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September 10, 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. ("Terasen Gas")
Application for the Sale of Land at 3700 2nd Avenue, Burnaby, BC ("Lochburn")
(the "Application")**

**Response to the British Columbia Utilities Commission ("BCUC" or the
"Commission") Information Request ("IR") No. 1 Request for Clarification
(Exhibit A-3)**

On August 31, 2007, Terasen Gas submitted to the Commission its response to BCUC IR No. 1. On September 6, 2007, the Commission responded with a letter requesting clarification (Exhibit A-3) of the Response to BCUC IR No. 1.

Terasen Gas respectfully submits the attached clarification.

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

Yours very truly,

TERASEN GAS INC.

Original signed

Scott A. Thomson

Attachment

cc (e-mail only): British Columbia Public Interest Advocacy Centre



Terasen Gas Inc. Application for Approval of the Sale of Vacant Land at 3700 2nd Ave, Burnaby, B.C. ("the Application")	Submission Date: September 10, 2007
Response to British Columbia Utilities Commission Request for Clarification of Information Request No. 1	Page 1

On August 31, 2007, Terasen Gas Inc. ("TGI") submitted to the Commission its response to BCUC Information Request ("IR") No. 1. TGI in response to BCUC IR No. 1 Question 20.1 states: "No sale of land was contemplated under the Synthetic Lease option".

The Commission is aware of an email sent by Mr. A.L. Gray which includes a financial model for all the various financing options.

1. Please file the August 27, 1998 letter titled: "BC Gas Utility Ltd. CPCN Application: Coastal Facilities Project – 1998" from Mr. A.L. Gray, BC Gas Utility Ltd., sent by e-mail. Please also file the three attachments in the letter: Financial Model ("CFBCUC1.XLS"), Square Footage Details ("CFBCUC2.XLS"), and Customer Rate Impact ("CFBCUC3.DOC") in electronic form.

Response:

The requested documents, as obtained from the Commission records, are provided in Attachment 1.

2. Also, please file the Synthetic Lease agreement.

Response:

The requested document is provided in Attachment 2.



Terasen Gas Inc. Application for Approval of the Sale of Vacant Land at 3700 2nd Ave, Burnaby, B.C. ("the Application")	Submission Date: September 10, 2007
Response to British Columbia Utilities Commission Request for Clarification of Information Request No. 1	Page 2

The Financial Model shows the calculations for the "Own", "Sale-leaseback", "Syn Lease 10", and "Syn Lease 30" options. In the 30 Year Synthetic Lease option under the title 'Project Cost' it appears to include a credit of \$7.6 million for 'Land proceeds' (see attachment).

In BCUC IR No. 1 Q. 1.7 Attachment 1.7 TGI filed the Project Completion Report for the Coastal Facilities Project 1998, addressing the Commission's direction in Order Number C-14-98 dated July 9, 2002. On page 5 in section 11.0 Finance it states: "Sale of excess land at Burnaby (Lochburn) remains outstanding as real estate consultants have indicated that market conditions may not be ideal at this time to maximize sale proceeds. Preliminary work to ready the property for marketing is underway."

The information provided in CFBCUC1.XLS and the Project Completion Report appears to indicate that sale of surplus Lochburn land was anticipated in the Synthetic Lease option for the CPCN Project. This information appears to be incongruent with TGI's submission that "[n]o sale of land was contemplated under the Synthetic Lease option". Please clarify this apparent incongruency.

Response:

At the time of responding to Question 20.1 the Company was unaware of the letter of August 27, 1998 sent by Mr. A.L. Gray; that letter and the material attached to it have not been located in the records of the Company. The models for the various financing options which are attached to the August 27, 1998 letter appear to contemplate a sale of land at Lochburn. That is in contrast to the wording in the actual 1998 CPCN application. The 1998 CPCN application states that the "Company does, however, retain the right to any potential gains on the capital properties in the future", which is not consistent with the way a potential sale is dealt with in the financial models attached to the August 27, 1998 letter.

It should be noted that in the financial models included in CFBCUC1.XLS that the 20% acquisition premium is factored into the calculations of all options considered so as to retain that 20% portion of gain for the shareholder. The noted spreadsheet shows proceeds of \$6,080,000 (\$7,600,000 * 80%) from the sale of land at Lochburn, and a gain before taxes from the sale of that land which is calculated as \$4,403,000 (\$6,080,000 less cost of \$1,677,000). It is apparent from the cost of land that this was a different (larger) parcel of land than that which is now to be sold.

As has been noted in responses to other Questions, the 1998 CPCN Application did not apply to dispose of land nor was a disposition of land pursuant to section 52 of the *Utilities Commission Act* approved in the 1998 Order.

Order No. C-14-98 does not specifically refer to the August 27, 1998 letter nor to the attachments to that letter. The financial models attached to the August 27, 1998 letter incorporate a 20% acquisition premium in their calculations, and the 1998 CPCN Application referred to that premium at page 26 where it stated: "The proceeds from the sale of land have been apportioned based on the proportion of rate base to non-rate base book values of the land sold. Preamble N of Order C-14-98 says that the 1998 Application and supporting material show that 80 percent of the sale proceeds will be used to mitigate the net book value of buildings that are to be removed, but the operative part of Order No. C-14-98 appears to ignore the 80/20 division of proceeds that is referenced in the 1998 CPCN Application.



Terasen Gas Inc. Application for Approval of the Sale of Vacant Land at 3700 2nd Ave, Burnaby, B.C. ("the Application")	Submission Date: September 10, 2007
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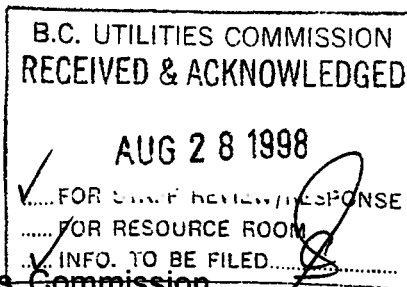
Ultimately the contents of the August 27, 1998 letter and its attachments were not accepted by the Commission, which in its Order deferred any decision on the treatment of potential future proceeds. The order issuing the 1998 Coastal Facilities CPCN did not set the sale of land as a condition to proceed, and did not purport to approve the sale of land at Lochburn on a basis consistent with what Preamble N says was in the application and supporting material. The Coastal Facilities Project under the Synthetic lease was found to be in the public interest; it was the lowest cost alternative regardless of the inclusion or exclusion of any proceeds on sale of land.

In fact, as noted in the current Application, the benefits presented in the business case that had been presented for the 1998 CPCN application have been exceeded to such an extent that they more than offset the scenario presented in the models attached to the August 27, 1998 letter. In a letter from Robert J. Pellatt dated July 22, 2002, in response to the Coastal Facilities Project, Final Project Completion Report it is acknowledged that, "The Project has been completed under budget and close to the project schedule".

Further the proposal in the current Application to direct \$2.5 million of gain to customers is not materially different to the after tax benefit on a potential land sale contemplated in the spreadsheet.

On balance, TGI believes the current Application is in the mutual interest of the Company, its customers and the developer proposing the purchase of the land. Time is of the essence to the transaction.

Attachment 1



August 27, 1998

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

SENT BY E-MAIL

Attention: Mr. B. Williston, P.Eng.
Manager, Engineering & Commodity Markets

Dear Brian,

Re: BC Gas Utility Ltd.
CPCN Application : Coastal Facilities Project - 1998

Thank you for meeting with us on August 25 to discuss our application for the Coastal Facilities Project - 1998 (the "Project").

Our understanding is there were two main items of information which we committed to provide: the financial model and the square footage estimates.

This letter is part of an E-mail transmission to you; also attached to the transmission is an Excel file ("CFBCUC1.XLS") containing the financial model for the own, sale-leaseback, and synthetic lease alternatives. Please note that the attached model is a more up-to-date version of the financial model than was used in preparing the CPCN application. The NPV's in the earlier model and in the CPCN were ~~incorrectly based on 20 years~~ instead of 30 years.

You and Fred had a few specific questions relating to the financial model which we would like to address briefly:

- On page 25 of the application, why is rent savings only \$929,000 in year 1 and \$1,654,000 in Year 6?
 - The rent savings for Commerce Court, Gilfax, Bainbridge, and one floor of 1111 West Georgia are included in the \$929,000 in year 1. An additional two floors of 1111 West Georgia are included in the \$1,654,000 in Year 6, as well as an escalation factor.
 - The delay in moving the additional two floors is due to constraints within the existing lease. We have assumed that in Year 2003, an additional two floors of 1111 West Georgia will be vacated and tenant improvements will be made to the Fraser Valley office.

- On page 25 of the application, why has depreciation increased from Year 1 to Year 6?
 - This is for the same reason as explained above: There are additional improvements in 2003 which are depreciated in that year and beyond.
- On page 28 of the application, why is the NPV in the 30-year column less than the NPV in the 10-year column in the Synthetic Lease option?
 - Both columns include 30 years of revenue requirements. The 10-year column assumes synthetic leasing for 10 years, followed by rate base financing for the remaining 20 years. The 30-year column assumes synthetic leasing for the whole 30 year period. Thus the 30-year column includes a larger savings from the synthetic lease treatment.

These answers should become clear after reviewing the attached financial model. If you have any other questions on the model, please contact me and I will arrange to get answers.

Your question on the square footage estimates should be answered by the attached Excel file ("CFBCUC2.XLS").

Your question on the customer rate impact should be answered by the attached Excel file ("CFBCUC3.DOC").

If there are any other questions on the CPCN application for the Coastal Facilities Project - 1998, please contact me at 443-6896 or Dan Westbrook at 576-7023.

Yours very truly,

BC GAS UTILITY LTD.
Per:

A.L. Gray, P.Eng.

ALG/

Attachments: Financial Model ("CFBCUC1.XLS")
Square Footage Details ("CFBCUC2.XLS")
Customer Rate Impact ("CFBCUC3.DOC")

BC GAS UTILITY LTD.
COASTAL FACILITIES SCENARIOS
(\$Millions)

	Rate Base Year 1	Rate Base Year 6	30 Year Sale- leaseback Year 6	10 Year Synthetic Lease Year 6	30 Year Synthetic Lease Year 6
REVENUE REQUIREMENTS					
Rent	(929)	(1,654)	(1,654)	(1,654)	(1,654)
Operating costs	39	(146)	(146)	(146)	(146)
Property and capital taxes	1,143	956	597	627	627
CCA tax shield	(2,646)	(1,780)	(602)	(1,780)	(1,780)
Amortization of net loss	811	-	-	-	-
Depreciation	2,491	2,732	866	866	866
Return on rate base	5,253	4,607	(409)	(4)	(4)
Lease costs	-	-	6,403	4,844	4,844
Amortization of gain	-	-	(850)	-	-
Total	6,161	4,714	4,206	2,752	2,752
 30 Year NPV	 60,484	 60,484	 85,279	 47,598	 37,817
NPV difference			24,795	(12,886)	(22,668)

COMPARISON TO 1995 CPCN (YEAR 6)

	Rate Base Financing		
	1995	1998	Difference
Rent	-	(1,654)	(1,654)
Operating costs	700	(146)	(846)
Property and capital taxes	1,616	956	(660)
CCA tax shield	(1,557)	(1,780)	(223)
Depreciation	2,593	2,732	139
Return on rate base	5,662	4,607	(1,055)
Total	9,014	4,714	(4,299)
 NPV	 85,314	 60,484	 (24,830)
 Rate Base	 40,926	 46,049	 5,123
Cost of capital	13.8%	10.0%	-3.8%

Summary

1995 revenue requirement (rate base)	9,014
Lower rent, operating and taxes primarily due to cancellation of leases	(3,160)
Higher rate base	512
Lower cost of capital *	(1,568)
CCA tax shield and depreciation	(84)
1998 revenue requirement (rate base)	<u>4,714</u>
 Elimination of common equity financing	 (1,633)
Elimination of capital taxes	<u>(329)</u>
1998 revenue requirement (synthetic lease)	<u>2,752</u>

* combination of lower interest rates and elimination of preference share component of capital struc

COASTAL FACILITIES PROJECT BUILDING SPACE SUMMARY

	<u>Existing Sq. Footage</u>	<u>Estimated Sq. Footage</u>
<u>1111 West Georgia</u>	151,100 (CL)	79,950 (E)
<u>Lochburn & Area</u>		
Horne Payne	23,000	23,000
East Building	25,000	0
Meter Shop	23,600 (L)	see F. Valley
Central Stores	28,280 (L)	27,580
Shops	30,000	27,580
Field Operation Centre	1,100	11,020
Commerce Court	29,230 (L)	see F. Valley
	<u>160,210</u>	<u>89,180</u>
<u>Fraser Valley</u>		
Office	19,300	155,430
Shops / Sat. Stores	14,850	1,000
Multi-Use Facility	0	33,100
Meter Shop / Offices	30,400	48,200
	<u>64,550</u>	<u>237,730</u>
Total	<u><u>375,860</u></u>	<u><u>406,860</u></u>

(CL) = Currently ten floors leased at 1111 West Georgia
(E) = Remaining space depends on specific requirements
(L) = Leased Facility

August 27, 1998

Coastal Facilities Project
Synthetic Lease Option

	<u>Year 1</u>	<u>Year 6</u>
1. Revenue Requirement	\$3,902,000	\$2,752,000
2. Approximate Gross Margin Increase	1 %	0.7 %
3. Approximate Customer Impact - Lower Mainland Residential		
% of rates	0.5 %	0.35 %
\$ / Gj	\$0.03	\$0.02
\$ / year	\$3.60	\$2.50

**BC GAS UTILITY LTD.
COASTAL FACILITIES SCENARIOS
(\$Millions)**

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BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
OWN OPTION
(\$000's)

ASSUMPTIONS

AREA (NET SQUARE FEET)

Fraser Valley	
Operating center	155,430
Meter shop	48,222
Multi-purpose	34,092
	<u>237,744</u>
Lochburn	
Central store/shop	55,157
Muster	11,023
	<u>66,180</u>
Total	<u>303,924</u>

RATE BASE RETIREMENTS

Cost	
Lochburn land	1,677
Lochburn buildings	6,157
Fraser Valley buildings	1,984
Equipment	
	<u>9,818</u>
Accumulated depreciation	
Lochburn land	
Lochburn buildings	881
Fraser Valley buildings	607
Equipment	
	<u>1,488</u>
Net book value	
Lochburn land	1,677
Lochburn buildings	5,276
Fraser Valley buildings	1,377
Equipment	-
	<u>8,330</u>
Lochburn land proceeds	6,080
Gain (loss)	
Lochburn land	4,403
Lochburn buildings	(5,276)
Fraser Valley buildings	(1,377)
Equipment	-
Net loss before tax	<u>(2,250)</u>
Rate base portion of land	80%

BUILDING COST ALLOCATION

Fraser Valley	Design	Const.	Site Wk	Total
Operating center	1,145	27,722	2,232	31,099
Meter shop	469	3,697	915	5,081
Multi-purpose	332	3,842	647	4,821
	<u>1,946</u>	<u>35,261</u>	<u>3,794</u>	<u>41,001</u>
Lochburn				
Central store/shop	537	5,223	363	6,123
Muster	107	1,945	72	2,124
	<u>644</u>	<u>7,168</u>	<u>435</u>	<u>8,247</u>
Total	<u>2,590</u>	<u>42,429</u>	<u>4,229</u>	<u>49,248</u>

PROJECT COST

	1999	2,002	Total
Buildings - new costs	48,108	1,140	49,248
Buildings - sunk costs	<u>2,280</u>		<u>2,280</u>
Total buildings	50,388	1,140	51,528
Equipment	7,435	1,667	9,102
Relocation	1,760	225	1,985
Land proceeds	<u>(7,600)</u>		<u>(7,600)</u>
Net project cost	51,983	3,032	55,015

RENT COST

Commerce Court	(380)
Gilfax	(144)
Bainbridge	(120)
Head office	<u>(285)</u>
Total	<u>(929)</u>

OPERATING COSTS

Fraser Valley	876
Lochburn	(297)
Commerce Court	(188)
Gilfax	(77)
Bainbridge	(190)
Head office	<u>(85)</u>
Total	<u>39</u>

DELAYED HEAD OFFICE SAVINGS

Rent	(604)
Operating costs	(181)
Property taxes	<u>(211)</u>
Total	<u>(997)</u>

PROPERTY TAXES

	Utility	Office	Total
New building area			
Fraser Valley	53,504	184,240	237,744
Lochburn	<u>46,326</u>	<u>19,854</u>	<u>66,180</u>
	<u>99,830</u>	<u>204,094</u>	<u>303,924</u>
Property tax rates			
Fraser Valley	5.1%	2.2%	2.7%
Lochburn	4.9%	2.4%	4.2%
Fraser Valley assessment			
Buildings	6,436	34,565	41,001
Land	<u>762</u>	<u>2,624</u>	<u>3,386</u>
	<u>7,198</u>	<u>37,189</u>	<u>44,387</u>
Lochburn assessment			
Buildings	5,773	2,474	8,247
Land	<u>4,582</u>	<u>1,964</u>	<u>6,545</u>
	<u>10,355</u>	<u>4,438</u>	<u>14,792</u>
Current assessment			
Fraser Valley	3,144	1,757	4,901
Lochburn	<u>9,079</u>	<u>3,816</u>	<u>12,895</u>
	<u>12,223</u>	<u>5,573</u>	<u>17,796</u>
Future property taxes			
Fraser Valley	367	818	1,185
Lochburn	<u>507</u>	<u>107</u>	<u>614</u>
	<u>874</u>	<u>925</u>	<u>1,799</u>
Current property taxes			
Fraser Valley	160	39	199
Lochburn	<u>445</u>	<u>92</u>	<u>536</u>
	<u>605</u>	<u>130</u>	<u>735</u>
Change in property taxes			
Fraser Valley	207	779	986
Lochburn	<u>63</u>	<u>15</u>	<u>77</u>
	<u>269</u>	<u>794</u>	<u>1,064</u>
Commerce Court		(146)	(146)
Gilfax	(28)		(28)
Bainbridge	(24)		(24)
Head office		(100)	(100)
Total	<u>217</u>	<u>549</u>	<u>766</u>

LEASE RATES

	Square Ft	Rent	Operating	Tax	Total
Commerce Court	29,225	13.00	4.00	5.00	22.00
Gilfax	28,277	5.10	1.00	1.00	7.10
Bainbridge	23,600	5.10	0.50	1.00	6.60
Head office 2000	14,230	20.00	6.00	7.00	33.00
Head office 2003	28,460	21.22	6.37	7.43	35.02

COST OF CAPITAL

	Weight	Pre Tax	After Tax
Debt	67%	6.5%	3.6%
Equity	<u>33%</u>	<u>17.1%</u>	<u>9.5%</u>
Weighted average	<u>100%</u>	<u>10.0%</u>	<u>5.6%</u>

AFUDC rate

5.6%

CAPITAL TAXES

Corp Capital Tax (CCT)	0.300%
Large Corp Tax (LCT)	0.225%

INCOME TAX

Income tax	44.5%
CCA - buildings	4%
CCA - site work	8%
CCA - equipment	20%

DEPRECIATION

Buildings	2%
Site work	2%
New equipment	7%
Retired equipment	5%

INFLATION

O&M	2%
Property taxes	2%

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
OWN OPTION
(\$000's)

