
5	Gas Costs Incurred (Incl. Hedging, etc.)	208	77	72	78	69	72	70	73	74	72	75	78	84	77	71	75	889
6																		
7	Revenue From Commodity Cost Recovery Rates	(205)	(69)	(63)	(70)	(68)	(70)	(67)	(70)	(70)	(67)	(70)	(67)	(70)	(62)	(58)	(62)	(801)
8																		
9	CCRA Balance, Ending - Pre-Tax	<u>\$ (78)</u>	<u>\$ (70)</u>	<u>\$ (61)</u>	<u>\$ (52)</u>	<u>\$ (51)</u>	<u>\$ (49)</u>	<u>\$ (46)</u>	<u>\$ (42)</u>	<u>\$ (38)</u>	<u>\$ (34)</u>	<u>\$ (30)</u>	<u>\$ (19)</u>	<u>\$ (5)</u>	<u>\$ 10</u>	<u>\$ 23</u>	<u>\$ 36</u>	<u>\$ 36</u>
10																		
11	CCRA Balance, Ending - After Tax ^(2*)	<u>\$ (52)</u>	<u>\$ (47)</u>	<u>\$ (41)</u>	<u>\$ (35)</u>	<u>\$ (34)</u>	<u>\$ (33)</u>	<u>\$ (31)</u>	<u>\$ (28)</u>	<u>\$ (26)</u>	<u>\$ (23)</u>	<u>\$ (20)</u>	<u>\$ (13)</u>	<u>\$ (3)</u>	<u>\$ 6</u>	<u>\$ 16</u>	<u>\$ 24</u>	<u>\$ 24</u>
12																		
13	MCRA Forecast (at existing rates)																	
14																		
15	MCRA Balance, Beginning ^(1*)	\$ 12	\$ 39	\$ 30	\$ 20	\$ 8	\$ 10	\$ 16	\$ 25	\$ 35	\$ 45	\$ 53	\$ 55	\$ 52	\$ 44	\$ 36	\$ 29	\$ 8
16																		
17	Gas Costs Incurred (Incl. Hedging, etc.)	266	110	90	85	13	(12)	(21)	(27)	(30)	(16)	12	84	98	116	100	83	400
18																		
19	Revenue From Commodity Cost Recovery Rates	(239)	(119)	(99)	(97)	(11)	18	30	37	40	24	(11)	(88)	(106)	(124)	(106)	(93)	(389)
20																		
21	MCRA Balance, Ending - Pre-Tax	<u>\$ 39</u>	<u>\$ 30</u>	<u>\$ 20</u>	<u>\$ 8</u>	<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 25</u>	<u>\$ 35</u>	<u>\$ 45</u>	<u>\$ 53</u>	<u>\$ 55</u>	<u>\$ 52</u>	<u>\$ 44</u>	<u>\$ 36</u>	<u>\$ 29</u>	<u>\$ 20</u>	<u>\$ 20</u>
22																		
23	MCRA Balance, Ending - After Tax ^(2*)	<u>\$ 26</u>	<u>\$ 20</u>	<u>\$ 14</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 23</u>	<u>\$ 30</u>	<u>\$ 36</u>	<u>\$ 37</u>	<u>\$ 35</u>	<u>\$ 29</u>	<u>\$ 24</u>	<u>\$ 19</u>	<u>\$ 13</u>	<u>\$ 13</u>
24																		
25	Combined CCRA and MCRA Forecast (at existing rates)																	
26																		
27	Combined Balance, Beginning ^(1*)	\$ (70)	\$ (40)	\$ (40)	\$ (40)	\$ (44)	\$ (41)	\$ (33)	\$ (21)	\$ (8)	\$ 6	\$ 19	\$ 25	\$ 32	\$ 39	\$ 45	\$ 52	\$ (44)
28																		
29	Gas Costs Incurred (Incl. Hedging, etc.)	474	187	162	163	82	60	49	46	44	56	87	162	182	193	171	159	1,290
30																		
31	Revenue From Commodity Cost Recovery Rates	(444)	(188)	(162)	(167)	(79)	(51)	(37)	(33)	(30)	(43)	(80)	(155)	(175)	(186)	(165)	(155)	(1,190)
32																		
33	Combined Balance, Ending - Pre-Tax	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (44)</u>	<u>\$ (41)</u>	<u>\$ (33)</u>	<u>\$ (21)</u>	<u>\$ (8)</u>	<u>\$ 6</u>	<u>\$ 19</u>	<u>\$ 25</u>	<u>\$ 32</u>	<u>\$ 39</u>	<u>\$ 45</u>	<u>\$ 52</u>	<u>\$ 56</u>	<u>\$ 56</u>
34																		
35	Combined Balance, Ending - After Tax ^(2*)	<u>\$ (27)</u>	<u>\$ (27)</u>	<u>\$ (27)</u>	<u>\$ (30)</u>	<u>\$ (28)</u>	<u>\$ (22)</u>	<u>\$ (14)</u>	<u>\$ (5)</u>	<u>\$ 4</u>	<u>\$ 12</u>	<u>\$ 17</u>	<u>\$ 22</u>	<u>\$ 26</u>	<u>\$ 30</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 38</u>
36																		

Notes: Slight differences in totals due to rounding.
 (1*) Pre-tax opening balances have been restated based on current income tax rates, to reflect grossed-up after tax amounts.
 (2*) For rate setting purposes, the MCRA/CCRA after tax balances are independently grossed up to reflect pre-tax amounts.

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TERASEN GAS INC. - LOWER MAINLAND, INLAND AND COLUMBIA SERVICE AREAS
BCUC CCRA/MCRA GAS COST GUIDELINES
CCRA & MCRA ACTIVITY AND CURRENT FORECAST (After Monthly Volume Adjustments
(\$ Millions)
February 28, 2007 Forward Curve

