



June 7, 2007

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

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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 Second Quarter Report**

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The attached materials provide the Terasen Gas Inc. (“Terasen Gas” or the “Company”) 2007 Second 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 June 1, 2007 forward prices, the June 30, 2007 CCRA balance is projected to be approximately \$37 million surplus (after tax). The CCRA ratio arising from the forward prices at June 1, 2007, the gas purchase cost assumptions, the forecast commodity cost recoveries at present rates, and the projected June 30, 2007 deferral balance is 99.8% (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 June 30, 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 June 30, 2007 is projected to be approximately \$14 million deficit (after tax). Based on the gas purchase cost assumptions, the June 1, 2007 forward prices, and the forecast midstream cost recoveries at present rates, the December 31, 2007 MCRA balance is forecast to be approximately \$23 million deficit (after tax) and the December 31, 2008 MCRA balance is forecast to be approximately \$41 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 1<sup>st</sup> 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 by: Tom Loski*

**For:** 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)  
 June 1, 2007 Forward Curve

Line No.	Particulars	Recorded Previous Qtr (1*) Jan-Mar	2007 Rec Apr	Forec May	Forec Jun	Forec Jul	Forec Aug	Forec Sep	Forec Oct	Forec Nov	2007 Forec Dec	2008 Forec Jan	Forec Feb	Forec Mar	Forec Apr	Forec May	2008 Forec Jun	Total Jul-Jun
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1	<b>CCRA Forecast (at existing rates)</b>																	
2																		
3	CCRA Balance, Beginning - Pre-Tax	\$ (78)	\$ (54)	\$ (54)	\$ (54)	\$ (55)	\$ (57)	\$ (59)	\$ (60)	\$ (60)	\$ (51)	\$ (39)	\$ (26)	\$ (13)	\$ (1)	\$ (0)	\$ 0	\$ (55)
4																		
5	Gas Costs Incurred (Incl. Hedging, etc.)	223	66	70	66	68	68	67	70	76	82	74	69	73	60	62	60	828
6																		
7	Revenue From Commodity Cost Recovery Rates	(199)	(66)	(70)	(67)	(70)	(70)	(67)	(70)	(67)	(70)	(61)	(57)	(61)	(59)	(61)	(59)	(771)
8																		
9	CCRA Balance, Ending - Pre-Tax	<u>\$ (54)</u>	<u>\$ (54)</u>	<u>\$ (54)</u>	<u>\$ (55)</u>	<u>\$ (57)</u>	<u>\$ (59)</u>	<u>\$ (60)</u>	<u>\$ (60)</u>	<u>\$ (51)</u>	<u>\$ (39)</u>	<u>\$ (26)</u>	<u>\$ (13)</u>	<u>\$ (1)</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>
10																		
11	CCRA Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ (36)</u>	<u>\$ (36)</u>	<u>\$ (36)</u>	<u>\$ (37)</u>	<u>\$ (38)</u>	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (34)</u>	<u>\$ (26)</u>	<u>\$ (17)</u>	<u>\$ (9)</u>	<u>\$ (1)</u>	<u>\$ (0)</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
12																		
13	<b>MCRA Forecast (at existing rates)</b>																	
14																		
15	MCRA Balance, Beginning <sup>(1*)</sup>	\$ 38	\$ 23	\$ 10	\$ 14	\$ 21	\$ 36	\$ 51	\$ 63	\$ 65	\$ 54	\$ 34	\$ 15	\$ 8	\$ 0	\$ 5	\$ 18	\$ 21
16																		
17	Gas Costs Incurred (Incl. Hedging, etc.)	301	43	(10)	(22)	(26)	(28)	(14)	15	77	89	108	93	76	16	(7)	(17)	382
18																		
19	Revenue From Commodity Cost Recovery Rates	(316)	(56)	13	29	41	43	26	(13)	(88)	(109)	(127)	(100)	(83)	(11)	19	32	(370)
20																		
21	MCRA Balance, Ending - Pre-Tax	<u>\$ 23</u>	<u>\$ 10</u>	<u>\$ 14</u>	<u>\$ 21</u>	<u>\$ 36</u>	<u>\$ 51</u>	<u>\$ 63</u>	<u>\$ 65</u>	<u>\$ 54</u>	<u>\$ 34</u>	<u>\$ 15</u>	<u>\$ 8</u>	<u>\$ 0</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 33</u>	<u>\$ 33</u>
22																		
23	MCRA Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ 16</u>	<u>\$ 7</u>	<u>\$ 9</u>	<u>\$ 14</u>	<u>\$ 24</u>	<u>\$ 34</u>	<u>\$ 42</u>	<u>\$ 43</u>	<u>\$ 36</u>	<u>\$ 23</u>	<u>\$ 10</u>	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 12</u>	<u>\$ 22</u>	<u>\$ 22</u>
24																		
25	<b>Combined CCRA and MCRA Forecast (at existing rates)</b>																	
26																		
27	Combined Balance, Beginning <sup>(1*)</sup>	\$ (40)	\$ (31)	\$ (44)	\$ (40)	\$ (35)	\$ (22)	\$ (8)	\$ 3	\$ 5	\$ 3	\$ (4)	\$ (11)	\$ (5)	\$ (1)	\$ 5	\$ 18	\$ (35)
28																		
29	Gas Costs Incurred (Incl. Hedging, etc.)	524	109	60	44	42	40	52	85	154	172	181	162	149	76	54	43	1,210
30																		
31	Revenue From Commodity Cost Recovery Rates	(515)	(122)	(56)	(38)	(29)	(27)	(41)	(82)	(156)	(179)	(188)	(157)	(144)	(70)	(41)	(27)	(1,141)
32																		
33	Combined Balance, Ending - Pre-Tax	<u>\$ (31)</u>	<u>\$ (44)</u>	<u>\$ (40)</u>	<u>\$ (35)</u>	<u>\$ (22)</u>	<u>\$ (8)</u>	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ (4)</u>	<u>\$ (11)</u>	<u>\$ (5)</u>	<u>\$ (1)</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 35</u>	<u>\$ 35</u>
34																		
35	Combined Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ (20)</u>	<u>\$ (29)</u>	<u>\$ (27)</u>	<u>\$ (23)</u>	<u>\$ (15)</u>	<u>\$ (6)</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ (3)</u>	<u>\$ (7)</u>	<u>\$ (4)</u>	<u>\$ (1)</u>	<u>\$ 3</u>	<u>\$ 12</u>	<u>\$ 23</u>	<u>\$ 23</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.

