



Scott A. Thomson
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November 2, 2007

Regulatory Affairs Correspondence
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British Columbia Utilities Commission
Sixth Floor
900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**RE: Terasen Gas Inc. ("Terasen Gas" or the "Company")
2008–2009 Extension of the 2004–2007 Multi-Year Performance Based Rate Plan
2007 Annual Review**

November 2, 2007 Revised Annual Review Filing

On October 5, 2007, Terasen Gas filed its 2007 Annual Review advance materials ("October 5th Annual Review Filing"). On October 19, 2007, in accordance with the Regulatory Timetable, Information Requests ("IR") No. 1 were filed by the British Columbia Utilities Commission ("BCUC" or the "Commission") and the British Columbia Old Age Pensioners Organization *et al* ("BCOAPO").

In the course of reviewing and responding to the IRs, it came to the attention of the Company that a few revisions to the October 5th Annual Review Filing were necessary. These revisions have been made, resulting in an aggregate \$327,000 decrease in Revenue Requirement, as compared to the October 5th Annual Review Filing. The 2008 revenue requirement increase, identified in the enclosed November 2, 2007 Revised Annual Review Filing is \$5.3 million. After taking into consideration the earnings surplus incentive sharing of \$15 million, the revenue requirement is a decrease of \$9.7 million.

A summary of the three changes that have been made, which are included in the November 2, 2007 Revised Annual Review Filing is as follows:

- A Medium Term Debt Issue – Series 22 that was issued in October, 2007 had an estimated coupon rate of 6.10%. The actual coupon rate was 6.00%. The November 2, 2007 Revised Annual Review Filing reflects the correct amount and is responsible for the majority of the \$327,000 Revenue Requirement decrease.
- A credit balance of \$240,000 related to Terasen Gas Squamish income tax was mistakenly not included in the TGI deferred income tax amount. With this correction rate base is reduced by \$240,000 in the November 2, 2007 Revised Annual Review Filing along with corresponding reductions in Revenue Requirement of \$18,000.

- A \$668,000 payment was applied to the Deferred SCP Provincial Sales Tax Reassessment in error. With this correction rate base is increase by \$668,000 in the November 2, 2007 Revised Annual Review Filing along with a corresponding increase in Revenue Requirement of \$51,000.

The November 2, 2007 Revised Annual Review Filing corrects the three items described above, and includes revisions to the following tables, which were included in the October 5th Annual Review Filing:

- Tab A-1, Pages 4, 5, 6, 7,8, 9
- Tab A-3, Pages 6, 7, 13.1 , 13.3
- Tab A-4, Pages 17, 17.1
- Tab A-5, Pages 5, 6, 7
- Tab A- 6, Pages 5, 6, 7
- Tab A- 7, Page 2

The November 2, 2007 Revised Annual Review Filing represents an amendment to the Company's original application (the October 5th Annual Review Filing). As a result of the changes described above, the increase in Gross Margin required effective January 1, 2008 has changed from 1.13% to 1.06%. The Company is seeking approval for the increase in Gross Margin effective January 1, 2008 as included in the November 2, 2007 Revised Annual Review Filing materials in Section A1, page 5, line 17. There are no further amendments to the items that the Company is seeking approval for, as set out in the October 5th Annual Review Filing.

If you have any questions related to this submission please contact Tom Loski, Director of Regulatory Affairs at (604) 592-7464.

Yours very truly,

TERASEN GAS INC.

Original signed by: Tom Loski

For: Scott Thomson

Attachment

cc (e-mail only): TGI Multi Year PBR (2004-2007 PBR & 2008-2009 Extension) Participants and 2006 Annual Review & Mid-Term Settlement Update Participants

SUMMARY OF 2008 REVENUE REQUIREMENT DECREASE

	<u>(\$ Millions)</u>	
<u>Volumes/Revenue Related</u>		
Customer Growth and Use Rate	\$	4.2
<u>O & M Related</u>		
Higher O&M per Formula	\$	4.0
Change in Pension and Insurance Forecast	<u>(3.4)</u>	0.6
<u>Other Items</u>		
Higher Property Taxes	0.2	
Lower Depreciation and Amortization	(0.7)	
Lower Other Revenues	0.3	
Higher Interest Expense	2.2	
Lower Income Tax Rates	(0.5)	
Higher Income Tax Deductions	(3.7)	
Higher Rate Base due to Customer Growth	<u>2.7</u>	<u>0.5</u>
Total Revenue Increase (Section A, Tab 1, Page 5, Column 6, Line 15)		5.3
Earnings Sharing		
Customers Share of 2007 Earnings Sharing Credit	(12.6)	
True-up of Customers share of 2006 Earnings Sharing Credit	<u>(2.4)</u>	<u>(15.0)</u>
Net Revenue Decrease after Earnings Sharing - Annual Review	\$	<u>(9.7)</u>

TERASEN GAS INC.
2007 ANNUAL REVIEW
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TERASEN GAS INC.

Section A
 Tab 1
 Page 5

SUMMARY OF RATE CHANGE REQUIRED
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars (1)	2007 APPROVED (2)	2008			Total (6)	Change (7)
			Core (3)	Non-Core (4)	Bypass and Special Rates (5)		
1	RATE CHANGE REQUIRED						
2							
3	Gas Sales and Transportation Revenue, At Prior Year's Rates	\$1,465,181	\$1,432,768	\$58,644	\$13,288	\$1,504,700	\$39,519
4							
5							
6	Add - Other Revenue Related to SCP Third Party Revenue / Terasen Gas (Vancouver Island)	15,173	-	-	15,318	15,318	\$145
7							
8							
9	Total Revenue	1,480,354	1,432,768	58,644	28,606	1,520,018	39,664
10							
11	Less - Cost of Gas	(966,880)	(1,019,137)	(1,517)	(1,150)	(1,021,804)	(\$54,924)
12							
13	Gross Margin	\$513,474	\$413,631	\$57,127	\$27,456	\$498,214	(\$15,260)
14							
15	Revenue Deficiency (Surplus)	(\$9,609)	\$4,645	\$642	\$0	\$5,287	
16							
17	Revenue Deficiency (Surplus) as a % of Gross Margin	-1.87%	1.12%	1.12%	0.00%	1.06%	
18							
19	Revenue Deficiency (Surplus) as a % of Total Revenue	-0.65%	0.32%	1.09%	0.00%	0.35%	