Tab 1
Page 1.1

Line No.	Particulars	12 Month To Mar 31, 2008 Forecast	2008 Forec Apr	Forec May	2008 Forec Jun	2008 Forec Jul	Forec Aug	2008 Forec Sep	2008 Forec Oct	Forec Nov	2008 Forec Dec	2009 Forec Jan	Forec Feb	2009 Forec Mar	12 Month To Mar 31, 2009 Forecast	24 Month To Mar 31, 2009 Forecast
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	CCRA Forecast (at existing rates)															
2																
3	CCRA Balance, Beginning - Pre-Tax	\$ (52)	\$ 36	\$ 39	\$ 41	\$ 44	\$ 46	\$ 50	\$ 53	\$ 57	\$ 64	\$ 74	\$ 86	\$ 97	\$ 36	\$ (52)
4																
5	Gas Costs Incurred (Incl. Hedging, etc.)	889	64	66	64	66	67	65	68	68	74	76	68	74	820	1,709
6																
7	Revenue From Commodity Cost Recovery Rates	(801)	(62)	(64)	(62)	(64)	(64)	(62)	(64)	(62)	(64)	(64)	(58)	(64)	(750)	(1,550)
8																
9	CCRA Balance, Ending - Pre-Tax	<u>\$ 36</u>	<u>\$ 39</u>	<u>\$ 41</u>	<u>\$ 44</u>	<u>\$ 46</u>	<u>\$ 50</u>	<u>\$ 53</u>	<u>\$ 57</u>	<u>\$ 64</u>	<u>\$ 74</u>	<u>\$ 86</u>	<u>\$ 97</u>	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 106</u>
10																
11	CCRA Balance, Ending - After Tax ^(2*)	<u>\$ 24</u>	<u>\$ 26</u>	<u>\$ 27</u>	<u>\$ 29</u>	<u>\$ 31</u>	<u>\$ 33</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 42</u>	<u>\$ 49</u>	<u>\$ 57</u>	<u>\$ 64</u>	<u>\$ 71</u>	<u>\$ 71</u>	<u>\$ 71</u>
12																
13	MCRA Forecast (at existing rates)															
14																
15	MCRA Balance, Beginning ^(1*)	\$ 8	\$ 20	\$ 29	\$ 42	\$ 57	\$ 74	\$ 90	\$ 105	\$ 115	\$ 110	\$ 99	\$ 88	\$ 79	\$ 20	\$ 8
16																
17	Gas Costs Incurred (Incl. Hedging, etc.)	400	15	(9)	(18)	(23)	(26)	(12)	14	86	98	109	95	79	408	809
18																
19	Revenue From Commodity Cost Recovery Rates	(389)	(6)	22	33	39	42	27	(5)	(91)	(108)	(120)	(104)	(88)	(358)	(747)
20																
21	MCRA Balance, Ending - Pre-Tax	<u>\$ 20</u>	<u>\$ 29</u>	<u>\$ 42</u>	<u>\$ 57</u>	<u>\$ 74</u>	<u>\$ 90</u>	<u>\$ 105</u>	<u>\$ 115</u>	<u>\$ 110</u>	<u>\$ 99</u>	<u>\$ 88</u>	<u>\$ 79</u>	<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 70</u>
22																
23	MCRA Balance, Ending - After Tax ^(2*)	<u>\$ 13</u>	<u>\$ 19</u>	<u>\$ 28</u>	<u>\$ 38</u>	<u>\$ 49</u>	<u>\$ 60</u>	<u>\$ 70</u>	<u>\$ 76</u>	<u>\$ 73</u>	<u>\$ 66</u>	<u>\$ 59</u>	<u>\$ 53</u>	<u>\$ 46</u>	<u>\$ 46</u>	<u>\$ 46</u>
24																
25	Combined CCRA and MCRA Forecast (at existing rates)															
26																
27	Combined Balance, Beginning ^(1*)	\$ (44)	\$ 56	\$ 68	\$ 83	\$ 101	\$ 120	\$ 140	\$ 158	\$ 172	\$ 173	\$ 173	\$ 174	\$ 176	\$ 56	\$ (44)
28																
29	Gas Costs Incurred (Incl. Hedging, etc.)	1,290	80	57	46	44	41	53	82	154	172	184	164	152	1,228	2,518
30																
31	Revenue From Commodity Cost Recovery Rates	(1,190)	(68)	(42)	(29)	(24)	(21)	(34)	(68)	(152)	(172)	(183)	(162)	(151)	(1,108)	(2,297)
32																
33	Combined Balance, Ending - Pre-Tax	<u>\$ 56</u>	<u>\$ 68</u>	<u>\$ 83</u>	<u>\$ 101</u>	<u>\$ 120</u>	<u>\$ 140</u>	<u>\$ 158</u>	<u>\$ 172</u>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 174</u>	<u>\$ 176</u>	<u>\$ 177</u>	<u>\$ 177</u>	<u>\$ 177</u>
34																
35	Combined Balance, Ending - After Tax ^(2*)	<u>\$ 37</u>	<u>\$ 45</u>	<u>\$ 55</u>	<u>\$ 67</u>	<u>\$ 80</u>	<u>\$ 93</u>	<u>\$ 105</u>	<u>\$ 114</u>	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ 116</u>	<u>\$ 117</u>	<u>\$ 117</u>	<u>\$ 117</u>	<u>\$ 117</u>
36																

Notes: Slight differences in totals due to rounding.

(1*) Pre-tax opening balances have been restated based on current income tax rates, to reflect grossed-up after tax amounts.

(2*) For rate setting purposes, the MCRA/CCRA after tax balances are independently grossed up to reflect pre-tax amounts.

40

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS
 SUMAS INDEX FORECAST FOR THE 26 MONTHS ENDING MARCH 31, 2009
 AND US DOLLAR EXCHANGE RATE FORECAST UPDATE