CASH FLOW	RATE	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital																																	
Buildings			(48,108)			(1,140)																											
Equipment			(7,435)			(1,667)																											
Net land proceeds			6,080																														
Residual value																																17,875	
Net capital			(49,463)	-	-	(2,807)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,875
Operating																																	
Relocation costs			(1,760)			(225)																											
Rent				929	948	967	1,590	1,622	1,654	1,687	1,721	1,755	1,791	1,826	1,863	1,900	1,938	1,977	2,017	2,057	2,098	2,140	2,183	2,226	2,271	2,316	2,363	2,410	2,458	2,507	2,557	2,609	2,661
Operating costs				(39)	(39)	(40)	140	143	146	149	152	155	158	161	164	168	171	174	178	181	185	189	192	196	200	204	208	213	217	221	226	230	235
Property tax				(766)	(781)	(797)	(602)	(614)	(626)	(638)	(651)	(664)	(677)	(691)	(705)	(719)	(733)	(748)	(763)	(778)	(794)	(810)	(826)	(842)	(859)	(876)	(894)	(912)	(930)	(949)	(968)	(987)	(1,007)
CCT			-	(160)	(155)	(149)	(152)	(146)	(140)	(136)	(131)	(127)	(122)	(118)	(113)	(109)	(104)	(99)	(95)	(92)	(89)	(86)	(83)	(80)	(78)	(75)	(72)	(70)	(67)	(64)	(62)	(59)	(56)
LCT			-	(120)	(116)	(112)	(114)	(110)	(105)	(102)	(98)	(95)	(92)	(88)	(85)	(81)	(78)	(75)	(71)	(69)	(67)	(64)	(62)	(60)	(58)	(56)	(54)	(52)	(50)	(48)	(46)	(44)	(42)
Net operating			(1,760)	(156)	(144)	(357)	862	895	929	960	992	1,024	1,057	1,091	1,124	1,159	1,194	1,229	1,265	1,299	1,334	1,369	1,404	1,440	1,476	1,513	1,550	1,589	1,628	1,667	1,707	1,748	1,790
Income Tax																																	
Relocation costs			783	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent			-	(413)	(422)	(430)	(708)	(722)	(736)	(751)	(766)	(781)	(797)	(813)	(829)	(846)	(863)	(880)	(897)	(915)	(934)	(952)	(971)	(991)	(1,011)	(1,031)	(1,051)	(1,072)	(1,094)	(1,116)	(1,138)	(1,161)	(1,184)
Operating costs			-	17	18	18	(62)	(64)	(65)	(66)	(68)	(69)	(70)	(72)	(73)	(75)	(76)	(78)	(79)	(81)	(82)	(84)	(86)	(87)	(89)	(91)	(93)	(95)	(96)	(98)	(100)	(102)	(104)
Property tax			-	341	348	355	268	273	279	284	290	296	301	307	314	320	326	333	340	346	353	360	367	375	382	390	398	406	414	422	431	439	448
CCT			-	71	69	66	68	65	62	60	58	56	54	52	50	48	46	44	42	41	40	38	37	36	35	33	32	31	30	29	27	26	25
CCA			778	1,468	1,309	1,259	1,215	1,092	988	900	824	760	703	654	611	572	538	507	479	453	429	408	388	369	352	335	320	305	292	279	267	255	244
Net income tax			1,561	1,484	1,321	1,368	781	645	528	427	339	261	192	129	72	20	(28)	(74)	(116)	(156)	(194)	(230)	(265)	(298)	(331)	(363)	(394)	(425)	(455)	(484)	(514)	(543)	(571)
Net Cash Flow	5.6%	(30,363)	(49,662)	1,328	1,177	(1,796)	1,643	1,540	1,457	1,387	1,331	1,286	1,249	1,220	1,197	1,179	1,165	1,156	1,149	1,143	1,140	1,139	1,139	1,141	1,145	1,150	1,156	1,164	1,173	1,183	1,194	1,206	19,094

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REVENUE REQUIREMENT	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Rate Base																																
Opening	-	53,430	51,597	49,765	50,740	48,773	46,807	45,291	43,774	42,258	40,742	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771	
Additions	57,823	-	-	2,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
AFUDC	1,605	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	(8,330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	81	(1,382)	(1,382)	(1,382)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,007)	(1,007)	(1,007)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	
Deferred loss on disposal	2,250																															
Deferred loss amortization		(450)	(450)	(450)	(450)	(450)																										
Ending	53,430	51,597	49,765	50,740	48,773	46,807	45,291	43,774	42,258	40,742	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771	17,875	
Average net book value	(2,999)	52,513	50,681	50,252	49,756	47,790	46,049	44,533	43,016	41,500	39,984	38,467	36,951	35,435	33,919	32,402	31,141	30,134	29,127	28,176	27,280	26,384	25,489	24,593	23,697	22,802	21,906	21,010	20,114	19,219	18,323	
Revenue Requirement																																
Relocation costs	1,760	-	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent	-	(929)	(948)	(967)	(1,590)	(1,622)	(1,654)	(1,687)	(1,721)	(1,755)	(1,791)	(1,826)	(1,863)	(1,900)	(1,938)	(1,977)	(2,017)	(2,057)	(2,098)	(2,140)	(2,183)	(2,226)	(2,271)	(2,316)	(2,363)	(2,410)	(2,458)	(2,507)	(2,557)	(2,609)	(2,661)	
Operating costs	-	39	39	40	(140)	(143)	(146)	(149)	(152)	(155)	(158)	(161)	(164)	(168)	(171)	(174)	(178)	(181)	(185)	(189)	(192)	(196)	(200)	(204)	(208)	(213)	(217)	(221)	(226)	(230)	(235)	
Property tax	-	766	781	797	602	614	626	638	651	664	677	691	705	719	733	748	763	778	794	810	826	842	859	876	894	912	930	949	968	987	1,007	
CCT	-	160	155	149	152	146	140	136	131	127	122	118	113	109	104	99	95	92	89	86	83	80	78	75	72	70	67	64	62	59	56	
LCT	-	217	209	202	206	198	190	184	177	171	165	159	153	147	141	134	128	124	120	116	112	109	105	102	98	94	91	87	83	80	76	
CCA	(1,401)	(2,646)	(2,358)	(2,269)	(2,190)	(1,968)	(1,780)	(1,621)	(1,485)	(1,368)	(1,267)	(1,178)	(1,100)	(1,031)	(969)	(913)	(862)	(816)	(774)	(735)	(699)	(665)	(634)	(604)	(576)	(550)	(526)	(503)	(481)	(460)	(440)	
Depreciation	(147)	2,491	2,491	2,491	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	2,732	1,814	1,814	1,814	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	
Deferred loss amortization		811	811	811	811	811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	(131)	2,287	2,207	2,188	2,167	2,081	2,005	1,939	1,873	1,807	1,741	1,675	1,609	1,543	1,477	1,411	1,356	1,312	1,268	1,227	1,188	1,149	1,110	1,071	1,032	993	954	915	876	837	798	
Return on equity	(169)	2,966	2,863	2,839	2,811	2,699	2,601	2,515	2,430	2,344	2,259	2,173	2,087	2,002	1,916	1,830	1,759	1,702	1,645	1,592	1,541	1,490	1,440	1,389	1,339	1,288	1,237	1,187	1,136	1,086	1,035	
Total	5.6%	60,484	(88)	6,161	6,251	6,507	5,560	5,549	4,687	4,637	4,567	4,481	4,382	4,272	4,153	4,025	3,891	2,859	2,769	2,674	2,381	2,291	2,197	2,101	2,002	1,901	1,798	1,692	1,585	1,475	1,364	1,251

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TAX CALCULATIONS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019
CCT																															
Net book value (prior year)		53,430	51,597	49,765	50,740	48,773	46,807	45,291	43,774	42,258	40,742	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771
CCT rate	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%
CCT	-	160	155	149	152	146	140	136	131	127	122	118	113	109	104	99	95	92	89	86	83	80	78	75	72	70	67	64	62	59	56
LCT																															
Net book value (prior year)	-	53,430	51,597	49,765	50,740	48,773	46,807	45,291	43,774	42,258	40,742	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771
LCT rate	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%
LCT	-	120	116	112	114	110	105	102	98	95	92	88	85	81	78	75	71	69	67	64	62	60	58	56	54	52	50	48	46	44	42
CCA																															
Buildings																															
Opening		40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912
Additions	46,159	-	-	1,140	-																										
Reallocation of gain on land	(4,403)																														
CCA Claim	(835)	(1,637)	(1,571)	(1,531)	(1,493)	(1,433)	(1,376)	(1,321)	(1,268)	(1,217)	(1,169)	(1,122)	(1,077)	(1,034)	(992)	(953)	(915)	(878)	(843)	(809)	(777)	(746)	(716)	(687)	(660)	(633)	(608)	(584)	(560)	(538)	(516)
Ending UCC	40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912	12,396
Site work																															
Opening		4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362
Additions	4,229																														
CCA Claim	(169)	(325)	(299)	(275)	(253)	(233)	(214)	(197)	(181)	(167)	(153)	(141)	(130)	(119)	(110)	(101)	(93)	(86)	(79)	(72)	(67)	(61)	(56)	(52)	(48)	(44)	(40)	(37)	(34)	(31)	(29)
Ending UCC	4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362	333
Equipment																															
Opening		6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15
Additions	7,435	-	-	1,667	-																										
CCA Claim	(744)	(1,338)	(1,071)	(1,023)	(985)	(788)	(631)	(504)	(404)	(323)	(258)	(207)	(165)	(132)	(106)	(85)	(68)	(54)	(43)	(35)	(28)	(22)	(18)	(14)	(11)	(9)	(7)	(6)	(5)	(4)	(3)
Ending UCC	6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15	12
Total CCA claim	(1,748)	(3,300)	(2,941)	(2,829)	(2,731)	(2,454)	(2,220)	(2,022)	(1,853)	(1,707)	(1,580)	(1,470)	(1,372)	(1,286)	(1,208)	(1,139)	(1,075)	(1,018)	(965)	(916)	(871)	(829)	(790)	(753)	(719)	(686)	(656)	(627)	(599)	(573)	(548)

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PLATE BASE PLANT	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019
Plant in Service																															
Buildings and site work																															
Opening		43,646	43,646	43,646	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786
Additions	50,388			1,140																											
AFUDC	1,399																														
Retirements	(8,141)																														
Ending	43,646	43,646	43,646	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786	44,786
New equipment																															
Opening		7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0
Additions	7,435			1,667																											
AFUDC	206																														
Retirements																(7,641)		(1,667)													
Ending	7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0
Retired equipment																															
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-																														
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land																															
Opening		(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	
Retirements	(1,677)																														
Ending	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	
Total Ending	49,610	49,610	49,610	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	44,776	44,776	44,776	43,109	43,109	43,109	43,109	43,109	43,109	43,109	43,109	43,109	43,109	43,109	43,109	
Accumulated Depreciation																															
Buildings and site work																															
Opening		1,569	696	(176)	(1,049)	(1,945)	(2,841)	(3,736)	(4,632)	(5,528)	(6,424)	(7,319)	(8,215)	(9,111)	(10,006)	(10,902)	(11,798)	(12,694)	(13,589)	(14,485)	(15,381)	(16,277)	(17,172)	(18,068)	(18,964)	(19,859)	(20,755)	(21,651)	(22,547)	(23,442)	(24,338)
Depreciation	81	(873)	(873)	(873)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)
Retirements	1,488																														
Ending	1,569	696	(176)	(1,049)	(1,945)	(2,841)	(3,736)	(4,632)	(5,528)	(6,424)	(7,319)	(8,215)	(9,111)	(10,006)	(10,902)	(11,798)	(12,694)	(13,589)	(14,485)	(15,381)	(16,277)	(17,172)	(18,068)	(18,964)	(19,859)	(20,755)	(21,651)	(22,547)	(23,442)	(24,338)	(25,234)
New equipment																															
Opening		-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation		(509)	(509)	(509)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(111)	(111)	(111)	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-															7,641			1,667												
Ending	-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retired equipment																															
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-																														
Retirements	-																														
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending	1,569	187	(1,195)	(2,578)	(4,094)	(5,610)	(7,126)	(8,643)	(10,159)	(11,675)	(13,192)	(14,708)	(16,224)	(17,740)	(19,257)	(13,132)	(14,138)	(15,145)	(14,485)	(15,381)	(16,277)	(17,172)	(18,068)	(18,964)	(19,859)	(20,755)	(21,651)	(22,547)	(23,442)	(24,338)	(25,234)

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ASSUMPTIONS

AREA (NET SQUARE FEET)

Fraser Valley	
Operating center	155,430
Meter shop	48,222
Multi-purpose	34,092
	<u>237,744</u>

Lochburn	
Central store/shop	55,157
Muster	11,023
	<u>66,180</u>
Total	<u>303,924</u>

RATE BASE RETIREMENTS

Cost	
Land	3,600
Lochburn buildings	6,157
Fraser Valley buildings	1,984
Equipment	-
	<u>11,741</u>

Accumulated depreciation

Land	-
Lochburn buildings	881
Fraser Valley buildings	607
Equipment	-
	<u>1,488</u>

Net book value

Land	3,600
Lochburn buildings	5,276
Fraser Valley buildings	1,377
Equipment	-
	<u>10,253</u>

Land sold proceeds	6,080
Land leased proceeds	9,000

Gain (loss)

Land sold	4,403
Lochburn buildings	(5,276)
Fraser Valley buildings	(1,377)
Land sold/leased back	7,077
Equipment	-
Net loss before tax	<u>4,827</u>

Rate base - land sold	80%
Rate base - land leased	80%

BUILDING COST ALLOCATION

Fraser Valley	Design	Const.	Site Wk	Total
Operating center	1,145	27,722	2,232	31,099
Meter shop	469	3,697	915	5,081
Multi-purpose	332	3,842	647	4,821
	<u>1,946</u>	<u>35,261</u>	<u>3,794</u>	<u>41,001</u>

Lochburn				
Central store/shop	537	5,223	363	6,123
Muster	107	1,945	72	2,124
	<u>644</u>	<u>7,168</u>	<u>435</u>	<u>8,247</u>
Total	<u>2,590</u>	<u>42,429</u>	<u>4,229</u>	<u>49,248</u>

PROJECT COST

	1999	2,002	Total
Buildings - new costs	48,108	1,140	49,248
Buildings - sunk costs	2,280		2,280
Total buildings	<u>50,388</u>	<u>1,140</u>	<u>51,528</u>
Equipment	7,435	1,667	9,102
Relocation	1,760	225	1,985
Land proceeds	<u>(7,600)</u>		<u>(7,600)</u>
Net project cost	<u>51,983</u>	<u>3,032</u>	<u>55,015</u>

RENT COST

Commerce Court	(380)
Gilfax	(144)
Bainbridge	(120)
Head office	<u>(285)</u>
Total	<u>(929)</u>

OPERATING COSTS

Fraser Valley	876
Lochburn	(297)
Commerce Court	(188)
Gilfax	(77)
Bainbridge	(190)
Head office	<u>(85)</u>
Total	<u>39</u>

DELAYED HEAD OFFICE SAVINGS

Rent	(604)
Operating costs	(181)
Property taxes	<u>(211)</u>
Total	<u>(997)</u>

PROPERTY TAXES

New building area	Utility	Office	Total
Fraser Valley	53,504	184,240	237,744
Lochburn	46,326	19,854	66,180
	<u>99,830</u>	<u>204,094</u>	<u>303,924</u>

Property tax rates

Fraser Valley	5.1%	2.2%	2.7%
Lochburn	4.9%	2.4%	4.2%

Fraser Valley assessment

Buildings	6,436	34,565	41,001
Land	762	2,624	3,386
	<u>7,198</u>	<u>37,189</u>	<u>44,387</u>

Lochburn assessment

Buildings	5,773	2,474	8,247
Land	4,582	1,964	6,545
	<u>10,355</u>	<u>4,438</u>	<u>14,792</u>

Current assessment

Fraser Valley	3,144	1,757	4,901
Lochburn	9,079	3,816	12,895
	<u>12,223</u>	<u>5,573</u>	<u>17,796</u>

Future property taxes

Fraser Valley	367	818	1,185
Lochburn	507	107	614
	<u>874</u>	<u>925</u>	<u>1,799</u>

Current property taxes

Fraser Valley	160	39	199
Lochburn	445	92	536
	<u>605</u>	<u>130</u>	<u>735</u>

Change in property taxes

Fraser Valley	207	779	986
Lochburn	63	15	77
	<u>269</u>	<u>794</u>	<u>1,064</u>

Commerce Court

Gilfax	(28)	(146)	(174)
Bainbridge	(24)		(24)
Head office		(100)	(100)
Total	<u>217</u>	<u>549</u>	<u>766</u>

LEASE COSTS

Land leased	11,250
Buildings	<u>51,787</u>
Total	<u>63,037</u>
Cap rate	<u>9.2%</u>
Lease cost	<u>5,799</u>

LEASE RATES

Commerce Court	29,225	13.00	4.00	5.00	22.00
Gilfax	28,277	5.10	1.00	1.00	7.10
Bainbridge	23,600	5.10	0.50	1.00	6.60
Head office 2000	14,230	20.00	6.00	7.00	33.00
Head office 2003	28,460	21.22	6.37	7.43	35.02

COST OF CAPITAL

Debt	67%	6.5%	3.6%
Equity	33%	17.1%	9.5%
Weighted average	100%	10.0%	5.6%

AFUDC rate

5.6%

CAPITAL TAXES

Corp Capital Tax (CCT)	0.300%
Large Corp Tax (LCT)	0.225%

INCOME TAX

Income tax	44.5%
CCA - buildings	4%
CCA - site work	8%
CCA - equipment	20%

DEPRECIATION

Buildings	2%
Site work	2%
New equipment	7%
Retired equipment	5%

INFLATION

O&M	2%
Property taxes	2%

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
SALE-LEASEBACK OPTION
(\$'000's)