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Section A
 Tab 1
 Page 6

UTILITY RATE BASE
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars (1)	2007 APPROVED (2)	2008		Revised Rates (5)	Change (6)	Reference (7)
			Existing Rates (3)	Adjustments (4)			
1	Plant in Service, Beginning	\$3,140,710	\$3,242,849	\$0	\$3,242,849	\$102,139	- Tab A-3, Page 8.1
2	CPCNs	8,137	10,092	-	10,092	1,955	- Tab A-3, Page 8.1
3							
4	Additions	129,717	128,111	-	128,111	(1,606)	- Tab A-3, Page 8.1
5	Disposals	(32,918)	(32,478)	-	(32,478)	440	- Tab A-3, Page 8.1
6							
7	Plant in Service, Ending	3,245,646	3,348,574	-	3,348,574	102,928	
8							
9	Add - Intangible Plant	1,614	1,614	-	1,614	(0)	
10							
11		3,247,260	3,350,188	-	3,350,188	102,928	
12							
13	Contributions In Aid of Construction	(131,162)	(148,162)	-	(148,162)	(17,000)	- Tab A-3, Page 9
14							
15	Less - Accumulated Depreciation	(744,297)	(765,334)	-	(765,334)	(21,037)	- Tab A-3, Page 15
16							
17							
18	Net Plant in Service, Ending	<u>\$2,371,801</u>	<u>\$2,436,692</u>	<u>\$0</u>	<u>\$2,436,692</u>	<u>\$64,891</u>	
19							
20							
21	Net Plant in Service, Beginning	<u>\$2,339,687</u>	<u>\$2,398,136</u>	<u>\$0</u>	<u>\$2,398,136</u>	<u>\$58,449</u>	- Tab A-3, Page 10
22							
23							
24	Net Plant in Service, Mid-Year	\$2,355,744	\$2,417,414	\$0	\$2,417,414	\$61,670	
25	Adjustment to 13-Month Average	-	-	-	-	-	
26	Construction Advances	(11)	(658)	-	(658)	(647)	
27	Work in Progress, No AFUDC	10,771	9,358	-	9,358	(1,413)	
28	Unamortized Deferred Charges	(8,222)	(26,819)	-	(26,819)	(18,597)	- Tab A-3, Page 13.1
29	Cash Working Capital	(25,197)	(28,435)	364	(28,071)	(2,874)	- Tab A-3, Page 14
30	Other Working Capital	143,982	136,843	-	136,843	(7,139)	- Tab A-3, Page 14
31	Deferred Income Tax, Mid-Year	(606)	(604)	-	(604)	2	
32	LIFO Benefit	(2,243)	(1,980)	-	(1,980)	263	
33	Utility Rate Base	<u>\$2,474,218</u>	<u>\$2,505,119</u>	<u>\$364</u>	<u>\$2,505,483</u>	<u>\$31,265</u>	

TERASEN GAS INC.
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 Tab 1
 Page 7

UTILITY INCOME AND EARNED RETURN
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars (1)	2007 APPROVED (2)	2008 ----Revised Rates----			Change (6)	Reference (7)
			Existing Rates (3)	Revised Revenue (4)	Total (5)		
1	ENERGY VOLUMES (TJ)						
2	Sales	116,776	115,223	-	115,223	(1,553)	- Tab A-Tab 4, Page 14
3	Transportation	95,397	91,435	-	91,435	(3,962)	- Tab A-Tab 4, Page 14
4		<u>212,173</u>	<u>206,658</u>	<u>-</u>	<u>206,658</u>	<u>(5,515)</u>	
5							
6	Average Rate per GJ						
7	Sales	\$11.832	\$12.436	\$0.000	\$12.477	\$0.645	
8	Transportation	\$0.775	\$0.785	\$0.000	\$0.792	\$0.017	
9	Average	\$6.860	\$7.281	\$0.000	\$7.307	\$0.447	
10							
11	UTILITY REVENUE						
12	Sales - Existing Rates	\$1,390,101	\$1,432,963	\$0	\$1,432,963	\$42,862	- Tab A-Tab 4, Page 15
13	- Increase / (Decrease)	(8,416)	-	4,645	4,645	13,061	- Tab A-Tab 4, Page 17
14							
15	Transportation - Existing Rates	75,080	71,737	-	71,737	(3,343)	- Tab A-Tab 4, Page 15
16	- Increase / (Decrease)	(1,193)		641	641	1,834	- Tab A-Tab 4, Page 17
17	Total	<u>1,455,572</u>	<u>1,504,700</u>	<u>5,287</u>	<u>1,509,987</u>	<u>54,414</u>	
18							
19	Cost of Gas Sold (Including Gas Lost)	966,880	1,021,804	-	1,021,804	54,924	- Tab A-Tab 4, Page 16.1
20							
21	Gross Margin	<u>488,692</u>	<u>482,896</u>	<u>5,287</u>	<u>488,183</u>	<u>(510)</u>	
22							
23	Operation and Maintenance	169,272	169,859	-	169,859	587	- Tab A-5, Page 2
24	Vehicle Lease	1,993	1,988	-	1,988	(5)	
25	Property and Sundry Taxes	44,452	44,635	-	44,635	183	- Tab A-Tab 6, Page 4
26	Depreciation and Amortization	84,771	84,110	-	84,110	(661)	- Tab A-Tab 6, Page 7
27	Other Operating Revenue	(24,910)	(24,602)	-	(24,602)	308	- Tab A-Tab 4, Page 18
28		<u>275,578</u>	<u>275,990</u>	<u>-</u>	<u>275,990</u>	<u>412</u>	
29	Utility Income Before Income Taxes	213,114	206,906	5,287	212,193	(921)	
30							
31	Income Taxes	30,897	25,266	1,714	26,980	(3,917)	- Tab A-Tab 6, Page 5
32							
33	EARNED RETURN	<u>\$182,217</u>	<u>\$181,640</u>	<u>\$3,573</u>	<u>\$185,213</u>	<u>\$2,996</u>	
34							
35	UTILITY RATE BASE	<u>\$2,474,218</u>	<u>\$2,505,119</u>	<u>\$364</u>	<u>\$2,505,483</u>	<u>\$31,265</u>	- Tab A-1, Page 6
36							
37	RATE OF RETURN ON UTILITY RATE BASE	<u>7.365%</u>	<u>7.250%</u>		<u>7.392%</u>	<u>0.028%</u>	