Line No.	Particulars	January 1, 2007	Preliminary	April 1, 2007
		Trigger Test	Trigger Test	Trigger Test
		November 21, 2006	February 28, 2007	Less Existing Rates
		Forward Prices	Forward Prices	Forecast
		(Existing Tariff Rates)	(Quarterly Test Rates)	Difference
		(1)	(3)	(4)
1	Sumas Index Prices - \$US/MMBTU	Jan 2006-Dec 2007	Jan 2006-Mar 2009	
2	January 2006	\$ 9.66	\$ 9.66	\$ -
3	February	\$ 7.12	\$ 7.12	-
4	March	\$ 6.39	\$ 6.39	-
5	April	\$ 5.81	\$ 5.81	-
6	May	\$ 5.89	\$ 5.89	-
7	June	\$ 4.91	\$ 4.91	-
8	July	\$ 5.09	\$ 5.09	-
9	August	\$ 5.91	\$ 5.91	-
10	September	\$ 5.55	\$ 5.55	-
11	October	\$ 3.91	\$ 3.91	-
12	November	\$ 7.30	\$ 7.30	-
13	December	\$ 7.50	\$ 7.86	0.36
14	Simple Average (Jan, 2006 - Dec, 2006)	\$ 6.25	\$ 6.28	0.5% \$ 0.03
15	Simple Average (Apr, 2006 - Mar, 2007)	\$ 6.26	\$ 6.07	-3.0% \$ (0.19)
16	Simple Average (Jul, 2006 - Jun, 2007)	\$ 6.66	\$ 6.37	-4.4% \$ (0.29)
17	Simple Average (Oct, 2006 - Sep, 2007)	\$ 7.11	\$ 6.75	-5.1% \$ (0.36)
18	January 2007	\$ 7.77	\$ 6.41	Rec. \$ (1.36)
19	February	\$ 7.77	\$ 6.98	Proj. (0.79)
20	March	\$ 7.65	\$ 7.17	Forec. (0.48)
21	April	\$ 7.16	\$ 6.65	(0.51)
22	May	\$ 7.13	\$ 6.76	(0.38)
23	June	\$ 7.20	\$ 6.86	(0.34)
24	July	\$ 7.27	\$ 6.96	(0.31)
25	August	\$ 7.33	\$ 7.06	(0.27)
26	September	\$ 7.38	\$ 7.11	(0.27)
27	October	\$ 7.47	\$ 7.21	(0.26)
28	November	\$ 8.10	\$ 7.95	(0.15)
29	December	\$ 8.53	\$ 8.51	(0.02)
30	Simple Average (Jan, 2007 - Dec, 2007)	\$ 7.56	\$ 7.14	-5.6% \$ (0.42)
31	Simple Average (Apr, 2007 - Mar, 2008)		\$ 7.61	0.7% \$ 0.05
32	Simple Average (Jul, 2007 - Jun, 2008)		\$ 7.69	1.7% \$ 0.13
33	Simple Average (Oct, 2007 - Sep, 2008)		\$ 7.74	2.4% \$ 0.18
34	January 2008		\$ 8.82	\$ 1.05
35	February		\$ 8.81	1.04
36	March		\$ 8.59	0.94
37	April		\$ 7.17	0.00
38	May		\$ 7.05	(0.09)
39	June		\$ 7.10	(0.11)
40	July		\$ 7.16	(0.11)
41	August		\$ 7.22	(0.11)
42	September		\$ 7.27	(0.11)
43	October		\$ 7.37	(0.10)
33	November		\$ 8.04	(0.06)
34	December		\$ 8.50	(0.04)
35	Simple Average (Jan, 2008 - Dec, 2008)		\$ 7.76	2.6% \$ 0.20
36	Simple Average (Apr, 2008 - Mar, 2009)		\$ 7.74	2.4% \$ 0.18
37	January 2009		\$ 8.73	\$ 0.96
38	February		\$ 8.73	0.96
39	March		\$ 8.51	0.86
40				
41	Conversion Factors		Forecast April 2007-March 2008	
42	Exchange Rate \$US/\$CA	0.8766	0.8587	(0.018)
43	Exchange Rate \$CA/\$US	1.1408	1.1646	2.1% 0.024
44	GJ/MMBTU	1.055056	1.055056	
45	Exchange Rate \$CA/\$US - Feb. 2007	Current Month	1.1755	3.0% 0.035

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS
 AECO INDEX PROJECTIONS
 FOR THE 26 MONTHS ENDING MARCH 31, 2009

Line No.	Particulars	January 1, 2007	Preliminary	April 1, 2007
		Trigger Test	Trigger Test	Trigger Test
		November 21, 2006	February 28, 2007	Forecast
		(Existing Tariff Rates)	(Quarterly Test Rates)	Difference
	(1)	(2)	(3)	(4)
1	AECO - \$CA/GJ	Jan 2006-Dec 2007	Jan 2006-Mar 2009	
2	January 2006	\$ 11.48	\$ 11.48	\$ -
3	February	\$ 8.02	\$ 8.02	-
4	March	\$ 6.87	\$ 6.87	-
5	April	\$ 6.31	\$ 6.31	-
6	May	\$ 6.23	\$ 6.23	-
7	June	\$ 5.30	\$ 5.30	-
8	July	\$ 5.49	\$ 5.49	-
9	August	\$ 5.84	\$ 5.84	-
10	September	\$ 5.82	\$ 5.82	-
11	October	\$ 4.22	\$ 4.22	-
12	November	\$ 6.36	\$ 6.36	-
13	December	\$ 7.61	\$ 7.52	(0.09)
14	Simple Average (Jan, 2006 - Dec, 2006)	\$ 6.63	\$ 6.62	-0.2% \$ (0.01)
15	Simple Average (Apr, 2006 - Mar, 2007)	\$ 6.39	\$ 6.19	-3.1% \$ (0.20)
16	Simple Average (Jul, 2006 - Jun, 2007)	\$ 6.80	\$ 6.52	-4.1% \$ (0.28)
17	Simple Average (Oct, 2006 - Sep, 2007)	\$ 7.32	\$ 6.98	-4.6% \$ (0.34)
18	January 2007	\$ 7.81	\$ 6.92	Rec. \$ (0.89)
19	February	\$ 7.84	\$ 6.86	Proj. (0.98)
20	March	\$ 7.84	\$ 7.43	Forec. (0.41)
21	April	\$ 7.60	\$ 7.15	(0.45)
22	May	\$ 7.57	\$ 7.27	(0.30)
23	June	\$ 7.64	\$ 7.38	(0.26)
24	July	\$ 7.72	\$ 7.50	(0.22)
25	August	\$ 7.79	\$ 7.56	(0.23)
26	September	\$ 7.83	\$ 7.62	(0.21)
27	October	\$ 7.93	\$ 7.73	(0.20)
28	November	\$ 8.12	\$ 8.06	(0.06)
29	December	\$ 8.58	\$ 8.68	0.10
30	Simple Average (Jan, 2007 - Dec, 2007)	\$ 7.86	\$ 7.51	-4.5% \$ (0.35)
31	Simple Average (Apr, 2007 - Mar, 2008)		\$ 7.97	1.4% \$ 0.11
32	Simple Average (Jul, 2007 - Jun, 2008)		\$ 8.06	2.5% \$ 0.20
33	Simple Average (Oct, 2007 - Sep, 2008)		\$ 8.10	3.1% \$ 0.24
34	January 2008		\$ 9.02	\$ 1.21
35	February		\$ 8.97	1.13
36	March		\$ 8.73	0.89
37	April		\$ 7.68	0.08
38	May		\$ 7.55	(0.02)
39	June		\$ 7.60	(0.04)
40	July		\$ 7.68	(0.04)
41	August		\$ 7.74	(0.05)
42	September		\$ 7.80	(0.03)
43	October		\$ 7.91	(0.02)
33	November		\$ 8.14	0.02
34	December		\$ 8.64	0.06
35	Simple Average (Jan, 2008 - Dec, 2008)		\$ 8.12	3.3% \$ 0.26
36	Simple Average (Apr, 2008 - Mar, 2009)		\$ 8.09	2.9% \$ 0.23
37	January 2009		\$ 8.89	\$ 1.08
38	February		\$ 8.83	0.99
39	March		\$ 8.60	0.76

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS
 STATION NO. 2 INDEX PROJECTIONS
 FOR THE 26 MONTHS ENDING MARCH 31, 2009