CASH FLOW	RATE	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital																																	
Buildings			2,280			(1,140)																											
Equipment			(7,435)			(1,667)																											
Land sold proceeds			6,080																														
Land leased proceeds			9,000																														(16,302)
Residual value																																	(2,840)
Net capital			9,925	-	-	(2,807)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,142)
Operating																																	
Relocation costs		(1,760)				(225)																											
Sale leaseback rent			(5,799)	(5,915)	(6,034)	(6,154)	(6,277)	(6,403)	(6,531)	(6,662)	(6,795)	(6,931)	(7,069)	(7,211)	(7,355)	(7,502)	(7,652)	(7,805)	(7,961)	(8,121)	(8,283)	(8,449)	(8,618)	(8,790)	(8,966)	(9,145)	(9,328)	(9,515)	(9,705)	(9,899)	(10,097)	(10,299)	
Other rent			929	948	967	1,590	1,622	1,654	1,687	1,721	1,755	1,791	1,826	1,863	1,900	1,938	1,977	2,017	2,057	2,098	2,140	2,183	2,226	2,271	2,316	2,363	2,410	2,458	2,507	2,557	2,609	2,661	
Operating costs			(39)	(39)	(40)	140	143	146	149	152	155	158	161	164	168	171	174	178	181	185	189	192	196	200	204	208	213	217	221	226	230	235	
Property tax			(766)	(781)	(797)	(602)	(614)	(626)	(638)	(651)	(664)	(677)	(691)	(705)	(719)	(733)	(748)	(763)	(778)	(794)	(810)	(826)	(842)	(859)	(876)	(894)	(912)	(930)	(949)	(968)	(987)	(1,007)	
CCT		-	11	12	14	8	10	12	12	12	12	12	12	14	15	17	18	20	20	20	19	19	19	18	18	17	17	16	16	16	15	15	
LCT		-	8	9	11	6	7	9	9	9	9	9	9	10	11	13	14	15	15	15	14	14	14	14	13	13	13	12	12	12	11	11	
Net operating		(1,760)	(5,657)	(5,767)	(6,104)	(5,012)	(5,109)	(5,207)	(5,312)	(5,418)	(5,527)	(5,638)	(5,751)	(5,864)	(5,979)	(6,097)	(6,217)	(6,340)	(6,467)	(6,597)	(6,730)	(6,866)	(7,005)	(7,146)	(7,291)	(7,438)	(7,588)	(7,741)	(7,897)	(8,056)	(8,219)	(8,384)	
Income Tax																																	
Relocation costs		783	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale leaseback rent		-	2,581	2,632	2,685	2,739	2,793	2,849	2,906	2,964	3,024	3,084	3,146	3,209	3,273	3,338	3,405	3,473	3,543	3,614	3,686	3,760	3,835	3,912	3,990	4,070	4,151	4,234	4,319	4,405	4,493	4,583	
Gain on land sold		(1,470)																															
Gain on land leased		(2,362)																															4,799
Other rent		-	(413)	(422)	(430)	(708)	(722)	(736)	(751)	(766)	(781)	(797)	(813)	(829)	(846)	(863)	(880)	(897)	(915)	(934)	(952)	(971)	(991)	(1,011)	(1,031)	(1,051)	(1,072)	(1,094)	(1,116)	(1,138)	(1,161)	(1,184)	
Operating costs		-	17	18	18	(62)	(64)	(65)	(66)	(68)	(69)	(70)	(72)	(73)	(75)	(76)	(78)	(79)	(81)	(82)	(84)	(86)	(87)	(89)	(91)	(93)	(95)	(96)	(98)	(100)	(102)	(104)	
Property tax		-	341	348	355	268	273	279	284	290	296	301	307	314	320	326	333	340	346	353	360	367	375	382	390	398	406	414	422	431	439	448	
CCT		-	(5)	(6)	(6)	(3)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(7)	(7)	(8)	(9)	(9)	(9)	(9)	(8)	(8)	(8)	(8)	(8)	(7)	(7)	(7)	(7)	(7)	(7)	
CCA		368	666	539	520	506	411	334	272	222	181	148	121	99	81	66	54	44	35	29	23	18	14	11	9	6	4	3	1	0	(1)	(1)	
Net income tax		(2,680)	3,187	3,109	3,241	2,739	2,687	2,655	2,640	2,637	2,645	2,661	2,684	2,713	2,747	2,785	2,826	2,871	2,920	2,971	3,024	3,080	3,138	3,197	3,259	3,322	3,387	3,453	3,521	3,591	3,662	8,534	
Net Cash Flow	5.6%	(45,176)	5,485	(2,470)	(2,658)	(5,670)	(2,274)	(2,421)	(2,552)	(2,672)	(2,781)	(2,883)	(2,977)	(3,067)	(3,151)	(3,233)	(3,313)	(3,391)	(3,468)	(3,547)	(3,626)	(3,706)	(3,786)	(3,867)	(3,949)	(4,032)	(4,116)	(4,201)	(4,288)	(4,376)	(4,466)	(4,557)	(18,993)
Change From Own Option	5.6%	(14,814)	55,147	(3,798)	(3,835)	(3,874)	(3,917)	(3,961)	(4,008)	(4,059)	(4,113)	(4,168)	(4,226)	(4,287)	(4,348)	(4,412)	(4,478)	(4,546)	(4,617)	(4,691)	(4,766)	(4,844)	(4,925)	(5,008)	(5,094)	(5,182)	(5,272)	(5,365)	(5,461)	(5,559)	(5,660)	(5,763)	(38,087)

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
SALE-LEASEBACK OPTION
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REVENUE REQUIREMENT			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Rate Base																																	
Opening			-	(3,526)	(4,145)	(4,764)	(2,576)	(3,329)	(4,082)	(4,091)	(4,100)	(4,109)	(4,118)	(4,127)	(4,607)	(5,088)	(5,568)	(6,049)	(6,529)	(6,501)	(6,472)	(6,443)	(6,303)	(6,163)	(6,023)	(5,883)	(5,743)	(5,603)	(5,463)	(5,323)	(5,183)	(5,043)	(4,903)
Additions			7,435	-	-	2,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AFUDC			206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements			(10,253)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,923
Depreciation			81	(347)	(347)	(347)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	29	29	29	140	140	140	140	140	140	140	140	140	140	140	140
Deferred loss on disposal			3,720																														
Deferred loss amortization				(744)	(744)	(744)	(744)	(744)																									
Deferred gain on sale-leaseback			(4,715)																														
Deferred gain amortization				472	472	472	472	472	472	472	472	472	472																				
Ending			(3,526)	(4,145)	(4,764)	(2,576)	(3,329)	(4,082)	(4,091)	(4,100)	(4,109)	(4,118)	(4,127)	(4,607)	(5,088)	(5,568)	(6,049)	(6,529)	(6,501)	(6,472)	(6,443)	(6,303)	(6,163)	(6,023)	(5,883)	(5,743)	(5,603)	(5,463)	(5,323)	(5,183)	(5,043)	(4,903)	(2,840)
Average net book value			(5,584)	(3,835)	(4,454)	(3,670)	(2,952)	(3,705)	(4,086)	(4,095)	(4,104)	(4,113)	(4,122)	(4,367)	(4,848)	(5,328)	(5,809)	(6,289)	(6,515)	(6,486)	(6,457)	(6,373)	(6,233)	(6,093)	(5,953)	(5,813)	(5,673)	(5,533)	(5,393)	(5,253)	(5,113)	(4,973)	(3,871)
Revenue Requirement																																	
Relocation costs			1,760	-	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale leaseback rent			-	5,799	5,915	6,034	6,154	6,277	6,403	6,531	6,662	6,795	6,931	7,069	7,211	7,355	7,502	7,652	7,805	7,961	8,121	8,283	8,449	8,618	8,790	8,966	9,145	9,328	9,515	9,705	9,899	10,097	10,299
Other rent			-	(929)	(948)	(967)	(1,590)	(1,622)	(1,654)	(1,687)	(1,721)	(1,755)	(1,791)	(1,826)	(1,863)	(1,900)	(1,938)	(1,977)	(2,017)	(2,057)	(2,098)	(2,140)	(2,183)	(2,226)	(2,271)	(2,316)	(2,363)	(2,410)	(2,458)	(2,507)	(2,557)	(2,609)	(2,661)
Operating costs			-	39	39	40	(140)	(143)	(146)	(149)	(152)	(155)	(158)	(161)	(164)	(168)	(171)	(174)	(178)	(181)	(185)	(189)	(192)	(196)	(200)	(204)	(208)	(213)	(217)	(221)	(226)	(230)	(235)
Property tax			-	766	781	797	602	614	626	638	651	664	677	691	705	719	733	748	763	778	794	810	826	842	859	876	894	912	930	949	968	987	1,007
CCT			-	(11)	(12)	(14)	(8)	(10)	(12)	(12)	(12)	(12)	(12)	(12)	(14)	(15)	(17)	(18)	(20)	(20)	(19)	(19)	(19)	(18)	(18)	(18)	(17)	(17)	(16)	(16)	(16)	(15)	(15)
LCT			-	(14)	(17)	(19)	(10)	(13)	(17)	(17)	(17)	(17)	(17)	(17)	(19)	(21)	(23)	(25)	(26)	(26)	(26)	(26)	(26)	(25)	(24)	(24)	(23)	(23)	(22)	(22)	(21)	(20)	(20)
CCA			(664)	(1,201)	(970)	(937)	(911)	(740)	(602)	(490)	(399)	(326)	(266)	(217)	(178)	(145)	(119)	(97)	(79)	(64)	(52)	(42)	(33)	(26)	(20)	(15)	(11)	(8)	(5)	(2)	(0)	1	3
Depreciation			(147)	625	625	625	866	866	866	866	866	866	866	866	866	866	866	866	866	(52)	(52)	(52)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)
Deferred loss amortization				1,340	1,340	1,340	1,340	1,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred gain amortization				(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal																																	
Interest			(243)	(167)	(194)	(160)	(129)	(161)	(178)	(178)	(179)	(179)	(180)	(190)	(211)	(232)	(253)	(274)	(284)	(282)	(281)	(278)	(271)	(265)	(259)	(253)	(247)	(241)	(235)	(229)	(223)	(217)	(169)
Return on equity			(315)	(217)	(252)	(207)	(167)	(209)	(231)	(231)	(232)	(232)	(233)	(247)	(274)	(301)	(328)	(355)	(368)	(366)	(365)	(360)	(352)	(344)	(336)	(328)	(320)	(313)	(305)	(297)	(289)	(281)	(219)
Total	5.6%	85,279	391	5,181	5,459	5,907	5,158	5,349	4,206	4,421	4,617	4,799	4,969	5,955	6,059	6,158	6,253	6,346	5,545	5,691	5,836	5,787	5,946	6,106	6,267	6,431	6,596	6,764	6,934	7,107	7,283	7,461	25,000
Change from Own option	5.6%	24,795	479	(980)	(792)	(599)	(402)	(200)	(509)	(266)	(19)	232	487	1,573	1,787	2,005	2,228	2,455	2,686	2,922	3,162	3,406	3,655	3,909	4,166	4,428	4,695	4,966	5,242	5,523	5,808	6,097	23,749

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
SALE-LEASEBACK OPTION
(\$000's)

TAX CALCULATIONS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
CCT																																
Net book value (prior year)		(3,526)	(4,145)	(4,764)	(2,576)	(3,329)	(4,082)	(4,091)	(4,100)	(4,109)	(4,118)	(4,127)	(4,607)	(5,088)	(5,568)	(6,049)	(6,529)	(6,501)	(6,472)	(6,443)	(6,303)	(6,163)	(6,023)	(5,883)	(5,743)	(5,603)	(5,463)	(5,323)	(5,183)	(5,043)	(4,903)	
CCT rate	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	
CCT	-	(11)	(12)	(14)	(8)	(10)	(12)	(12)	(12)	(12)	(12)	(12)	(14)	(15)	(17)	(18)	(20)	(20)	(19)	(19)	(19)	(18)	(18)	(18)	(17)	(17)	(16)	(16)	(16)	(15)	(15)	
LCT																																
Net book value (prior year)	-	(3,526)	(4,145)	(4,764)	(2,576)	(3,329)	(4,082)	(4,091)	(4,100)	(4,109)	(4,118)	(4,127)	(4,607)	(5,088)	(5,568)	(6,049)	(6,529)	(6,501)	(6,472)	(6,443)	(6,303)	(6,163)	(6,023)	(5,883)	(5,743)	(5,603)	(5,463)	(5,323)	(5,183)	(5,043)	(4,903)	
LCT rate	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	
LCT	-	(8)	(9)	(11)	(6)	(7)	(9)	(9)	(9)	(9)	(9)	(9)	(10)	(11)	(13)	(14)	(15)	(15)	(15)	(14)	(14)	(14)	(14)	(13)	(13)	(13)	(12)	(12)	(12)	(11)	(11)	
CCA																																
Buildings																																
Opening		(4,144)	(3,979)	(3,819)	(2,550)	(2,448)	(2,350)	(2,256)	(2,165)	(2,079)	(1,996)	(1,916)	(1,839)	(1,766)	(1,695)	(1,627)	(1,562)	(1,500)	(1,440)	(1,382)	(1,327)	(1,274)	(1,223)	(1,174)	(1,127)	(1,082)	(1,039)	(997)	(957)	(919)	(882)	
Additions	(4,229)	-	-	1,140	-																											
Reallocation of gain on land																																
CCA Claim	85	166	159	130	102	98	94	90	87	83	80	77	74	71	68	65	62	60	58	55	53	51	49	47	45	43	42	40	38	37	35	
Ending UCC	(4,144)	(3,979)	(3,819)	(2,550)	(2,448)	(2,350)	(2,256)	(2,165)	(2,079)	(1,996)	(1,916)	(1,839)	(1,766)	(1,695)	(1,627)	(1,562)	(1,500)	(1,440)	(1,382)	(1,327)	(1,274)	(1,223)	(1,174)	(1,127)	(1,082)	(1,039)	(997)	(957)	(919)	(882)	(847)	
Site work																																
Opening		4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362	
Additions	4,229																															
CCA Claim	(169)	(325)	(299)	(275)	(253)	(233)	(214)	(197)	(181)	(167)	(153)	(141)	(130)	(119)	(110)	(101)	(93)	(86)	(79)	(72)	(67)	(61)	(56)	(52)	(48)	(44)	(40)	(37)	(34)	(31)	(29)	
Ending UCC	4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362	333	
Equipment																																
Opening		6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15	
Additions	7,435	-	-	1,667	-																											
CCA Claim	(744)	(1,338)	(1,071)	(1,023)	(985)	(788)	(631)	(504)	(404)	(323)	(258)	(207)	(165)	(132)	(106)	(85)	(68)	(54)	(43)	(35)	(28)	(22)	(18)	(14)	(11)	(9)	(7)	(6)	(5)	(4)	(3)	
Ending UCC	6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15	12	
Total CCA claim	(828)	(1,497)	(1,210)	(1,168)	(1,136)	(923)	(751)	(611)	(498)	(406)	(332)	(271)	(222)	(181)	(148)	(121)	(98)	(80)	(64)	(52)	(41)	(33)	(25)	(19)	(14)	(10)	(6)	(3)	(1)	2	3	

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
SALE-LEASEBACK OPTION
(\$000's)

PLANT BALANCES	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Plant in Service																																
Buildings and site work																																
Opening		(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	
Additions				1,140																												
AFUDC																																
Retirements	(8,141)																															
Ending	(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	
New equipment																																
Opening		7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions	7,435			1,667																												
AFUDC	206																															
Retirements																																
Ending	7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retired equipment																																
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements																																
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land																																
Opening		(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	
Retirements	(3,600)																															
Ending	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	1,923	
Total Ending	(4,100)	(4,100)	(4,100)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	(8,934)	(8,934)	(8,934)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(10,601)	(8,678)	
Accumulated Depreciation																																
Buildings and site work																																
Opening		1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	3,178	3,318	3,458	3,598	3,738	3,878	4,018	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698	
Depreciation	81	163	163	163	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	
Retirements	1,488																															
Ending	1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	3,178	3,318	3,458	3,598	3,738	3,878	4,018	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698	5,838	
New equipment																																
Opening		-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Depreciation		(509)	(509)	(509)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(111)	(111)	(111)	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,641	-	-	1,667	-	-	-	-	-	-	-	-	-	-	-	
Ending	-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Retired equipment																																
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	-																															
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Ending	1,569	1,223	876	530	49	(431)	(912)	(1,393)	(1,873)	(2,354)	(2,834)	(3,315)	(3,795)	(4,276)	(4,756)	2,405	2,433	2,462	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698	5,838	

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
10 YEAR SYNTHETIC LEASE
(\$000's)

ASSUMPTIONS

AREA (NET SQUARE FEET)

Fraser Valley	
Operating center	155,430
Meter shop	48,222
Multi-purpose	34,092
	<u>237,744</u>
Lochburn	
Central store/shop	55,157
Muster	11,023
	<u>66,180</u>
Total	<u>303,924</u>

RETIREMENTS

Cost	
Lochburn land	1,677
Lochburn buildings	6,157
Fraser Valley buildings	1,984
Equipment	-
	<u>9,818</u>
Accumulated depreciation	
Lochburn land	-
Lochburn buildings	881
Fraser Valley buildings	607
Equipment	-
	<u>1,488</u>
Net book value	
Lochburn land	1,677
Lochburn buildings	5,276
Fraser Valley buildings	1,377
Equipment	-
	<u>8,330</u>
Lochburn land proceeds	6,080
Gain (loss)	
Lochburn land	4,403
Lochburn buildings	(5,276)
Fraser Valley buildings	(1,377)
Equipment	-
Net loss before tax	<u>(2,250)</u>
Rate base portion of land	80%

BUILDING COST ALLOCATION

Fraser Valley	Design	Const.	Site Wk	Total
Operating center	1,145	27,722	2,232	31,099
Meter shop	469	3,697	915	5,081
Multi-purpose	332	3,842	647	4,821
	<u>1,946</u>	<u>35,261</u>	<u>3,794</u>	<u>41,001</u>
Lochburn				
Central store/shop	537	5,223	363	6,123
Muster	107	1,945	72	2,124
	<u>644</u>	<u>7,168</u>	<u>435</u>	<u>8,247</u>
Total	<u>2,590</u>	<u>42,429</u>	<u>4,229</u>	<u>49,248</u>

PROJECT COST

	1999	2,002	Total
Buildings - new costs	48,108	1,140	49,248
Buildings - sunk costs	<u>2,280</u>		<u>2,280</u>
Total buildings	50,388	1,140	51,528
Equipment	7,435	1,667	9,102
Relocation	1,760	225	1,985
Land proceeds	<u>(7,600)</u>		<u>(7,600)</u>
Net project cost	<u>51,983</u>	<u>3,032</u>	<u>55,015</u>

RENT COST

Commerce Court	(380)
Gilfax	(144)
Bainbridge	(120)
Head office	<u>(285)</u>
Total	<u>(929)</u>

OPERATING COSTS

Fraser Valley	876
Lochburn	(297)
Commerce Court	(188)
Gilfax	(77)
Bainbridge	(190)
Head office	<u>(85)</u>
Total	<u>39</u>

DELAYED HEAD OFFICE SAVINGS

Rent	(604)
Operating	(181)
Taxes	<u>(211)</u>
Total	<u>(997)</u>

PROPERTY TAXES

	Utility	Office	Total
New building area			
Fraser Valley	53,504	184,240	237,744
Lochburn	<u>46,326</u>	<u>19,854</u>	<u>66,180</u>
	<u>99,830</u>	<u>204,094</u>	<u>303,924</u>

Property tax rates

Fraser Valley	5.1%	2.2%	2.7%
Lochburn	4.9%	2.4%	4.2%

Fraser Valley assessment

Buildings	6,436	34,565	41,001
Land	<u>762</u>	<u>2,624</u>	<u>3,386</u>
	<u>7,198</u>	<u>37,189</u>	<u>44,387</u>

Lochburn assessment

Buildings	5,773	2,474	8,247
Land	<u>4,582</u>	<u>1,964</u>	<u>6,545</u>
	<u>10,355</u>	<u>4,438</u>	<u>14,792</u>

Current assessment

Fraser Valley	3,144	1,757	4,901
Lochburn	<u>9,079</u>	<u>3,816</u>	<u>12,895</u>
	<u>12,223</u>	<u>5,573</u>	<u>17,796</u>

Future property taxes

Fraser Valley	367	818	1,185
Lochburn	<u>507</u>	<u>107</u>	<u>614</u>
	<u>874</u>	<u>925</u>	<u>1,799</u>

Current property taxes

Fraser Valley	160	39	199
Lochburn	<u>445</u>	<u>92</u>	<u>536</u>
	<u>605</u>	<u>130</u>	<u>735</u>

Change in property taxes

Fraser Valley	207	779	986
Lochburn	<u>63</u>	<u>15</u>	<u>77</u>
	<u>269</u>	<u>794</u>	<u>1,064</u>