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 Tab 1
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INCOME TAXES / REVENUE DEFICIENCY
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars	2007 APPROVED	2008		Change	Reference	
			Existing Rates	Revised Revenue			Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return	\$182,217	\$181,640	\$3,573	\$185,213	\$2,996	- Tab A-1, Page 7
3	Deduct - Interest on Debt	(109,714)	(111,782)	(12)	(111,794)	(2,080)	- Tab A-1, Page 9
4	Add- Non-Tax Ded. Expense (Net)	(2,290)	(2,676)	-	(2,676)	(386)	- Tab A-Tab 6, Page 6
5							
6	Accounting Income After Tax	70,213	67,182	3,561	70,743	530	
7	Add (Deduct) - Timing Differences	(7,483)	(14,708)	-	(14,708)	(7,225)	- Tab A-Tab 6, Page 6
8	Add - Large Corporation Tax	-	-	-	-	-	
9							
10	Taxable Income After Tax	<u>\$62,730</u>	<u>\$52,474</u>	<u>\$3,561</u>	<u>\$56,035</u>	<u>(\$6,695)</u>	
11							
12	Income Tax Rate (Current Tax)	33.000%	32.500%	32.500%	32.500%	-0.500%	
13	1 - Current Income Tax Rate	67.000%	67.500%	67.500%	67.500%	0.500%	
	Taxable Income Before Income Tax						
	Deferred Income Tax						
14							
15	Taxable Income (L10 / L13)	<u>\$93,626</u>	<u>\$77,739</u>	<u>\$5,276</u>	<u>\$83,015</u>	<u>(\$10,611)</u>	
16							
17							
18	Income Tax - Current (L12 x L15)	\$30,897	\$25,265	\$1,715	\$26,980	(\$3,917)	
19	- Deferred Income Tax						
20	- Large Corporation Tax	-	-	-	-	-	
21							
22	Total Income Tax	<u>\$30,897</u>	<u>\$25,265</u>	<u>\$1,715</u>	<u>\$26,980</u>	<u>(\$3,917)</u>	
23							
24	REVENUE DEFICIENCY						
25	Earned Return	\$182,217		\$3,572	\$185,213	\$2,996	- Tab A-1, Page 7
26	Add - Income Taxes	30,897		1,714	26,980	(3,917)	
27	Deduct - Utility Income Before Taxes,						
28	Present Rates	(222,723)		-	(206,906)	15,817	- Tab A-1, Page 7
29	Corporate Capital Tax	-		-	-	-	- Tab A-Tab 6, Page 9
30							
31	Deficiency After Corporate Capital Tax	<u>(\$9,609)</u>		<u>\$5,286</u>	<u>\$5,287</u>	<u>\$14,896</u>	

TERASEN GAS INC.
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RETURN ON CAPITAL
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars	Reference	----- Capitalization ----- Amount		%	Embedded Cost	Cost Component	Earned Return
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	2008 AT 2007 RATES							
2	Long-Term Debt			\$1,373,881	54.84%	7.211%	3.95%	
3	Unfunded Debt			254,196	10.15%	5.000%	0.51%	
4	Preference Shares			-	0.00%	0.000%	0.00%	
5	Common Equity			<u>877,042</u>	<u>35.01%</u>	<u>7.969%</u>	<u>2.79%</u>	
6								
7		- Tab A-1, Page 6		<u>\$2,505,119</u>	<u>100.00%</u>		<u>7.25%</u>	
8								
9	2008 REVISED RATES							
10	Long-Term Debt			\$1,373,881	54.83%	7.211%	3.95%	\$99,072
11	Unfunded Debt		\$254,196					
12	Adjustment, Revised Rates		236	254,432	10.16%	5.000%	0.51%	12,722
13	Preference Shares			-	0.00%	0.000%	0.00%	-
14	Common Equity			<u>877,170</u>	<u>35.01%</u>	<u>8.370%</u>	<u>2.93%</u>	<u>73,419</u>
15								
16		- Tab A-1, Page 6		<u>\$2,505,483</u>	<u>100.00%</u>		<u>7.39%</u>	<u>\$185,213</u>
17								
18	2007 APPROVED RATES							
19	Long-Term Debt			\$1,470,051	59.41%	7.018%	4.17%	\$103,162
20	Unfunded Debt		\$137,931					
21	Adjustment, Revised Rates		12	137,943	5.58%	4.750%	0.27%	6,552
22	Preference Shares			-	0.00%	0.000%	0.00%	-
23	Common Equity			<u>866,224</u>	<u>35.01%</u>	<u>8.370%</u>	<u>2.93%</u>	<u>72,503</u>
24								
25				<u>\$2,474,218</u>	<u>100.00%</u>		<u>7.36%</u>	<u>\$182,217</u>
26								
27	CHANGE FROM 2007 APPROVED RATES							
28	Long-Term Debt			(\$96,170)	-4.58%	0.193%	-0.22%	(\$4,090)
29	Unfunded Debt		\$116,265					
30	Adjustment, Revised Rates		224	116,489	4.58%	0.250%	0.25%	6,170
31	Preference Shares			-	0.00%	0.000%	0.00%	-
32	Common Equity			<u>10,946</u>	<u>0.00%</u>	<u>0.000%</u>	<u>0.00%</u>	<u>916</u>
33								
34				<u>\$31,265</u>	<u>0.00%</u>		<u>0.03%</u>	<u>\$2,996</u>

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2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN

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Section A
 Tab 3
 Page 6

TERASEN GAS INC.
 CAPITAL EXPENDITURES AND PLANT ADDITIONS
 FOR THE YEARS ENDING DECEMBER 31, 2007-2008
 (\$000)

