



September 6, 2007

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

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

Dear Sir:

**Re: Terasen Gas Inc. – Fort Nelson Service Area (“Fort Nelson”)  
Gas Cost Reconciliation Account (“GCRA”) Guidelines  
2007 Third Quarter Report**

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The attached material provides the GCRA report covering the October 1, 2007 to September 30, 2008 period as specified in the British Columbia Utilities Commission (the “Commission”) GCRA Guidelines (Commission Letter No. L-5-01) with regards to Fort Nelson.

Based on the forward prices as at August 28, 2007, the September 30, 2007 GCRA deferral balance is projected to be approximately \$210,800 surplus (after tax). The GCRA ratio arising from the August 28, 2007 forward prices, the gas purchase cost assumptions, the forecast gas cost recoveries at existing rates for the 12 months ending September 30, 2008, and the projected September 30, 2007 deferral balance is calculated to be 99.9% (Tab 1, Page 1, Line 10, Column 5). The GCRA ratio falls within the deadband range of 95% to 105%, indicating that a rate change is not required at this time.

A summary of the forward prices is provided on Tab 1, Page 3, and a summary of the recorded and forecast monthly GCRA balances is provided on Tab 1, Page 4.

In summary, Fort Nelson proposes no change to the existing rates at this time. Fort Nelson will continue to monitor the forward prices and will report these results in the 2007 Fourth Quarter Gas Cost Report.

We trust that the Commission will find this filing to be 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

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**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**GAS COST RECOVERY ACCOUNT "GCRA" RATE CHANGE TRIGGER MECHANISM**  
**FOR THE PERIOD OCTOBER 1, 2007 TO SEPTEMBER 30, 2008**  
**(WITH EXISTING RATES EFFECTIVE JANUARY 1, 2007 & AUGUST 28, 2007 FORWARD PRICES)**

| Line No. | Particulars  | Unit Cost (\$/GJ) | Volume (TJ) | Cost (\$000)      | Percentage   |
|----------|--|-------------------|-------------|-------------------|--------------|
|          | (1)  | (2)               | (3)         | (4)               | (5)          |
| 1        | <b><u>RATE CHANGE TRIGGER MECHANISM</u></b>  |                   |             |                   |              |
| 2        |  |                   |             |                   |              |
| 3        | Total Recovered Gas Costs (Page 2.1, Line 10, Col 14)  |                   |             | \$ 4,298.6        |              |
| 4        |  |                   |             |                   |              |
| 5        | Incurred Gas Costs (Page 2.1, Line 20, Col 15)   |                   |             | \$ 4,618.8        |              |
| 6        | Projected GCRA Balance as at September 30, 2007 (Page 2.0, Line 34, Col 2 grossed-up)                              |                   |             | (314.6)           |              |
| 7        | Total Incurred Gas Costs   |                   |             | <u>\$ 4,304.2</u> |              |
| 8        |  |                   |             |                   |              |
| 9        | Ratio = $\frac{\text{Total Recovered Gas Costs (Line 3, Col 4)}}{\text{Total Incurred Gas Costs (Line 7, Col 4)}}$ |                   |             |                   |              |
| 10       |  |                   |             |                   | <u>99.9%</u> |
| 11       |  |                   |             |                   |              |
| 12       |  |                   |             |                   |              |
| 13       |  |                   |             |                   |              |
| 14       |  |                   |             |                   |              |
| 15       |  |                   |             |                   |              |
| 16       |  |                   |             |                   |              |
| 17       | <b><u>BALANCING REQUIREMENT</u></b>  |                   |             |                   |              |
| 18       | (applicable when Rate Change Trigger Mechanism Ratio [Line 10, Col 5] falls outside 95% to 105% deadband)          |                   |             |                   |              |
| 19       |  |                   |             |                   |              |
| 20       | Gas Costs Recovery Under/(Over) at Existing Rates (Line 7 - Line 3)  |                   |             | \$ 5.6            |              |
| 21       |  |                   |             |                   |              |
| 22       | Forecast Annual Sales Volumes - October 2007 to September 2008   |                   | 625.9       |                   |              |
| 23       | (Page 2.1, Col. 14, Line 2 + Line 3)   |                   |             |                   |              |
| 24       |  |                   |             |                   |              |
| 25       | Applicable Gas Cost Recovery Rate Increase (Decrease) (Line 20 / Line 22)  | <u>\$ 0.009</u>   |             |                   |              |

