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November 3, 2008

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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")
2008–2009 Extension of the 2004–2007 Multi-Year Performance Based Rate Plan
2008 Annual Review of 2009 Revenue Requirements and Rates November 3,
2008 Amended Application (the "November 3 Amended Application")**

In accordance with British Columbia Utilities Commission (the "Commission") Order No. G-142-08, on October 8, 2008 Terasen Gas submitted its 2008 Annual Review Advance Materials (the "Advance Materials") for the purposes of setting rates for 2009. Subsequent to the October 8th filing, economic circumstances warranted review of the industrial forecast and customer additions assumptions embedded in the various applications for all Terasen Gas Utilities. Where the revised assumptions are expected to materially impact burner tip rates, Terasen has incorporated the changes into amended applications.

Revised industrial forecast and customer additions assumptions impact the Terasen Gas 2009 revenue requirement by approximately \$2.5 million and correspondingly materially impact delivery rates for all rate classes; therefore, Terasen Gas has determined that it is prudent to revise these assumptions and file an Amended Annual Review Application. Terasen Gas has also taken the opportunity to update the Consumer Price Index ("CPI") forecast, to reflect an anticipated property tax expense reduction, to correct two errors that were identified subsequent to filing and to revise the request for approval in conjunction with this Amended Annual Review Application. In the cover letter which accompanied the Advance Materials Terasen Gas requested, in error, approval for changes to the non rate base Residential and Commercial Commodity Unbundling deferral accounts. The Residential and Commercial Commodity Unbundling deferral accounts are addressed through the Quarterly Gas Cost process and as such Terasen Gas does not seek approval for changes through this Annual Review process. The Request for Approval contained within this cover letter has been updated accordingly.

Reduction of Industrial Customer Margin Forecast

Terasen Gas has amended its industrial forecast and reduced expected volumes by 10% for the customers served under Rate Schedules 5, 7, 22, 25 and 27. This will result in a total reduction in forecast volume of 5,363 TJ for 2009. The fixed revenue portion of rates now represents 58% of total margin (as compared to 55% before the 10% reduction). As in past

years, Terasen Gas surveyed industrial customers during the second quarter of 2008 to determine 2009 expected gas volumes. Terasen Gas used this information to create the forecast for its Advance Materials. Since that time, the financial markets have been on a downward trend and credit markets have become much tighter across both North America and the world which will decrease consumer spending and business investment. Due to the rapid deterioration of the financial markets and the expected slowdown in Canada and the United States, Terasen Gas does not believe that industrial customers would be left untouched. Terasen Gas believes that there is the potential for a slow down in manufacturing and industrial output in British Columbia, as noted by TD Canada Trust in its October 16, 2008 Economic Update (full report attached):

“Trade has been the weak link in B.C. for a while now, so this is nothing new for that province. Indeed, B.C.’s export sector, in particular lumber & forestry products, is still reeling from the U.S. residential construction downturn. The drag from the forestry products sector was already enough in 2007 for B.C. to be the sole province whose overall corporate profits recorded a drop. The contraction in forestry and manufacturing will continue for the balance of this year and into 2009”

Further, as capital markets remain tight, some companies will have difficulty securing required financing to continue operations at current levels. Terasen Gas does not believe that industrial volumes will be at the same levels as 2008. As such, Terasen Gas believes it is prudent to reduce the 2009 industrial forecast by 10% for 2009.

Reduction of Residential and Commercial Customer Growth

With the downward trend of the financial markets, recent CMHC and Credit Union of BC forecasts indicate that housing starts are expected to decline approximately 18-25% from original forecasts. Considering that the forecast of residential account additions is based on the provincial forecast of household formations, Terasen Gas determined that it was prudent to reduce the forecast customer additions of Residential and Commercial customers by 20%, for revised 2009 total customer additions of 6,949. Any change in the customer additions forecast impacts sales volume, revenue and margin as well as the formula driven capital expenditures, late payment charges and operating and maintenance expense and correspondingly cash working capital and income tax expense.

Revision to CPI Forecast

In Appendix A to Commission Order No. G-153-07, the Commission directed TGI:

“...that for setting rates in future years TGI is to update the CPI (BC) for forecasts published up to and including the Annual Review meeting date.”