Line No.	Particulars	Approved 2007	Adjusted 2007	Forecast 2008
	(1)	(2)	(3)	(4)
1	CAPITAL EXPENDITURES			
2				
3	<u>Base Capital Expenditures</u>			
4	Customer Addition Driven Capital Expenditures	\$ 28,945	\$ 28,391	\$ 25,693
5	Other Base Capital Expenditures	72,625	72,372	74,000
6				
7	Total Base Capital Expenditures	<u>\$ 101,570</u>	<u>\$ 100,763</u>	<u>\$ 99,693</u>
8				
9	<u>Special Projects - CPCN's</u>			
10	Vancouver LP Replacement	\$ 8,706	\$ 9,836	\$ 6,358
12	Squamish Amalgamation into TGI	8,137	8,517	
13	Mission IP Pipeline System Upgrade	7,345		
14	MobileUp Replacement CPCN		2,499	2,891
15	Fraser River SBSA Rehabilitation	1,500	750	1,500
16	Gateway	11,900		
17	Total CPCN's	<u>\$ 37,588</u>	<u>\$ 21,602</u>	<u>\$ 10,749</u>
18				
19				
20	TOTAL CAPITAL EXPENDITURES	<u>\$ 139,158</u>	<u>\$ 122,365</u>	<u>\$ 110,442</u>
21				
22				
23	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS			
24				
25	<u>Base Capital</u>			
26	Base Capital Expenditures	\$ 101,570	\$ 100,763	\$ 99,693
27	Add - Opening WIP	12,209	11,946	12,521
28	Less - Opening WIP Adjustment			
29	Less - Closing WIP	(12,584)	(12,521)	(12,649)
30				
31	Add - AFUDC	987	982	994
32	Add - Overhead Capitalized	27,535	27,535	27,552
33				
34	TOTAL BASE CAPITAL ADDITIONS TO GAS PLANT IN SERVICE	<u>\$ 129,717</u>	<u>\$ 128,705</u>	<u>\$ 128,111</u>
35				
36	<u>Special Projects - CPCN's</u>			
37	CPCN Expenditures	\$ 37,588	\$ 21,602	\$ 10,749
38	Add - Opening WIP	6,918	2,329	13,426
39	Less - Closing WIP	(37,403)	(13,426)	(14,535)
40				
41	Add - AFUDC	1,034	340	453
42				
43	TOTAL CPCN ADDITIONS TO OPENING GASE PLANT IN SERVICE	<u>\$ 8,137</u>	<u>\$ 10,846</u>	<u>\$ 10,092</u>
44				
45				
46	TOTAL PLANT ADDITIONS	<u>\$ 137,854</u>	<u>\$ 139,551</u>	<u>\$ 138,203</u>

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2007 ANNUAL REVIEW
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 Tab 3
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UTILITY RATE BASE
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars (1)	2007 APPROVED (2)	2008		Revised Rates (5)	Change (6)	Reference (7)
			Existing Rates (3)	Adjustments (4)			
1	Plant in Service, Beginning	\$3,140,710	\$3,242,849	\$0	\$3,242,849	\$102,139	- Tab A-3, Page 8.1
2	CPCN's	8,137	10,092	0	10,092	1,955	- Tab A-3, Page 8.1
3							
4	Additions	129,717	128,111	0	128,111	(1,606)	- Tab A-3, Page 8.1
5	Disposals	(32,918)	(32,478)	0	(32,478)	440	- Tab A-3, Page 8.1
6							
7	Plant in Service, Ending	3,245,646	3,348,574	0	3,348,574	102,928	
8							
9	Add - Intangible Plant	1,614	1,614	0	1,614	(0)	
10							
11		3,247,260	3,350,188	0	3,350,188	102,928	
12							
13	Contributions In Aid of Construction	(131,162)	(148,162)	0	(148,162)	(17,000)	- Tab A-3, Page 9
14							
15	Less - Accumulated Depreciation	(744,297)	(765,334)	0	(765,334)	(21,037)	- Tab A-3, Page 15
16							
17							
18	Net Plant in Service, Ending	<u>\$2,371,801</u>	<u>\$2,436,692</u>	<u>\$0</u>	<u>\$2,436,692</u>	<u>\$64,891</u>	
19							
20							
21	Net Plant in Service, Beginning	<u>\$2,339,687</u>	<u>\$2,398,136</u>	<u>\$0</u>	<u>\$2,398,136</u>	<u>\$58,449</u>	- Tab A-3, Page 10
22							
23							
24	Net Plant in Service, Mid-Year	\$2,355,744	\$2,417,414	\$0	\$2,417,414	\$61,670	
25	Adjustment to 13-Month Average	0	0	0	0	0	
26	Construction Advances	(11)	(658)	0	(658)	(647)	
27	Work in Progress, No AFUDC	10,771	9,358	0	9,358	(1,413)	
28	Unamortized Deferred Charges	(8,222)	(26,819)	0	(26,819)	(18,597)	- Tab A-3, Page 13.1
29	Cash Working Capital	(25,197)	(28,435)	364	(28,071)	(2,874)	- Tab A-3, Page 14
30	Other Working Capital	143,982	136,843	0	136,843	(7,139)	- Tab A-3, Page 14
31	Deferred Income Tax, Mid-Year	(606)	(604)	0	(604)	2	
32	LIFO Benefit	(2,243)	(1,980)	0	(1,980)	263	
33	Utility Rate Base	<u>\$2,474,218</u>	<u>\$2,505,119</u>	<u>\$364</u>	<u>\$2,505,483</u>	<u>\$31,265</u>	

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UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars (1)	Account (2)	Forecast Balance 12/31/2007 (3)	Gross Additions (4)	Less-Taxes * (5)	Net Additions (6)	Amortization		Balance 12/31/2008 (9)	Mid-Year Average 2008 (10)
							Expense (7)	Other ** (8)		
1	ROE Hearing Costs - 2005	# 17985	\$299.4	\$0.0	\$0.0	\$0.0	(\$149.5)	\$0.0	\$149.9	\$224.7
2										
3	Earnings Sharing Mechanism	# 17982	(10,046.7)	-	(4,837.3)	(4,837.3)	-	14,883.9	(0.1)	(5,023.4)
4										
5	NGV Compression Equip. Recovery	# 17992	497.4	-	-	-	(248.6)	-	248.8	373.1
6										
7	Overheads Change - Income Tax Refund	# 17995	-	-	-	-	-	-	-	-
8	CIAOC Software Tax Savings/OH Change	# 17995	-	-	-	-	-	-	-	-
9	Bad Debt Allowance for Rates 14 & 14A	# 17949	63.4	19.3	(6.3)	13.0	-	-	76.4	69.9
10	Other Post Employment Benefits	# 17991/93	(25,187.1)	(6,074.0)	1,974.1	(4,099.9)	-	-	(29,287.0)	(27,237.1)
11										
12	Deferred 2000 SCP Cost of Service	# 17997	-	-	-	-	-	-	-	-
13										
14	SCP Net Mitigation Revenues	# 17912	(3,554.1)	(955.0)	310.4	(644.6)	631.0	-	(3,567.7)	(3,560.9)
15	SCP West to East Transmission	# 17913	(111.4)	-	-	-	42.2	-	(69.2)	(90.3)
16	SCP PG&E Contract Cancellation	# 17936	1,324.8	-	-	-	(663.2)	-	661.6	993.2
17	SCP Provincial Sales Tax Reassessment	# 18504	7,132.3	-	-	-	-	-	7,132.2	7,132.3
18										
19	CCT Deferral	# 17924	-	-	-	-	-	-	-	-
20	CCT Assessment	# 17929	36.2	-	-	-	(52.9)	-	(16.7)	9.7
21										
22	Pension Variance	# 17946	(2,131.5)	-	-	-	2,131.5	-	-	(1,065.8)
23	Insurance Variance	# 17947	(601.1)	-	-	-	601.1	-	-	(300.6)
24										
25	BCUC Levies	# 18149	(277.3)	-	-	-	277.3	-	-	(138.7)
26	OSC Certification Compliance	# 18148	(120.5)	124.7	(40.5)	84.2	121.0	-	84.7	(17.9)
27										
28	2006 LCT Elimination	# 18502	(2,069.0)	-	-	-	1,034.0	-	(1,035.0)	(1,552.0)
29										
30	TGS O&M Variance	# 18503	114.6	171.0	(55.6)	115.4	-	-	230.0	172.3
31										
32	TGS Amalgamation	# 18503A	134.0	-	-	-	-	-	134.0	134.0
33										
34	Rider 2 ROE Revenue Requirement	# 18003	-	(31.8)	-	(31.8)	31.8	-	-	-
35										
36	Total Deferred Charges for Rate Base		<u>(\$45,079.8)</u>	<u>\$46,163.3</u>	<u>(\$16,118.6)</u>	<u>\$30,044.7</u>	<u>\$3,076.1</u>	<u>\$3,400.2</u>	<u>(\$8,558.9)</u>	<u>(\$26,819.3)</u>
37										
38	Notes:									
39	* Taxes = 32.5% * (Gross Additiøn + Amortization Other).									
40	** Amortization Other figures are pre-tax amounts.									