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 RECOVERED AND INCURRED COSTS SUMMARY  
 FOR THE PERIOD OCT 1, 2007 TO SEP 30, 2009

Tab 1  
 Page 2.0

WITH EXISTING RATES EFFECTIVE JANUARY 1, 2007  
 & AUGUST 28, 2007 FORWARD PRICES

| Line No. | Particulars                                 | Oct-07            | Nov-07            | Dec-07            | Jan-08            | Feb-08           | Mar-08          | Apr-08          | May-08          | Jun-08         | Jul-08         | Aug-08         | Sep-08          |
|----------|---|-------------------|-------------------|-------------------|-------------------|------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|
|          | (1)   | (2)               | (3)               | (4)               | (5)               | (6)              | (7)             | (8)             | (9)             | (10)           | (11)           | (12)           | (13)            |
| 1        | <b>RECOVERED GAS COSTS</b>                  |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 2        | Total Sales - TJ                            | 44.8              | 78.6              | 98.2              | 117.8             | 86.6             | 74.1            | 47.0            | 23.2            | 13.4           | 11.6           | 13.0           | 18.2            |
| 3        | T-Service UAF - TJ                          | -                 | (0.1)             | (0.1)             | (0.1)             | (0.1)            | (0.1)           | (0.1)           | -               | -              | -              | -              | -               |
| 4        |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 5        | Recovery Unit Cost on Sales - \$/GJ         | \$ 6.8680         | \$ 6.8680         | \$ 6.8680         | \$ 6.8680         | \$ 6.8680        | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680      | \$ 6.8680      | \$ 6.8680      | \$ 6.8680       |
| 6        | Recovery Unit Cost on T-Service UAF - \$/GJ | \$ 6.8680         | \$ 6.8680         | \$ 6.8680         | \$ 6.8680         | \$ 6.8680        | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680      | \$ 6.8680      | \$ 6.8680      | \$ 6.8680       |
| 7        |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 8        | Recovery on Sales - \$000                   | \$ 307.7          | \$ 539.8          | \$ 674.4          | \$ 809.1          | \$ 594.8         | \$ 508.9        | \$ 322.8        | \$ 159.3        | \$ 92.0        | \$ 79.7        | \$ 89.3        | \$ 125.0        |
| 9        | Recovery on T-Service UAF - \$000           | -                 | (0.7)             | (0.7)             | (0.7)             | (0.7)            | (0.7)           | (0.7)           | -               | -              | -              | -              | -               |
| 10       | Total Recovered Gas Costs - \$000           | <u>\$ 307.7</u>   | <u>\$ 539.1</u>   | <u>\$ 673.7</u>   | <u>\$ 808.4</u>   | <u>\$ 594.1</u>  | <u>\$ 508.2</u> | <u>\$ 322.1</u> | <u>\$ 159.3</u> | <u>\$ 92.0</u> | <u>\$ 79.7</u> | <u>\$ 89.3</u> | <u>\$ 125.0</u> |
| 11       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 12       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 13       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 14       | <b>INCURRED GAS COSTS</b>                   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 15       | Total Purchases for Sales - TJ              | 44.6              | 78.3              | 97.9              | 117.5             | 86.4             | 73.8            | 46.8            | 23.2            | 13.3           | 11.5           | 12.9           | 18.1            |