Line No.	Particulars	January 1, 2007	Preliminary	April 1, 2007
		Trigger Test	Trigger Test	Trigger Test
		November 21, 2006	February 28, 2007	April 1, 2007
		Forward Prices	Forward Prices	Trigger Test
		(Existing Tariff Rates)	(Quarterly Test Rates)	Less Existing Rates
	(1)	(2)	(3)	(4)
		Jan 2006-Dec 2007	Jan 2006-Mar 2009	Forecast Difference
1	Station No. 2 - \$CA/GJ			
2	January 2006	\$ 9.53	\$ 9.53	\$ -
3	February	\$ 7.06	\$ 7.06	-
4	March	\$ 6.21	\$ 6.21	-
5	April	\$ 5.94	\$ 5.94	-
6	May	\$ 5.87	\$ 5.87	-
7	June	\$ 4.78	\$ 4.78	-
8	July	\$ 4.98	\$ 4.98	-
9	August	\$ 5.69	\$ 5.69	-
10	September	\$ 5.43	\$ 5.43	-
11	October	\$ 3.69	\$ 3.69	-
12	November	\$ 6.93	\$ 6.93	-
13	December	\$ 7.56	\$ 7.75	0.19
14	Simple Average (Jan, 2006 - Dec, 2006)	\$ 6.14	\$ 6.15	0.2% \$ 0.01
15	Simple Average (Apr, 2006 - Mar, 2007)	\$ 6.17	\$ 5.92	-4.1% \$ (0.25)
16	Simple Average (Jul, 2006 - Jun, 2007)	\$ 6.62	\$ 6.29	-5.0% \$ (0.33)
17	Simple Average (Oct, 2006 - Sep, 2007)	\$ 7.17	\$ 6.77	-5.6% \$ (0.40)
18	January 2007	\$ 7.69	\$ 6.17	Rec. \$ (1.52)
19	February	\$ 7.71	\$ 7.08	Proj. (0.63)
20	March	\$ 7.72	\$ 6.73	Forec. (0.99)
21	April	\$ 7.36	\$ 6.89	(0.47)
22	May	\$ 7.33	\$ 7.01	(0.32)
23	June	\$ 7.40	\$ 7.12	(0.28)
24	July	\$ 7.48	\$ 7.24	(0.24)
25	August	\$ 7.54	\$ 7.31	(0.23)
26	September	\$ 7.59	\$ 7.37	(0.22)
27	October	\$ 7.69	\$ 7.48	(0.21)
28	November	\$ 7.99	\$ 8.02	0.03
29	December	\$ 8.45	\$ 8.64	0.19
30	Simple Average (Jan, 2007 - Dec, 2007)	\$ 7.66	\$ 7.25	-5.4% \$ (0.41)
31	Simple Average (Apr, 2007 - Mar, 2008)		\$ 7.81	2.0% \$ 0.15
32	Simple Average (Jul, 2007 - Jun, 2008)		\$ 7.90	3.1% \$ 0.24
33	Simple Average (Oct, 2007 - Sep, 2008)		\$ 7.96	3.9% \$ 0.30
34	January 2008		\$ 8.98	\$ 1.29
35	February		\$ 8.93	1.22
36	March		\$ 8.69	0.97
37	April		\$ 7.46	0.10
38	May		\$ 7.33	-
39	June		\$ 7.38	(0.02)
40	July		\$ 7.45	(0.03)
41	August		\$ 7.52	(0.02)
42	September		\$ 7.58	(0.01)
43	October		\$ 7.69	-
33	November		\$ 8.15	0.16
34	December		\$ 8.65	0.20
35	Simple Average (Jan, 2008 - Dec, 2008)		\$ 7.98	4.2% \$ 0.32
36	Simple Average (Apr, 2008 - Mar, 2009)		\$ 7.96	3.9% \$ 0.30
37	January 2009		\$ 8.91	\$ 1.22
38	February		\$ 8.84	1.13
39	March		\$ 8.61	0.89

07-03-05

12:36

TERASEN GAS INC.
COMBINED CCRA AND MCRA RECOVERY - TO - COST RATIOS
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
February 28, 2007 Forward Curve
Recorded Balances to January 31, 2007

Line No.	Particulars	Balances
	(1)	(2)
1	<u>CCRA Rate Change Trigger Mechanism</u>	<u>\$(millions)</u>
2	Forecast Recovered Gas Costs per BCUC Guidelines (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col. 18, Line 7)	\$ 801
3		
4	Total Recovered Gas Costs (Apr 2007 - Mar 2008)	<u>\$ 801</u>
5		
6	Forecast 12-month Gas Supply Cost (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col.18, Line 5)	\$ 889
7		
8	Projected CCRA Grossed-up After Tax Balance (at March 31, 2007) (Tab 1, Page 1, Col. 5, Line 9)	<u>(52)</u>
9	Total Gas Cost - Trigger Mechanism Denominator	<u>\$ 837</u>
10		
11	CCRA Trigger Mechanism Ratio	\$ 801 / \$ 837 = <u>95.7%</u>
12		
13		
14		
15		
16	<u>MCRA Ratio</u>	<u>\$(millions)</u>
17	Forecast Recovered Gas Costs per BCUC Guidelines (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col. 18, Line 19)	\$ 389
18		
19	Total Recovered Gas Costs (Apr 2007 - Mar 2008)	<u>\$ 389</u>
20		
21	Forecast 12-month Gas Supply Cost (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col. 18, Line 17)	\$ 400
22		
23	MCRA Grossed-up After Tax Balance (at March 31, 2007) (Tab 1, Page 1, Col. 5, Line 21)	<u>8</u>
24	Total Gas Cost - Denominator	<u>\$ 408</u>
25		
26	MCRA Ratio	\$ 389 / \$ 408 = <u>95.2%</u>
27		
28		
29		
30		
31	<u>COMBINED CCRA and MCRA RATIOS</u>	<u>\$(millions)</u>
32	Forecast Recovered Gas Costs per BCUC Guidelines (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col. 18, Line 31)	\$ 1,190
33		
34	Total Recovered Gas Costs (Apr 2007 - Mar 2008)	<u>\$ 1,190</u>
35		
36	Forecast 12-month Gas Supply Cost (Apr 2007 - Mar 2008) (Tab 1, Page 1, Col. 18, Line 29)	\$ 1,290
37		
38	Combined CCRA and MCRA Grossed-up After Tax Balance (at March 31, 2007) (Tab 1, Page 1, Col. 5, Line 33)	<u>(44)</u>
39	Total Gas Cost - Denominator	<u>\$ 1,246</u>
40		
41	Combined CCRA and MCRA Ratio	\$ 1,190 / \$ 1,246 = <u>95.5%</u>
42		
43		
44		
45		
46		
47	Note: Slight differences in totals due to rounding.	