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UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
 FOR THE YEAR ENDING DECEMBER 31, 2007
 (\$000s)

Line No.	Particulars (1)	Account (2)	Actual	Gross	Less-	Net	Amortization		Balance	Mid-Year
			Balance 12/31/2006 (3)				Additions (4)	Taxes * (5)		
1	ROE Hearing Costs - 2005	# 17985	\$449.0	\$0.0	\$0.0	\$0.0	(\$149.6)	\$0.0	\$299.4	\$374.2
2										
3	Earnings Sharing Mechanism	# 17982	(8,535.0)	(14,995.0)	744.5	(14,250.5)	-	12,738.8	(10,046.7)	(9,290.9)
4										
5	NGV Compression Equip. Recovery	# 17992	746.0	-	-	-	(248.6)	-	497.4	621.7
6										
7	Overheads Change - Income Tax Refund	# 17995	(139.0)	-	-	-	139.0	-	-	(69.5)
8	CIAOC Software Tax Savings/OH Change	# 17995	(807.0)	-	-	-	807.0	-	-	(403.5)
9	Bad Debt Allowance for Rates 14 & 14A	# 17949	50.0	20.0	(6.6)	13.4	-	-	63.4	56.7
10	Other Post Employment Benefits	# 17991/93	(21,214.0)	(5,930.0)	1,956.9	(3,973.1)	-	-	(25,187.1)	(23,200.6)
11										
12	Deferred 2000 SCP Cost of Service	# 17997	62.0	-	-	-	(62.0)	-	-	31.0
13										
14	SCP Net Mitigation Revenues	# 17912	(3,810.0)	(1,152.9)	380.5	(772.4)	1,028.3	-	(3,554.1)	(3,682.1)
15	SCP West to East Transmission	# 17913	189.0	-	-	-	(300.4)	-	(111.4)	38.8
16	SCP PG&E Contract Cancellation	# 17936	1,988.0	-	-	-	(663.2)	-	1,324.8	1,656.4
17	SCP Provincial Sales Tax Reassessment	# 18504	10,029.0	(2,872.3)	(24.4)	(2,896.7)	-	-	7,132.3	8,580.7
18										
19	CCT Deferral	# 17924	(133.0)	-	-	-	133.0	-	-	(66.5)
20	CCT Assessment	# 17929	161.0	(8.8)	-	(8.8)	(116.0)	-	36.2	98.6
21										
22	Pension Variance	# 17946	(2,432.0)	(1,935.3)	638.6	(1,296.7)	1,597.2	-	(2,131.5)	(2,281.8)
23	Insurance Variance	# 17947	(205.0)	(882.3)	291.2	(591.1)	195.0	-	(601.1)	(403.1)
24										
25	BCUC Levies	# 18149	(226.0)	(433.6)	143.1	(290.5)	239.2	-	(277.3)	(251.7)
26	OSC Certification Compliance	# 18148	(89.0)	121.1	(40.0)	81.1	(112.6)	-	(120.5)	(104.8)
27										
28	2006 LCT Elimination	# 18502	(3,103.0)	-	-	-	1,034.0	-	(2,069.0)	(2,586.0)
29										
30	TGS O&M Variance	# 18503	-	171.0	(56.4)	114.6	-	-	114.6	57.3
31										
32	TGS Amalgamation	# 18503A	-	200.0	(66.0)	134.0	-	-	134.0	67.0
33										
34	Rider 2 ROE Revenue Requirement	# 18003	-	-	-	-	-	-	-	-
35										
36	Total Deferred Charges for Rate Base		<u>(\$17,682.6)</u>	<u>(\$38,678.9)</u>	<u>\$13,334.0</u>	<u>(\$25,344.9)</u>	<u>\$2,723.9</u>	<u>(\$4,776.2)</u>	<u>(\$45,079.8)</u>	<u>(\$31,381.5)</u>

Notes:

* Taxes = 33% * (Gross Addition + Amortization Other).

** Amortization Other figures are pre-tax amounts.

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REVENUE UNDER PROPOSED 2007 RATES AND REVISED RATES (Non-Bypass)
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Tab 4