| 16       | - adjusted for Company Use and UAF          |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 17       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 18       | Blended Cost - \$/GJ                        | \$ 6.4208         | \$ 7.3837         | \$ 7.7021         | \$ 7.7205         | \$ 7.7246        | \$ 7.7246       | \$ 6.7533       | \$ 6.7570       | \$ 6.7967      | \$ 6.8443      | \$ 6.8751      | \$ 6.8984       |
| 19       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 20       | Incurred Gas Costs - \$000                  | <u>\$ 286.4</u>   | <u>\$ 578.1</u>   | <u>\$ 754.0</u>   | <u>\$ 907.2</u>   | <u>\$ 667.4</u>  | <u>\$ 570.1</u> | <u>\$ 316.1</u> | <u>\$ 156.8</u> | <u>\$ 90.4</u> | <u>\$ 78.7</u> | <u>\$ 88.7</u> | <u>\$ 124.9</u> |
| 21       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 22       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 23       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 24       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 25       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 26       | <b>GCRA BALANCE</b>                         |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 27       | Opening Balance Before Tax                  | \$ (298.5)        | \$ (319.8)        | \$ (280.8)        | \$ (200.5)        | \$ (101.7)       | \$ (28.4)       | \$ 33.5         | \$ 27.5         | \$ 25.0        | \$ 23.4        | \$ 22.4        | \$ 21.8         |
| 28       | Activity                                    | (21.3)            | 39.0              | 80.3              | 98.8              | 73.3             | 61.9            | (6.0)           | (2.5)           | (1.6)          | (1.0)          | (0.6)          | (0.1)           |
| 29       | Closing Balance Before Tax                  | <u>\$ (319.8)</u> | <u>\$ (280.8)</u> | <u>\$ (200.5)</u> | <u>\$ (101.7)</u> | <u>\$ (28.4)</u> | <u>\$ 33.5</u>  | <u>\$ 27.5</u>  | <u>\$ 25.0</u>  | <u>\$ 23.4</u> | <u>\$ 22.4</u> | <u>\$ 21.8</u> | <u>\$ 21.7</u>  |
| 30       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 31       | Tax Rate                                    | 33.00%            | 33.00%            | 33.00%            | 32.50%            | 32.50%           | 32.50%          | 32.50%          | 32.50%          | 32.50%         | 32.50%         | 32.50%         | 32.50%          |
| 32       | Tax on Activity                             | (7.0)             | 12.9              | 26.5              | 32.1              | 23.8             | 20.1            | (2.0)           | (0.8)           | (0.5)          | (0.3)          | (0.2)          | (0.0)           |
| 33       |   |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |
| 34       | Opening Balance After Tax                   | \$ (210.8)        | \$ (225.1)        | \$ (199.0)        | \$ (145.2)        | \$ (78.5)        | \$ (29.0)       | \$ 12.8         | \$ 8.8          | \$ 7.1         | \$ 6.0         | \$ 5.3         | \$ 4.9          |
| 35       | Activity                                    | (14.3)            | 26.1              | 53.8              | 66.7              | 49.5             | 41.8            | (4.1)           | (1.7)           | (1.1)          | (0.7)          | (0.4)          | (0.1)           |
| 36       | Closing Balance After Tax - \$000           | <u>\$ (225.1)</u> | <u>\$ (199.0)</u> | <u>\$ (145.2)</u> | <u>\$ (78.5)</u>  | <u>\$ (29.0)</u> | <u>\$ 12.8</u>  | <u>\$ 8.8</u>   | <u>\$ 7.1</u>   | <u>\$ 6.0</u>  | <u>\$ 5.3</u>  | <u>\$ 4.9</u>  | <u>\$ 4.8</u>   |
| 37       | (Page 4, Column 2)                          |                   |                   |                   |                   |                  |                 |                 |                 |                |                |                |                 |