**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)**  
**June 1, 2007 Forward Curve**

Line No.	Particulars	12 Month To Jun 30, 2008 Forecast	2008 Forec Jul	2008 Forec Aug	2008 Forec Sep	2008 Forec Oct	2008 Forec Nov	2008 Forec Dec	2009 Forec Jan	2009 Forec Feb	2009 Forec Mar	2009 Forec Apr	2009 Forec May	2009 Forec Jun	12 Month To Jun 30, 2009 Forecast	24 Month To Jun 30, 2009 Forecast
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	<b>CCRA Forecast (at existing rates)</b>															
2																
3	CCRA Balance, Beginning - Pre-Tax	\$ (55)	\$ 2	\$ 4	\$ 6	\$ 8	\$ 11	\$ 18	\$ 27	\$ 39	\$ 50	\$ 60	\$ 57	\$ 54	\$ 2	\$ (55)
4																
5	Gas Costs Incurred (Incl. Hedging, etc.)	828	64	64	62	65	66	71	73	66	72	57	59	57	776	1,604
6																
7	Revenue From Commodity Cost Recovery Rates	(771)	(62)	(62)	(60)	(62)	(60)	(62)	(62)	(56)	(62)	(60)	(62)	(60)	(726)	(1,497)
8																
9	CCRA Balance, Ending - Pre-Tax	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 8</u>	<u>\$ 11</u>	<u>\$ 18</u>	<u>\$ 27</u>	<u>\$ 39</u>	<u>\$ 50</u>	<u>\$ 60</u>	<u>\$ 57</u>	<u>\$ 54</u>	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ 52</u>
10																
11	CCRA Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 8</u>	<u>\$ 12</u>	<u>\$ 19</u>	<u>\$ 27</u>	<u>\$ 34</u>	<u>\$ 41</u>	<u>\$ 39</u>	<u>\$ 37</u>	<u>\$ 35</u>	<u>\$ 35</u>	<u>\$ 35</u>
12																
13	<b>MCRA Forecast (at existing rates)</b>															
14																
15	MCRA Balance, Beginning <sup>(1*)</sup>	\$ 21	\$ 33	\$ 48	\$ 63	\$ 76	\$ 79	\$ 73	\$ 61	\$ 48	\$ 38	\$ 28	\$ 32	\$ 42	\$ 33	\$ 21
16																
17	Gas Costs Incurred (Incl. Hedging, etc.)	382	(23)	(22)	(12)	22	87	96	107	95	77	16	(9)	(16)	419	800
18																
19	Revenue From Commodity Cost Recovery Rates	(370)	37	37	25	(18)	(92)	(109)	(120)	(105)	(87)	(13)	19	32	(394)	(764)
20																
21	MCRA Balance, Ending - Pre-Tax	<u>\$ 33</u>	<u>\$ 48</u>	<u>\$ 63</u>	<u>\$ 76</u>	<u>\$ 79</u>	<u>\$ 73</u>	<u>\$ 61</u>	<u>\$ 48</u>	<u>\$ 38</u>	<u>\$ 28</u>	<u>\$ 32</u>	<u>\$ 42</u>	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ 58</u>
22																
23	MCRA Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ 22</u>	<u>\$ 32</u>	<u>\$ 42</u>	<u>\$ 51</u>	<u>\$ 53</u>	<u>\$ 49</u>	<u>\$ 41</u>	<u>\$ 32</u>	<u>\$ 26</u>	<u>\$ 19</u>	<u>\$ 21</u>	<u>\$ 28</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 39</u>
24																
25	<b>Combined CCRA and MCRA Forecast (at existing rates)</b>															
26																
27	Combined Balance, Beginning <sup>(1*)</sup>	\$ (35)	\$ 35	\$ 51	\$ 69	\$ 84	\$ 90	\$ 91	\$ 88	\$ 87	\$ 88	\$ 88	\$ 89	\$ 96	\$ 35	\$ (35)
28																
29	Gas Costs Incurred (Incl. Hedging, etc.)	1,210	41	42	50	87	153	168	180	161	149	73	50	41	1,194	2,405
30																
31	Revenue From Commodity Cost Recovery Rates	(1,141)	(24)	(24)	(35)	(80)	(152)	(170)	(182)	(161)	(149)	(72)	(42)	(28)	(1,120)	(2,261)
32																
33	Combined Balance, Ending - Pre-Tax	<u>\$ 35</u>	<u>\$ 51</u>	<u>\$ 69</u>	<u>\$ 84</u>	<u>\$ 90</u>	<u>\$ 91</u>	<u>\$ 88</u>	<u>\$ 87</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 89</u>	<u>\$ 96</u>	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ 109</u>
34																
35	Combined Balance, Ending - After Tax <sup>(2*)</sup>	<u>\$ 24</u>	<u>\$ 35</u>	<u>\$ 47</u>	<u>\$ 57</u>	<u>\$ 61</u>	<u>\$ 62</u>	<u>\$ 60</u>	<u>\$ 59</u>	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 65</u>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ 74</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.

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS  
SUMAS INDEX FORECAST FOR THE PERIOD ENDING JUNE 30, 2009  
AND US DOLLAR EXCHANGE RATE FORECAST UPDATE

Line No.	Particulars	April 1, 2007	July 1, 2007	July 1, 2007
		Trigger Test February 28, 2007	Trigger Test June 1, 2007	Trigger Test April 1, 2007
		Forward Prices	Forward Prices	Forecast
		(Existing Tariff Rates)	(Quarterly Test Rates)	Difference
	(1)	(2)	(3)	(4)
1	<b>Sumas Index Prices - \$US/MMBTU</b>	<b>Jan 2007-Mar 2009</b>	<b>Jan 2007-Jun 2009</b>	
2	January 2007	\$ 6.41	\$ 6.41	\$ -
3	February	\$ 6.98	\$ 6.98	-
4	March	\$ 7.17	\$ 7.15	(0.02)
5	April	\$ 6.65	\$ 6.60	(0.05)
6	May	\$ 6.76	\$ 6.74	Rec. (0.01)
7	June	\$ 6.86	\$ 6.86	Proj. 0.00
8	July	\$ 6.96	\$ 6.88	Forec. (0.08)
9	August	\$ 7.06	\$ 6.99	(0.07)
10	September	\$ 7.11	\$ 7.10	(0.02)
11	October	\$ 7.21	\$ 7.32	0.11
12	November	\$ 7.95	\$ 8.42	0.47
13	December	\$ 8.51	\$ 9.11	0.59
14	<b>Simple Average (Jan, 2007 - Dec, 2007)</b>	<b>\$ 7.14</b>	<b>\$ 7.21</b>	1.0% \$ 0.07
15	<b>Simple Average (Apr, 2007 - Mar, 2008)</b>	<b>\$ 7.61</b>	<b>\$ 7.84</b>	3.0% \$ 0.23
16	<b>Simple Average (Jul, 2007 - Jun, 2008)</b>	<b>\$ 7.69</b>	<b>\$ 8.09</b>	5.2% \$ 0.40
17	<b>Simple Average (Oct, 2007 - Sep, 2008)</b>	<b>\$ 7.74</b>	<b>\$ 8.33</b>	7.6% \$ 0.59
18	January 2008	\$ 8.82	\$ 9.45	\$ 0.63
19	February	\$ 8.81	\$ 9.45	0.63
20	March	\$ 8.59	\$ 9.22	0.63
21	April	\$ 7.17	\$ 7.77	0.60
22	May	\$ 7.05	\$ 7.67	0.63
23	June	\$ 7.10	\$ 7.76	0.66
24	July	\$ 7.16	\$ 7.86	0.70
25	August	\$ 7.22	\$ 7.93	0.71
26	September	\$ 7.27	\$ 7.97	0.70
27	October	\$ 7.37	\$ 8.08	0.71
28	November	\$ 8.04	\$ 8.82	0.78
29	December	\$ 8.50	\$ 9.29	0.80
30	<b>Simple Average (Jan, 2008 - Dec, 2008)</b>	<b>\$ 7.76</b>	<b>\$ 8.44</b>	8.8% \$ 0.68
31	<b>Simple Average (Apr, 2008 - Mar, 2009)</b>	<b>\$ 7.74</b>	<b>\$ 8.46</b>	9.3% \$ 0.72
32	<b>Simple Average (Jul, 2008 - Jun, 2009)</b>		<b>\$ 8.42</b>	8.8% \$ 0.68
33	<b>Simple Average (Oct, 2008 - Sep, 2009)</b>			
34	January 2009	\$ 8.73	\$ 9.57	\$ 0.84
35	February	\$ 8.73	\$ 9.56	0.83
36	March	\$ 8.51	\$ 9.30	0.79
37	April		\$ 7.58	0.42
38	May		\$ 7.48	0.43
39	June		\$ 7.56	0.47
40				
41				
42				
43				
44	<b>Conversion Factors</b>		<b>Forecast July 2007-June 2008</b>	
42	Exchange Rate \$US/\$CA	0.8766	0.9447	0.068
43	Exchange Rate \$CA/\$US	1.1408	1.0586	-7.2% (0.082)
44	GJ/MMBTU	1.055056	1.055056	
45	Exchange Rate \$CA/\$US - May 2007	Current Month	1.0604	-7.0% (0.080)