GAS BUDGET COST SUMMARY

April 1, 2007 to March 31, 2008

ITEM	TJ's Delivered	\$,000	\$/GJ	COMMENTS
TOTAL		\$1,010,342		
A) TERM PURCHASE				
TOTAL				37,710.7
		\$300,534	\$7.969	Priced Based on 100% Monthly Forward Invoice incl. Fuel to LML/EKE
Sumas	7,723.0	\$65,274	\$8.452	Includes Kingsgate/Stanfield/SIPI
Station #2	18,666.0	\$145,023	\$7.769	50% priced at AECO + basis
AECO	11,321.7	\$90,238	\$7.970	
B) SEASONAL				
TOTAL				90,952.2
		\$737,331	\$8.107	Includes Kingsgate/Stanfield/SIPI
Sumas	19,535.7	\$175,225	\$8.969	
Station #2	65,926.5	\$518,306	\$7.862	
AECO	5,490.0	\$43,800	\$7.978	
C) PEAKING/SPOT				
TOTAL				9,700.8
		\$74,148	\$7.643	
Sumas	234.2	\$2,620	\$11.185	Daily priced-assumed at 1.5 * month price
Station #2	9,466.6	\$71,528	\$7.556	
AECO	0.0	\$0		
D) HEDGING (GAIN)/LOSS				
TOTAL				\$46,694
Sumas		N/A		
AECO		N/A		Includes coverage of Stn#2 AECO Deals
Basis (Sumas-NYMEX)		N/A		
E) TRANSPORTATION				
TOTAL				\$91,843
Terasen Gas-held only - Includes variable cost & fuel				
WEI	165,710.0	\$77,930	\$0.470	90% T-South
NOVA/ANG	47,815.0	\$9,668	\$0.202	
NWP	7,550.0	\$4,246	\$0.562	
F) STORAGE GAS COMMODITY				
TOTAL				415.8
		\$47,784.1		Net Cost (Includes variable cost & fuel)
(I) Injection credit of term costs				
B.C. (Aitken)	(20,259.6)	(\$148,003)	\$7.305	Credit of variable cost of term gas to withdrawal period
Alberta (Carbon)	(2,986.5)	(\$21,882)	\$7.327	
Downstream (JP/Mist)	(10,591.0)	(\$75,974)	\$7.173	
TOTAL				(33,837.1)
		(\$245,859.3)	\$7.266	
(II) Withdrawal Cost				
B.C. (Aitken)	20,711.3	\$150,644	\$7.273	Includes LNG
Alberta (Carbon)	2,983.0	\$21,755	\$7.293	
Downstream (JP/Mist)	10,558.6	\$85,715	\$8.118	
TOTAL				34,252.9
		\$258,113.0	\$7.536	
(III) Storage Demand Charges (fixed only)				
B.C. (Aitken)		\$16,431		Includes LNG
Alberta (Carbon)		\$1,338		
Downstream (JP/Mist/SoCal)		\$17,762		
TOTAL				\$35,530.4
G) MITIGATION ACTIVITIES				
TOTAL				(\$291,126)
Resale Commodity	(31,155.3)	(\$280,469)	\$9.002	Both on/off-system sales of surplus term & storage gas
Mitigation of Assets		(\$10,658)		(Note #1) Includes transportation & Storage
H) OTHER COSTS				
TOTAL				\$3,134
Company Use Fuel	278.2			Company Use, Heater Fuel, Compressor Fuel
Terasen Gas Admin		\$2,134		
GSMIP		\$1,000		
Fuel in Kind	(4,558.4)			

February 28th Forward Prices

Note #1: This is net mitigation recovered	
Total sales are:	\$x
Gross costs are:	-\$y
= Net Mitigation	

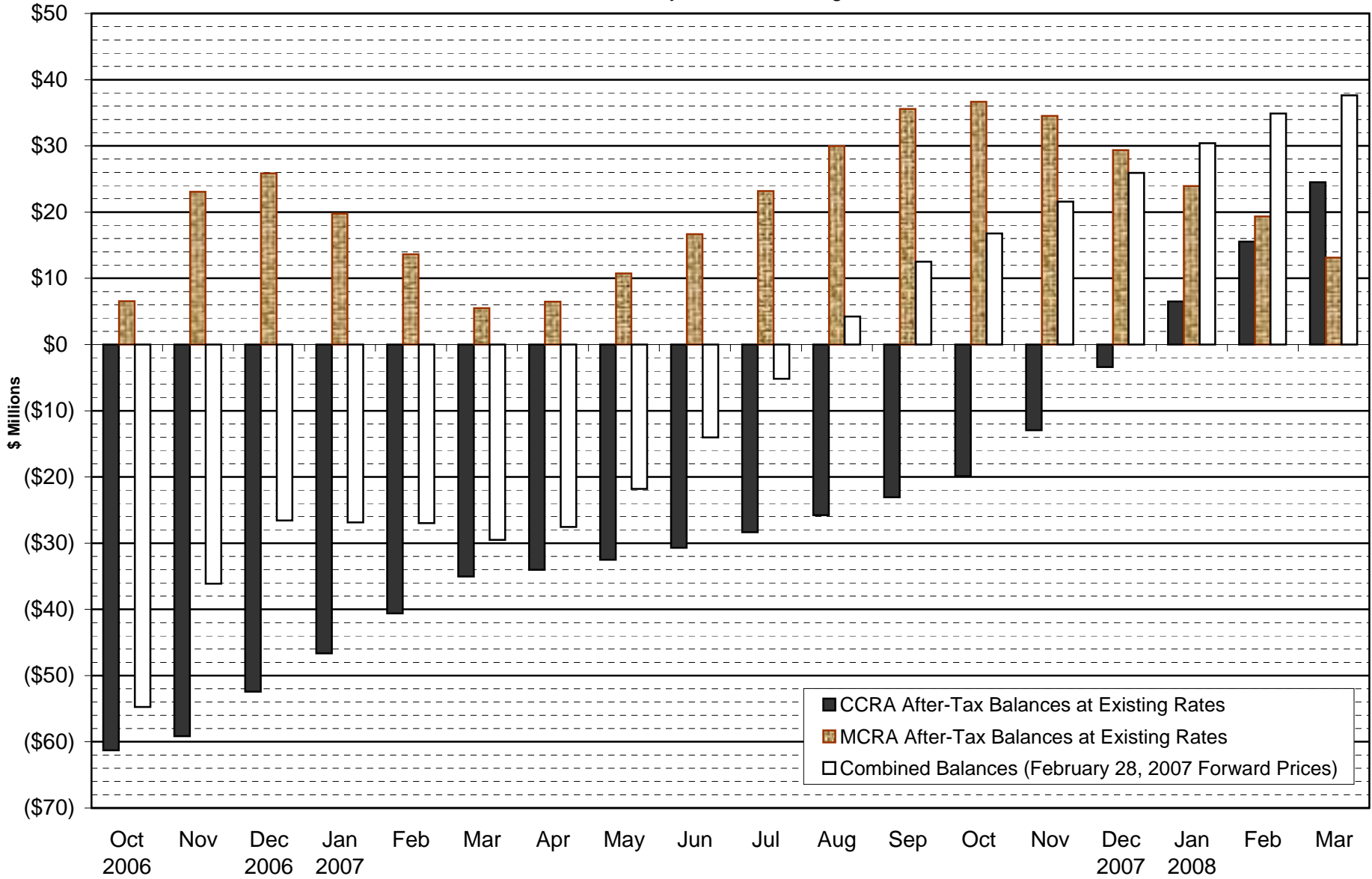
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07-03-05
13:37