Commerce Court

		(146)	(146)
Gilfax	(28)		(28)
Bainbridge	(24)		(24)
Head office 2000		<u>(100)</u>	<u>(100)</u>
Total	<u>217</u>	<u>549</u>	<u>766</u>

LEASE RATES

	Square Ft	Rent	Operating	Tax	Total
Commerce Court	29,225	13.00	4.00	5.00	22.00
Gilfax	28,277	5.10	1.00	1.00	7.10
Bainbridge	23,600	5.10	0.50	1.00	6.60
Head office 2000	14,230	20.00	6.00	7.00	33.00
Head office 2003	28,460	21.22	6.37	7.43	35.02

COST OF CAPITAL

	Weight	Pre Tax	After Tax
Debt	67%	6.5%	3.6%
Equity	33%	17.1%	9.5%
Weighted average	<u>100%</u>	<u>10.0%</u>	<u>5.6%</u>

AFUDC rate

	5.6%
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CAPITAL TAXES

Corp Capital Tax (CCT)	0.300%
Large Corp Tax (LCT)	0.225%

INCOME TAX

Income tax	44.5%
CCA - buildings	4%
CCA - site work	8%
CCA - equipment	20%

DEPRECIATION

Buildings	2%
Site work	2%
New equipment	7%
Retired equipment	5%

INFLATION

O&M	2%
Property taxes	2%

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
10 YEAR SYNTHETIC LEASE
(\$000's)

CASH FLOW	RATE	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital																																	
Buildings			2,280			(1,140)							(41,429)																				
Equipment			(7,435)			(1,667)																											
Land proceeds			6,080																														
Residual value																																17,875	
Net capital			925	-	-	(2,807)	-	-	-	-	-	-	(41,429)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating																																	
Relocation costs			(1,760)			(225)																											
Rent				929	948	967	1,590	1,622	1,654	1,687	1,721	1,755	1,791	1,826	1,863	1,900	1,938	1,977	2,017	2,057	2,098	2,140	2,183	2,226	2,271	2,316	2,363	2,410	2,458	2,507	2,557	2,609	2,661
Operating costs				(39)	(39)	(40)	140	143	146	149	152	155	158	161	164	168	171	174	178	181	185	189	192	196	200	204	208	213	217	221	226	230	235
Property tax				(766)	(781)	(797)	(602)	(614)	(626)	(638)	(651)	(664)	(677)	(691)	(705)	(719)	(733)	(748)	(763)	(778)	(794)	(810)	(826)	(842)	(859)	(876)	(894)	(912)	(930)	(949)	(968)	(987)	(1,007)
CCT			-	(5)	(3)	(0)	(6)	(3)	(1)	1	2	4	5	(118)	(113)	(109)	(104)	(99)	(95)	(92)	(89)	(86)	(83)	(80)	(78)	(75)	(72)	(70)	(67)	(64)	(62)	(59)	(56)
LCT			-	(4)	(2)	(0)	(5)	(3)	(0)	1	2	3	4	(88)	(85)	(81)	(78)	(75)	(71)	(69)	(67)	(64)	(62)	(60)	(58)	(56)	(54)	(52)	(50)	(48)	(46)	(44)	(42)
Lease structure fee			(518)																														
Lease closing costs			(430)																														
Lease annual fee				(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)																				
Lease interest				(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)																				
Lease principal				(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)																				
Net operating			(2,708)	(4,224)	(4,152)	(4,305)	(3,026)	(2,933)	(2,840)	(2,749)	(2,657)	(2,565)	(2,472)	1,091	1,124	1,159	1,194	1,229	1,265	1,299	1,334	1,369	1,404	1,440	1,476	1,513	1,550	1,589	1,628	1,667	1,707	1,748	1,790
Income Tax																																	
Relocation costs			783	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent			-	(413)	(422)	(430)	(708)	(722)	(736)	(751)	(766)	(781)	(797)	(813)	(829)	(846)	(863)	(880)	(897)	(915)	(934)	(952)	(971)	(991)	(1,011)	(1,031)	(1,051)	(1,072)	(1,094)	(1,116)	(1,138)	(1,161)	(1,184)
Operating costs			-	17	18	18	(62)	(64)	(65)	(66)	(68)	(69)	(70)	(72)	(73)	(75)	(76)	(78)	(79)	(81)	(82)	(84)	(86)	(87)	(89)	(91)	(93)	(95)	(96)	(98)	(100)	(102)	(104)
Property tax			-	341	348	355	268	273	279	284	290	296	301	307	314	320	326	333	340	346	353	360	367	375	382	390	398	406	414	422	431	439	448
CCT			-	2	1	0	3	2	0	(0)	(1)	(2)	(2)	52	50	48	46	44	42	41	40	38	37	36	35	33	32	31	30	29	27	26	25
CCA			778	1,468	1,309	1,259	1,215	1,092	988	900	824	760	703	654	611	572	538	507	479	453	429	408	388	369	352	335	320	305	292	279	267	255	244
Lease structure fee			230																														
Lease closing costs			38	38	38	38	38																										
Lease annual fee			-	16	16	16	16	16	16	16	16	16	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lease interest			-	1,455	1,426	1,397	1,367	1,338	1,309	1,280	1,251	1,222	1,193	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net income tax			1,830	2,924	2,733	2,752	2,137	1,935	1,791	1,662	1,547	1,441	1,344	129	72	20	(28)	(74)	(116)	(156)	(194)	(230)	(265)	(298)	(331)	(363)	(394)	(425)	(455)	(484)	(514)	(543)	(571)
Net Cash Flow	5.6%	(23,723)	47	(1,300)	(1,419)	(4,360)	(889)	(998)	(1,049)	(1,086)	(1,110)	(1,124)	(42,557)	1,220	1,197	1,179	1,165	1,156	1,149	1,143	1,140	1,139	1,139	1,141	1,145	1,150	1,156	1,164	1,173	1,183	1,194	1,206	19,094
Change From Own Option	5.6%	6,639	49,709	(2,628)	(2,596)	(2,564)	(2,532)	(2,538)	(2,506)	(2,474)	(2,441)	(2,409)	(43,807)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
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(\$000's)

REVENUE REQUIREMENT		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Rate Base																																
Opening		-	1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771
Additions		7,435	-	-	2,807	-	-	-	-	-	-	41,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AFUDC		206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements		(8,330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation		81	(347)	(347)	(347)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,007)	(1,007)	(1,007)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)
Deferred loss on disposal		2,250																														
Deferred loss amortization			(450)	(450)	(450)	(450)	(450)																									
Ending		1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771	17,875
Average net book value																																
		(2,999)	1,245	448	1,055	1,595	664	(41)	(522)	(1,002)	(1,483)	18,751	38,467	36,951	35,435	33,919	32,402	31,141	30,134	29,127	28,176	27,280	26,384	25,489	24,593	23,697	22,802	21,906	21,010	20,114	19,219	18,323
Revenue Requirement																																
Relocation costs		1,760	-	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent		-	(929)	(948)	(967)	(1,590)	(1,622)	(1,654)	(1,687)	(1,721)	(1,755)	(1,791)	(1,826)	(1,863)	(1,900)	(1,938)	(1,977)	(2,017)	(2,057)	(2,098)	(2,140)	(2,183)	(2,226)	(2,271)	(2,316)	(2,363)	(2,410)	(2,458)	(2,507)	(2,557)	(2,609)	(2,661)
Operating costs		-	39	39	40	(140)	(143)	(146)	(149)	(152)	(155)	(158)	(161)	(164)	(168)	(171)	(174)	(178)	(181)	(185)	(189)	(192)	(196)	(200)	(204)	(208)	(213)	(217)	(221)	(226)	(230)	(235)
Property tax		-	766	781	797	602	614	626	638	651	664	677	691	705	719	733	748	763	778	794	810	826	842	859	876	894	912	930	949	968	987	1,007
CCT		-	5	3	0	6	3	1	(1)	(2)	(4)	(5)	118	113	109	104	99	95	92	89	86	83	80	78	75	72	70	67	64	62	59	56
LCT		-	7	3	0	8	5	1	(1)	(3)	(5)	(7)	159	153	147	141	134	128	124	120	116	112	109	105	102	98	94	91	87	83	80	76
CCA		(1,401)	(2,646)	(2,358)	(2,269)	(2,190)	(1,968)	(1,780)	(1,621)	(1,485)	(1,368)	(1,267)	(1,178)	(1,100)	(1,031)	(969)	(913)	(862)	(816)	(774)	(735)	(699)	(665)	(634)	(604)	(576)	(550)	(526)	(503)	(481)	(460)	(440)
Depreciation		(147)	625	625	625	866	866	866	866	866	866	866	2,732	2,732	2,732	2,732	2,732	1,814	1,814	1,814	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614	1,614
Amortization			811	811	811	811	811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest		(131)	54	20	46	69	29	(2)	(23)	(44)	(65)	817	1,675	1,609	1,543	1,477	1,411	1,356	1,312	1,268	1,227	1,188	1,149	1,110	1,071	1,032	993	954	915	876	837	798
Return on equity		(169)	70	25	60	90	38	(2)	(29)	(57)	(84)	1,059	2,173	2,087	2,002	1,916	1,830	1,759	1,702	1,645	1,592	1,541	1,490	1,440	1,389	1,339	1,288	1,237	1,187	1,136	1,086	1,035
Lease structure fee		518																														
Lease closing costs		775																														
Lease closing costs - tax		(69)	(69)	(69)	(69)	(69)																										
Lease annual fee			35	35	35	35	35	35	35	35	35	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease interest			3,269	3,204	3,138	3,073	3,008	2,943	2,877	2,812	2,747	2,682	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease principal			1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5.6%	47,598	1,136	3,902	4,037	4,339	3,438	3,541	2,771	2,766	2,742	4,774	4,382	4,272	4,153	4,025	3,891	2,859	2,769	2,674	2,381	2,291	2,197	2,101	2,002	1,901	1,798	1,692	1,585	1,475	1,364	1,251
Change from Own option	5.6%	(12,886)	1,224	(2,259)	(2,214)	(2,168)	(2,122)	(2,008)	(1,962)	(1,916)	(1,871)	(1,825)	293	0	-	0	-	0	(0)	-	-	-	-	(0)	-	0	-	(0)	-	-	(0)	-

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COASTAL FACILITIES PROJECT
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(\$000's)

LEASE COSTS		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Loans																																
Tranche A																																
Opening	20%		10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036																				
Interest	6.30%		620	555	489	424	359	294	228	163	98	33																				
Interest payment			(620)	(555)	(489)	(424)	(359)	(294)	(228)	(163)	(98)	(33)																				
Principal			10,357	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)																				
Ending			10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tranche B																																
Opening	55%		28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483																				
Interest	6.30%		1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794																				
Interest payment			(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)																				
Principal			28,483																													
Ending			28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tranche C																																
Opening	25%		12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947																				
Interest	6.60%		854	854	854	854	854	854	854	854	854	854																				
Interest payment			(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)																				
Principal			12,947																													
Ending			12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total																																
Opening	100%	-	51,787	50,751	49,715	48,680	47,644	46,608	45,572	44,537	43,501	42,465																				
Interest		-	3,269	3,204	3,138	3,073	3,008	2,943	2,877	2,812	2,747	2,682																				
Interest payment		-	(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)																				
Principal		51,787	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)																				
Ending		51,787	50,751	49,715	48,680	47,644	46,608	45,572	44,537	43,501	42,465	41,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lease Cash Flow																																
Building cost (including AFUDC)		51,787																														
Structure fee		(518)																														
Closing costs		(430)																														
Annual fees			(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)																				
Interest payment			(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)																				
Principal payment			(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(42,465)																				
Net pre tax cash flow		50,839	(4,340)	(4,274)	(4,209)	(4,144)	(4,079)	(4,013)	(3,948)	(3,883)	(3,818)	(45,182)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
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TAX CALCULATIONS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CCT																															
Net book value (prior year)		1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771
CCT rate	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%
CCT	-	5	3	0	6	3	1	(1)	(2)	(4)	(5)	118	113	109	104	99	95	92	89	86	83	80	78	75	72	70	67	64	62	59	56
LCT																															
Net book value (prior year)		1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	39,226	37,709	36,193	34,677	33,161	31,644	30,637	29,631	28,624	27,728	26,832	25,937	25,041	24,145	23,249	22,354	21,458	20,562	19,667	18,771
LCT rate	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%
LCT	-	4	2	0	5	3	0	(1)	(2)	(3)	(4)	88	85	81	78	75	71	69	67	64	62	60	58	56	54	52	50	48	46	44	42
CCA																															
Buildings																															
Opening		40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912
Additions	46,159	-	-	1,140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reallocation of gain on land	(4,403)																														
CCA Claim	(835)	(1,637)	(1,571)	(1,531)	(1,493)	(1,433)	(1,376)	(1,321)	(1,268)	(1,217)	(1,169)	(1,122)	(1,077)	(1,034)	(992)	(953)	(915)	(878)	(843)	(809)	(777)	(746)	(716)	(687)	(660)	(633)	(608)	(584)	(560)	(538)	(516)
Ending UCC	40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912	12,396
Site work																															
Opening		4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362
Additions	4,229	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA Claim	(169)	(325)	(299)	(275)	(253)	(233)	(214)	(197)	(181)	(167)	(153)	(141)	(130)	(119)	(110)	(101)	(93)	(86)	(79)	(72)	(67)	(61)	(56)	(52)	(48)	(44)	(40)	(37)	(34)	(31)	(29)
Ending UCC	4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362	333
Equipment																															
Opening		6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15
Additions	7,435	-	-	1,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA Claim	(744)	(1,338)	(1,071)	(1,023)	(985)	(788)	(631)	(504)	(404)	(323)	(258)	(207)	(165)	(132)	(106)	(85)	(68)	(54)	(43)	(35)	(28)	(22)	(18)	(14)	(11)	(9)	(7)	(6)	(5)	(4)	(3)
Ending UCC	6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15	12
Total CCA claim	(1,748)	(3,300)	(2,941)	(2,829)	(2,731)	(2,454)	(2,220)	(2,022)	(1,853)	(1,707)	(1,580)	(1,470)	(1,372)	(1,286)	(1,208)	(1,139)	(1,075)	(1,018)	(965)	(916)	(871)	(829)	(790)	(753)	(719)	(686)	(656)	(627)	(599)	(573)	(548)

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(\$000's)

PLANT BALANCES	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Plant in Service																																
Buildings and site work																																
Opening		(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	
Additions				1,140							41,429																					
AFUDC																																
Retirements	(8,141)																															
Ending	(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	
New equipment																																
Opening		7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions	7,435			1,667																												
AFUDC	206																															
Retirements																																
Ending	7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retired equipment																																
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	-																															
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land																																
Opening		(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	
Retirements	(1,677)																															
Ending	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	
Total Ending	(2,177)	(2,177)	(2,177)	630	630	630	630	630	630	630	42,060	42,060	42,060	42,060	42,060	34,418	34,418	34,418	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	32,751	
Accumulated Depreciation																																
Buildings and site work																																
Opening		1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	2,142	1,247	351	(545)	(1,441)	(2,336)	(3,232)	(4,128)	(5,023)	(5,919)	(6,815)	(7,711)	(8,606)	(9,502)	(10,398)	(11,293)	(12,189)	(13,085)	(13,981)	
Depreciation	81	163	163	163	140	140	140	140	140	140	140	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	
Retirements	1,488																															
Ending	1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	2,142	1,247	351	(545)	(1,441)	(2,336)	(3,232)	(4,128)	(5,023)	(5,919)	(6,815)	(7,711)	(8,606)	(9,502)	(10,398)	(11,293)	(12,189)	(13,085)	(13,981)	(14,876)	
New equipment																																
Opening		-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Depreciation		(509)	(509)	(509)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(111)	(111)	(111)	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,641	-	1,667	-	-	-	-	-	-	-	-	-	-	-	-	
Ending	-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Retired equipment																																
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirements	-																															
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Ending	1,569	1,223	876	530	49	(431)	(912)	(1,393)	(1,873)	(2,354)	(2,834)	(4,350)	(5,867)	(7,383)	(8,899)	(2,774)	(3,781)	(4,788)	(4,128)	(5,023)	(5,919)	(6,815)	(7,711)	(8,606)	(9,502)	(10,398)	(11,293)	(12,189)	(13,085)	(13,981)	(14,876)	

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

ASSUMPTIONS

AREA (NET SQUARE FEET)

Fraser Valley	
Operating center	155,430
Meter shop	48,222
Multi-purpose	34,092
	<u>237,744</u>
Lochburn	
Central store/shop	55,157
Muster	11,023
	<u>66,180</u>
Total	<u>303,924</u>

RETIREMENTS

Cost	
Lochburn land	1,677
Lochburn buildings	6,157
Fraser Valley buildings	1,984
Equipment	-
	<u>9,818</u>
Accumulated depreciation	
Lochburn land	-
Lochburn buildings	881
Fraser Valley buildings	607
Equipment	-
	<u>1,488</u>
Net book value	
Lochburn land	1,677
Lochburn buildings	5,276
Fraser Valley buildings	1,377
Equipment	-
	<u>8,330</u>
Lochburn land proceeds	6,080
Gain (loss)	
Lochburn land	4,403
Lochburn buildings	(5,276)
Fraser Valley buildings	(1,377)
Equipment	-
Net loss before tax	<u>(2,250)</u>
Rate base portion of land	80%

BUILDING COST ALLOCATION

Fraser Valley	Design	Const.	Site Wk	Total
Operating center	1,145	27,722	2,232	31,099
Meter shop	469	3,697	915	5,081
Multi-purpose	332	3,842	647	4,821
	<u>1,946</u>	<u>35,261</u>	<u>3,794</u>	<u>41,001</u>
Lochburn				
Central store/shop	537	5,223	363	6,123
Muster	107	1,945	72	2,124
	<u>644</u>	<u>7,168</u>	<u>435</u>	<u>8,247</u>
Total	<u>2,590</u>	<u>42,429</u>	<u>4,229</u>	<u>49,248</u>

PROJECT COST

	1999	2,002	Total
Buildings - new costs	48,108	1,140	49,248
Buildings - sunk costs	<u>2,280</u>		<u>2,280</u>
Total buildings	50,388	1,140	51,528
Equipment	7,435	1,667	9,102
Relocation	1,760	225	1,985
Land proceeds	<u>(7,600)</u>		<u>(7,600)</u>
Net project cost	<u>51,983</u>	<u>3,032</u>	<u>55,015</u>

RENT COST

Commerce Court	(380)
Gilfax	(144)
Bainbridge	(120)
Head office	<u>(285)</u>
Total	<u>(929)</u>

OPERATING COSTS

Fraser Valley	876
Lochburn	(297)
Commerce Court	(188)
Gilfax	(77)
Bainbridge	(190)
Head office	<u>(85)</u>
Total	<u>39</u>

DELAYED HEAD OFFICE SAVINGS

Rent	(604)
Operating	(181)
Taxes	<u>(211)</u>
Total	<u>(997)</u>

PROPERTY TAXES

	Utility	Office	Total
New building area			
Fraser Valley	53,504	184,240	237,744
Lochburn	<u>46,326</u>	<u>19,854</u>	<u>66,180</u>
	<u>99,830</u>	<u>204,094</u>	<u>303,924</u>