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 RECOVERED AND INCURRED COSTS SUMMARY  
 FOR THE PERIOD OCT 1, 2007 TO SEP 30, 2009

Tab 1  
 Page 2.1

WITH EXISTING RATES EFFECTIVE JANUARY 1, 2007  
 & AUGUST 28, 2007 FORWARD PRICES

| Line No. | Particulars                                 | Oct-08          | Nov-08          | Dec-08          | Jan-09          | Feb-09          | Mar-09          | Apr-09          | May-09          | Jun-09          | Jul-09          | Aug-09          | Sep-09          | 12 months         | 24 months         |
|----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
|          |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 | Forecast          | Forecast          |
|          | (1)   | (2)             | (3)             | (4)             | (5)             | (6)             | (7)             | (8)             | (9)             | (10)            | (11)            | (12)            | (13)            | Total             | Total             |
| 1        | <b>RECOVERED GAS COSTS</b>                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 2        | Total Sales - TJ                            | 45.5            | 79.8            | 99.8            | 122.5           | 90.1            | 76.8            | 48.7            | 24.0            | 13.9            | 12.0            | 13.5            | 18.9            | 626.5             | 1,272.0           |
| 3        | T-Service UAF - TJ                          | -               | (0.1)           | (0.1)           | (0.1)           | (0.1)           | (0.1)           | (0.1)           | -               | -               | -               | -               | -               | (0.6)             | (1.2)             |
| 4        |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 5        | Recovery Unit Cost on Sales - \$/GJ         | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       |                   |                   |
| 6        | Recovery Unit Cost on T-Service UAF - \$/GJ | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       | \$ 6.8680       |                   |                   |
| 7        |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 8        | Recovery on Sales - \$000                   | \$ 312.5        | \$ 548.1        | \$ 685.4        | \$ 841.3        | \$ 618.8        | \$ 527.5        | \$ 334.5        | \$ 164.8        | \$ 95.5         | \$ 82.4         | \$ 92.7         | \$ 129.8        | \$ 4,302.8        | \$ 8,736.1        |
| 9        | Recovery on T-Service UAF - \$000           | -               | (0.7)           | (0.7)           | (0.7)           | (0.7)           | (0.7)           | (0.7)           | -               | -               | -               | -               | -               | (4.2)             | (8.4)             |
| 10       | Total Recovered Gas Costs - \$000           | <u>\$ 312.5</u> | <u>\$ 547.4</u> | <u>\$ 684.7</u> | <u>\$ 840.6</u> | <u>\$ 618.1</u> | <u>\$ 526.8</u> | <u>\$ 333.8</u> | <u>\$ 164.8</u> | <u>\$ 95.5</u>  | <u>\$ 82.4</u>  | <u>\$ 92.7</u>  | <u>\$ 129.8</u> | <u>\$ 4,298.6</u> | <u>\$ 8,727.7</u> |
| 11       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 12       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 13       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 14       | <b>INCURRED GAS COSTS</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 15       | Total Purchases for Sales - TJ              | 45.3            | 79.5            | 99.4            | 122.2           | 89.8            | 76.5            | 48.6            | 23.8            | 13.7            | 11.9            | 13.4            | 18.7            | 624.3             | 1,267.1           |