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS  
 AECO INDEX PROJECTIONS  
 FOR THE PERIOD ENDING JUNE 30, 2009

Line No.	Particulars	April 1, 2007	July 1, 2007	July 1, 2007	
		Trigger Test	Trigger Test	Trigger Test	
		February 28, 2007	June 1, 2007	June 1, 2007	April 1, 2007
		Forward Prices	Forward Prices	Forward Prices	Forecast
		(Existing Tariff Rates)	(Quarterly Test Rates)		Difference
	(1)	(2)	(3)		(4)
1	<b>AECO - \$CA/GJ</b>	<b>Jan 2007-Mar 2009</b>	<b>Jan 2007-Jun 2009</b>		
2	January 2007	\$ 6.92	\$ 6.92		\$ -
3	February	\$ 6.86	\$ 6.86		-
4	March	\$ 7.43	\$ 7.42		(0.01)
5	April	\$ 7.15	\$ 7.02		(0.13)
6	May	\$ 7.27	\$ 7.09	Rec.	(0.18)
7	June	\$ 7.38	\$ 6.86	Proj.	(0.52)
8	July	\$ 7.50	\$ 6.67	Forec.	(0.83)
9	August	\$ 7.56	\$ 6.77		(0.79)
10	September	\$ 7.62	\$ 6.88		(0.74)
11	October	\$ 7.73	\$ 7.05		(0.68)
12	November	\$ 8.06	\$ 7.72		(0.33)
13	December	\$ 8.68	\$ 8.41		(0.27)
14	Simple Average (Jan, 2007 - Dec, 2007)	\$ 7.51	\$ 7.14	-4.9%	\$ (0.37)
15	Simple Average (Apr, 2007 - Mar, 2008)	\$ 7.97	\$ 7.54	-5.4%	\$ (0.43)
16	Simple Average (Jul, 2007 - Jun, 2008)	\$ 8.06	\$ 7.68	-4.7%	\$ (0.38)
17	Simple Average (Oct, 2007 - Sep, 2008)	\$ 8.10	\$ 7.92	-2.2%	\$ (0.18)
18	January 2008	\$ 9.02	\$ 8.76		\$ (0.26)
19	February	\$ 8.97	\$ 8.76		(0.22)
20	March	\$ 8.73	\$ 8.53		(0.21)
21	April	\$ 7.68	\$ 7.58		(0.10)
22	May	\$ 7.55	\$ 7.47		(0.08)
23	June	\$ 7.60	\$ 7.56		(0.05)
24	July	\$ 7.68	\$ 7.66		(0.02)
25	August	\$ 7.74	\$ 7.73		(0.01)
26	September	\$ 7.80	\$ 7.77		(0.02)
27	October	\$ 7.91	\$ 7.88		(0.03)
28	November	\$ 8.14	\$ 8.14		0.00
29	December	\$ 8.64	\$ 8.61		(0.03)
30	Simple Average (Jan, 2008 - Dec, 2008)	\$ 8.12	\$ 8.04	-1.0%	\$ (0.08)
31	Simple Average (Apr, 2008 - Mar, 2009)	\$ 8.09	\$ 8.07	-0.2%	\$ (0.02)
32	Simple Average (Jul, 2008 - Jun, 2009)		\$ 8.02	-0.9%	\$ (0.07)
33	Simple Average (Oct, 2008 - Sep, 2009)				
34	January 2009	\$ 8.89	\$ 8.89		\$ (0.00)
35	February	\$ 8.83	\$ 8.88		0.04
36	March	\$ 8.60	\$ 8.62		0.02
37	April		\$ 7.39		(0.29)
38	May		\$ 7.27		(0.28)
39	June		\$ 7.35		(0.25)

TERASEN GAS INC. - LM, INLAND AND COLUMBIA SERVICE AREAS  
 STATION NO. 2 INDEX PROJECTIONS  
 FOR THE PERIOD ENDING JUNE 30, 2009