Property tax rates

Fraser Valley	5.1%	2.2%	2.7%
Lochburn	4.9%	2.4%	4.2%

Fraser Valley assessment

Buildings	6,436	34,565	41,001
Land	<u>762</u>	<u>2,624</u>	<u>3,386</u>
	<u>7,198</u>	<u>37,189</u>	<u>44,387</u>

Lochburn assessment

Buildings	5,773	2,474	8,247
Land	<u>4,582</u>	<u>1,964</u>	<u>6,545</u>
	<u>10,355</u>	<u>4,438</u>	<u>14,792</u>

Current assessment

Fraser Valley	3,144	1,757	4,901
Lochburn	<u>9,079</u>	<u>3,816</u>	<u>12,895</u>
	<u>12,223</u>	<u>5,573</u>	<u>17,796</u>

Future property taxes

Fraser Valley	367	818	1,185
Lochburn	<u>507</u>	<u>107</u>	<u>614</u>
	<u>874</u>	<u>925</u>	<u>1,799</u>

Current property taxes

Fraser Valley	160	39	199
Lochburn	<u>445</u>	<u>92</u>	<u>536</u>
	<u>605</u>	<u>130</u>	<u>735</u>

Change in property taxes

Fraser Valley	207	779	986
Lochburn	<u>63</u>	<u>15</u>	<u>77</u>
	<u>269</u>	<u>794</u>	<u>1,064</u>

Commerce Court

		(146)	(146)
Gilfax	(28)		(28)
Bainbridge	(24)		(24)
Head office 2000		<u>(100)</u>	<u>(100)</u>
Total	<u>217</u>	<u>549</u>	<u>766</u>

LEASE RATES

	Square Ft	Rent	Operating	Tax	Total
Commerce Court	29,225	13.00	4.00	5.00	22.00
Gilfax	28,277	5.10	1.00	1.00	7.10
Bainbridge	23,600	5.10	0.50	1.00	6.60
Head office 2000	14,230	20.00	6.00	7.00	33.00
Head office 2003	28,460	21.22	6.37	7.43	35.02

COST OF CAPITAL

	Weight	Pre Tax	After Tax
Debt	67%	6.5%	3.6%
Equity	33%	17.1%	9.5%
Weighted average	<u>100%</u>	<u>10.0%</u>	<u>5.6%</u>

AFUDC rate

	5.6%
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CAPITAL TAXES

Corp Capital Tax (CCT)	0.300%
Large Corp Tax (LCT)	0.225%

INCOME TAX

Income tax	44.5%
CCA - buildings	4%
CCA - site work	8%
CCA - equipment	20%

DEPRECIATION

Buildings	2%
Site work	2%
New equipment	7%
Retired equipment	5%

INFLATION

O&M	2%
Property taxes	2%

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

CASH FLOW	RATE	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital																																	
Buildings			2,280			(1,140)																											
Equipment			(7,435)			(1,667)																											
Land proceeds			6,080																														
Residual value																																(2,840)	
Net capital			925	-	-	(2,807)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,840)
Operating																																	
Relocation costs			(1,760)			(225)																											
Rent				929	948	967	1,590	1,622	1,654	1,687	1,721	1,755	1,791	1,826	1,863	1,900	1,938	1,977	2,017	2,057	2,098	2,140	2,183	2,226	2,271	2,316	2,363	2,410	2,458	2,507	2,557	2,609	2,661
Operating costs				(39)	(39)	(40)	140	143	146	149	152	155	158	161	164	168	171	174	178	181	185	189	192	196	200	204	208	213	217	221	226	230	235
Property tax				(766)	(781)	(797)	(602)	(614)	(626)	(638)	(651)	(664)	(677)	(691)	(705)	(719)	(733)	(748)	(763)	(778)	(794)	(810)	(826)	(842)	(859)	(876)	(894)	(912)	(930)	(949)	(968)	(987)	(1,007)
CCT			-	(5)	(3)	(0)	(6)	(3)	(1)	1	2	4	5	7	8	9	11	12	14	14	14	14	13	13	12	12	11	11	10	10	9	9	
LCT			-	(4)	(2)	(0)	(5)	(3)	(0)	1	2	3	4	5	6	7	8	9	10	10	10	10	10	9	9	9	8	8	8	7	7	7	
Lease structure fee			(518)	-	-	-	-	-	-	-	-	-	(414)	-	-	-	-	-	-	-	-	-	(311)	-	-	-	-	-	-	-	-	-	
Lease closing costs			(430)	-	-	-	-	-	-	-	-	-	(524)	-	-	-	-	-	-	-	-	-	(639)	-	-	-	-	-	-	-	-	-	
Lease annual fee				(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Lease interest				(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)	(2,608)	(2,543)	(2,478)	(2,413)	(2,347)	(2,282)	(2,217)	(2,152)	(2,086)	(2,021)	(1,948)	(1,883)	(1,818)	(1,752)	(1,687)	(1,622)	(1,557)	(1,491)	(1,426)	(1,361)
Lease principal				(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)
Net operating			(2,708)	(4,224)	(4,152)	(4,305)	(3,026)	(2,933)	(2,840)	(2,749)	(2,657)	(2,565)	(3,411)	(2,371)	(2,278)	(2,183)	(2,089)	(1,993)	(1,897)	(1,804)	(1,709)	(1,614)	(2,469)	(1,416)	(1,320)	(1,223)	(1,126)	(1,028)	(929)	(830)	(730)	(629)	(527)
Income Tax																																	
Relocation costs			783	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent			-	(413)	(422)	(430)	(708)	(722)	(736)	(751)	(766)	(781)	(797)	(813)	(829)	(846)	(863)	(880)	(897)	(915)	(934)	(952)	(971)	(991)	(1,011)	(1,031)	(1,051)	(1,072)	(1,094)	(1,116)	(1,138)	(1,161)	(1,184)
Operating costs			-	17	18	18	(62)	(64)	(65)	(66)	(68)	(69)	(70)	(72)	(73)	(75)	(76)	(78)	(79)	(81)	(82)	(84)	(86)	(87)	(89)	(91)	(93)	(95)	(96)	(98)	(100)	(102)	(104)
Property tax			-	341	348	355	268	273	279	284	290	296	301	307	314	320	326	333	340	346	353	360	367	375	382	390	398	406	414	422	431	439	448
CCT			-	2	1	0	3	2	0	(0)	(1)	(2)	(2)	(3)	(4)	(4)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(5)	(5)	(5)	(5)	(5)	(5)	(4)	(4)	(4)
CCA			778	1,468	1,309	1,259	1,215	1,092	988	900	824	760	703	654	611	572	538	507	479	453	429	408	388	369	352	335	320	305	292	279	267	255	244
Lease structure fee			230	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-	-	-	-	-	138	-	-	-	-	-	-	-	-	-	
Lease closing costs			38	38	38	38	38						47	47	47	47	47																
Lease annual fee			-	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	
Lease interest			-	1,455	1,426	1,397	1,367	1,338	1,309	1,280	1,251	1,222	1,193	1,161	1,132	1,103	1,074	1,045	1,016	987	958	928	899	867	838	809	780	751	722	693	664	635	606
Net income tax			1,830	2,924	2,733	2,752	2,137	1,935	1,791	1,662	1,547	1,441	1,575	1,297	1,212	1,133	1,056	937	867	799	734	670	746	543	482	423	364	306	248	191	134	77	21
Net Cash Flow	5.6%	(18,765)	47	(1,300)	(1,419)	(4,360)	(889)	(998)	(1,049)	(1,086)	(1,110)	(1,124)	(1,836)	(1,074)	(1,065)	(1,051)	(1,032)	(1,056)	(1,031)	(1,004)	(976)	(945)	(1,724)	(874)	(838)	(801)	(762)	(722)	(681)	(639)	(596)	(552)	(3,346)
Change From Own Option	5.6%	11,597	49,709	(2,628)	(2,596)	(2,564)	(2,532)	(2,538)	(2,506)	(2,474)	(2,441)	(2,409)	(3,085)	(2,294)	(2,262)	(2,230)	(2,198)	(2,212)	(2,180)	(2,148)	(2,116)	(2,083)	(2,863)	(2,015)	(1,983)	(1,950)	(1,918)	(1,886)	(1,854)	(1,822)	(1,790)	(1,757)	(22,440)

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

REVENUE REQUIREMENT			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Rate Base																																	
Opening			-	1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	(2,204)	(2,684)	(3,165)	(3,645)	(4,126)	(4,606)	(4,578)	(4,549)	(4,520)	(4,380)	(4,240)	(4,100)	(3,960)	(3,820)	(3,680)	(3,540)	(3,400)	(3,260)	(3,120)	(2,980)
Additions			7,435	-	-	2,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AFUDC			206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements			(8,330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation			81	(347)	(347)	(347)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	(481)	29	29	29	140	140	140	140	140	140	140	140	140	140	140	140
Deferred loss on disposal			2,250																														
Deferred loss amortization				(450)	(450)	(450)	(450)	(450)																									
Ending			1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	(2,204)	(2,684)	(3,165)	(3,645)	(4,126)	(4,606)	(4,578)	(4,549)	(4,520)	(4,380)	(4,240)	(4,100)	(3,960)	(3,820)	(3,680)	(3,540)	(3,400)	(3,260)	(3,120)	(2,980)	(2,840)
Average net book value			(2,999)	1,245	448	1,055	1,595	664	(41)	(522)	(1,002)	(1,483)	(1,964)	(2,444)	(2,925)	(3,405)	(3,886)	(4,366)	(4,592)	(4,563)	(4,534)	(4,450)	(4,310)	(4,170)	(4,030)	(3,890)	(3,750)	(3,610)	(3,470)	(3,330)	(3,190)	(3,050)	(2,910)
Revenue Requirement																																	
Relocation costs			1,760	-	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent			-	(929)	(948)	(967)	(1,590)	(1,622)	(1,654)	(1,687)	(1,721)	(1,755)	(1,791)	(1,826)	(1,863)	(1,900)	(1,938)	(1,977)	(2,017)	(2,057)	(2,098)	(2,140)	(2,183)	(2,226)	(2,271)	(2,316)	(2,363)	(2,410)	(2,458)	(2,507)	(2,557)	(2,609)	(2,661)
Operating costs			-	39	39	40	(140)	(143)	(146)	(149)	(152)	(155)	(158)	(161)	(164)	(168)	(171)	(174)	(178)	(181)	(185)	(189)	(192)	(196)	(200)	(204)	(208)	(213)	(217)	(221)	(226)	(230)	(235)
Property tax			-	766	781	797	602	614	626	638	651	664	677	691	705	719	733	748	763	778	794	810	826	842	859	876	894	912	930	949	968	987	1,007
CCT			-	5	3	0	6	3	1	(1)	(2)	(4)	(5)	(7)	(8)	(9)	(11)	(12)	(14)	(14)	(14)	(14)	(13)	(13)	(12)	(12)	(11)	(11)	(11)	(10)	(10)	(9)	(9)
LCT			-	7	3	0	8	5	1	(1)	(3)	(5)	(7)	(9)	(11)	(13)	(15)	(17)	(19)	(19)	(18)	(18)	(18)	(17)	(17)	(16)	(15)	(15)	(14)	(14)	(13)	(13)	(12)
CCA			(1,401)	(2,646)	(2,358)	(2,269)	(2,190)	(1,968)	(1,780)	(1,621)	(1,485)	(1,368)	(1,267)	(1,178)	(1,100)	(1,031)	(969)	(913)	(862)	(816)	(774)	(735)	(699)	(665)	(634)	(604)	(576)	(550)	(526)	(503)	(481)	(460)	(440)
Depreciation			(147)	625	625	625	866	866	866	866	866	866	866	866	866	866	866	866	866	(52)	(52)	(52)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)	(252)
Amortization				811	811	811	811	811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest			(131)	54	20	46	69	29	(2)	(23)	(44)	(65)	(86)	(106)	(127)	(148)	(169)	(190)	(200)	(199)	(197)	(194)	(188)	(182)	(175)	(169)	(163)	(157)	(151)	(145)	(139)	(133)	(127)
Return on equity			(169)	70	25	60	90	38	(2)	(29)	(57)	(84)	(111)	(138)	(165)	(192)	(219)	(247)	(259)	(258)	(256)	(251)	(243)	(236)	(228)	(220)	(212)	(204)	(196)	(188)	(180)	(172)	(164)
Lease structure fee			518	-	-	-	-	-	-	-	-	-	414	-	-	-	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-	-
Lease closing costs			775	-	-	-	-	-	-	-	-	-	944	-	-	-	-	-	-	-	-	-	1,151	-	-	-	-	-	-	-	-	-	-
Lease closing costs - tax			(69)	(69)	(69)	(69)	(69)						(84)	(84)	(84)	(84)	(84)																
Lease annual fee				35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Lease interest				3,269	3,204	3,138	3,073	3,008	2,943	2,877	2,812	2,747	2,682	2,608	2,543	2,478	2,413	2,347	2,282	2,217	2,152	2,086	2,021	1,948	1,883	1,818	1,752	1,687	1,622	1,557	1,491	1,426	1,361
Lease principal				1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866
Total	5.6%	37,817	1,136	3,902	4,037	4,339	3,438	3,541	2,752	2,771	2,766	2,742	3,977	2,557	2,492	2,418	2,337	2,332	1,346	1,301	1,252	1,005	2,422	905	854	801	746	688	628	566	502	437	369
Change from Own option	5.6%	(22,668)	1,224	(2,259)	(2,214)	(2,168)	(2,122)	(2,008)	(1,962)	(1,916)	(1,871)	(1,825)	(505)	(1,825)	(1,780)	(1,734)	(1,688)	(1,559)	(1,513)	(1,467)	(1,422)	(1,376)	132	(1,293)	(1,247)	(1,201)	(1,156)	(1,110)	(1,064)	(1,019)	(973)	(927)	(882)

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

LEASE COSTS		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Loans																																
Tranche A																																
Opening	20%		10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036
Interest	6.30%		620	555	489	424	359	294	228	163	98	33	620	555	489	424	359	294	228	163	98	33	620	555	489	424	359	294	228	163	98	33
Interest payment			(620)	(555)	(489)	(424)	(359)	(294)	(228)	(163)	(98)	(33)	(620)	(555)	(489)	(424)	(359)	(294)	(228)	(163)	(98)	(33)	(620)	(555)	(489)	(424)	(359)	(294)	(228)	(163)	(98)	(33)
Principal		10,357	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	
Ending		10,357	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	(0)	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	(0)	9,322	8,286	7,250	6,214	5,179	4,143	3,107	2,071	1,036	(0)
Tranche B																																
Opening	55%		28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483		20,715	20,715	20,715	20,715	20,715	20,715	20,715	20,715	20,715		12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947
Interest	6.30%		1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305		816	816	816	816	816	816	816	816	816	816
Interest payment			(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,794)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)		(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)
Principal		28,483																														
Ending		28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	28,483	20,715	20,715	20,715	20,715	20,715	20,715	20,715	20,715	20,715		12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947
Tranche C																																
Opening	25%		12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357		7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768
Interest	6.60%		854	854	854	854	854	854	854	854	854	854	684	684	684	684	684	684	684	684	684		513	513	513	513	513	513	513	513	513	513
Interest payment			(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)	(854)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)		(513)	(513)	(513)	(513)	(513)	(513)	(513)	(513)	(513)	(513)
Principal		12,947																														
Ending		12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	12,947	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357		7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768
Total																																
Opening	100%	-	51,787	50,751	49,715	48,680	47,644	46,608	45,572	44,537	43,501	42,465	41,429	40,394	39,358	38,322	37,286	36,251	35,215	34,179	33,144	32,108	31,072	30,036	29,001	27,965	26,929	25,893	24,858	23,822	22,786	21,750
Interest		-	3,269	3,204	3,138	3,073	3,008	2,943	2,877	2,812	2,747	2,682	2,608	2,543	2,478	2,413	2,347	2,282	2,217	2,152	2,086	2,021	1,948	1,883	1,818	1,752	1,687	1,622	1,557	1,491	1,426	1,361
Interest payment		-	(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)	(2,608)	(2,543)	(2,478)	(2,413)	(2,347)	(2,282)	(2,217)	(2,152)	(2,086)	(2,021)	(1,948)	(1,883)	(1,818)	(1,752)	(1,687)	(1,622)	(1,557)	(1,491)	(1,426)	(1,361)
Principal		51,787	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)		(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	
Ending		51,787	50,751	49,715	48,680	47,644	46,608	45,572	44,537	43,501	42,465	41,429	40,394	39,358	38,322	37,286	36,251	35,215	34,179	33,144	32,108	31,072	30,036	29,001	27,965	26,929	25,893	24,858	23,822	22,786	21,750	20,715
Lease Cash Flow																																
Building cost (including AFUDC)		51,787										41,429										31,072										
Structure fee		(518)										(414)										(311)										
Closing costs		(430)										(524)										(639)										
Annual fees			(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)		(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Interest payment			(3,269)	(3,204)	(3,138)	(3,073)	(3,008)	(2,943)	(2,877)	(2,812)	(2,747)	(2,682)	(2,608)	(2,543)	(2,478)	(2,413)	(2,347)	(2,282)	(2,217)	(2,152)	(2,086)	(2,021)	(1,948)	(1,883)	(1,818)	(1,752)	(1,687)	(1,622)	(1,557)	(1,491)	(1,426)	(1,361)
Principal payment			(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(42,465)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(1,036)	(21,750)
Net pre tax cash flow		50,839	(4,340)	(4,274)	(4,209)	(4,144)	(4,079)	(4,013)	(3,948)	(3,883)	(3,818)	(4,691)	(3,679)	(3,614)	(3,549)	(3,483)	(3,418)	(3,353)	(3,288)	(3,222)	(3,157)	27,030	(3,019)	(2,954)	(2,888)	(2,823)	(2,758)	(2,693)	(2,627)	(2,562)	(2,497)	(23,146)