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Line No.	Particulars (1)	Terajoules (2)	Revenue -- At Existing Rates --		Gross Margin -- At Existing Rates --		Increase / (Decrease) 1.12% of Margin		Average Number of Customers (9)	Revenue ---- Revised Rates ----	
			Average \$/GJ (3)	Revenue (\$000s) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	\$/GJ (7)	Revenue (\$000s) (8)		Average \$/GJ (10)	Revenue (\$000s) (11)
1	NON-BYPASS										
2	Core and Non-Core Sales										
3	Schedule 1 - Residential	72,022.7	\$12.954	\$932,996	\$4.082	\$294,000	\$0.046	\$3,302	748,595	\$13.000	\$936,298
4	Schedule 2 - Small Commercial	24,004.2	12.095	290,331	3.134	75,218	0.035	845	74,407	12.130	291,176
5	Schedule 3 - Large Commercial	15,454.2	11.104	171,601	2.397	37,038	0.027	416	4,505	11.131	172,017
6	Total Schedules 1, 2 and 3	<u>111,481.1</u>		<u>1,394,928</u>		<u>406,256</u>		<u>4,563</u>	<u>827,507</u>		<u>1,399,491</u>
7											
8	Schedule 4 - Seasonal Service	161.3	9.554	1,541	1.364	220	0.012	2	21	9.566	1,543
9	Schedule 5 - General Firm Service	3,461.8	10.161	35,174	1.971	6,822	0.022	77	316	10.183	35,251
10											
11	Industrials										
12	Schedule 7 - Interruptible	19.3	10.104	195	1.865	36	-	0	2	10.104	195
13											
14	Total Industrials	<u>19.3</u>		<u>195</u>		<u>36</u>		<u>-</u>	<u>2</u>		<u>195</u>
15											
16	Schedule 6 - N G V Fuel - Stations	99.6	11.295	1,125	3.343	333	0.030	3	30	11.325	1,128
17											
18	Total Industrials	<u>99.6</u>		<u>1,125</u>		<u>333</u>		<u>3</u>	<u>30</u>		<u>1,128</u>
19											
20	Total Core and Non-Core Sales	<u>115,223.1</u>		<u>1,432,963</u>		<u>413,667</u>		<u>4,645</u>	<u>827,876</u>		<u>1,437,608</u>
21											
22	Core and Non-Core Transportation Service										
23	Schedule 22 - Firm Service	8,438.0	0.780	6,581	0.731	6,166	0.008	69	15	0.788	6,650
24	- Interruptible Service	10,303.0	0.682	7,031	0.659	6,787	0.007	76	22	0.689	7,107
25	Schedule 23 - Large Commercial	6,613.3	2.445	16,168	2.418	15,992	0.027	180	1,346	2.472	16,348
26	Schedule 25 - Firm Service	13,489.9	1.689	22,788	1.660	22,399	0.019	252	596	1.708	23,040
27	Schedule 27 - Interruptible Service	5,323.5	1.105	5,881	1.080	5,747	0.012	64	95	1.117	5,945
28											
29	Total Core and Non-Core T-Service	<u>44,167.7</u>		<u>58,449</u>		<u>57,091</u>		<u>641</u>	<u>2,074</u>		<u>59,090</u>
30											
31	Total Captive Sales & Transportation Service	<u>159,390.8</u>		<u>\$1,491,412</u>		<u>\$470,758</u>		<u>\$5,286</u>	<u>829,950</u>		<u>\$1,496,698</u>

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REVENUE UNDER PROPOSED 2007 RATES AND REVISED RATES (Bypass)
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars c	Terajoules (2)	Revenue -- At Existing Rates --		Gross Margin -- At Existing Rates --		Increase / (Decrease) 1.12% of Margin		Average Number of Customers (9)	Revenue ---- Revised Rates ----	
			Average \$/GJ (3)	Revenue (\$000) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	\$/GJ (7)	Revenue (\$000) (8)		Average \$/GJ (10)	Revenue (\$000) (11)
1	BYPASS AND SPECIAL RATES										
2	Bypass and Special Rates Transportation Service										
3	Schedule 22 - Firm Service	10,145.4	0.229	2,325	0.195	1,975	-	-	9	0.229	2,325
4	- Interruptible Service	260.1	0.288	75	0.288	75	-	-	1	0.288	75
5	Byron Creek (aka Fording Coal Mountain)	471.8	0.288	136	0.176	83	-	-	1	0.288	136
6	Burrard Thermal - Firm	2,493.0	3.991	9,950	3.971	9,900	-	-	1		9,950
7	TGVI - Firm	32,493.2	-	-	-	-	-	-	1	-	-
8	Schedule 23 - Large Commercial	-	-	-	-	-	-	-	-	-	-
9	Schedule 25 - Firm Service	1,403.3	0.572	802	0.539	757	-	-	7	0.572	802
10	Schedule 27 - Interruptible Service	-	-	-	-	-	-	-	-	-	-
11	Total Bypass and Spec. Rates T-Svc	<u>47,266.8</u>		<u>13,288</u>		<u>12,790</u>			<u>20</u>		<u>13,288</u>
12											
13	Total Non-Captive Sales and										
14	Transportation Service	<u>47,266.8</u>		<u>13,288</u>		<u>12,790</u>			<u>20</u>		<u>13,288</u>
15											
16	TOTAL CAPTIVE AND NON-CAPTIVE SALES AND										
17	TRANSPORTATION SERVICE	<u>206,657.6</u>		<u>\$1,504,700</u>		<u>\$483,548</u>		<u>\$5,286</u>	<u>829,970</u>		<u>\$1,509,986</u>

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TERASEN GAS INC.
OPERATION AND MAINTENANCE EXPENSES
ACTIVITY VIEW
(\$000)

Particulars	Acct No.	Approved 2007	Adjusted Base 2007	Forecast 2008
Distribution Supervision	100-11	10,392	10,184	9,513
Distribution Supervision Total	100-10	10,392	10,184	9,513
Operation Centre - Distribution	100-21	7,187	7,028	7,113
Asset Management - Distribution	100-22	1,040	1,051	1,094
Preventative Maintenance - Distribution	100-23	1,676	1,693	2,239
Distribution Operations - General	100-24	4,487	4,758	4,528
Emergency Management	100-25	6,083	7,106	5,986
Distribution Operations Total	100-20	20,472	21,636	20,959
Distribution Corrective - Meters	100-31	977	1,083	1,132
Distribution Corrective - Propane	100-32	6	6	5
Distribution Corrective - Leak Repair	100-33	588	594	925
Distribution Corrective - Stations	100-34	457	462	479
Distribution Corrective - General	100-35	389	393	504
Distribution Maintenance Total	100-30	2,417	2,537	3,045
Distribution Total	100	33,281	34,357	33,518
Transmission Supervision	200-11	2,172	2,255	2,144
Transmission Supervision Total	200-10	2,172	2,255	2,144
Pipeline Operation	200-21	2,002	2,123	2,062
Right of Way	200-22	1,288	1,405	1,439
Compression	200-23	1,729	1,747	1,733
Gas Control	200-24	2,572	2,271	2,363
Transmission Pipeline Integrity Project (TPIP)	200-25	5,682	3,270	5,663
Transmission Operations Total	200-20	13,274	10,816	13,260
Pipeline - Maintenance	200-31	217	219	226
Compression - Maintenance	200-32	163	165	171
TPIP - Maintenance	200-33	380	384	382
Transmission - Maintenance	200-30	760	768	780
Transmission Total	200	16,207	13,839	16,183
LNG Plant Operations	300-11	679	686	688
LNG Plant Operations Total	300-10	679	686	688
LNG Plant Maintenance	300-21	382	386	382
LNG Plant Maintenance Total	300-20	382	386	382
LNG Plant Total	300	1,061	1,072	1,070
Measurement Operations	400-11	3,931	3,971	3,856
Measurement Operations Total	400-10	3,931	3,971	3,856
Measurement Maintenance	400-21	1,892	1,911	2,037
Measurement Maintenance Total	400-20	1,892	1,911	2,037
Measurement Total	400	5,823	5,882	5,893
Facilities Management	500-10	5,546	5,602	5,504
Shops & Stores	500-20	3,761	3,799	3,856
Operations Engineering	500-30	5,475	5,530	5,472
Property Services	500-40	996	1,006	1,129
System Integrity	500-50	1,901	1,920	1,951
Environmental Health & Safety	500-60	1,478	1,422	1,366
Operations Governance	500-70	1,626	1,588	1,373
General Operations Total	500	20,783	20,868	20,652
Total Operating		77,154	76,018	77,315