TERASEN GAS INC.
RECONCILIATION OF GAS COSTS INCURRED
FOR THE TWELVE MONTHS ENDING MARCH 31, 2008
(Forecast based on February 28, 2007 Forward Prices)
\$(Millions)

Tab 1
Page 7

Line No.	Particulars	CCRA/MCRA Deferral Acct Forecast	Gas Budget Cost Summary
	(1)	(2)	(3)
1	Gas Cost Incurred - CCRA/MCRA		
2	12 Months Forecast to March 31, 2008		
3	(Tab 1, Page 1, Column 18, Line 29)	\$ 1,290	
4			
5	Gas Budget Cost Summary		
6	Total Net Costs for Firm Customers		\$ 1,010
7			
8	Add Back Off-System Sales		
9	Cost		229
10	Margin		37
11			
12	Add Back On-System Sales		
13	Cost (Rate 14)		14
14	Margin (Rate 14)		0
15			
16			
17	Deduct Marketer Supplied Commodity		-
18			
19	Rounding		-
20			
21	Reconciled Total Gas Costs Incurred		
22	CCRA/ MCRA 12 Month Forecast	<u>\$ 1,290</u>	<u>\$ 1,290</u>
23			
24	Note:		
25	Slight differences in totals due to rounding.		

Terasen Gas Inc.
 Lower Mainland, Inland and Columbia CCRA and MCRA Month-end Balances (After-Tax)
 Recorded to Jan. 31, 2007 and Estimate to March 31, 2008
 At The January 1, 2007 Existing Rates



07-03-05
13:50

TERASEN GAS INC. - LOWER MAINLAND SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE A
LOWER MAINLAND
PAGE 1

February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial	Total LM Sales
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Interruptible Sales Rate 7	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	SUMMARY									
2										
3										
4	Sales Volume (TJ)	53,801.4	12,488.4	9,708.4	3,141.8	144.0	79,284.0	80.0	37.9	79,401.9
5										
6										
7	Gas Purchase Costs - \$000									
8	Commodity Costs	\$ 433,465.3	\$ 100,616.1	\$ 78,218.3	\$ 25,312.7	\$ 1,160.2	\$ 638,772.6	\$ 23.4	\$ 302.0	\$ 639,098.0
9	Commodity Tolls and Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Fixed Costs	-	-	-	-	-	-	-	-	-
11	Total Commodity & Demand	433,465.3	100,616.1	78,218.3	25,312.7	1,160.2	638,772.6	23.4	302.0	639,098.0
12	Unamortized Deficit (Surplus)	(26,913.5)	(6,247.2)	(4,856.5)	(1,571.6)	(72.0)	(39,660.9)	(1.5)		(39,662.4)
13	Hedge Loss (Gain) - Variable Cost	24,049.4	5,582.4	4,339.7	1,404.4	64.4	35,440.2	1.3		35,441.5
14	Core Market Administrative Costs - Fixed Cost	340.1	79.7	51.9	12.2	0.3	484.2	-	-	484.2
15		<u>\$ 430,941.2</u>	<u>\$ 100,031.0</u>	<u>\$ 77,753.4</u>	<u>\$ 25,157.7</u>	<u>\$ 1,152.8</u>	<u>\$ 635,036.1</u>	<u>\$ 23.2</u>	<u>\$ 302.0</u>	<u>\$ 635,361.3</u>
16										
17										
18	Unit Costs (\$/GJ)									
19	Commodity Costs	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568			
20	Commodity Tolls and Fees	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000			
21	Fixed Costs	-	-	-	-	-	-			
22	Commodity & Demand / GJ	8.0568	8.0568	8.0568	8.0568	8.0568	8.0568			
23	Unamortized Deficit (Surplus)	(0.5002)	(0.5002)	(0.5002)	(0.5002)	(0.5002)	(0.5002)			
24	Hedge Loss (Gain) - Variable Cost	0.4470	0.4470	0.4470	0.4470	0.4470	0.4470			
25	Core Market Administrative Costs - Fixed Cost	0.0063	0.0064	0.0053	0.0039	0.0019	0.0061			
26		<u>\$ 8.0099</u>	<u>\$ 8.0099</u>	<u>\$ 8.0089</u>	<u>\$ 8.0074</u>	<u>\$ 8.0055</u>	<u>\$ 8.0096</u>			

Tab 2, Table A, Lower Mainland, Page 1

07-03-05
13:50

TERASEN GAS INC. - INLAND SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE A
INLAND
PAGE 1.1
February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial	Total	Total
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Interruptible Sales	Inland	Sales LM & ING
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	SUMMARY										
2											
3											
4	Sales Volume (TJ)	16,409.6	4,096.2	1,560.2	604.1	22.8	22,692.9	81.3	14.8	22,789.0	102,190.9
5											
6											
7	Gas Purchase Costs - \$000										
8	Commodity Costs	\$ 132,208.3	\$ 33,002.1	\$ 12,570.2	\$ 4,867.1	\$ 183.7	\$ 182,831.4	\$ 71.0	\$ 117.9	\$ 183,020.3	\$ 822,118.3
9	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	-
10	Fixed Costs	-	-	-	-	-	-	-	-	-	-
11	Total Commodity & Demand	132,208.3	33,002.1	12,570.2	4,867.1	183.7	182,831.4	71.0	117.9	183,020.3	822,118.3
12	Unamortized Deficit (Surplus)	(8,208.7)	(2,049.1)	(780.5)	(302.2)	(11.4)	(11,351.9)	(4.4)	-	(11,356.3)	(51,018.6)
13	Hedge Loss (Gain) - Variable Cost	7,335.2	1,831.0	697.4	270.0	10.2	10,143.8	3.9	-	10,147.7	45,589.3
14	Core Market Administrative Costs - Fixed Cost	103.7	26.1	8.3	2.3	0.0	140.6	-	-	140.6	624.8
15		<u>\$ 131,438.5</u>	<u>\$ 32,810.2</u>	<u>\$ 12,495.4</u>	<u>\$ 4,837.3</u>	<u>\$ 182.5</u>	<u>\$ 181,763.9</u>	<u>\$ 70.5</u>	<u>\$ 117.9</u>	<u>\$ 181,952.3</u>	<u>\$ 817,313.7</u>
16											
17											
18	Unit Costs (\$/GJ)										
19	Commodity Costs	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568			
20	Commodity Tolls and Fees	-	-	-	-	-	-	-			
21	Fixed Costs	-	-	-	-	-	-	-			
22	Commodity & Demand / GJ	8.0568	8.0568	8.0568	8.0568	8.0568	8.0568				
23	Unamortized Deficit (Surplus)	(0.5002)	(0.5002)	(0.5002)	(0.5002)	(0.5002)	(0.5002)				
24	Hedge Loss (Gain) - Variable Cost	0.4470	0.4470	0.4470	0.4470	0.4470	0.4470				
25	Core Market Administrative Costs - Fixed Cost	0.0063	0.0064	0.0053	0.0039	0.0019	0.0062				
26		<u>\$ 8.0099</u>	<u>\$ 8.0099</u>	<u>\$ 8.0089</u>	<u>\$ 8.0074</u>	<u>\$ 8.0055</u>	<u>\$ 8.0097</u>				