Line No.	Particulars	April 1, 2007	July 1, 2007	July 1, 2007
		Trigger Test February 28, 2007 Forward Prices (Existing Tariff Rates)	Trigger Test June 1, 2007 Forward Prices (Quarterly Test Rates)	Trigger Test Less April 1, 2007 Forecast Difference
	(1)	(2)	(3)	(4)
1	<b>Station No. 2 - \$CA/GJ</b>	<b>Jan 2007-Mar 2009</b>	<b>Jan 2007-Jun 2009</b>	
2	January 2007	\$ 6.17	\$ 6.17	\$ -
3	February	\$ 7.08	\$ 7.08	-
4	March	\$ 6.73	\$ 7.10	0.37
5	April	\$ 6.89	\$ 6.79	(0.10)
6	May	\$ 7.01	\$ 6.69	Rec. (0.32)
7	June	\$ 7.12	\$ 6.56	Proj. (0.56)
8	July	\$ 7.24	\$ 6.45	Forec. (0.79)
9	August	\$ 7.31	\$ 6.55	(0.76)
10	September	\$ 7.37	\$ 6.66	(0.71)
11	October	\$ 7.48	\$ 6.83	(0.65)
12	November	\$ 8.02	\$ 7.73	(0.29)
13	December	\$ 8.64	\$ 8.42	(0.22)
14	Simple Average (Jan, 2007 - Dec, 2007)	\$ 7.25	\$ 6.92	-4.6% \$ (0.33)
15	Simple Average (Apr, 2007 - Mar, 2008)	\$ 7.81	\$ 7.40	-5.2% \$ (0.41)
16	Simple Average (Jul, 2007 - Jun, 2008)	\$ 7.90	\$ 7.57	-4.2% \$ (0.33)
17	Simple Average (Oct, 2007 - Sep, 2008)	\$ 7.96	\$ 7.82	-1.8% \$ (0.14)
18	January 2008	\$ 8.98	\$ 8.77	\$ (0.21)
19	February	\$ 8.93	\$ 8.77	(0.16)
20	March	\$ 8.69	\$ 8.54	(0.15)
21	April	\$ 7.46	\$ 7.41	(0.05)
22	May	\$ 7.33	\$ 7.30	(0.03)
23	June	\$ 7.38	\$ 7.39	0.01
24	July	\$ 7.45	\$ 7.49	0.04
25	August	\$ 7.52	\$ 7.56	0.04
26	September	\$ 7.58	\$ 7.60	0.02
27	October	\$ 7.69	\$ 7.71	0.02
28	November	\$ 8.15	\$ 8.14	(0.01)
29	December	\$ 8.65	\$ 8.61	(0.04)
30	Simple Average (Jan, 2008 - Dec, 2008)	\$ 7.98	\$ 7.94	-0.5% \$ (0.04)
31	Simple Average (Apr, 2008 - Mar, 2009)	\$ 7.96	\$ 7.97	0.1% \$ 0.01
32	Simple Average (Jul, 2008 - Jun, 2009)		\$ 7.91	-0.6% \$ (0.05)
33	Simple Average (Oct, 2008 - Sep, 2009)			
34	January 2009	\$ 8.91	\$ 8.89	\$ (0.02)
35	February	\$ 8.84	\$ 8.88	0.04
36	March	\$ 8.61	\$ 8.62	0.01
37	April		\$ 7.21	(0.25)
38	May		\$ 7.09	(0.24)
39	June		\$ 7.17	(0.21)

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12:12

**TERASEN GAS INC.**  
**COMBINED CCRA AND MCRA RECOVERY - TO - COST RATIOS**  
**FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008**

**June 1, 2007 Forward Curve**  
**Recorded Balances to April 30, 2007**

Line No.	Particulars	Balances
	(1)	(2)
1	<b><u>CCRA Rate Change Trigger Mechanism</u></b>	<b><u>\$(millions)</u></b>
2	Forecast Recovered Gas Costs per BCUC Guidelines (July 2007 - June 2008) (Tab 1, Page 1, Col. 18, Line 7)	\$ 771
3		
4	Total Recovered Gas Costs (July 2007 - June 2008)	<u>\$ 771</u>
5		
6	Forecast 12-month Gas Supply Cost (July 2007 - June 2008) (Tab 1, Page 1, Col.18, Line 5)	\$ 828
7		
8	Projected CCRA Grossed-up After Tax Balance (at June 30, 2007) (Tab 1, Page 1, Col. 5, Line 9)	<u>(55)</u>
9	Total Gas Cost - Trigger Mechanism Denominator	<u>\$ 773</u>
10		
11	CCRA Trigger Mechanism Ratio	\$ 771 / \$ 773 = <u>99.8%</u>
12		
13		
14		
15		
16	<b><u>MCRA Ratio</u></b>	<b><u>\$(millions)</u></b>
17	Forecast Recovered Gas Costs per BCUC Guidelines (July 2007 - June 2008) (Tab 1, Page 1, Col. 18, Line 19)	\$ 370
18		
19	Total Recovered Gas Costs (July 2007 - June 2008)	<u>\$ 370</u>
20		
21	Forecast 12-month Gas Supply Cost (July 2007 - June 2008) (Tab 1, Page 1, Col. 18, Line 17)	\$ 382
22		
23	MCRA Grossed-up After Tax Balance (at June 30, 2007) (Tab 1, Page 1, Col. 5, Line 21)	<u>21</u>
24	Total Gas Cost - Denominator	<u>\$ 403</u>
25		
26	MCRA Ratio	\$ 370 / \$ 403 = <u>91.8%</u>
27		
28		
29		
30		
31	<b><u>COMBINED CCRA and MCRA RATIOS</u></b>	<b><u>\$(millions)</u></b>
32	Forecast Recovered Gas Costs per BCUC Guidelines (July 2007 - June 2008) (Tab 1, Page 1, Col. 18, Line 31)	\$ 1,141
33		
34	Total Recovered Gas Costs (July 2007 - June 2008)	<u>\$ 1,141</u>
35		
36	Forecast 12-month Gas Supply Cost (July 2007 - June 2008) (Tab 1, Page 1, Col. 18, Line 29)	\$ 1,210
37		
38	Combined CCRA and MCRA Grossed-up After Tax Balance (at June 30, 2007) (Tab 1, Page 1, Col. 5, Line 33)	<u>(35)</u>
39	Total Gas Cost - Denominator	<u>\$ 1,176</u>
40		
41	Combined CCRA and MCRA Ratio	\$ 1,141 / \$ 1,176 = <u>97.0%</u>
42		
43		
44		
45		
46		
47	Note: Slight differences in totals due to rounding.	