| 16       | - adjusted for Company Use and UAF          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 17       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 18       | Blended Cost - \$/GJ                        | \$ 6.9639       | \$ 7.6785       | \$ 7.9001       | \$ 8.0395       | \$ 8.0395       | \$ 7.9150       | \$ 6.7552       | \$ 6.6808       | \$ 6.7368       | \$ 6.8015       | \$ 6.8571       | \$ 6.8895       | \$ 85.6           | \$ 172.9          |
| 19       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 20       | Incurred Gas Costs - \$000                  | <u>\$ 315.5</u> | <u>\$ 610.4</u> | <u>\$ 785.3</u> | <u>\$ 982.4</u> | <u>\$ 721.9</u> | <u>\$ 605.5</u> | <u>\$ 328.3</u> | <u>\$ 159.0</u> | <u>\$ 92.3</u>  | <u>\$ 80.9</u>  | <u>\$ 91.9</u>  | <u>\$ 128.8</u> | <u>\$ 4,618.8</u> | <u>\$ 9,521.0</u> |
| 21       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 22       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 23       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 24       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 25       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 26       | <b>GCRA BALANCE</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 27       | Opening Balance Before Tax                  | \$ 21.7         | \$ 24.7         | \$ 87.7         | \$ 188.3        | \$ 330.1        | \$ 433.9        | \$ 512.6        | \$ 507.1        | \$ 501.3        | \$ 498.1        | \$ 496.6        | \$ 495.8        |                   |                   |
| 28       | Activity                                    | 3.0             | 63.0            | 100.6           | 141.8           | 103.8           | 78.7            | (5.5)           | (5.8)           | (3.2)           | (1.5)           | (0.8)           | (1.0)           |                   |                   |
| 29       | Closing Balance Before Tax                  | <u>\$ 24.7</u>  | <u>\$ 87.7</u>  | <u>\$ 188.3</u> | <u>\$ 330.1</u> | <u>\$ 433.9</u> | <u>\$ 512.6</u> | <u>\$ 507.1</u> | <u>\$ 501.3</u> | <u>\$ 498.1</u> | <u>\$ 496.6</u> | <u>\$ 495.8</u> | <u>\$ 494.8</u> |                   |                   |
| 30       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 31       | Tax Rate                                    | 32.50%          | 32.50%          | 32.50%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          | 32.00%          |                   |                   |
| 32       | Tax on Activity                             | 1.0             | 20.5            | 32.7            | 45.4            | 33.2            | 25.2            | (1.8)           | (1.9)           | (1.0)           | (0.5)           | (0.3)           | (0.3)           |                   |                   |
| 33       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 34       | Opening Balance After Tax                   | \$ 4.8          | \$ 6.8          | \$ 49.3         | \$ 117.2        | \$ 213.6        | \$ 284.2        | \$ 337.7        | \$ 334.0        | \$ 330.1        | \$ 327.9        | \$ 326.9        | \$ 326.4        |                   |                   |
| 35       | Activity                                    | 2.0             | 42.5            | 67.9            | 96.4            | 70.6            | 53.5            | (3.7)           | (3.9)           | (2.2)           | (1.0)           | (0.5)           | (0.7)           |                   |                   |
| 36       | Closing Balance After Tax - \$000           | <u>\$ 6.8</u>   | <u>\$ 49.3</u>  | <u>\$ 117.2</u> | <u>\$ 213.6</u> | <u>\$ 284.2</u> | <u>\$ 337.7</u> | <u>\$ 334.0</u> | <u>\$ 330.1</u> | <u>\$ 327.9</u> | <u>\$ 326.9</u> | <u>\$ 326.4</u> | <u>\$ 325.7</u> |                   |                   |
| 37       | (Page 4, Column 2)                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**FORT NELSON INDEX PRICES COMPARISON OF FORWARD CURVES**  
**FOR THE PERIOD ENDING SEPTEMBER 2009**