Subsequent to the Advance Materials, three of the four CPI sources provided their Fall 2008 CPI update; Conference Board of Canada, RBC Financial Group and Toronto-Dominion Bank. The B.C. Ministry of Finance had provided their Fall 2008 forecast in September and

as such it was embedded in the Advance Materials. The revised forecasts result in a CPI of 2.1% with an adjustment factor of 1.39.

Revision to Property Tax Expense

Subsequent to the Advance Materials, additional assessment information was received that lowered property tax expense by \$1.7 million in 2009. This update has been incorporated in the November 3 Amended Application.

Correction of Capital Cost Allowance ("CCA") Error

A cell reference error in the opening balance of the CCA calculation caused a misstatement of CCA and correspondingly tax expense in 2009. This cell reference has been corrected.

Correction of Error in Long Term Debt Schedule

Debt issues costs for Series 23 on the Long Term Debt Schedule were incorrect; the underwriter fee and other costs associated with the debt issue were inadvertently excluded from the calculation. This resulted in a minor change to the effective interest rate and annual cost associated with Series 23. The debt issue costs associated with Series 23 have been updated to reflect the correct amount of \$2.0 million.

The Revenue Requirement impact of the six amendments is approximately \$0.7 million as follows:

	<u>(\$ Millions)</u>
October 8, 2008 Revenue Requirement Increase	\$36.3
Reduction to Industrial Customer Margin	2.2
Reduction to Customer Growth	0.3
Revision to CPI	0.1
Reduction to Property Tax Expense	(1.7)
Correction of CCA error	(0.1)
Correction of Long Term Debt error	(0.1)
November 3, 2008 Amended Revenue Requirement Increase (A-1, Page 4)	<u>\$37.0</u>

The amended 2009 revenue requirement, excluding gas costs, identified in the enclosed materials is \$37.0 million, which is \$0.7 million higher than the October 8, 2008 filing. This revised revenue requirement is equivalent to a 7.7% increase in gross margin or a 2.2% increase in total revenue at existing rates. After taking into consideration the earnings surplus incentive sharing, the revenue requirement is an increase of \$22.6 million, equivalent to a 4.8% increase in gross margin, or a 1.4% increase in total revenue at existing rates.

This impact of these changes affects most financial schedules within the November 3 Amended Application. Revisions have occurred to the following tables and schedules of the Advance Materials:

- Section A, Tab 1, schedules on Pages 4-9
- Section A, Tab 2, tables on Pages 1-3, including Attachment A-2
- Section A, Tab 3, table on Page 3 and schedules on Pages 4-9 ,15-16.2
- Section A, Tab 4, tables on Pages 3, 4, 7, 8 and schedules on Pages 11-15
- Section A, Tab 5, table on Page 1 and schedules on Pages 2-3
- Section A, Tab 6, schedules on Pages 4-9
- Section A, Tab 7, schedule on Page 2
- Section B, Tab 1, table on Page 2

The responses to round no. 1 of Information Requests, as submitted by Terasen Gas on November 3, 2008, reflect the November 3 Amended Application.

The final rates for 2009 may be subject to further adjustments for changes in the return on equity ("ROE"). The financial calculations for 2009 in the enclosed materials have been made using an ROE of 8.62% representing the allowed Terasen Gas 2008 ROE. The difference between the 2008 allowed ROE level and the 2009 ROE, as determined in accordance with the Commission's March 2, 2006 ROE Decision, will result in corresponding changes to the final 2009 revenue requirement. At the point in time that the 2009 allowed ROE is approved by the Commission, Terasen Gas will revise its rate proposals and submit them for Commission approval. Any rate changes related to the flow-through of gas cost changes will be dealt with in a separate application to the Commission.