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

CCA CALCULATIONS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CCT																															
Net book value (prior year)		1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	(2,204)	(2,684)	(3,165)	(3,645)	(4,126)	(4,606)	(4,578)	(4,549)	(4,520)	(4,380)	(4,240)	(4,100)	(3,960)	(3,820)	(3,680)	(3,540)	(3,400)	(3,260)	(3,120)	(2,980)
CCT rate	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%
CCT	-	5	3	0	6	3	1	(1)	(2)	(4)	(5)	(7)	(8)	(9)	(11)	(12)	(14)	(14)	(14)	(14)	(13)	(13)	(12)	(12)	(11)	(11)	(11)	(10)	(10)	(9)	(9)
LCT																															
Net book value (prior year)		1,643	846	50	2,060	1,129	199	(282)	(762)	(1,243)	(1,723)	(2,204)	(2,684)	(3,165)	(3,645)	(4,126)	(4,606)	(4,578)	(4,549)	(4,520)	(4,380)	(4,240)	(4,100)	(3,960)	(3,820)	(3,680)	(3,540)	(3,400)	(3,260)	(3,120)	(2,980)
LCT rate	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%
LCT	-	4	2	0	5	3	0	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)	(10)	(10)	(10)	(10)	(9)	(9)	(9)	(8)	(8)	(8)	(7)	(7)	(7)
CCA																															
Buildings																															
Opening		40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912
Additions	46,159	-	-	1,140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reallocation of gain on land	(4,403)																														
CCA Claim	(835)	(1,637)	(1,571)	(1,531)	(1,493)	(1,433)	(1,376)	(1,321)	(1,268)	(1,217)	(1,169)	(1,122)	(1,077)	(1,034)	(992)	(953)	(915)	(878)	(843)	(809)	(777)	(746)	(716)	(687)	(660)	(633)	(608)	(584)	(560)	(538)	(516)
Ending UCC	40,921	39,284	37,713	37,321	35,829	34,395	33,020	31,699	30,431	29,214	28,045	26,923	25,846	24,812	23,820	22,867	21,952	21,074	20,231	19,422	18,645	17,899	17,183	16,496	15,836	15,203	14,595	14,011	13,451	12,912	12,396
Site work																															
Opening		4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362
Additions	4,229	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA Claim	(169)	(325)	(299)	(275)	(253)	(233)	(214)	(197)	(181)	(167)	(153)	(141)	(130)	(119)	(110)	(101)	(93)	(86)	(79)	(72)	(67)	(61)	(56)	(52)	(48)	(44)	(40)	(37)	(34)	(31)	(29)
Ending UCC	4,060	3,735	3,436	3,161	2,908	2,676	2,462	2,265	2,084	1,917	1,764	1,622	1,493	1,373	1,263	1,162	1,069	984	905	833	766	705	648	597	549	505	465	427	393	362	333
Equipment																															
Opening		6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15
Additions	7,435	-	-	1,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA Claim	(744)	(1,338)	(1,071)	(1,023)	(985)	(788)	(631)	(504)	(404)	(323)	(258)	(207)	(165)	(132)	(106)	(85)	(68)	(54)	(43)	(35)	(28)	(22)	(18)	(14)	(11)	(9)	(7)	(6)	(5)	(4)	(3)
Ending UCC	6,692	5,353	4,283	4,926	3,941	3,153	2,522	2,018	1,614	1,291	1,033	827	661	529	423	339	271	217	173	139	111	89	71	57	45	36	29	23	19	15	12
Total CCA claim	(1,748)	(3,300)	(2,941)	(2,829)	(2,731)	(2,454)	(2,220)	(2,022)	(1,853)	(1,707)	(1,580)	(1,470)	(1,372)	(1,286)	(1,208)	(1,139)	(1,075)	(1,018)	(965)	(916)	(871)	(829)	(790)	(753)	(719)	(686)	(656)	(627)	(599)	(573)	(548)

BC GAS UTILITY LTD.
COASTAL FACILITIES PROJECT
30 YEAR SYNTHETIC LEASE
(\$000's)

PLANT BALANCES	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Plant in Service																															
Buildings and site work																															
Opening		(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)
Additions				1,140																											
AFUDC																															
Retirements	(8,141)																														
Ending	(8,141)	(8,141)	(8,141)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)	(7,001)
New equipment																															
Opening		7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0
Additions	7,435			1,667																											
AFUDC	206																														
Retirements																															
Ending	7,641	7,641	7,641	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	1,667	1,667	1,667	0	0	0	0	0	0	0	0	0	0	0	0	0
Retired equipment																															
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-																														
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land																															
Opening		(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)
Retirements	(1,677)																														
Ending	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)
Total Ending	(2,177)	(2,177)	(2,177)	630	630	630	630	630	630	630	630	630	630	630	630	(7,011)	(7,011)	(7,011)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)	(8,678)
Accumulated Depreciation																															
Buildings and site work																															
Opening		1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	3,178	3,318	3,458	3,598	3,738	3,878	4,018	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698
Depreciation	81	163	163	163	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140
Retirements	1,488																														
Ending	1,569	1,732	1,895	2,058	2,198	2,338	2,478	2,618	2,758	2,898	3,038	3,178	3,318	3,458	3,598	3,738	3,878	4,018	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698	5,838
New equipment																															
Opening		-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation		(509)	(509)	(509)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(621)	(111)	(111)	(111)	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,641	-	-	1,667	-	-	-	-	-	-	-	-	-	-	-
Ending	-	(509)	(1,019)	(1,528)	(2,149)	(2,769)	(3,390)	(4,011)	(4,631)	(5,252)	(5,872)	(6,493)	(7,113)	(7,734)	(8,354)	(1,334)	(1,445)	(1,556)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retired equipment																															
Opening		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-																														
Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending	1,569	1,223	876	530	49	(431)	(912)	(1,393)	(1,873)	(2,354)	(2,834)	(3,315)	(3,795)	(4,276)	(4,756)	2,405	2,433	2,462	4,158	4,298	4,438	4,578	4,718	4,858	4,998	5,138	5,278	5,418	5,558	5,698	5,838

COASTAL FACILITIES PROJECT BUILDING SPACE SUMMARY

	<u>Existing Sq. Footage</u>	<u>Estimated Sq. Footage</u>
<u>1111 West Georgia</u>	151,100 (CL)	79,950 (E)
<u>Lochburn & Area</u>		
Horne Payne	23,000	23,000
East Building	25,000	0
Meter Shop	23,600 (L)	see F. Valley
Central Stores	28,280 (L)	27,580
Shops	30,000	27,580
Field Operation Centre	1,100	11,020
Commerce Court	29,230 (L)	see F. Valley
	<u>160,210</u>	<u>89,180</u>
<u>Fraser Valley</u>		
Office	19,300	155,430
Shops / Sat. Stores	14,850	1,000
Multi-Use Facility	0	33,100
Meter Shop / Offices	30,400	48,200
	<u>64,550</u>	<u>237,730</u>
Total	<u><u>375,860</u></u>	<u><u>406,860</u></u>

(CL) = Currently ten floors leased at 1111 West Georgia

(E) = Remaining space depends on specific requirements

(L) = Leased Facility

P
August 27, 1998

Coastal Facilities Project
Synthetic Lease Option

	<u>Year 1</u>	<u>Year 6</u>
1. Revenue Requirement	\$3,902,000	\$2,752,000
2. Approximate Gross Margin Increase	1 %	0.7 %
3. Approximate Customer Impact - Lower Mainland Residential		
% of rates	0.5 %	0.35 %
\$ / Gj	\$0.03	\$0.02
\$ / year	\$3.60	\$2.50

Attachment 2

MCMILLAN BINCH

BARRISTERS & SOLICITORS

SUITE 3800 • SOUTH TOWER • ROYAL BANK PLAZA • TORONTO • ONTARIO • CANADA M5J 2J7
FAX (416) 865-7048 • TELEPHONE (416) 865-7000 • WWW.MCBINCH.COM

<i>Reply Attention of</i>	<i>Richard T. Higa</i>
<i>Direct Line</i>	<i>(416) 865-7864</i>
<i>Internet Address</i>	<i>rhiga@mcbinch.com</i>
<i>Our File No.</i>	<i>0058419</i>
<i>Date</i>	<i>December 12, 2000</i>

DELIVERED BY OVERNIGHT COURIER

BC Gas Utility Ltd.
1111 West Georgia Street
Vancouver, British Columbia
V6E 4M4

Attention: Mr. David S. Bryson

Dear David:

Re: BC Gas Utility Ltd. (Completion and Sale of Facility)

In connection with the above-mentioned transaction, please find enclosed for your files a record book that contains originally executed copies of the various closing documents.

We trust that the foregoing is satisfactory. Please do not hesitate to call me or Jason McMurtrie at (416) 865-7104 should you have any questions or concern regarding the foregoing.

Yours truly,



Richard T. Higa

encl.

cc: Jason McMurtrie, McMillan Binch (w/o encl.)

K:\BANK\RT\BAYFRONT\BC GAS 00\Bryson-ltr.doc

**COMPLETION AND SALE OF FACILITY
WITH RESPECT TO
BC GAS UTILITY LTD.**

MCMILLAN BINCH

BARRISTERS & SOLICITORS

**COMPLETION & SALE
CLOSING OF SALE OF FACILITY**

Between

BC GAS UTILITY LTD.

and

**TD TRUST COMPANY
solely in its capacity as Trustee of
THE BCG COASTAL FACILITIES TRUST**

and

**EACH OF THE FINANCIAL INSTITUTIONS AND OTHER ENTITIES
FROM TIME TO TIME PARTIES THERETO
as Lenders**

and

**ROYAL BANK OF CANADA
as Agent and Lender**

November 30, 2000

INDEX OF CLOSING DOCUMENTS

<u>DOCUMENTS</u>	<u>TAB NO.</u>
CLOSING DOCUMENTS	
Closing Agenda	1.
Majority Lenders Consent dated as December 1, 2000 between Royal Bank of Canada, as agent (the " Agent "), Royal Bank of Canada, as lender (" RBC "), The Toronto-Dominion Bank, as lender (" TD "), National Bank of Canada, as lender (" National ") and Bank of Montreal, as lender (" BMO ") (RBC, TD, National and BMO are collectively referred to as the " Lenders ")	2.

<u>DOCUMENTS</u>	<u>TAB NO.</u>
Amendment to Transaction Documents dated as of December 1, 2000 between BC Gas Utility Ltd. (" BC Gas ") and The BCG Coastal Facilities Trust by its duly appointed Submanager, Bay-Front Associates, by its General Partner International Financial Structures Inc. (" BCG Trust ")	3.
Amendment to Credit Agreement dated as of December 1, 2000 between the Agent, BCG Trust and the Lenders	4.
Debenture Amendment Agreement dated December 1, 2000 between the Agent and BCG Trust	5.
Swap Confirmation dated November 29, 2000 between RBC and BCG Trust with respect to Tranche A	6.
Swap Confirmation dated November 29, 2000 between RBC and BCG Trust with respect to Tranche B	7.
Swap Confirmation dated November 29, 2000 between RBC and BCG Trust with respect to Tranche C	8.
Invoice dated November 27, 2000 from BC Gas as principal for \$2,033,737 plus GST	9.
Substantial Completion Certificate dated November 30, 2000 given by BC Gas to BCG Trust	10.
Funding Request dated November 29, 2000 for final draw under construction agency agreement for \$4,531,891	11.
** All capitalized terms used in this index, unless otherwise defined, shall have the respective meanings specified in the Credit Agreement and Amendment to Credit Agreement **	

**CLOSING AGENDA
COMPLETION & SALE**

CLOSING OF SALE OF FACILITY

Between

BC GAS UTILITY LTD.

and

**TD TRUST COMPANY
solely in its capacity as Trustee of
THE BCG COASTAL FACILITIES TRUST**

and

**EACH OF THE FINANCIAL INSTITUTIONS AND OTHER ENTITIES
FROM TIME TO TIME PARTIES THERETO
as Lenders**

and

**ROYAL BANK OF CANADA
as Agent and Lender**

CLOSING DATE

November 30, 2000

PLACE OF CLOSING

McMillan Binch
Royal Bank Plaza,
South Tower, Suite 3800
Toronto, Ontario, M5J 2J7
Fax: (416) 865-7048

**McMILLAN BINCH
BARRISTERS & SOLICITORS**

SUITE 3800 : SOUTH TOWER : ROYAL BANK PLAZA : TORONTO : ONTARIO : CANADA M5J 2J7

CLOSING

November 30, 2000

PLACE

Closing will be completed by fax.

PARTICIPANTS

ABBREVIATION	PARTIES
BC Gas	BC Gas Utility
BCG Trust	BCG Coastal Facilities Trust
TD Trust	TD Trust Company
Agent	Royal Bank of Canada, as Agent
RBC	Royal Bank of Canada, as Lender
TD	The Toronto-Dominion Bank
BMO	Bank of Montreal
National	National Bank of Canada
MB	McMillan Binch, Ontario counsel to the Agent

Defined Terms

All terms used herein bearing initial capital letters and defined in the master agreement made as of December 1, 2000 between TD Trust, the Agent, RBC, TD, BMO, and National (the “**Master Agreement**”) have the meanings given to them in the Master Agreement.

PROCEDURE AT CLOSING

All documents to be delivered on the Closing Date shall be held in escrow until all documentation is received in satisfactory form, at which time they will be released from escrow and distributed to the parties entitled thereto.

Unless otherwise specified below, the party responsible for executing or delivering a document shall table eight (8) original or certified copies of each such document for delivery ("Standard Delivery") as follows:

BC Gas	2 copies
BCG Trust	1 copy
Agent	1 copy
RBC	1 copy
TD	1 copy
National	1 copy
MB	1 copy

MB will prepare record books containing copies of the items described below, as appropriate, for delivery to the Agent, RBC, TD, National, BC Gas, TD Trust and MB.

N o.	Action or Documentation Required	Drafting/ Responsibility	Delivered/ Executed By	Delivered To
I.	CLOSING DOCUMENTS			
1.	Majority Lenders Consent	MB	Agent/RBC/TD/ BMO/ National	Standard Delivery
2.	Amendment to Transaction Documents	MB	BC Gas/BCG Trust	Standard Delivery
3.	Amendment to Credit Agreement	MB	Agent/RBC/ BCG Trust/ TD/BMO/ National	Standard Delivery
4.	Debenture Amendment Agreement	MB	Agent/BCG Trust	Standard Delivery
5.	Swap Confirmation Tranche A, Tranche B, and Tranche C	MB	RBC/BCG Trust	Standard Delivery
6.	Invoice from BC Gas as principal for \$2,033,737 plus GST	BC Gas	BC Gas	Standard Delivery
7.	Substantial Completion Certificate	MB	BC Gas	Standard Delivery
8.	Funding Request for final draw under construction agency agreement for <u>\$4,531,891</u> .	BC Gas	BC Gas	Agent
9.	Advance by Lenders to BCG Trust under Credit Agreement to fund final Funding Request of <u>\$4,531,891</u> paid by the Agent into BCG Trusts syndication account		Agent	

N o.	Action or Documentation Required	Drafting/ Responsibility	Delivered/ Executed By	Delivered To
10.	Advance of \$2,033,737 by Lenders to BCG Trust under Credit Agreement to fund BC Gas final invoice payment paid by the Agent into syndication Account #: 266-760-8	N/A	Agent	BCG Trust
11.	Advance of \$_____ by Lenders to syndication Account #: 266-760-8 under Credit Agreement in respect of accrued Borrowing Costs (ie. Interest on prime loans and commitment fees) to November 30.		Agent	
12.	Payment by BCG Trust to Agent of \$_____ of accrued Borrowing Costs (ie interest on prime loans and commitment fees) from syndication Account #: 266-760-8 .		BCG Trust	
13.	Payment by BCG Trust to BC Gas as construction agent for construction costs of <u>\$4,531,891</u> by way of wire transfer from syndication Account #: 266-760-8 account to BC Gas' account.		BCG Trust	
14.	Payment of by BCG Trust to BC Gas as principal in respect of its construction agent for construction costs of \$2,033,737 by way of wire transfer from syndication Account #: 266-760-8 to BC Gas' account.		BCG Trust	
15.	Wire transfer by BC Gas of \$20,000 to BCG Trust's Vancouver Account #_____ in respect of part of the Purchase Price		BC Gas	Original to BCG Trust (Copies Standard Delivery)
16.	Wire Transfer by BC Gas to syndication Account #: 266-760-8 of: \$315,997.89 due as interest in advance under the Conditional Sale Agreement		BC Gas	BCG Trust
17.	Wire transfer by the Agent on behalf of BCG Trust from syndication Account #: 266-760-8 to RBC's Account #: 03646 2006443 as Swap Counterparty of fixed amounts due under the swap confirmations of: (i) CSA A <u>\$36,697.94</u> (ii) CSA B <u>\$170,133.99</u> (iii) CSA C <u>\$72,475.14</u>		BCG Trust	RBC

N o.	Action or Documentation Required	Drafting/ Responsibility	Delivered/ Executed By	Delivered To
18.	Wire transfer by RBC as Swap Counterparty from its Account #: 03646 2006443 to syndication Account #: 266-760-8 of floating amounts due under the swap confirmations of: (i) CSA A <u>\$38,999.62</u> (ii) CSA B <u>\$167,141.22</u> (iii) CSA C <u>\$72,427.86</u>		RBC	BCG Trust
19.	Payment by the Agent on behalf of BCG Trust from syndication Account #: 266-760-8 of floating amounts received under swap plus Applicable Margin: <u>\$311,009.95</u>		BCG Trust	Agent
II.	POST-CLOSING			
20.	BC Gas GST Return showing inclusion and credit for GST on Purchase Price	BC Gas	BC Gas	Standard Delivery
21.	Payment by BCG Trust to BC Gas of GST refunds and any interest received by BCG Trust on GST refunds		BCG Trust	

MAJORITY LENDER CONSENT

Whereas:

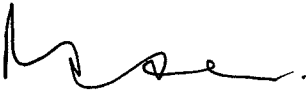
A. TD Trust Company as trustee of The BCG Coastal Facilities Trust, as Borrower has entered into a Credit Agreement made as of February 2, 1999 with Royal Bank of Canada as Agent and the Lenders party thereto, as amended, restated, supplemented or otherwise modified from time to time (the "Credit Agreement"). Capitalized terms not defined herein have the meanings given to them in the Credit Agreement.

B. The Borrower wishes to amend the Transaction Documents on the terms of the amendment attached hereto as Schedule A (the "Agreement Amendment") which requires the consent of the Majority Lenders under Section 7.2(15) of the Credit Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties hereto, each of the undersigned consent to the Borrower entering into the Agreement Amendment.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, as Agent

By: 
Name: M.E. Giamos
Authorized Signatory

ROYAL BANK OF CANADA

By: _____
Name: Roger Straathof
Authorized Signatory

THE TORONTO-DOMINION BANK

By: _____
Name: Frazer Scott
Authorized Signatory

NATIONAL BANK OF CANADA

By: _____
Name: Phil Taylor
Authorized Signatory

By: _____
Name: Ann Collins
Authorized Signatory

MAJORITY LENDER CONSENT**Whereas:**

A. TD Trust Company as trustee of The BCG Coastal Facilities Trust, as Borrower has entered into a Credit Agreement made as of February 2, 1999 with Royal Bank of Canada as Agent and the Lenders party thereto, as amended, restated, supplemented or otherwise modified from time to time (the "Credit Agreement"). Capitalized terms not defined herein have the meanings given to them in the Credit Agreement.

B. The Borrower wishes to amend the Transaction Documents on the terms of the amendment attached hereto as Schedule A (the "Agreement Amendment") which requires the consent of the Majority Lenders under Section 7.2(15) of the Credit Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties hereto, each of the undersigned consent to the Borrower entering into the Agreement Amendment.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, as Agent**THE TORONTO-DOMINION BANK**

By: _____
Name: M.E. Giamos
Authorized Signatory

By: _____
Name: Frazer Scott
Authorized Signatory

ROYAL BANK OF CANADA**NATIONAL BANK OF CANADA**

By: _____
Name: Roger Straathof
Authorized Signatory

By: _____
Name: Phil Taylor
Authorized Signatory

By: _____
Name: Ann Collins
Authorized Signatory

MAJORITY LENDER CONSENT**Whereas:**

A. TD Trust Company as trustee of The BCG Coastal Facilities Trust, as Borrower has entered into a Credit Agreement made as of February 2, 1999 with Royal Bank of Canada as Agent and the Lenders party thereto, as amended, restated, supplemented or otherwise modified from time to time (the "Credit Agreement"). Capitalized terms not defined herein have the meanings given to them in the Credit Agreement.