| Fort Nelson Forward Prices - \$/GJ |                                       |   |  |             |
|------------------------------------|---------------------------------------|---|--|-------------|
| Line No.                           | Particulars                           | 2007 Q3<br>Gas Cost Report<br>(August 28, 2007<br>Forward Prices) | 2007 Q2<br>Gas Cost Report<br>(June 1, 2007<br>Forward Prices) | Difference  |
|                                    | (1)                                   | (2)   | (3)  | (4)=(2)-(3) |
| 1                                  | <b>2007</b>                           | <b>2007</b>   | <b>2007</b>  |             |
| 2                                  | January                               | Recorded \$ 7.10  | Recorded \$ 7.10   | \$ 0.00     |
| 3                                  | February                              | Recorded \$ 7.46  | Recorded \$ 7.46   | \$ 0.00     |
| 4                                  | March                                 | Recorded \$ 7.25  | Recorded \$ 7.25   | \$ 0.00     |
| 5                                  | April                                 | Recorded \$ 7.35  | Projected \$ 7.36  | \$ (0.01)   |
| 6                                  | May                                   | Recorded \$ 7.34  | Projected \$ 7.18  | \$ 0.16     |
| 7                                  | June                                  | Recorded \$ 7.04  | Projected \$ 7.17  | \$ (0.13)   |
| 8                                  | July                                  | Recorded \$ 6.49  | Projected \$ 7.13  | \$ (0.64)   |
| 9                                  | August                                | Forecast \$ 6.22  | Forecast \$ 7.19   | \$ (0.97)   |
| 10                                 | September                             | \$ 6.44   | \$ 7.24  | \$ (0.80)   |
| 11                                 | October                               | \$ 6.42   | \$ 7.32  | \$ (0.90)   |
| 12                                 | November                              | \$ 7.38   | \$ 8.09  | \$ (0.71)   |
| 13                                 | December                              | \$ 7.70   | \$ 8.38  | \$ (0.68)   |
| 14                                 | Average - 2007                        | \$ 7.02   | \$ 7.41  | \$ (0.39)   |
| 15                                 |                                       |   |  |             |
| 16                                 | <b>2008</b>                           | <b>2008</b>   | <b>2008</b>  |             |
| 17                                 | January                               | \$ 7.72   | \$ 8.52  | \$ (0.80)   |
| 18                                 | February                              | \$ 7.72   | \$ 8.52  | \$ (0.80)   |
| 19                                 | March                                 | \$ 7.72   | \$ 8.43  | \$ (0.70)   |
| 20                                 | April                                 | \$ 6.75   | \$ 7.35  | \$ (0.60)   |
| 21                                 | May                                   | \$ 6.76   | \$ 7.26  | \$ (0.51)   |
| 22                                 | June                                  | \$ 6.80   | \$ 7.33  | \$ (0.54)   |
| 23                                 | July                                  | \$ 6.84   | \$ 7.41  | \$ (0.57)   |
| 24                                 | August                                | \$ 6.88   | \$ 7.47  | \$ (0.60)   |
| 25                                 | September                             | \$ 6.90   | \$ 7.51  | \$ (0.61)   |
| 26                                 | October                               | \$ 6.96   | \$ 7.60  | \$ (0.63)   |
| 27                                 | November                              | \$ 7.68   | \$ 8.42  | \$ (0.74)   |
| 28                                 | December                              | \$ 7.90   | \$ 8.56  | \$ (0.66)   |
| 29                                 | Average - 2008                        | \$ 7.22   | \$ 7.87  | \$ (0.65)   |
| 30                                 |                                       |   |  |             |
| 31                                 | <b>2009</b>                           | <b>2009</b>   | <b>2009</b>  |             |
| 32                                 | January                               | \$ 8.04   | \$ 8.64  | \$ (0.60)   |
| 33                                 | February                              | \$ 8.04   | \$ 8.63  | \$ (0.60)   |
| 34                                 | March                                 | \$ 7.92   | \$ 8.56  | \$ (0.64)   |
| 35                                 | April                                 | \$ 6.76   | \$ 7.13 <sup>(1)</sup>   | \$ (0.37)   |
| 36                                 | May                                   | \$ 6.68   | \$ 7.03 <sup>(1)</sup>   | \$ (0.35)   |
| 37                                 | June                                  | \$ 6.74   | \$ 7.10 <sup>(1)</sup>   | \$ (0.36)   |
| 38                                 | July                                  | \$ 6.80   |  |             |
| 39                                 | August                                | \$ 6.86   |  |             |
| 40                                 | September                             | \$ 6.89   |  |             |
| 41                                 | Average - Jan to Sept 2009            | \$ 7.19   | \$ 7.85  | \$ (0.66)   |
| 42                                 |                                       |   |  |             |
| 43                                 | <b>Comparison of Reporting Period</b> | <b>Oct/07-Sep/08</b>  | <b>Jul/07-Jun/08</b>   |             |
| 44                                 | Average                               | \$ 7.13   | \$ 7.73  | \$ (0.60)   |
| 45                                 | <b>Comparison of Reporting Period</b> | <b>Oct/07-Sep/09</b>  | <b>Jul/07-Jun/09</b>   |             |
| 46                                 | Average                               | \$ 7.47   | \$ 7.78  | \$ (0.31)   |