REQUEST FOR APPROVAL

With this November 3 Amended Application, TGI requests Commission approval for the following:

1. The increase in Gross Margin effective January 1, 2009 as included in the November 3 Amended Application in Section A1, page 5, line 17.
2. Earnings Sharing Mechanism sharing in 2009 of \$14.4 million via a rate rider as included in the Annual Review advance materials in Section A8, page 1.
3. The decrease in the Rate Stabilization Adjustment Mechanism Rider by \$0.094GJ, from the currently approved level of \$0.095/GJ, to \$0.001/GJ effective January 1, 2009 as included in the Annual Review advance materials in Section A3, page 13.
4. The Deferral account additions and treatment as included in the Annual Review advance materials in Section A3. This includes the creation of a deferral account to recover the critical security costs associated with the 2010 Olympic and Paralympic Winter Games, a deferral account to recover the incremental costs associated with IFRS implementation, and a change to the amortization of the Large Corporations Tax deferral account.

We trust the enclosed is satisfactory. If you have any questions related to this submission please contact the undersigned.

Yours very truly,

TERASEN GAS INC.

Original signed:

Tom A. Loski

Attachment

cc (e-mail only): Registered Parties

2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN

 Section A
 Tab 1
 Page 4

Summary of 2009 Revenue Requirement Increase
(\$ Millions)
Volumes/Revenue Related

Change in Gross Margin due to Customer Growth	\$ (4.3)	
Change in Use Rate	26.9	
All Others	<u>2.1</u>	\$ 24.7

O & M Related

Higher O&M per Formula	\$ 2.8	
Change in Pension and Insurance Forecast	1.1	
Others	<u>(0.6)</u>	3.3

Other Items

Lower Vehicle Lease Expense	(0.2)	
Higher Depreciation and Amortization	5.6	
Lower Other Revenues	0.3	
Lower Income Tax Rates	(1.4)	
Lower Income Tax Deductions	1.5	
Lower Interest Expense from lower rates	(0.8)	
Higher Rate Base to support customer growth	1.2	
Rounding Difference	<u>(0.2)</u>	<u>9.0</u>

Total Revenue Requirement Increase (Section A, Tab 1, Page 5, Column 6, Line 15) \$ 37.0

Earnings Sharing (14.4)

**Net Revenue Increase after Earnings Sharing -
 November 3, 2008 Amended Annual Review Application**
\$ 22.6

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN**

TERASEN GAS INC.

November 3, 2008 Amended Annual Review Filing

Section A

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Tab 1

Page 5

Line No.	Particulars	2009 Advance Materials (2)	2009			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,						
4	At Prior Year's Rates	\$1,661,161	\$1,585,391	\$56,862	\$12,045	\$1,654,298	(\$6,863)
5							
6	Add - Other Revenue Related to SCP Third Party						
7	Revenue / Terasen Gas (Vancouver Island)	14,526	-	-	14,526	14,526	-
8							
9	Total Revenue	1,675,687	1,585,391	56,862	26,571	1,668,824	(6,863)
10							
11	Less - Cost of Gas	(1,192,364)	(1,185,526)	(1,681)	(792)	(1,187,999)	4,365
12							
13	Gross Margin	\$483,323	\$399,865	\$55,181	\$25,779	\$480,825	(\$2,498)
14							
15	Revenue Deficiency (Surplus)	\$36,336	\$32,536	\$4,490	\$0	\$37,026	
16							
17	Revenue Deficiency (Surplus) as a % of Gross Margin	7.52%	8.14%	8.14%	0.00%	7.70%	
18							
19	Revenue Deficiency (Surplus) as a % of Total Revenue	2.17%	2.05%	7.90%	0.00%	2.22%	

TERASEN GAS INC.



2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN

TERASEN GAS INC.