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Energy Efficiency	600-10	1,752	1,770	1,733
Marketing - Supervision	600-20	668	675	540
Corporate & Marketing Communications	600-30	2,066	2,087	2,308
Marketing Planning & Development	600-40	752	759	870
Marketing Total	600	5,238	5,291	5,450
Customer Care - Supervision	700-10	1,014	893	1,021
Customer Contact - ABSU contract	700-20	49,339	49,724	50,022
Bad Debt Management and Administration	700-30	6,206	5,530	6,316
Customer Management & Sales	700-40	2,730	3,303	2,910
Customer Care Total	700	59,290	59,450	60,270
Business & IT Services - Supervision	800-10	1,179	1,191	1,010
Application Management	800-20	8,203	8,286	8,486
Infrastructure Management	800-30	6,426	6,491	6,144
Procurement Services	800-40	810	818	773
Business & IT Services Total	800	16,618	16,786	16,413
Administration & General	900-11	4,666	4,834	4,358
Insurance	900-12	5,479	5,534	4,975
Finance and Regulatory Affairs	900-13	8,985	9,122	9,718
Shared Services Agreement	900-14	4,315	4,359	3,909
Corporate Administration Total	900-10	23,444	23,849	22,960
Forecasting	900-20	1,462	1,200	1,067
Public Affairs	900-30	1,397	1,411	1,455
Business Development	900-40	1,437	1,332	1,524
Human Resources	900-50	4,561	4,700	5,044
Other Post Employment Benefits (OPEB)	900-60	8,860	8,950	8,621
Administration & General Total	900	41,162	41,442	40,671
Total Formula Gross O&M Expenses (including Fort Nelson)		199,462	198,988	200,118
Less:				
Capitalized Overhead		(27,535)	(27,535)	(27,552)
Vehicle Lease Reclass	66105 CC230C	(2,016)	(2,011)	(2,056)
Fort Nelson		(639)	(637)	(651)
Total Formula O&M Expenses		169,272	168,805	169,859

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TERASEN GAS INC.
OPERATION AND MAINTENANCE EXPENSES
RESOURCE VIEW
(\$000)

Particulars	Approved 2007	Adjusted Base 2007	Forecast 2008
M&E Costs	45,594	45,614	44,902
COPE Costs	25,508	25,438	25,997
IBEW Costs	20,541	21,502	21,873
Total Labour Costs	91,643	92,553	92,772
Vehicle Costs	5,183	5,279	4,949
Employee Expenses	3,934	3,949	4,028
Materials & Supplies	5,316	5,261	5,495
Computer Costs	8,152	8,235	8,099
Fees & Administration Costs	29,877	29,286	28,808
Contractors Costs	59,396	58,832	61,326
Facilities	12,357	12,155	11,713
Recoveries & Revenue	(16,396)	(16,562)	(17,072)
Total Non-Labour Costs	107,819	106,435	107,346
	-		
Total Formula Gross O&M Expenses (incl Fort Nelson)	199,462	198,988	200,118
Less:			
Capitalized Overhead	(27,535)	(27,535)	(27,552)
Vehicle Lease Reclass	(2,016)	(2,011)	(2,056)
Fort Nelson	(639)	(637)	(651)
Total Formula O&M Expenses	169,272	168,805	169,859

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INCOME TAXES / REVENUE DEFICIENCY
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars	2007 APPROVED	2008		Change	Reference	
			Existing Rates	Revised Revenue			Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return	\$182,217	\$181,640	\$3,573	\$185,213	\$2,996	- Tab A-1, Page 7
3	Deduct - Interest on Debt	(109,714)	(111,782)	(12)	(111,794)	(2,080)	
4	Add- Non-Tax Ded. Expense (Net)	(2,290)	(2,676)	-	(2,676)	(386)	- Tab A-Tab 6, Page 6
5							
6	Accounting Income After Tax	70,213	67,182	3,561	70,743	530	
7	Add (Deduct) - Timing Differences	(7,483)	(14,708)	-	(14,708)	(7,225)	- Tab A-Tab 6, Page 6
8	Add - Large Corporation Tax	-	-	-	-	-	- Tab A-Tab 6, Page 9
9							
10	Taxable Income After Tax	<u>\$62,730</u>	<u>\$52,474</u>	<u>\$3,561</u>	<u>\$56,035</u>	<u>(\$6,695)</u>	
11							
12		33.000%	32.500%	32.500%	32.500%	-0.500%	
13	1 - Current Income Tax Rate	67.000%	67.500%	67.500%	67.500%	0.500%	
14							
15	Taxable Income (L10 / L13)	<u>\$93,626</u>	<u>\$77,739</u>	<u>\$5,276</u>	<u>\$83,015</u>	<u>(\$10,611)</u>	
16							
17							
18	Income Tax - Current (L12 x L15)	\$30,897	\$25,265	\$1,715	\$26,980	(\$3,917)	
19	- Deferred Income Tax	-	-	-	-	-	
20	- Large Corporation Tax	-	-	-	-	-	- Tab A-Tab 6, Page 9
21							
22	Total Income Tax	<u>\$30,897</u>	<u>\$25,265</u>	<u>\$1,715</u>	<u>\$26,980</u>	<u>(\$3,917)</u>	- Tab A-1, Page 7
23							
24	REVENUE DEFICIENCY						
25	Earned Return	\$182,217		\$3,573	\$185,213		- Tab A-1, Page 7
26	Add - Income Taxes	30,897		1,715	26,980		- Tab A-1, Page 7
27	Deduct - Utility Income Before Taxes,						
28	Present Rates	(222,723)		-	(206,906)		- Tab A-1, Page 7
29	Corporate Capital Tax	-		-	-		
30							
31	Deficiency After Corporate Capital Tax	<u>(\$9,609)</u>		<u>\$5,288</u>	<u>\$5,287</u>		