Note: (1) Revision to correct the June 1, 2007 forward prices for April 2009 to June 2009 as reported in the 2007 Second Quarter Gas Cost Reconciliation Account Report, dated June 7, 2007.

**TERASEN GAS INC. - FORT NELSON SERVICE AREA**  
**GCRA AFTER TAX BALANCES (\$000)**  
**FOR THE PERIOD ENDING SEPTEMBER 2009**

| Line No. | Particulars                | 2007 Q3 Gas Cost Report<br>January 1, 2007 Rates<br>(August 28, 2007 Forward Prices) | 2007 Q2 Gas Cost Report<br>January 1, 2007 Rates<br>(June 1, 2007 Forward Prices) |
|----------|----------------------------|--|---|
|          | (1)                        | (2)  | (3)   |
| 1        | 2007 January-07 - Recorded | (242.3)  | (242.3)   |
| 2        | February-07 - Recorded     | (151.6)  | (151.6)   |
| 3        | March-07 - Recorded        | (144.0)  | (144.0)   |
| 4        | April-07 - Recorded        | (160.4)  | (160.4)   |
| 5        | May-07 - Recorded          | (239.7)  | (156.1)   |
| 6        | June-07 - Recorded         | (143.5)  | (154.4)   |
| 7        | July-07 - Recorded         | (199.6)  | (152.9)   |
| 8        | August-07 - Projected      | (204.8)  | (149.7)   |
| 9        | September-07               | (210.8)  | (146.2)   |
| 10       | October-07                 | (225.1)  | (133.6)   |
| 11       | November-07                | (199.0)  | (70.4)  |
| 12       | December-07                | (145.2)  | 27.9  |
| 13       | 2008 January-08            | (78.5)   | 158.2   |
| 14       | February-08                | (29.0)   | 254.2   |
| 15       | March-08                   | 12.8   | 330.9   |
| 16       | April-08                   | 8.8  | 345.7   |
| 17       | May-08                     | 7.1  | 351.9   |
| 18       | June-08                    | 6.0  | 355.6   |
| 19       | July-08                    | 5.3  | 359.4   |
| 20       | August-08                  | 4.9  | 364.2   |
| 21       | September-08               | 4.8  | 371.6   |
| 22       | October-08                 | 6.8  | 392.9   |
| 23       | November-08                | 49.3   | 475.2   |
| 24       | December-08                | 117.2  | 587.2   |
| 25       | 2009 January-09            | 213.6  | 733.5   |
| 26       | February-09                | 284.2  | 840.5   |
| 27       | March-09                   | 337.7  | 927.5   |
| 28       | April-09                   | 334.0  | 857.2   |
| 29       | May-09                     | 330.1  | 820.5   |
| 30       | June-09                    | 327.9  | 799.5   |
| 31       | July-09                    | 326.9  |   |
| 32       | August-09                  | 326.4  |   |
| 33       | September-09               | 325.7  |   |

TERASEN GAS INC. - FORT NELSON SERVICE AREA  
 GCRA AFTER TAX BALANCES BY MONTH  
 FOR THE PERIOD ENDING SEPTEMBER 2009