# GAS BUDGET COST SUMMARY

July 1, 2007 to June 30, 2008

ITEM	TJ's Delivered	\$ ,000	\$/GJ	COMMENTS
<b>TOTAL</b>		<b>\$941,298</b>		
<b>A) TERM PURCHASE</b>				
				Priced Based on 100% Monthly Forward
<b>TOTAL</b>	<b>37,701.6</b>	<b>\$289,971</b>	<b>\$7.691</b>	Invoice incl. Fuel to LML/EKE
Sumas	7,722.6	\$63,094	\$8.170	Includes Kingsgate/Stanfield/SIPI
Station #2	18,666.0	\$139,975	\$7.499	50% priced at AECO + basis
AECO	11,313.0	\$86,902	\$7.682	
<b>B) SEASONAL</b>	<b>TOTAL</b>	<b>88,287.5</b>	<b>\$683,085</b>	<b>\$7.737</b>
Sumas	19,535.3	\$169,861	\$8.695	Includes Kingsgate/Stanfield/SIPI
Station #2	63,262.2	\$471,043	\$7.446	
AECO	5,490.0	\$42,181	\$7.683	
<b>C) PEAKING/SPOT</b>	<b>TOTAL</b>	<b>8,051.0</b>	<b>\$61,578</b>	<b>\$7.648</b>
Sumas	236.0	\$2,578	\$10.925	Daily priced-assumed at 1.5 * month price
Station #2	7,815.0	\$58,999	\$7.549	
AECO	0.0	\$0		
<b>D) HEDGING (GAIN)/LOSS</b>				
<b>TOTAL</b>		<b>\$52,146</b>		
Sumas		N/A		
AECO		N/A		Includes coverage of Stn#2 AECO Deals
Basis (Sumas-NYMEX)		N/A		
<b>E) TRANSPORTATION</b>				
				Terasen Gas-held only - Includes variable cost & fuel
<b>TOTAL</b>		<b>\$89,520</b>		
WEI	165,710.0	\$74,821	\$0.452	90% T-South
NOVA/ANG	47,815.0	\$9,083	\$0.190	
NWP	7,550.0	\$5,616	\$0.744	
<b>F) STORAGE GAS COMMODITY</b>				
				Net Cost (Includes variable cost & fuel)
<b>TOTAL</b>	<b>1,046.0</b>	<b>\$41,893</b>		
<b>(I) Injection credit of term costs</b>				
B.C. (Aitken)	(20,491.0)	(\$149,716)	\$7.306	Credit of variable cost of term gas to withdrawal period
Alberta (Carbon)	(3,118.0)	(\$22,578)	\$7.241	
Downstream (JP/Mist)	(7,674.0)	(\$60,864)	\$7.931	
<b>TOTAL</b>	<b>(31,283.0)</b>	<b>(\$233,158)</b>	<b>\$7.453</b>	
<b>(II) Withdrawal Cost</b>				
B.C. (Aitken)	19,559.0	\$140,592	\$7.188	Includes LNG
Alberta (Carbon)	2,952.0	\$20,175	\$6.834	
Downstream (JP/Mist)	9,818.0	\$78,964	\$8.043	
<b>TOTAL</b>	<b>32,329.0</b>	<b>\$239,731</b>	<b>\$7.415</b>	
<b>(III) Storage Demand Charges (fixed only)</b>				
B.C. (Aitken)		\$18,964		Includes LNG
Alberta (Carbon)		\$1,326		
Downstream (JP/Mist/SoCal)		\$15,030		
<b>TOTAL</b>		<b>\$35,320.3</b>		
<b>G) MITIGATION ACTIVITIES</b>				
<b>TOTAL</b>		<b>(\$280,028)</b>		
Resale Commodity	(30,881.3)	(\$269,980)	\$8.743	Both on/off-system sales of surplus term & storage gas
Mitigation of Assets		(\$10,047)		(Note #1) Includes transportation & Storage
<b>H) OTHER COSTS</b>				
<b>TOTAL</b>		<b>\$3,134</b>		
Company Use Fuel	278.5			Company Use, Heater Fuel, Compressor Fuel
Terasen Gas Admin		\$2,134		
GSMIP		\$1,000		
Fuel in Kind	(4,006.6)			

**June 1st Forward Prices**

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

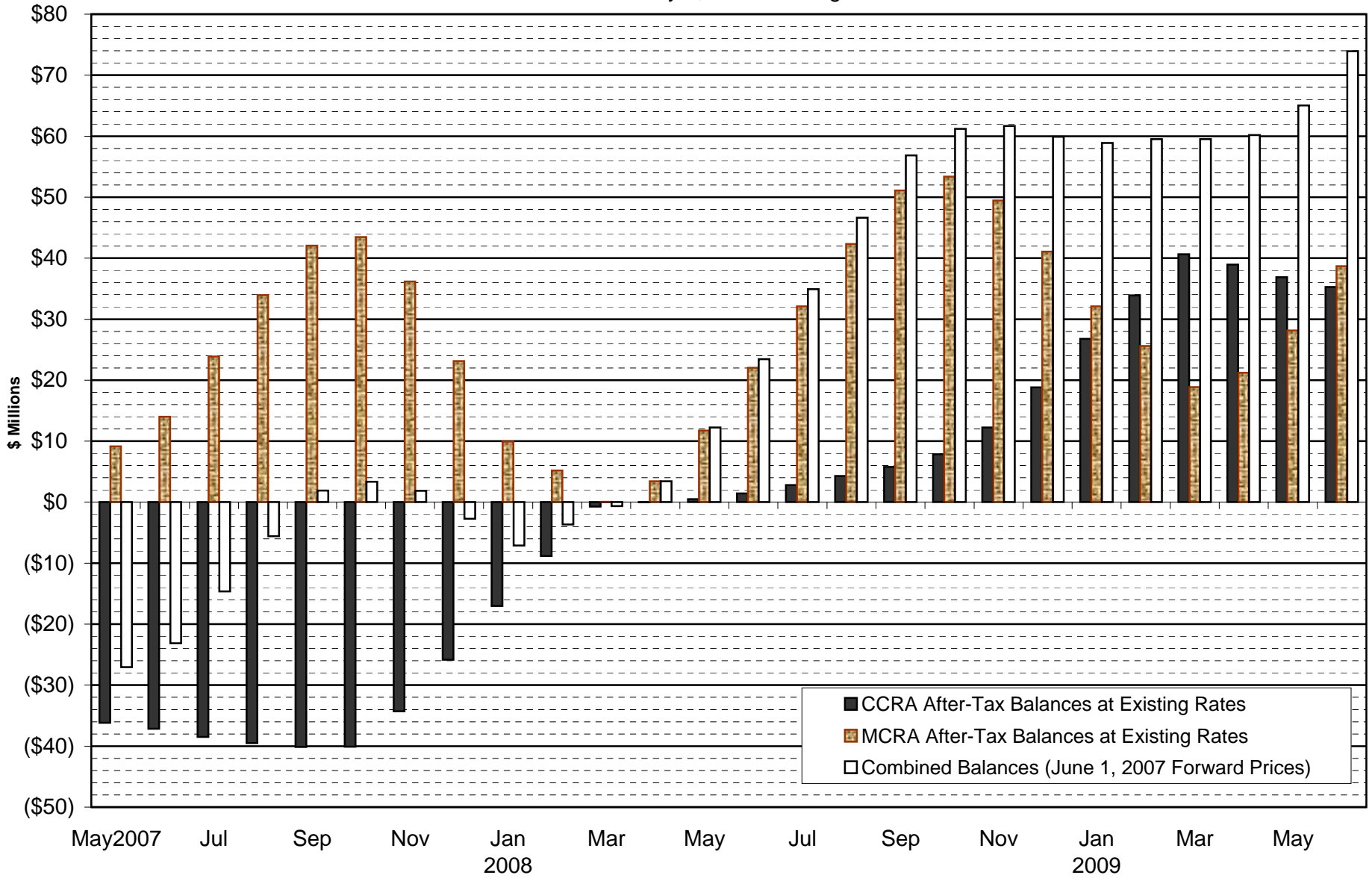
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**TERASEN GAS INC.**  
**RECONCILIATION OF GAS COSTS INCURRED**  
**FOR THE TWELVE MONTHS ENDING JUNE 30, 2008**  
**(Forecast based on June 1, 2007 Forward Prices)**  
**\$(Millions)**