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NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS
 FOR THE YEAR ENDING DECEMBER 31, 2008
 (\$000s)

Line No.	Particulars	2007 APPROVED	2008	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	ITEMS OF A PERMANENT NATURE INCREASING TAXABLE INCOME				
2					
3	Amortization of Deferred Charges	(\$2,725)	(\$3,076)	(\$351)	- Tab A-3, Page 13.3
4					
5	Non-tax Deductible Expenses	435	400	(35)	
6					
9	Total Permanent Differences	<u>(\$2,290)</u>	<u>(\$2,676)</u>	<u>(\$386)</u>	- Tab A-1, Page 8
10					
11	TIMING DIFFERENCE ADJUSTMENTS				
12					
13	Depreciation	\$87,496	\$87,186	(\$310)	- Tab A-Tab 6, Page 7
14	Amortization of Debt Issue Expenses	1,081	535	(546)	
15	Debt Issue Costs	(1,421)	(1,570)	(149)	
16	Capital Cost Allowance	(83,019)	(84,566)	(1,547)	- Tab A-Tab 6, Page 8
17	Cumulative Eligible Capital Allowance	(1,057)	(1,148)	(91)	
18	Long Term Compensation	1,901	957	(944)	
19	Unfunded Pension	(1,814)	(4,026)	(2,212)	
20	Overheads Capitalized Expensed for Tax Purposes	(10,326)	(10,294)	32	
21	Discounts on Debt Issue and Other	(323)	(1,782)	(1,459)	
22	Timing Differences	<u>(7,483)</u>	<u>(14,708)</u>	<u>(7,225)</u>	
23					
24	Total Timing Differences	<u>(\$7,483)</u>	<u>(\$14,708)</u>	<u>(\$7,225)</u>	- Tab A-1, Page 8

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DEPRECIATION AND AMORTIZATION EXPENSES
 FOR THE YEAR ENDING DECEMBER 31, 2008
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Line No.	Particulars (1)	2007 APPROVED (2)	2008 (3)	Change (4)	Reference (5)
1	<u>Depreciation Provision</u>				
2					
3	Total Depreciation Expense	\$92,254	\$93,668	\$1,414	- Tab A-3, Page 15.4
4					
5	Less: Amortization of Contributions in Aid of Construction	<u>(4,758)</u>	<u>(6,482)</u>	<u>(1,724)</u>	- Tab A-3, Page 9
6		<u>87,496</u>	<u>87,186</u>	<u>(\$310)</u>	
7					
8	<u>Amortization Expense</u>				
9					
10	Amortization of Deferred Charges	(\$2,725)	(\$3,076)	(\$351)	- Tab A-3, Page 13.3
11					
12					
13		<u>(2,725)</u>	<u>(3,076)</u>	<u>(351)</u>	
14					
15	TOTAL	<u>\$84,771</u>	<u>84,110</u>	<u>(\$661)</u>	- Tab A-1, Page 7

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EMBEDDED COST OF LONG-TERM DEBT
 FOR THE YEAR ENDING DECEMBER 31, 2008
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Line No.	Particulars	Issue Date	Maturity Date	Coupon Rate	Principal Amount of Issue	Issue Expense	Net Proceeds of Issue	Effective Interest Cost	Average Principal Outstanding	Annual Cost
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Series A Purchase Money Mortgage	3-Dec-1990	30-Sep-2015	11.800%	\$58,943	\$855	\$58,088	12.054%	\$58,943	\$7,105
2	Series B Purchase Money Mortgage	30-Nov-1991	30-Nov-2016	10.300%	157,274	2,228	155,046	10.461%	157,274	16,452
3										
4	2005 Long Term Debt Issue - Coastal Facilities	1-Jan-2005	1-Jan-2008	6.100%	50,300	82	50,218	6.160%	-	-
5										
6	Medium Term Note - Series 9	21-Oct-1997	2-Jun-2008	6.200%	55,000	454	54,546	6.308%	22,992	1,450
7	Med.Term Note - Series 9 (Re-opened)	19-Nov-1998	2-Jun-2008	6.200%	58,000	(681)	58,681	6.036%	24,246	1,463
8	Med.Term Note - Series 9 (Re-opening)	21-Sep-1999	2-Jun-2008	6.200%	75,000	2,053	72,947	6.578%	31,352	2,062
9										
10	Medium Term Note - Series 11	21-Sep-1999	21-Sep-2029	6.950%	150,000	2,290	147,710	7.073%	150,000	10,610
11	2004 Long Term Debt Issue - Series 18	29-Apr-2004	1-May-2034	6.500%	150,000	1,915	148,085	6.598%	150,000	9,897
12	2005 Long Term Debt Issue - Series 19	25-Feb-2005	25-Feb-2035	5.900%	150,000	1,663	148,337	5.980%	150,000	8,970
13	2006 Long Term Debt Issue - Series 21	25-Sep-2006	25-Sep-2036	5.550%	120,000	669	119,331	5.589%	120,000	6,707
14	2007 Medium Term Debt Issue - Series 22	2-Oct-2007	2-Oct-2037	6.000%	250,000	2,148	247,853	6.062%	250,000	15,155
15	2008 Medium Term Debt Issue - Series 23	1-Jun-2008	1-Jun-2038	5.950%	200,000	2,000	198,000	6.022%	116,940	7,042
16										
17	LILO Obligations - Kelowna							5.953%	28,747	1,711
18	LILO Obligations - Nelson							7.093%	4,555	323
19	LILO Obligations - Vernon							8.108%	13,660	1,108
20	LILO Obligations - Prince George							7.089%	34,914	2,475
21	LILO Obligations - Creston							6.348%	3,303	210
22										
23									<u>\$1,316,926</u>	<u>\$92,740</u>
24	Debentures:									
25	Series E	8-Jun-1989	7-Jun-2009	10.750%	59,890	637	59,253	10.927%	\$59,890	\$6,544
26										
27									<u>\$59,890</u>	<u>\$6,544</u>
28										
29	Sub-Total								\$1,376,816	\$99,284
30	Less - Fort Nelson Division Portion of Long Term Debt								(2,935)	(212)
31	Total								<u>\$1,373,881</u>	<u>\$99,072</u>
32										
33								Average Embedded Cost		<u>7.211%</u>