Tab 2, Table A, Inland, Page 1.1

07-03-05
13:50

TERASEN GAS INC. - COLUMBIA SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE A
COLUMBIA
PAGE 1.2
February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales	Total Columbia Sales	Total Sales LM, Inl & Col Serv. Areas
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Rate 7	(10)	(11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	SUMMARY										
2											
3											
4	Sales Volume (TJ)	1,683.8	543.7	188.1	59.1	-	2,474.7	-	-	2,474.7	104,665.6
5											
6											
7	Gas Purchase Costs - \$000										
8	Commodity Costs	\$ 13,566.0	\$ 4,380.8	\$ 1,515.4	\$ 476.2	\$ -	\$ 19,938.4	\$ -	\$ -	\$ 19,938.4	\$ 842,056.6
9	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	-
10	Fixed Costs	-	-	-	-	-	-	-	-	-	-
11	Total Commodity & Demand	13,566.0	4,380.8	1,515.4	476.2	-	19,938.4	-	-	19,938.4	842,056.6
12	Unamortized Deficit (Surplus)	(842.1)	(271.9)	(94.1)	(29.6)	-	(1,237.6)	-	-	(1,237.6)	(52,256.3)
13	Hedge Loss (Gain) - Variable Cost	752.5	243.0	84.1	26.4	-	1,105.9	-	-	1,105.9	46,695.2
14	Core Market Administrative Costs - Fixed Cost	10.6	3.5	1.0	0.2	-	15.3	-	-	15.3	640.1
15		<u>\$ 13,487.0</u>	<u>\$ 4,355.4</u>	<u>\$ 1,506.4</u>	<u>\$ 473.2</u>	<u>\$ -</u>	<u>\$ 19,822.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,822.0</u>	<u>\$ 837,135.7</u>
16											
17											
18	Unit Costs (\$/GJ)										
19	Commodity Costs	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ 8.0568	\$ -	\$ -	\$ 8.0568	\$ 8.0568
20	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	-
21	Fixed Costs	-	-	-	-	-	-	-	-	-	-
22	Commodity & Demand / GJ	8.0568	8.0568	8.0568	8.0568	8.0568	8.0568	-	-	8.0568	8.0568
23	Unamortized Deficit (Surplus)	(0.5001)	(0.5001)	(0.5001)	(0.5001)	(0.5002)	(0.5001)	-	-	(0.5001)	(0.5001)
24	Hedge Loss (Gain) - Variable Cost	0.4469	0.4469	0.4469	0.4469	0.4470	0.4469	-	-	0.4469	0.4469
25	Core Market Administrative Costs - Fixed Cost	0.0063	0.0064	0.0053	0.0039	0.0019	0.0062	-	-	0.0062	0.0062
26		<u>\$ 8.0099</u>	<u>\$ 8.0099</u>	<u>\$ 8.0089</u>	<u>\$ 8.0074</u>	<u>\$ 8.0055</u>	<u>\$ 8.0097</u>				

Tab 2, Table A, Columbia, Page 1.2

07-03-05
13:45

TERASEN GAS INC. - LOWER MAINLAND SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE B
LOWER MAINLAND
PAGE 1
February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential Rate 1	Commercial		General Firm	NGV Rate 6	Subtotal	Seasonal Rate 4	Interruptible		Off-System Sales	Total LM Sales
			Rate 2	Rate 3	Service Rate 5				Rate 7	Rate 14 (Rate 10)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	SUMMARY											
2												
3												
4	Sales Volume (TJ)	55,506.7	16,709.2	12,591.0	3,141.8	144.0	88,092.7	80.0	37.9	1,487.5	29,315.7	119,013.8
5												
6												
7	Gas Purchase Costs - \$000											
8	Commodity Costs	\$ 16,669.8	\$ 5,018.1	\$ 3,781.3	\$ 943.5	\$ 43.2	\$ 26,456.1	\$ 0.7	\$ 0.3	\$ 11,636.1	\$ 228,515.4	\$ 266,608.5
9	Commodity Tolls and Fees	1,687.4	508.0	382.8	95.5	4.4	2,678.1	2.7	1.3	50.4	993.2	3,725.8
10	Fixed Costs	<u>37,965.2</u>	<u>11,541.5</u>	<u>7,283.3</u>	<u>1,319.4</u>	<u>30.2</u>	<u>58,139.7</u>	-	-	-	-	<u>58,139.7</u>
11	Total Commodity & Demand	56,322.5	17,067.6	11,447.4	2,358.5	77.9	87,273.8	3.4	1.6	11,686.6	229,508.6	328,474.0
12	Amortization of March 31, 2007 Balance	4,057.5	1,233.5	778.4	141.0	3.2	6,213.6	-	0.0	0.0	0.0	6,213.6
13	Hedge Loss (Gain) - Variable Cost								0.0	0.0	0.0	
14	Core Market Administrative Costs - Fixed Cost	<u>735.5</u>	<u>223.6</u>	<u>141.1</u>	<u>25.6</u>	<u>0.6</u>	<u>1,126.4</u>	-	-	-	-	<u>1,126.4</u>
15		<u>\$ 61,115.5</u>	<u>\$ 18,524.7</u>	<u>\$ 12,367.0</u>	<u>\$ 2,525.1</u>	<u>\$ 81.7</u>	<u>\$ 94,613.9</u>	<u>\$ 3.4</u>	<u>\$ 1.6</u>	<u>\$ 11,686.6</u>	<u>\$ 229,508.6</u>	<u>\$ 335,814.0</u>
16												
17												
18	Unit Costs (\$/GJ)											
19	Commodity Costs	\$ 0.3003	\$ 0.3003	\$ 0.3003	\$ 0.3003	\$ 0.3003	\$ 0.3003	\$ 0.3003				
20	Commodity Tolls and Fees	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304					
21	Fixed Costs	<u>0.6840</u>	<u>0.6907</u>	<u>0.5785</u>	<u>0.4200</u>	<u>0.2100</u>	<u>0.6600</u>					
22	Commodity & Demand / GJ	1.0147	1.0214	0.9092	0.7507	0.5407	0.9907					
23	Amortization of March 31, 2007 Balance	0.0731	0.0738	0.0618	0.0449	0.0224	0.0705					
24	Hedge Loss (Gain) - Variable Cost	-	-	-	-	-	-					
25	Core Market Administrative Costs - Fixed Cost	<u>0.0133</u>	<u>0.0134</u>	<u>0.0112</u>	<u>0.0081</u>	<u>0.0041</u>	<u>0.0128</u>					
26		<u>\$ 1.1010</u>	<u>\$ 1.1086</u>	<u>\$ 0.9822</u>	<u>\$ 0.8037</u>	<u>\$ 0.5672</u>	<u>\$ 1.0740</u>					