November 3, 2008 Amended Annual Review Filing

Section A
Tab 1
Page 6

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars (1)	2009 Advance Materials (2)	2009		Revised Rates (5)	Change (6)	Reference (7)
			Existing Rates (3)	Adjustments (4)			
1	Plant in Service, Beginning	\$3,337,484	\$3,337,484	\$0	\$3,337,484	\$0	- Tab A-3, Page 7.1
2	CPCNs	12,855	12,855	-	12,855	-	- Tab A-3, Page 7.1
3							
4	Additions	122,094	118,457	-	118,457	(3,637)	- Tab A-3, Page 7.1
5	Disposals	(28,635)	(28,136)	-	(28,136)	499	- Tab A-3, Page 7.1
6							
7	Plant in Service, Ending	3,443,798	3,440,660	-	3,440,660	(3,138)	
8							
9	Add - Intangible Plant	1,614	1,614	-	1,614	-	
10							
11		3,445,412	3,442,274	-	3,442,274	(3,138)	
12							
13	Contributions In Aid of Construction	(147,014)	(146,828)	-	(146,828)	186	- Tab A-3, Page 8
14							
15	Less - Accumulated Depreciation	(823,842)	(824,331)	-	(824,331)	(489)	- Tab A-3, Page 16
16							
17							
18	Net Plant in Service, Ending	<u>\$2,474,556</u>	<u>\$2,471,115</u>	<u>\$0</u>	<u>\$2,471,115</u>	<u>(\$3,441)</u>	
19							
20							
21	Net Plant in Service, Beginning	<u>\$2,441,117</u>	<u>\$2,441,117</u>	<u>\$0</u>	<u>\$2,441,117</u>	<u>\$0</u>	- Tab A-3, Page 9
22							
23							
24	Net Plant in Service, Mid-Year	\$2,457,837	\$2,456,116	\$0	\$2,456,116	(\$1,721)	
25	Adjustment to 13-Month Average	-	-	-	-	-	
26	Construction Advances	(670)	(670)	-	(670)	-	
27	Work in Progress, No AFUDC	15,773	15,773	-	15,773	-	
28	Unamortized Deferred Charges	(32,644)	(32,644)	-	(32,644)	(0)	- Tab A-3, Page 14.1
29	Cash Working Capital	(33,827)	(33,983)	253	(33,730)	97	- Tab A-3, Page 15
30	Other Working Capital	138,868	138,868	-	138,868	-	- Tab A-3, Page 15
31	Deferred Income Tax, Mid-Year	(552)	(552)	-	(552)	-	
32	LIFO Benefit	(1,814)	(1,814)	-	(1,814)	-	
33	Utility Rate Base	<u>\$2,542,971</u>	<u>\$2,541,094</u>	<u>\$253</u>	<u>\$2,541,347</u>	<u>(\$1,624)</u>	

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN**

TERASEN GAS INC.

November 3, 2008 Amended Annual Review Filing

Section A
Tab 1
Page 7

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars (1)	2009 Advance Materials (2)	2009 ----Revised Rates----		Change (6)	Reference (7)
			Existing Rates (3)	Revised Revenue (4)		
1	ENERGY VOLUMES (TJ)					
2	Sales	108,968	108,575	-	108,575	(393) - Tab A-Tab 4, Page 11
3	Transportation	90,717	85,478	-	85,478	(5,239) - Tab A-Tab 4, Page 11
4		<u>199,685</u>	<u>194,053</u>	<u>-</u>	<u>194,053</u>	<u>(5,632)</u>
5						
6	Average Rate per GJ					
7	Sales	\$14.885	\$14.603	\$0.000	\$14.903	\$0.018
8	Transportation	\$0.832	\$0.804	\$0.000	\$0.857	\$0.025
9	Average	\$8.501	\$8.525	\$0.000	\$8.716	\$0.215
10						
11	UTILITY REVENUE					
12	Sales - Existing Rates	\$1,590,210	\$1,585,550	\$0	\$1,585,550	(\$4,660) - Tab A-Tab 4, Page 12
13	- Increase / (Decrease)	31,789	-	32,537	32,537	748 - Tab A-Tab 4, Page 14
14						
15	Transportation - Existing Rates	70,951	68,748	-	68,748	(2,203) - Tab A-Tab 4, Page 12
16	- Increase / (Decrease)	4,547		4,489	4,489	(58) - Tab A-Tab 4, Page 14
17	Total	<u>1,697,497</u>	<u>1,654,298</u>	<u>37,026</u>	<u>1,691,324</u>	<u>(6,173)</u>
18						
19	Cost of Gas Sold (Including Gas Lost)	1,192,364	1,187,999	-	1,187,999	(4,365) - Tab A-Tab 4, Page 13.1
20						
21	Gross Margin	<u>505,133</u>	<u>466,299</u>	<u>37,026</u>	<u>503,325</u>	<u>(1,808)</u>
22						
23	Operation and Maintenance	173,151	173,138	-	173,138	(13) - Tab A-5, Page 2
24	Vehicle Lease	1,804	1,804	-	1,804	-
25	Property and Sundry Taxes	49,363	47,593	-	47,593	(1,770) - Tab A-Tab 6, Page 4
26	Depreciation and Amortization	89,695	89,685	-	89,685	(10) - Tab A-Tab 6, Page 7
27	Other Operating Revenue	(23,599)	(23,444)	-	(23,444)	155 - Tab A-Tab 4, Page 15
28		<u>290,414</u>	<u>288,776</u>	<u>-</u>	<u>288,776</u>	<u>(1,638)</u>
29	Utility Income Before Income Taxes	214,719	177,523	37,026	214,549	(170)
30						
31	Income Taxes	26,946	15,798	11,105	26,903	(43) - Tab A-Tab 6, Page 5
32						
33	EARNED RETURN	<u>\$187,773</u>	<u>\$161,725</u>	<u>\$25,921</u>	<u>\$187,646</u>	<u>(\$127)</u>
34						
35	UTILITY RATE BASE	<u>\$2,542,971</u>	<u>\$2,541,094</u>	<u>\$253</u>	<u>\$2,541,347</u>	<u>(\$1,624)</u> - Tab A-1, Page 6
36						
37	RATE OF RETURN ON UTILITY RATE BASE	<u>7.384%</u>	<u>6.360%</u>		<u>7.384%</u>	<u>0.000%</u>