Tab 1  
Page 7

Line No.	Particulars (1)	CCRA/MCRA Deferral Acct Forecast (2)	Gas Budget Cost Summary (3)
1	<b>Gas Cost Incurred - CCRA/MCRA</b>		
2	12 Months Forecast to June 30, 2008		
3	(Tab 1, Page 1, Column 18, Line 29)	\$ 1,210	
4			
5	<b>Gas Budget Cost Summary</b>		
6	Total Net Costs for Firm Customers		\$ 941
7			
8	<b>Add Back Off-System Sales</b>		
9	Cost		215
10	Margin		41
11			
12	<b>Add Back On-System Sales</b>		
13	Cost (Rate 14)		13
14	Margin (Rate 14)		1
15			
16			
17			-
18			
19	Rounding		(1)
20			
21	<b>Reconciled Total Gas Costs Incurred</b>		
22	CCRA/ MCRA 12 Month Forecast	<u>\$ 1,210</u>	<u>\$ 1,210</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 April 30, 2007 and Estimate to June 30, 2009  
 At The January 1, 2007 Existing Rates



TERASEN GAS INC. - LOWER MAINLAND SERVICE AREA/  
 LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCR/  
 FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008  
 \$000

TAB 2  
 TABLE A  
 LOWER MAINLAND  
 PAGE 1  
 June 1, 2007 Forward Pricing  
 July 1, 2007 - June 30, 2008 FI.

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Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales	Total LM Sales
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Rate 7	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<b>SUMMARY</b>									
2										
3										
4	<b>Sales Volume (TJ)</b>	51,121.4	12,136.4	9,660.4	3,141.8	144.0	76,204.0	80.0	37.9	76,321.9
5										
6										
7	<b>Gas Purchase Costs - \$000</b>									
8	Commodity Costs	\$ 393,975.5	\$ 93,531.2	\$ 74,449.5	\$ 24,212.8	\$ 1,109.8	\$ 587,278.6	\$ 22.5	\$ 288.2	\$ 587,589.3
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	393,975.5	93,531.2	74,449.5	24,212.8	1,109.8	587,278.6	22.5	288.2	587,589.3
12	Unamortized Deficit (Surplus)	(28,184.1)	(6,691.0)	(5,325.9)	(1,732.1)	(79.4)	(42,012.6)	(1.6)		(42,014.2)
13	Hedge Loss (Gain) - Variable Cost	26,501.7	6,291.6	5,008.0	1,628.7	74.7	39,504.8	1.5		39,506.3
14	Core Market Administrative Costs - Fixed Cost	336.0	80.6	53.7	12.7	0.3	483.3	-	-	483.3
15		<u>\$ 392,629.1</u>	<u>\$ 93,212.3</u>	<u>\$ 74,185.2</u>	<u>\$ 24,122.1</u>	<u>\$ 1,105.3</u>	<u>\$ 585,254.0</u>	<u>\$ 22.4</u>	<u>\$ 288.2</u>	<u>\$ 585,564.6</u>
16										
17										
18	<b>Unit Costs (\$/GJ)</b>									
19	Commodity Costs	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067			
20	Commodity Tolls and Fees	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000			
21	Fixed Costs	-	-	-	-	-	-			
22	Commodity & Demand / GJ	7.7067	7.7067	7.7067	7.7067	7.7067	7.7067			
23	Unamortized Deficit (Surplus)	(0.5513)	(0.5513)	(0.5513)	(0.5513)	(0.5513)	(0.5513)			
24	Hedge Loss (Gain) - Variable Cost	0.5184	0.5184	0.5184	0.5184	0.5184	0.5184			
25	Core Market Administrative Costs - Fixed Cost	0.0066	0.0066	0.0056	0.0040	0.0020	0.0063			
26		<u>\$ 7.6803</u>	<u>\$ 7.6804</u>	<u>\$ 7.6793</u>	<u>\$ 7.6778</u>	<u>\$ 7.6758</u>	<u>\$ 7.6801</u>			

Tab 2, Table A, Lower Mainland, Page 1

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**TERASEN GAS INC. - INLAND SERVICE AREA**  
**LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCRA**  
**FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008**  
**\$000**

TAB 2  
TABLE A  
INLAND  
PAGE 1.1  
June 1, 2007 Forward Pricing  
July 1, 2007 - June 30, 2008 FI.

Line No.	Particulars	Residential	Commercial			General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales	Total	Total Sales
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6	Rate 4		Rate 7	Inland	LM & ING	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	<b>SUMMARY</b>											
2												
3												
4	Sales Volume (TJ)	15,611.1	4,125.1	1,674.6	604.1	22.8	22,037.7	81.3	20.5	22,139.5	98,461.4	
5												
6												
7	<b>Gas Purchase Costs - \$000</b>											
8	Commodity Costs	\$ 120,309.5	\$ 31,790.8	\$ 12,905.6	\$ 4,655.6	\$ 175.7	\$ 169,837.2	\$ 68.8	\$ 155.9	\$ 170,061.8	\$ 757,651.1	
9	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	-	
10	Fixed Costs	-	-	-	-	-	-	-	-	-	-	
11	Total Commodity & Demand	120,309.5	31,790.8	12,905.6	4,655.6	175.7	169,837.2	68.8	155.9	170,061.8	757,651.1	
12	Unamortized Deficit (Surplus)	(8,604.9)	(2,273.8)	(923.1)	(333.0)	(12.6)	(12,147.3)	(4.9)	-	(12,152.2)	(54,166.5)	
13	Hedge Loss (Gain) - Variable Cost	8,092.9	2,138.5	868.1	313.2	11.8	11,424.5	4.6	-	11,429.1	50,935.4	
14	Core Market Administrative Costs - Fixed Cost	102.6	27.4	9.3	2.4	0.0	141.8	-	-	141.8	625.0	
15		<u>\$ 119,900.1</u>	<u>\$ 31,682.8</u>	<u>\$ 12,860.0</u>	<u>\$ 4,638.2</u>	<u>\$ 175.0</u>	<u>\$ 169,256.1</u>	<u>\$ 68.5</u>	<u>\$ 155.9</u>	<u>\$ 169,480.5</u>	<u>\$ 755,045.1</u>	
16												
17												
18	<b>Unit Costs (\$/GJ)</b>											
19	Commodity Costs	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067				
20	Commodity Tolls and Fees	-	-	-	-	-	-	-				
21	Fixed Costs	-	-	-	-	-	-	-				
22	Commodity & Demand / GJ	7.7067	7.7067	7.7067	7.7067	7.7067	7.7067	7.7067				
23	Unamortized Deficit (Surplus)	(0.5512)	(0.5512)	(0.5512)	(0.5512)	(0.5512)	(0.5512)	(0.5512)				
24	Hedge Loss (Gain) - Variable Cost	0.5184	0.5184	0.5184	0.5184	0.5184	0.5184	0.5184				
25	Core Market Administrative Costs - Fixed Cost	0.0066	0.0066	0.0056	0.0040	0.0020	0.0064					
26		<u>\$ 7.6804</u>	<u>\$ 7.6805</u>	<u>\$ 7.6794</u>	<u>\$ 7.6779</u>	<u>\$ 7.6759</u>	<u>\$ 7.6803</u>					