B. The Borrower wishes to amend the Transaction Documents on the terms of the amendment attached hereto as Schedule A (the "Agreement Amendment") which requires the consent of the Majority Lenders under Section 7.2(15) of the Credit Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties hereto, each of the undersigned consent to the Borrower entering into the Agreement Amendment.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, as Agent

By: _____
Name: M.E. Giamos
Authorized Signatory

ROYAL BANK OF CANADA

By: _____
Name: Roger Straathof
Authorized Signatory

THE TORONTO-DOMINION BANK

By: _____
Name: Frazer Scott
Authorized Signatory

NATIONAL BANK OF CANADA

By: _____
Name: Phil Taylor
Authorized Signatory

By: _____
Name: Ann Collins
Authorized Signatory

- 2 -

BANK OF MONTREAL

By: 

Name: Bob Heinrichs

Authorized Signatory

AMENDMENT TO TRANSACTION DOCUMENTS

Whereas:

A. TD Trust Company as trustee of The BCG Coastal Facilities Trust (the "BCG Trust") has entered into a Master Agreement made as of February 2, 1999 with BC Gas Utility Ltd. ("BC Gas"), as amended, restated, supplemented or otherwise modified from time to time (the "Master Agreement"). Capitalized terms not defined herein have the meanings given to them in the Master Agreement.

B. BC Gas has substantially completed the Facility. The remaining work (the "Completion Work") to be performed to complete the Facility is described in Schedule A. Certain Construction Costs have been accruing but will not be invoiced until the Facility is fully completed (such costs together with the costs to finish the Completion Work are collectively referred to as the "Remaining Construction Costs").

C. The Construction Agency Agreement permits Funding Requests to be made for Incurred Completion Costs only and BC Gas would like submit a Funding Request for the Remaining Construction Costs.

D. BC Gas is prepared to undertake, as principal and not as construction agent, to perform or cause to be performed the Completion Work in consideration for a payment by the Trust equal to the Remaining Construction Costs.

E. BCG Trust and BC Gas would like to clarify the rounding convention for the calculation of CSA Base Interest Rate in the Conditional Sale Agreement.

F. BCG Trust would like to amend the Swap Confirmation attached as Schedule 4.13 to the Conditional Sale Agreement to clarify the determination of the "Floating Rate Payer Notional Amount".

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties hereto, each of the parties agree as follows:

(1) Construction Agency Agreement

- (a) **Amendments.** For the purposes of the Transaction Documents including Section 4 and the other provisions of the Construction Agency Agreement, Remaining Construction Costs of \$2,033,737 shall be deemed "Incurred Construction Costs" and BCG Trust hereby agrees to pay BC Gas an amount equal to the Remaining Construction Costs in consideration for the performance of the Completion Work by BC Gas or its subcontractors. All other provisions of the Construction Agency Agreement remain in full force and effect.

- (b) **Representation of BC Gas.** BC Gas represents and warrants as follows:
- (i) that to the best of their knowledge, the Remaining Construction Costs shall be not less than \$2,033,737;
 - (ii) it is in compliance with the provisions of the Transaction Documents including the Construction Agency Agreement.
- (c) **Covenant of BC Gas.** BC Gas confirms and agrees as principal and not as construction agent that the Completion Work shall be completed prior to December 31, 2000.

(2) **Master Agreement and Conditional Sale Agreement**

(a) **Amendments to Master Agreement.**

- (i) The definition of CSA Base Interest Rate is deleted in its entirety and replaced with the following:

“CSA Base Interest Rate means (i) in respect of any Interest Period after the Closing Date but prior to the Swap Effective Date, if any, an interest rate per annum determined in accordance with the following formula:

$$CBIR = DR \times Z$$

where:

$$Z = \text{the quotient (rounded to 5 decimal places) equal to } \frac{1}{(1 + DR \cdot IP / 365)}$$

CBIR = the CSA Base Interest Rate per annum in respect of an Interest Period

IP = the number of days in the applicable Interest Period;

DR = the Discount Rate (expressed as a decimal) for the applicable Interest Period; and

- (ii) in respect of any Interest Period from and after the Swap Effective Date, if any, an interest rate per annum determined in accordance with the following formula:

$$CBIR = SR \times Z$$

where:

$$Z = \text{the quotient (rounded to 5 decimal places) equal to } \frac{1}{(1 + DR \cdot IP / 365)}$$

CBIR = the CSA Base Interest Rate per annum in respect of an Interest Period

- 3 -

EXECUTION COPY

IP = the number of days in the applicable Interest Period;

DR = the Discount Rate for the applicable Interest Period (expressed as a decimal); and

SR = the fixed rate of interest set out in the Swap Contract upon which payments to the Swap Counterparty by the Trustee will be based (expressed as a decimal)".

(b) **Amendments to the Conditional Sale Agreement.** The form of the Swap Confirmation attached as Schedule 4.13 to the Conditional Sale Agreement is hereby amended by deleting the calculation opposite the heading "Floating Rate Payer Notional Amount" on page 2 thereof substituting the following therefor:

"Amortization Schedule B attached for easy reference)".

(3) **Condition.** The amendments to the Transaction Documents contemplated herein are conditional upon BCG Trust obtaining the prior consent thereto of the Agent and the Lenders under the Credit Agreement.

(4) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

(5) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

BC GAS UTILITY LTD.

**THE BCG COASTAL FACILITIES TRUST BY ITS
DULY APPOINTED SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL STRUCTURES
INC.**

By: 

Name: Patrick D. Lloyd

Title: Senior Vice President, Business
Technologies and Support

By: _____

Name: Stephen W. Bowman
Authorized Signatory

By: 

Name: David M. Masuhara

Title: Vice President Legal, Regulatory
and Logistics and Secretary

IP = the number of days in the applicable Interest Period;

DR = the Discount Rate for the applicable Interest Period (expressed as a decimal); and

SR = the fixed rate of interest set out in the Swap Contract upon which payments to the Swap Counterparty by the Trustee will be based (expressed as a decimal)".

(b) **Amendments to the Conditional Sale Agreement.** The form of the Swap Confirmation attached as Schedule 4.13 to the Conditional Sale Agreement is hereby amended by deleting the calculation opposite the heading "Floating Rate Payer Notional Amount" on page 2 thereof substituting the following therefor:

"Amortization Schedule B attached for easy reference)".

(3) **Condition.** The amendments to the Transaction Documents contemplated herein are conditional upon BCG Trust obtaining the prior consent thereto of the Agent and the Lenders under the Credit Agreement.

(4) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

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BC GAS UTILITY LTD.

**THE BCG COASTAL FACILITIES TRUST BY ITS
DULY APPOINTED SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL STRUCTURES
INC.**

By: _____
Name: Patrick D. Lloyd
Title: Senior Vice President, Business
Technologies and Support

By: _____
Name: Stephen W. Bowman
Authorized Signatory

By: _____
Name: David M. Masuhara
Title: Vice President Legal, Regulatory
and Logistics and Secretary

AMENDMENT TO CREDIT AGREEMENT**Whereas:**

A. TD Trust Company as trustee of The BCG Coastal Facilities Trust, as Borrower has entered into a Credit Agreement made as of February 2, 1999 with Royal Bank of Canada as Agent and the Lenders party thereto, as amended, restated, supplemented or otherwise modified from time to time (the "Credit Agreement"). Capitalized terms not defined herein have the meanings given to them in the Credit Agreement.

B. The Borrower and the Agent would like to make certain amendments to clarify the rounding convention for the calculation of Discount Proceeds and allow for Royal Bank of Canada as Lender to make advances in excess of its Tranche A Commitment and Tranche B Commitment.

C. The Borrower and BC Gas Utility Ltd. ("BC Gas"), have agreed to certain amendments to the Transaction Documents under an Amendment To Transaction Documents (the "Transaction Amendment") dated the date hereof and consented to by the Lenders pursuant to a Majority Consent dated the date hereof.

D. Certain amendments to the definitions in the Credit Agreement are required to conform to the changes made in the Transaction Amendment.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties hereto, each of the parties agree as follows:

(1) **Discount Proceeds.** The definition of Discount Proceeds in Section 1.1(56) is deleted and the following substituted therefor:

"Discount Proceeds means, in respect of any Bankers' Acceptance, an amount (rounded to the nearest whole cent, and with one-half of one cent being rounded up) calculated on the Drawdown Date, a Rollover Date or a Conversion Date, as applicable, which is calculated by multiplying the face amount of such Bankers' Acceptance by the quotient obtained (rounded to the nearest 5 decimal places) by dividing one by the sum of one plus the product of (A) the Discount Rate (expressed as a decimal) and multiplied by (B) a fraction, the numerator of which is the number of days in the Contract Period (calculated by including the first day and excluding the last day of such Contract Period) of such Bankers' Acceptance and the denominator of which is 365."

(2) **Bankers; Acceptances.** Notwithstanding Section 3.7(3), the aggregate face amount of Bankers' Acceptances to be accepted by Royal from time to time may exceed Royal's Commitment or its Tranche A Commitment or Tranche B Commitment to the extent that the Agent determines necessary to ensure that:

- (i) the other Lenders' Pro Rata Shares of a Borrowing by way of Bankers' Acceptances are in multiples of \$100,000;

- (ii) the aggregate face amount of Bankers' Acceptances to be accepted by each of the other Lenders from time to time does not exceed such Lender's Commitment or its Tranche A Commitment or Tranche B Commitment, as applicable; and
- (iii) the entire amount of each Borrowing by way of Bankers' Acceptances is fully issued.

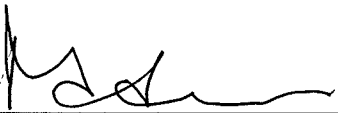
(3) **Construction Costs.** The Remaining Constructions Costs (as defined in the Transaction Amendment) of \$2,033,737 shall be deemed to be "Construction Costs" and "Incurred Construction Costs" for the purposes of the Credit Agreement.

(4) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.


(5) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, AS AGENT

By: 
Name: M.E. Giamos
Authorized Signatory

**THE BCG COASTAL FACILITIES TRUST
BY ITS DULY APPOINTED
SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL
STRUCTURES INC.**

By: 
Name: Stephen W. Bowman
Authorized Signatory

BANK OF MONTREAL

By: _____
Name: Bob Heinrichs
Authorized Signatory

THE TORONTO-DOMINION BANK

By: _____
Name: Frazer Scott
Authorized Signatory

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EXECUTION COPY

- (ii) the aggregate face amount of Bankers' Acceptances to be accepted by each of the other Lenders from time to time does not exceed such Lender's Commitment or its Tranche A Commitment or Tranche B Commitment, as applicable; and
- (iii) the entire amount of each Borrowing by way of Bankers' Acceptances is fully issued.

(3) **Construction Costs.** The Remaining Constructions Costs (as defined in the Transaction Amendment) of \$2,033,737 shall be deemed to be "Construction Costs" and "Incurred Construction Costs" for the purposes of the Credit Agreement.

(4) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

(5) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, AS AGENT

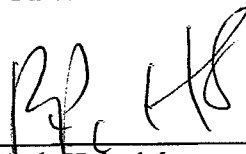
**THE BCG COASTAL FACILITIES TRUST
BY ITS DULY APPOINTED
SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL
STRUCTURES INC.**

By: _____
Name: M.E. Giamos
Authorized Signatory

By: _____
Name: Stephen W. Bowman
Authorized Signatory

BANK OF MONTREAL

THE TORONTO-DOMINION BANK

By:  _____
Name: Bob Heinrichs
Authorized Signatory

By: _____
Name: Frazer Scott
Authorized Signatory

- (ii) the aggregate face amount of Bankers' Acceptances to be accepted by each of the other Lenders from time to time does not exceed such Lender's Commitment or its Tranche A Commitment or Tranche B Commitment, as applicable; and
- (iii) the entire amount of each Borrowing by way of Bankers' Acceptances is fully issued.

(3) **Construction Costs.** The Remaining Constructions Costs (as defined in the Transaction Amendment) of \$2,033,737 shall be deemed to be "Construction Costs" and "Incurred Construction Costs" for the purposes of the Credit Agreement.

(4) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

(5) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by its duly authorized officer(s) on this 1st, day of December, 2000.

ROYAL BANK OF CANADA, AS AGENT

**THE BCG COASTAL FACILITIES TRUST
BY ITS DULY APPOINTED
SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL
STRUCTURES INC.**

By: _____
Name: M.E. Giamos
Authorized Signatory

By: _____
Name: Stephen W. Bowman
Authorized Signatory

BANK OF MONTREAL

THE TORONTO-DOMINION BANK

By: _____
Name: Bob Heinrichs
Authorized Signatory

By: _____
Name: Frazer Scott
Authorized Signatory

- 3 -

EXECUTION COPY

ROYAL BANK OF CANADA

By: 
Name: Roger Straathof
Authorized Signatory

NATIONAL BANK OF CANADA

By: _____
Name: Phil Taylor
Authorized Signatory

By: _____
Name: Ann Collins
Authorized Signatory

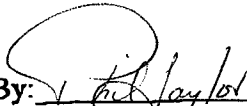
- 3 -

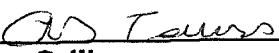
EXECUTION COPY

ROYAL BANK OF CANADA

By: _____
Name: Roger Straathof
Authorized Signatory

NATIONAL BANK OF CANADA

By:  _____
Name: Phil Taylor
Authorized Signatory

By:  _____
Name: Ann Collins
Authorized Signatory

Debenture Amendment Agreement

Re: Credit Agreement dated as of February 2, 1999 between The BCG Coastal Facilities Trust, by its trustee, TD Trust Company, and Royal Bank of Canada, Bank of Montreal and The Toronto-Dominion Bank, as Lenders, and Royal Bank of Canada, as Agent (the "Credit Agreement") and the Fixed and Floating Charge Debenture dated as of February 2, 1999 by TD Trust Company, solely in its capacity as trustee of The BCG Coastal Facilities Trust (the "Debenture")

WHEREAS the face page of an execution copy of the Debenture erroneously stated that such Debenture was in the principal sum of \$58,000,000 (Cdn.);

AND WHEREAS the definition of "Credit Agreement" on the first page of said Debenture erroneously stated that the aggregate principal amount to be loaned under the Credit Agreement was \$58,000,000 (Cdn.);

AND WHEREAS the executed copy of the Credit Agreement provides for a Total Commitment (as defined therein) not to exceed \$55,000,000;

AND WHEREAS the execution copy of the Debenture registered under the Land Title Act of the Province of British Columbia on March 15, 1999 with registration number BN062279 (the "Registration") correctly states that the principal sum thereof is \$55,000,000 (Cdn.) and correctly states in the definition of the "Credit Agreement" therein that the aggregate amount to be loaned thereunder is \$55,000,000 (Cdn.);

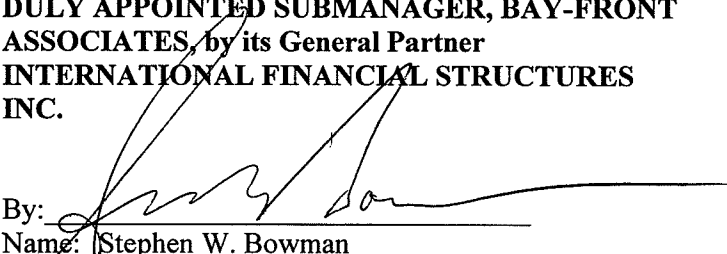
AND WHEREAS the Registration correctly provides that the principal amount of the Debenture is \$55,000,000;

NOW THEREFORE the parties hereto agree that the face page of the Debenture which erroneously states a principal sum of \$58,000,000 (Cdn.) shall be amended and replaced with a face page which indicates the correct principal sum of \$55,000,000 (Cdn.) in two places on such page, in the form attached hereto as Schedule A. This replacement page shall be inserted in all record books and all copies of the Debenture which currently show the erroneous amount. The Debenture shall remain unchanged in all other respects. The effective date of this amendment shall be February 2, 1999.

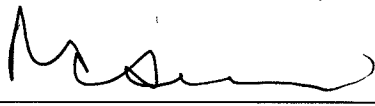
IN WITNESS WHEREOF the parties have executed this Debenture Amendment Agreement

this 1st day of December, 2000.

**THE BCG COASTAL FACILITIES TRUST BY ITS
DULY APPOINTED SUBMANAGER, BAY-FRONT
ASSOCIATES, by its General Partner
INTERNATIONAL FINANCIAL STRUCTURES
INC.**

By: 
Name: Stephen W. Bowman
Authorized Signatory

ROYAL BANK OF CANADA, AS AGENT

By: 
Name: M.E. Giamos
Authorized Signatory

SCHEDULE A

(Attached)

**FIXED AND FLOATING CHARGE
DEBENTURE IN THE PRINCIPAL SUM OF
\$55,000,000 (CDN.) ISSUED BY TD TRUST
COMPANY, SOLELY IN ITS CAPACITY AS
TRUSTEE OF THE BCG COASTAL
FACILITIES TRUST**

ARTICLE 1 - INTERPRETATION

1.1 In this Debenture, unless otherwise provided, the following terms shall have the following meanings:

- (a) "Burnaby Property" means the real estate interest described in Schedule "B";
- (b) "Coastal Properties" means the Burnaby Property and the Surrey Property;
- (c) "Chargor" means TD Trust Company, solely in its capacity as trustee of The Trust;
- (d) "Credit Agreement" means the Credit Agreement dated as of the 2nd day of February, 1999 and made between the Chargor solely in its capacity as trustee of the Trust, each of the Lenders who are a party to the Credit Agreement and the Holder as the agent whereby the Lenders agreed to advance to the Chargor loans in the aggregate amount up to an aggregate principal amount of \$55,000,000 (Cdn) in value, together with any amendments or modifications to or replacements of such Credit Agreement;
- (e) "Declaration of Trust" means the Declaration of Trust made as of January 28, 1999 under which the Trust was established;
- (f) "Event of Default" means an Event of Default as defined in the Credit Agreement;
- (g) "Facility" means all right, title and interest of the Trustee in and to the facilities constructed, or to be constructed, on the Coastal Properties in accordance with the Plans and Specifications which shall be limited to:
 - (i) all buildings, fixtures and improvements of whatsoever nature or kind forming part of the facilities located on the Coastal Properties (including all parts, accessories, attachments, additions and accessions thereto), regardless of whether the Construction Costs in respect of such buildings, fixtures and improvements were incurred prior to or following the Completion Date or the Completion Closing



ROYAL BANK
OF CANADA

Fax # 9-864-1106

29 November 2000

TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS
TRUSTEE OF THE BCG COASTAL FACILITIES
TRUST

C/O ROYAL BANK OF CANADA
GLOBAL BANKING AGENCY
RB PLAZA, 12TH FL., SOUTH TOWER
TORONTO, ON
CANADA, M5J 2W7

Tranche A

Attention: **STEPHEN ROWMAN**

Re: **SWAP Transaction MATURING 29 Nov 2007 FOR CAD 7,442,189.00**
(Our Ref. No. 1153522 / 1162962)

Dear Sir:

The purpose of this letter is to set forth the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of February 2, 1999, as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this



T184501

Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Trade Date:	November 29, 2000
Fixed Rate Payer	
Notional Amount:	See Schedule A attached
Floating Rate Payer	
Notional Amount:	See Schedule A attached
Effective Date:	November 30, 2000
Termination Date:	November 29, 2007 subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Payer:	
Floating Rate Payer	Royal Bank of Canada, Toronto
Payment Dates:	The Effective Date and, thereafter, each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Day Count Fraction:	Actual/365 Fixed
Floating Rate Option:	CAD-BA-CDOR
Designated Maturity:	3 months (except for the first period which is 1 month and the last period which is 2 months)
Reset Dates:	The first date of each Calculation Period
Floating Rate for Initial Calculation Period:	To be fixed for the period from Effective Date to January 2, 2001
Compounding:	Not applicable
Discounting:	Applicable
Discounting Rate:	The CAD-BA-CDOR rate for each Calculation Period
Business Days Payments:	Toronto and Vancouver
Fixed Rate Payer:	Counterparty
Fixed Rate Payer	
Payment Dates:	The Effective Date and each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate:	5.931 per cent per annum
Fixed Rate Day Count Fraction:	Actual/365 Fixed
Discounting:	Applicable



T184501

Discounting Rate:

The CAD-BA-CDOR rate for each Calculation Period same as the
Floating Rate Payer
Toronto and Vancouver

Business Days Payments:



T184501

3. Account Details

Payments to ROYAL BANK OF CANADA ROYCCAT3IMM
ROYAL BANK OF CANADA (TREASURY
DIVISION), TORONTO,
5TH FL 200 BAY ST N TWR
TORONTO CANADA
Account #: 03646 2006443

Payments to TD TRUST COMPANY, SOLELY IN ITS
CAPACITY AS TRUSTEE OF
THE BCG COASTAL
FACILITIES TRUST
ROYAL BANK OF CANADA
Transit #: 00002
TORONTO
Account of:
RBC LOAN SYNDICATIONS
TORONTO
Account #: 266-760-8

4. Offices:

(a) The Office of TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS TRUSTEE OF
THE BCG COASTAL FACILITIES TRUST for the Transaction is:

C/O BAY-FRONT ASSOCIATES
36TH FLOOR, CANADA TRUST TOWER
161 BAY STREET, P.O. BOX 611
BCE PLACE
TORONTO, ONTARIO
CANADA M5J 2S1

(b) The Office of ROYAL BANK OF CANADA for the Transaction is:

5TH FL N TWR ROYAL BANK PLAZA
TOR, ON
CANADA. M5J 2W7



T184501

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

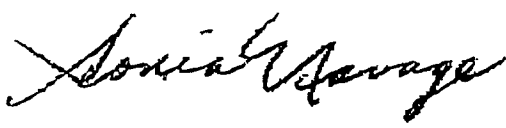
Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

RBC confirms, and the Counterparty acknowledges, that this Confirmation has been executed by RBC by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed by RBC for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of this Confirmation by RBC by means of an electronically-produced signature.