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN**

TERASEN GAS INC.

November 3, 2008 Amended Annual Review Filing

Section A
Tab 1
Page 8

INCOME TAXES / REVENUE DEFICIENCY
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars (1)	2009 Advance Materials (2)	2009 ----Revised Rates-----			Change (6)	Reference (7)
			Existing Rates (3)	Revised Revenue (4)	Total (5)		
1	CALCULATION OF INCOME TAXES						
2	Earned Return	\$187,773	\$161,725	\$25,921	\$187,646	(\$127)	- Tab A-1, Page 7
3	Deduct - Interest on Debt	(111,030)	(110,945)	(7)	(110,952)	78	- Tab A-1, Page 9
4	Add- Non-Tax Ded. Expense (Net)	328	328	-	328	-	- Tab A-Tab 6, Page 6
5							
6	Accounting Income After Tax	77,071	51,108	25,914	77,022	(49)	
7	Add (Deduct) - Timing Differences	(14,197)	(14,248)	-	(14,248)	(51)	- Tab A-Tab 6, Page 6
8	Add - Large Corporation Tax	-	-	-	-	-	
9							
10	Taxable Income After Tax	<u>\$62,874</u>	<u>\$36,860</u>	<u>\$25,914</u>	<u>\$62,774</u>	<u>(\$100)</u>	
11							
12	Income Tax Rate (Current Tax)	30.000%	30.000%	30.000%	30.000%	0.000%	
13	1 - Current Income Tax Rate	70.000%	70.000%	70.000%	70.000%	0.000%	
	Taxable Income Before Income Tax						
	Deferred Income Tax						
14							
15	Taxable Income (L10 / L13)	<u>\$89,820</u>	<u>\$52,657</u>	<u>\$37,020</u>	<u>\$89,677</u>	<u>(\$143)</u>	
16							
17							
18	Income Tax - Current (L12 x L15)	\$26,946	\$15,797	\$11,106	\$26,903	(\$43)	
19	- Deferred Income Tax						
20	- Large Corporation Tax	-	-	-	-	-	
21							
22	Total Income Tax	<u>\$26,946</u>	<u>\$15,797</u>	<u>\$11,106</u>	<u>\$26,903</u>	<u>(\$43)</u>	
23							
24	REVENUE DEFICIENCY						
25	Earned Return	\$187,773		\$25,920	\$187,646	(\$127)	- Tab A-1, Page 7
26	Add - Income Taxes	26,946		11,105	26,903	(43)	
27	Deduct - Utility Income Before Taxes,						
28	Present Rates	(178,383)		-	(177,523)	860	- Tab A-1, Page 7
29	Corporate Capital Tax	-		-	-	-	- Tab A-Tab 6, Page 9
30							
31	Deficiency After Corporate Capital Tax	<u>\$36,336</u>		<u>\$37,025</u>	<u>\$37,026</u>	<u>\$690</u>	

TERASEN GAS INC.