Tab 2, Table A, Inland, Page 1.1

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**TERASEN GAS INC. - COLUMBIA SERVICE AREA**  
**LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - CCRA**  
**FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008**  
**\$000**

TAB 2  
TABLE A  
COLUMBIA  
PAGE 1.2  
June 1, 2007 Forward Pricing  
July 1, 2007 - June 30, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales	Total Columbia	Total Sales LM, Inl & Col
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Rate 7	Sales	Serv. Areas
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>SUMMARY</b>										
2											
3											
4	<b>Sales Volume (TJ)</b>	1,596.1	510.8	168.8	59.1	-	2,334.8	-	-	2,334.8	100,796.2
5											
6											
7	<b>Gas Purchase Costs - \$000</b>										
8	Commodity Costs	\$ 12,300.6	\$ 3,936.6	\$ 1,300.9	\$ 455.5	\$ -	\$ 17,993.5	\$ -	\$ -	\$ 17,993.5	\$ 775,644.6
9	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	-
10	Fixed Costs	-	-	-	-	-	-	-	-	-	-
11	Total Commodity & Demand	12,300.6	3,936.6	1,300.9	455.5	-	17,993.5	-	-	17,993.5	775,644.6
12	Unamortized Deficit (Surplus)	(880.0)	(281.6)	(93.1)	(32.6)	-	(1,287.2)	-	-	(1,287.2)	(55,453.7)
13	Hedge Loss (Gain) - Variable Cost	827.4	264.8	87.5	30.6	-	1,210.4	-	-	1,210.4	52,145.8
14	Core Market Administrative Costs - Fixed Cost	10.5	3.4	0.9	0.2	-	15.1	-	-	15.1	640.1
15		<u>\$ 12,258.6</u>	<u>\$ 3,923.1</u>	<u>\$ 1,296.3</u>	<u>\$ 453.8</u>	<u>\$ -</u>	<u>\$ 17,931.7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,931.7</u>	<u>\$ 772,976.8</u>
16											
17											
18	<b>Unit Costs (\$/GJ)</b>										
19	Commodity Costs	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ 7.7067	\$ -	\$ -	\$ 7.7067	
20	Commodity Tolls and Fees	-	-	-	-	-	-	-	-	-	
21	Fixed Costs	-	-	-	-	-	-	-	-	-	
22	Commodity & Demand / GJ	7.7067	7.7067	7.7067	7.7067	7.7067	7.7067	-	-	7.7067	
23	Unamortized Deficit (Surplus)	(0.5513)	(0.5513)	(0.5513)	(0.5513)	(0.5512)	(0.5513)	-	-	(0.5513)	
24	Hedge Loss (Gain) - Variable Cost	0.5184	0.5184	0.5184	0.5184	0.5184	0.5184	-	-	0.5184	
25	Core Market Administrative Costs - Fixed Cost	0.0066	0.0066	0.0056	0.0040	0.0020	0.0064	-	-	0.0064	
26		<u>\$ 7.6803</u>	<u>\$ 7.6804</u>	<u>\$ 7.6793</u>	<u>\$ 7.6778</u>	<u>\$ 7.6759</u>	<u>\$ 7.6802</u>				

Tab 2, Table A, Columbia, Page 1.2

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TERASEN GAS INC. - LOWER MAINLAND SERVICE AREA  
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA  
FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008  
\$000

TAB 2  
TABLE B  
LOWER MAINLAND  
PAGE 1  
June 1, 2007 Forward Pricing  
July 1, 2007 - June 30, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales		Off-System Sales	Total LM Sales
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Rate 7	Rate 14 (Rate 10)	(11)	(12)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	<b>SUMMARY</b>											
2												
3												
4	<b>Sales Volume (TJ)</b>	55,621.5	16,739.7	12,422.6	3,141.8	144.0	88,069.7	80.0	37.9	1,487.5	29,109.7	118,784.7
5												
6												
7	<b>Gas Purchase Costs - \$000</b>											
8	Commodity Costs	\$ 17,314.1	\$ 5,210.8	\$ 3,867.0	\$ 978.0	\$ 44.8	\$ 27,414.7	\$ 0.6	\$ 0.3	\$ 10,942.3	\$ 212,342.7	\$ 250,700.6
9	Commodity Tolls and Fees	596.2	179.4	133.2	33.7	1.5	944.1	0.4	0.2	128.0	3,043.6	4,116.3
10	Fixed Costs	34,915.3	10,611.8	6,595.1	1,210.9	27.8	53,360.8	-	-	-	-	53,360.8
11	Total Commodity & Demand	52,825.7	16,002.0	10,595.2	2,222.6	74.1	81,719.6	1.1	0.5	11,070.3	215,386.3	308,177.8
12	Amortization of June 30, 2007 Balance	10,324.7	3,138.0	1,950.2	358.1	8.2	15,779.2	-	0.0	0.0	0.0	15,779.2
13	Hedge Loss (Gain) - Variable Cost								0.0	0.0	0.0	
14	Core Market Administrative Costs - Fixed Cost	737.1	224.0	139.2	25.6	0.6	1,126.5	-	-	-	-	1,126.5
15		<u>\$ 63,887.5</u>	<u>\$ 19,364.0</u>	<u>\$ 12,684.7</u>	<u>\$ 2,606.3</u>	<u>\$ 82.9</u>	<u>\$ 98,625.4</u>	<u>\$ 1.1</u>	<u>\$ 0.5</u>	<u>\$ 11,070.3</u>	<u>\$ 215,386.3</u>	<u>\$ 325,083.6</u>
16												
17												
18	<b>Unit Costs (\$/GJ)</b>											
19	Commodity Costs	\$ 0.3113	\$ 0.3113	\$ 0.3113	\$ 0.3113	\$ 0.3113	\$ 0.3113					
20	Commodity Tolls and Fees	0.0107	0.0107	0.0107	0.0107	0.0107	0.0107					
21	Fixed Costs	0.6277	0.6339	0.5309	0.3854	0.1927	0.6059					
22	Commodity & Demand / GJ	0.9497	0.9559	0.8529	0.7074	0.5147	0.9279					
23	Amortization of June 30, 2007 Balance	0.1856	0.1875	0.1570	0.1140	0.0570	0.1792					
24	Hedge Loss (Gain) - Variable Cost	-	-	-	-	-	-					
25	Core Market Administrative Costs - Fixed Cost	0.0133	0.0134	0.0112	0.0081	0.0041	0.0128					
26		<u>\$ 1.1486</u>	<u>\$ 1.1568</u>	<u>\$ 1.0211</u>	<u>\$ 0.8295</u>	<u>\$ 0.5758</u>	<u>\$ 1.1199</u>					

Tab 2, Table B, Lower Mainland, Page 1

TERASEN GAS INC. - INLAND SERVICE AREA  
 LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA  
 FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008  
 \$000

TAB 2

TABLE B

INLAND

PAGE 1.1

June 1, 2007 Forward Pricing  
 July 1, 2007 - June 30, 2008 FI.