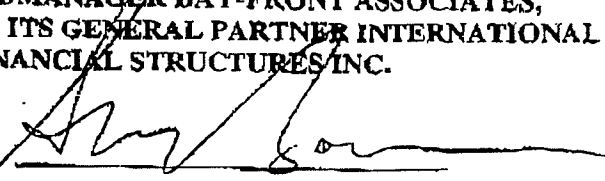
Telephone No.: 416 842-5106

Facsimile No : 416 842-4902

Yours sincerely,
For and on behalf of
ROYAL BANK OF CANADA

By: 
Authorized signature
Sonia Navage

Confirmed as of the date first written:
For and on behalf of
TD TRUST COMPANY, SOLELY IN ITS
CAPACITY AS TRUSTEE OF THE BCG
COASTAL FACILITIES TRUST BY ITS
SUBMANAGER BAY-FRONT ASSOCIATES,
BY ITS GENERAL PARTNER INTERNATIONAL
FINANCIAL STRUCTURES INC.

By: 
Authorized signature



T184501

Amortization Schedule A for Fixed Rate Payer and Floating Rate Payer

Period from (as adjusted in accordance with Modified Following Business Day Convention)	Notional Outstanding CAD
30 Nov 2000	7,442,189.00
02 Jan 2001	7,442,189.00
02 Apr 2001	7,442,189.00
03 Jul 2001	6,910,604.00
01 Oct 2001	6,910,604.00
02 Jan 2002	6,379,019.00
01 Apr 2002	6,379,019.00
02 Jul 2002	5,847,434.00
01 Oct 2002	5,847,434.00
02 Jan 2003	5,315,849.00
01 Apr 2003	5,315,849.00
02 Jul 2003	4,784,264.00
01 Oct 2003	4,784,264.00
02 Jan 2004	4,252,679.00
01 Apr 2004	4,252,679.00
02 Jul 2004	3,721,094.00
01 Oct 2004	3,721,094.00
04 Jan 2005	3,189,509.00
01 Apr 2005	3,189,509.00
04 Jul 2005	2,657,924.00
03 Oct 2005	2,657,924.00
03 Jan 2006	2,126,339.00
03 Apr 2006	2,126,339.00
04 Jul 2006	1,594,754.00
02 Oct 2006	1,594,754.00
02 Jan 2007	1,063,169.00
02 Apr 2007	1,063,169.00
03 Jul 2007	531,584.00
01 Oct 2007	531,584.00



ROYAL BANK
OF CANADA

Fax # 9-864-1106

29 November 2000

**TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS
TRUSTEE OF THE BCG COASTAL FACILITIES
TRUST**

**C/O ROYAL BANK OF CANADA
GLOBAL BANKING AGENCY
RB PLAZA, 12TH FL, SOUTH TOWER
TORONTO, ON
CANADA, M5J 2W7**

Tranche B

Attention: STEPHEN BOWMAN

**Re: SWAP Transaction MATURING 29 Nov 2007 FOR CAD 31,895,096.00
(Our Ref. No. 1153522 / 1162969)**

Dear Sir:

The purpose of this letter is to set forth the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of February 2, 1999, as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this



T184503

Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Trade Date:	November 29, 2000
Fixed Rate Payer	
Notional Amount:	See Schedule A attached
Floating Rate Payer	
Notional Amount:	See Schedule A attached
Effective Date:	November 30, 2000
Termination Date:	November 29, 2007 subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Payer:	Royal Bank of Canada, Toronto
Floating Rate Payer	
Payment Dates:	The Effective Date and, thereafter, each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Day Count	
Fraction:	Actual/365 Fixed
Floating Rate Option:	CAD-BA-CDOR
Designated Maturity:	3 months (except for the first period which is 1 month and the last period which is 2 months)
Reset Dates:	The first date of each Calculation Period
Floating Rate for	
Initial Calculation	
Period:	To be fixed for the period from Effective Date to January 2, 2001
Compounding:	Not applicable
Discounting:	Applicable
Discounting Rate:	The CAD-BA-CDOR rate for each Calculation Period
Business Days Payments:	Toronto and Vancouver
Fixed Rate Payer:	Counterparty
Fixed Rate Payer	
Payment Dates:	The Effective Date and each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	5.931 per cent per annum
Fixed Rate Day Count	



T184503

Fraction:

Actual/365 Fixed

Discounting:

Applicable

Discounting Rate:

**The CAD-BA-CDOR rate for each Calculation Period same as the
Floating Rate Payer**

Business Days Payments:

Toronto and Vancouver



T184503

3. Account Details

Payments to	ROYAL BANK OF CANADA	ROYCCAT3IMM ROYAL BANK OF CANADA (TREASURY DIVISION), TORONTO, 5TH FL 200 BAY ST N TWR TORONTO CANADA Account #: 03646 2006443
Payments to	TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS TRUSTEE OF THE BCG COASTAL FACILITIES TRUST	ROYAL BANK OF CANADA Transit #: 00002 TORONTO Account of: RBC LOAN SYNDICATIONS TORONTO Account #: 266-760-8

4. Offices:

(a) The Office of TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS TRUSTEE OF THE BCG COASTAL FACILITIES TRUST for the Transaction is:

C/O BAY-FRONT ASSOCIATES
36TH FLOOR, CANADA TRUST TOWER
161 BAY STREET, P.O. BOX 611
BCE PLACE
TORONTO, ONTARIO
CANADA M5J 2S1

(b) The Office of ROYAL BANK OF CANADA for the Transaction is:

5TH FL N TWR ROYAL BANK PLAZA
TOR, ON
CANADA, M5J 2W7



T784503

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

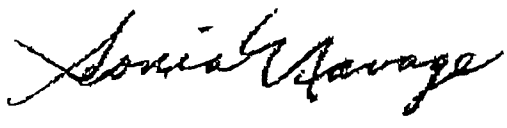
Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

RBC confirms, and the Counterparty acknowledges, that this Confirmation has been executed by RBC by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed by RBC for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of this Confirmation by RBC by means of an electronically-produced signature.

Telephone No.: 416 842-5106


Facsimile No : 416 842-4902

Yours sincerely,
For and on behalf of
ROYAL BANK OF CANADA

By: 
Authorized signature
Sonia Navage

Confirmed as of the date first written:
For and on behalf of

TD TRUST COMPANY, SOLELY IN ITS
CAPACITY AS TRUSTEE OF THE BCG
COASTAL FACILITIES TRUST BY ITS
SUBMANAGER BAY-FRONT ASSOCIATES,
BY ITS GENERAL PARTNER INTERNATIONAL
FINANCIAL STRUCTURES INC.

By: 
Authorized signature



T184503

Amortization Schedule A for Fixed Rate Payer and Floating Rate Payer

Period from (as adjusted in accordance with Modified Following Business Day Convention)	Notional Outstanding CAD
30 Nov 2000	31,895,096.00
02 Jan 2001	31,895,096.00
02 Apr 2001	31,895,096.00
03 Jul 2001	31,895,096.00
01 Oct 2001	31,895,096.00
02 Jan 2002	31,895,096.00
01 Apr 2002	31,895,096.00
02 Jul 2002	31,895,096.00
01 Oct 2002	31,895,096.00
02 Jan 2003	31,895,096.00
01 Apr 2003	31,895,096.00
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02 Jan 2004	31,895,096.00
01 Apr 2004	31,895,096.00
02 Jul 2004	31,895,096.00
01 Oct 2004	31,895,096.00
04 Jan 2005	31,895,096.00
01 Apr 2005	31,895,096.00
04 Jul 2005	31,895,096.00
03 Oct 2005	31,895,096.00
03 Jan 2006	31,895,096.00
03 Apr 2006	31,895,096.00
04 Jul 2006	31,895,096.00
02 Oct 2006	31,895,096.00
02 Jan 2007	31,895,096.00
02 Apr 2007	31,895,096.00
03 Jul 2007	31,895,096.00
01 Oct 2007	31,895,096.00



ROYAL BANK
OF CANADA

Fax # 9-864-1106

29 November 2000

TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS
TRUSTEE OF THE BCG COASTAL FACILITIES
TRUST
C/O ROYAL BANK OF CANADA
GLOBAL BANKING AGENCY
RB PLAZA, 12TH FL, SOUTH TOWER
TORONTO, ON
CANADA, M5J 2W7

Tranche C

Attention: **STEPHEN BOWMAN**
Re: **SWAP Transaction MATURING 30 Nov 2007 FOR CAD 13,821,208.00**
(Our Ref. No. 1153522 / 1162970)

Dear Sir:

The purpose of this letter is to set forth the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of February 2, 1999, as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this



T184505

Tranche

Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Trade Date:	November 29, 2000
Fixed Rate Payer	
Notional Amount:	See Schedule A attached
Floating Rate Payer	
Notional Amount:	See Schedule A attached
Effective Date:	November 30, 2000 ✓
Termination Date:	November 30, 2007 subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Payer:	Royal Bank of Canada, Toronto
Floating Rate Payer	
Payment Dates:	The Effective Date and, thereafter, each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Day Count	
Fraction:	Actual/365 Fixed
Floating Rate Option:	CAD-BA-CDOR
Designated Maturity:	3 months (except for the first period which is 1 month and the last period which is 2 months)
Reset Dates:	The first date of each Calculation Period
Floating Rate for	
Initial Calculation	
Period:	To be fixed for the period from Effective Date to January 2, 2001
Compounding:	Not applicable
Discounting:	Applicable
Discounting Rate:	The CAD-BA-CDOR rate for each Calculation Period
Business Days Payments:	Toronto and Vancouver
Fixed Rate Payer:	Counterparty
Fixed Rate Payer	
Payment Dates:	The Effective Date and each 1st January, 1st April, 1st July and 1st October from the Effective Date to, but excluding, the Termination Date subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	5.931 per cent per annum
Fixed Rate Day Count	
Fraction:	Actual/365 Fixed
Discounting:	Applicable



T184505

Discounting Rate:

The CAD-BA-CDOR rate for each Calculation Period same as the
Floating Rate Payer
Toronto and Vancouver

Business Days Payments:



T184505

3. Account Details

Payments to ROYAL BANK OF CANADA ROYCCAT3IMM
ROYAL BANK OF CANADA (TREASURY
DIVISION),TORONTO,
5TH FL 200 BAY ST N TWR
TORONTO CANADA
Account #: 03646 2006443

Payments to TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS TRUSTEE OF THE BCG COASTAL FACILITIES TRUST - ROYAL BANK OF CANADA
Transit #: 00002
TORONTO
Account of:
RBC LOAN SYNDICATIONS
TORONTO
Account #: 266-760-8

4. Offices:

(a) The Office of TD TRUST COMPANY, SOLELY IN ITS CAPACITY AS TRUSTEE OF THE BCG COASTAL FACILITIES TRUST for the Transaction is:

C/O BAY-FRONT ASSOCIATES
36TH FLOOR, CANADA TRUST TOWER
161 BAY STREET, P.O. BOX 611
BCE PLACE
TORONTO, ONTARIO
CANADA M5J 2S1

(b) The Office of ROYAL BANK OF CANADA for the Transaction is:

5TH FL N TWR ROYAL BANK PLAZA
TOR, ON
CANADA, M5J 2W7



This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

RBC confirms, and the Counterparty acknowledges, that this Confirmation has been executed by RBC by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed by RBC for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of this Confirmation by RBC by means of an electronically-produced signature.

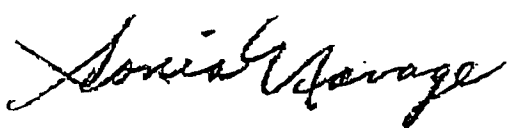
Telephone No.: 416 842-5106

Facsimile No : 416 842-4902

Yours sincerely,
For and on behalf of
ROYAL BANK OF CANADA

Confirmed as of the date first written:

For and on behalf of
TD TRUST COMPANY, SOLELY IN ITS
CAPACITY AS TRUSTEE OF THE BCG
COASTAL FACILITIES TRUST BY ITS
SUBMANAGER BAY-FRONT ASSOCIATES,
BY ITS GENERAL PARTNER INTERNATIONAL
FINANCIAL STRUCTURES INC.

By: 
Authorized signature
Sonia Navage

By: 

Authorized signature



T184505

Tranche C

Amortization Schedule A for Fixed Rate Payer and Floating Rate Payer

Period from (as adjusted in accordance with Modified Following Business Day Convention)	Notional Outstanding CAD
30 Nov 2000	13,821,208.00
02 Jan 2001	13,821,208.00
02 Apr 2001	13,821,208.00
03 Jul 2001	13,821,208.00
01 Oct 2001	13,821,208.00
02 Jan 2002	13,821,208.00
01 Apr 2002	13,821,208.00
02 Jul 2002	13,821,208.00
01 Oct 2002	13,821,208.00
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01 Oct 2004	13,821,208.00
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04 Jul 2005	13,821,208.00
03 Oct 2005	13,821,208.00
03 Jan 2006	13,821,208.00
05 Apr 2006	13,821,208.00
04 Jul 2006	13,821,208.00
02 Oct 2006	13,821,208.00
02 Jan 2007	13,821,208.00
02 Apr 2007	13,821,208.00
03 Jul 2007	13,821,208.00
01 Oct 2007	13,821,208.00

BC Gas Utility Ltd.
1111 West Georgia Street
Vancouver, B.C.
V6E 4M4
Phone: (604) 443-6527
Fax: (604) 443-6929



INVOICE

TD TRUST COMPANY, solely in its
capacity as trustee of The BCG Coastal Facilities Trust
c/o Bay-Front Associates, as Submanagement Services Agent
Royal Bank Plaza, South Tower, 200 Bay Street
Toronto, Ontario
M5J 2J5
Fax No.: (416) 974-0635

Date: November 27, 2000
Due Date: November 30, 2000

Amount Due: \$2,176,098.59

Construction Completion Work on Facility \$2,033,737.00
(pursuant to the Construction Agency Agreement
dated February 2, 1999, as amended)

GST (BC Gas Utility Ltd. GST Registration # 10043 1592 RT) 142,361.59

Total \$2,176,098.59

**PAYABLE ON DUE DATE SUBJECT TO TERMS OF CONSTRUCTION
AGENCY AGREEMENT**

Substantial Completion Certificate

Date: November 30, 2000

TO: TD TRUST COMPANY, solely in its capacity as trustee of **The BCG Coastal Facilities Trust****FROM: BC GAS UTILITY LTD.**

We refer to Section 2.6(2) of the Construction Agency Agreement made as of February 2, 1999 between **TD TRUST COMPANY**, solely in its capacity as trustee of **THE BCG COASTAL FACILITIES TRUST**, as trustee, and **BC GAS UTILITY LTD.** Capitalized terms used herein and not defined shall have the meaning give to them in the Construction Agency Agreement.

BC Gas Utility Ltd. hereby certifies that (i) the Facility has been substantially completed in accordance with the Plans and Specifications, (ii) the Facility is ready for use or being used for the purposes intended and (iii) the cost of completing the portion of the Facility, if any, which remains to be completed and the cost of remedying defects, if any, will be less than \$100,000 and (iv) the Completion Date is November 30, 2000.

BC GAS UTILITY LTD.By: 

Name: Patrick D. Lloyd

Title: Senior Vice President, Business
Technologies and SupportBy: 

Name: David M. Masuhara

Title: Vice President Legal, Regulatory and
Logistics and Secretary

Schedule 4.1(1) - Funding Request

Date: November 29, 2000

TD TRUST COMPANY, solely in its
capacity as trustee of The BCG Coastal Facilities Trust
c/o Bay-Front Associates, as Submanagement Services Agent
Royal Bank Plaza, South Tower, 200 Bay Street
Toronto, Ontario
M5J 2J5
Fax No.: (416) 974-0635

Attention: Senior Manager, Distribution and Agency Services

Dear Sirs/Mesdames:

We refer to Section 4.1(1) of the construction agency agreement made as of February 2, 1999 between TD Trust Company, as Trustee and BC Gas Utility Ltd., (as amended, restated, supplemented or otherwise modified from time to time, the "Construction Agency Agreement"). Capitalized terms used and not defined herein have the meanings given to them in the Construction Agency Agreement.

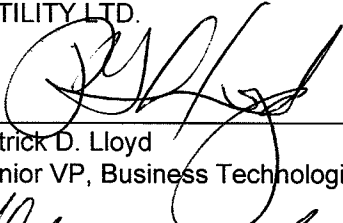
We hereby confirm our request for Funding in the amount of \$4,531,891 in respect of Incurred Construction Costs and certify that such funds shall be applied to pay Incurred Construction Costs. The proposed Funding Date is November 30, 2000.

We confirm that as of the date hereof:

- (a) the representations and warranties of BC Gas contained in the Transaction Documents are true and correct in all material respects; and
- (b) both before, and after giving effect to, the Funding requested herein, no Default or Event of Default has occurred and is continuing which has not been waived in accordance with the applicable agreement.

Yours truly,

BC GAS UTILITY LTD.

By: 
Name: Patrick D. Lloyd
Title: Senior VP, Business Technologies & Support

By: 
Name: David M. Masuhara
Title: VP, Legal, Regulatory & Logistics, and Secretary