Tab 2, Table B, Lower Mainland, Page 1

07-03-05
13:45

TERASEN GAS INC. - INLAND SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE B
INLAND
PAGE 1.1
February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential		Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales		Columbia	Total ING Sales	Total Sales LM & ING
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6	Rate 4		Rate 7	Rate 14				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(8)	(9)	(10)	(11)	(12)	
1	SUMMARY													
2														
3														
4	Sales Volume (TJ)	16,969.5	5,655.3	2,247.8	604.1	22.8	25,499.6	81.3		14.8	299.4	0.0	25,895.1	144,908.9
5														
6														
7	Gas Purchase Costs - \$000													
8	Commodity Costs	\$ 5,375.7	\$ 1,791.5	\$ 712.1	\$ 191.4	\$ 7.2	\$ 8,077.8	\$ 2.0	\$ 0.4	\$ 2,347.2	\$ -	\$ 10,427.4	\$ 277,036.0	
9	Commodity Tolls and Fees	517.0	172.3	68.5	18.4	0.7	776.9	2.8	0.5	10.2	-	790.4	4,516.1	
10	Fixed Costs	11,111.4	3,739.5	1,244.8	242.9	4.5	16,343.0	-	-	-	-	16,343.0	74,482.7	
11	Total Commodity & Demand	17,004.1	5,703.4	2,025.4	452.6	12.4	25,197.8	4.8	0.9	2,357.4	-	27,560.8	356,034.8	
12	Amortization of March 31, 2007 Balance	1,242.9	418.3	139.2	27.2	0.5	1,828.2	-	0.0	0.0	0.0	1,828.2	8,041.8	
13	Hedge Loss (Gain) - Variable Cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	
14	Core Market Administrative Costs - Fixed Cost	225.3	75.8	25.2	4.9	0.1	331.4	-	-	-	-	331.4	1,457.8	
15		\$ 18,472.3	\$ 6,197.5	\$ 2,189.8	\$ 484.7	\$ 13.0	\$ 27,357.4	\$ 4.8	\$ 0.9	\$ 2,357.4	\$ -	\$ 29,720.4	\$ 365,534.4	
16														
17														
18	Unit Costs (\$/GJ)													
19	Commodity Costs	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	\$ 0.3168	
20	Commodity Tolls and Fees	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	0.0305	
21	Fixed Costs	0.6548	0.6612	0.5538	0.4020	0.1962	0.6409					0.6409		
22	Commodity & Demand / GJ	1.0020	1.0085	0.9010	0.7493	0.5434	0.9882					0.9882		
23	Amortization of March 31, 2007 Balance	0.0732	0.0740	0.0619	0.0450	0.0219	0.0717					0.0717		
24	Hedge Loss (Gain) - Variable Cost	-	-	-	-	-	-					-		
25	Core Market Administrative Costs - Fixed Cost	0.0133	0.0134	0.0112	0.0082	0.0040	0.0130					0.0130		
26		\$ 1.0886	\$ 1.0959	\$ 0.9742	\$ 0.8024	\$ 0.5694	\$ 1.0729					\$ 1.0729		

Tab 2, Table B, Inland, Page 1.1

07-03-05
13:45

TERASEN GAS INC. - COLUMBIA SERVICE AREA
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA
FORECAST FOR THE 12 MONTHS ENDING MARCH 31, 2008
\$000

TAB 2
TABLE B
COLUMBIA
PAGE 1.2
February 28, 2007 Forward Pricing
April 1, 2007 - March 31, 2008 FI.

Line No.	Particulars	Residential Rate 1	Commercial Rate 2	Commercial Rate 3	General Firm Service Rate 5	NGV Rate 6	Subtotal	Seasonal Rate 4	Large Industrial Interruptible Sales Rate 7	Total Col. Sales	Total Sales LM, Inl & Col Serv. Areas
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	SUMMARY										
2											
3											
4	Sales Volume (TJ)	1,740.1	701.1	223.6	59.1	-	2,723.9	-	-	2,723.9	147,632.8
5											
6											
7	Gas Purchase Costs - \$000										
8	Commodity Costs	\$ 651.5	\$ 262.5	\$ 83.7	\$ 22.1	\$ -	\$ 1,019.8	\$ -	\$ -	\$ 1,019.8	278,055.8
9	Commodity Tolls and Fees	53.4	21.5	6.9	1.8	-	83.6	-	-	83.6	4,599.8
10	Fixed Costs	1,147.3	466.9	124.7	23.9	-	1,762.8	-	-	1,762.8	76,245.5
11	Total Commodity & Demand	1,852.2	750.9	215.2	47.9	-	2,866.2	-	-	2,866.2	358,901.0
12	Amortization of March 31, 2007 Balance	128.3	52.2	13.9	2.7	-	197.2	-	-	197.2	8,239.0
13	Hedge Loss (Gain) - Variable Cost	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
14	Core Market Administrative Costs - Fixed Cost	23.3	9.5	2.5	0.5	-	35.7	-	-	35.7	1,493.5
15		<u>\$ 2,003.8</u>	<u>\$ 812.6</u>	<u>\$ 231.7</u>	<u>\$ 51.0</u>	<u>\$ -</u>	<u>\$ 3,099.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,099.2</u>	<u>\$ 368,633.6</u>
16											
17											
18	Unit Costs (\$/GJ)										
19	Commodity Costs	\$ 0.3744	\$ 0.3744	\$ 0.3744	\$ 0.3744	\$ 0.3168	\$ 0.3744				
20	Commodity Tolls and Fees	0.0307	0.0307	0.0307	0.0307	0.0305	0.0307				
21	Fixed Costs	0.6594	0.6659	0.5576	0.4048	0.1962	0.6470				
22	Commodity & Demand / GJ	1.0645	1.0710	0.9627	0.8100	0.5434	1.0521				
23	Amortization of March 31, 2007 Balance	0.0738	0.0745	0.0624	0.0453	0.0219	0.0724				
24	Hedge Loss (Gain) - Variable Cost	-	-	-	-	-	-				
25	Core Market Administrative Costs - Fixed Cost	0.0134	0.0135	0.0113	0.0082	0.0040	0.0131				
26		<u>\$ 1.1516</u>	<u>\$ 1.1590</u>	<u>\$ 1.0364</u>	<u>\$ 0.8634</u>	<u>\$ 0.5694</u>	<u>\$ 1.1377</u>				

Tab 2, Table B, Columbia, Page 1.2