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Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales		Columbia	Total ING	Total Sales
		Rate 1	Rate 2	Rate 3	Rate 5	Rate 6		Rate 4	Rate 7	Rate 14		Sales	LM & ING
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(8)	(9)	(10)	(11)	(12)
1	<b>SUMMARY</b>												
2													
3													
4	Sales Volume (TJ)	17,002.7	5,660.6	2,187.2	604.1	22.8	25,477.4	81.3	20.5	284.1	0.0	25,863.3	144,648.0
5													
6													
7	<b>Gas Purchase Costs - \$000</b>												
8	Commodity Costs	\$ 5,565.7	\$ 1,852.9	\$ 716.0	\$ 197.7	\$ 7.5	\$ 8,339.8	\$ 2.0	\$ 0.5	\$ 2,094.6	\$ -	\$ 10,436.9	\$ 261,137.5
9	Commodity Tolls and Fees	182.4	60.7	23.5	6.5	0.2	273.4	0.4	0.1	24.5	-	298.5	4,414.8
10	Fixed Costs	10,190.9	3,426.3	1,108.7	222.3	4.1	14,952.2	-	-	-	-	14,952.2	68,313.1
11	Total Commodity & Demand	15,939.0	5,339.9	1,848.2	426.5	11.8	23,565.4	2.4	0.6	2,119.2	-	25,687.6	333,865.4
12	Amortization of June 30, 2007 Balance	3,162.4	1,063.2	344.1	69.0	1.3	4,640.0	-	0.0	0.0	0.0	4,640.0	20,419.2
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	225.8	75.9	24.6	4.9	0.1	331.3	-	-	-	-	331.3	1,457.8
15		<u>\$ 19,327.2</u>	<u>\$ 6,479.1</u>	<u>\$ 2,216.8</u>	<u>\$ 500.5</u>	<u>\$ 13.2</u>	<u>\$ 28,536.7</u>	<u>\$ 2.4</u>	<u>\$ 0.6</u>	<u>\$ 2,119.2</u>	<u>\$ -</u>	<u>\$ 30,658.8</u>	<u>\$ 355,742.4</u>
16													
17													
18	<b>Unit Costs (\$/GJ)</b>												
19	Commodity Costs	\$ 0.3273	\$ 0.3273	\$ 0.3273	\$ 0.3273	\$ 0.3273	\$ 0.3273						
20	Commodity Tolls and Fees	0.0107	0.0107	0.0107	0.0107	0.0107	0.0107						
21	Fixed Costs	0.5994	0.6053	0.5069	0.3680	0.1796	0.5869						
22	Commodity & Demand / GJ	0.9374	0.9434	0.8450	0.7061	0.5177	0.9250						
23	Amortization of June 30, 2007 Balance	0.1860	0.1878	0.1573	0.1142	0.0557	0.1821						
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						
26		<u>\$ 1.1367</u>	<u>\$ 1.1446</u>	<u>\$ 1.0135</u>	<u>\$ 0.8284</u>	<u>\$ 0.5774</u>	<u>\$ 1.1201</u>						
27													

Tab 2, Table B, Inland, Page 1.1



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TERASEN GAS INC. - COLUMBIA SERVICE AREA  
LOWER MAINLAND/INLAND/COLUMBIA COST OF GAS BY RATE SCHEDULE - MCRA  
FORECAST FOR THE 12 MONTHS ENDING JUNE 30, 2008  
\$000

TAB 2  
TABLE B  
COLUMBIA  
PAGE 1.2

June 1, 2007 Forward Pricing  
July 1, 2007 - June 30, 2008 FI.

Line No.	Particulars	Residential	Commercial		General Firm Service	NGV	Subtotal	Seasonal	Large Industrial Interruptible Sales	Total Col. 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	<b>SUMMARY</b>										
2											
3											
4	<b>Sales Volume (TJ)</b>	1,740.9	701.4	218.8	59.1	-	2,720.2	-	-	2,720.2	147,368.2
5											
6											
7	<b>Gas Purchase Costs - \$000</b>										
8	Commodity Costs	\$ 667.7	\$ 269.0	\$ 83.9	\$ 22.7	\$ -	\$ 1,043.3	\$ -	\$ -	\$ 1,043.3	262,180.9
9	Commodity Tolls and Fees	18.7	7.6	2.4	0.6	-	29.3	-	-	29.3	4,444.1
10	Fixed Costs	1,050.7	427.5	111.7	21.9	-	1,611.8	-	-	1,611.8	69,924.9
11	Total Commodity & Demand	1,737.2	704.1	197.9	45.2	-	2,684.4	-	-	2,684.4	336,549.9
12	Amortization of June 30, 2007 Balance	326.1	132.7	34.7	6.8	-	500.2	-	-	500.2	20,919.3
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>\$ 2,086.5</u>	<u>\$ 846.2</u>	<u>\$ 235.1</u>	<u>\$ 52.5</u>	<u>\$ -</u>	<u>\$ 3,220.3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,220.3</u>	<u>\$ 358,962.7</u>
16											
17											
18	<b>Unit Costs (\$/GJ)</b>										
19	Commodity Costs	\$ 0.3835	\$ 0.3835	\$ 0.3835	\$ 0.3835	\$ 0.3273	\$ 0.3835				
20	Commodity Tolls and Fees	0.0108	0.0108	0.0108	0.0108	0.0107	0.0108				
21	Fixed Costs	0.6036	0.6095	0.5104	0.3706	0.1796	0.5924				
22	Commodity & Demand / GJ	0.9979	1.0038	0.9048	0.7649	0.5177	0.9867				
23	Amortization of June 30, 2007 Balance	0.1873	0.1891	0.1584	0.1150	0.0557	0.1839				
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>\$ 1.1985</u>	<u>\$ 1.2065</u>	<u>\$ 1.0745</u>	<u>\$ 0.8881</u>	<u>\$ 0.5774</u>	<u>\$ 1.1837</u>				

Tab 2, Table B, Columbia, Page 1.2