2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN

TERASEN GAS INC.

November 3, 2008 Amended Annual Review Filing

Section A

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Tab 1

Page 9

Line No.	Particulars (1)	Reference (2)	----- Capitalization -----		Embedded Cost (6)	Cost Component (7)	Earned Return (8)
			Amount (3)	% (4)			
1	2009 AT 2008 RATES						
2	Long-Term Debt			\$1,504,299	59.20%	6.959%	4.12%
3	Unfunded Debt			147,158	5.79%	4.250%	0.25%
4	Preference Shares			-	0.00%	0.000%	0.00%
5	Common Equity			889,637	35.01%	5.684%	1.99%
6							
7		- Tab A-1, Page 6		\$2,541,094	100.00%		6.36%
8							
9	2009 REVISED RATES						
10	Long-Term Debt			\$1,504,299	59.19%	6.959%	4.12%
11	Unfunded Debt		\$147,158				\$104,691
12	Adjustment, Revised Rates		164	147,322	5.80%	4.250%	0.25%
13	Preference Shares			-	0.00%	0.000%	0.00%
14	Common Equity			889,726	35.01%	8.620%	3.02%
15							
16		- Tab A-1, Page 6		\$2,541,347	100.00%		7.38%
17							\$187,646
18	2009 REVISED RATES - Advance Material (2008/10/08)						
19	Long-Term Debt			\$1,504,299	59.16%	6.962%	4.12%
20	Unfunded Debt		\$148,210				\$104,724
21	Adjustment, Revised Rates		168	148,378	5.83%	4.250%	0.25%
22	Preference Shares			-	0.00%	0.000%	0.00%
23	Common Equity			890,294	35.01%	8.620%	3.02%
24							
25				\$2,542,971	100.00%		7.38%
26							\$187,773
27	CHANGE FROM 2009 REVISED RATES - Advance Material (2008/10/08)						
28	Long-Term Debt			\$0	0.03%	-0.003%	0.00%
29	Unfunded Debt		(\$1,052)				(\$33)
30	Adjustment, Revised Rates		(4)	(1,056)	-0.03%	0.000%	0.00%
31	Preference Shares			-	0.00%	0.000%	0.00%
32	Common Equity			(568)	0.00%	0.000%	0.00%
33							
34				(\$1,624)	0.00%		0.00%
							(\$127)

2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
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2009 COST DRIVERS

The table below shows the Cost Driver forecasts which are used for setting the 2009 Targets as prescribed in Commission Order No. G-51-03 and G-33-07.

	<u>2007 Actual</u>	<u>2008 Projected</u>	<u>2009 Forecast</u>	
<u>Cost Drivers</u>				
Year End Customer Counts	822,598	831,734	838,683	Note 1
Customer Additions		9,136	6,949	
Average Customer Counts	816,421	825,957	834,283	Note 2
Change in Average Customers		9,536	8,326	Note 2
Percentage of Customer Growth - Average		1.17%	1.01%	
<u>Escalators</u>				
B.C. Inflation (CPI)			2.1%	Note 3
Adjustment Factor - % of CPI			66.0%	Note 4
Adjustment Factor			-1.39%	

Explanatory Notes

- Note 1 2008 projection and 2009 forecast year end customer counts are explained under Tab 4 – Gas Sales and Transportation Volumes. Year end customer additions are used to calculate Capital Expenditures driven by customer addition.
- Note 2 The percentage growth in average customer is used to calculate the formula based O & M Expense and Other Base Capital Expenditures. O & M Expense is to be per the PBR formula.
- Note 3 Pursuant to the provisions of the Settlement Agreement pursuant to Commission Order G-51-03 and extended by Order No. G-33-07, the 2009 B.C. inflation forecast will be determined as the average of the forecasts from the Conference Board of Canada, the B.C. Ministry of Finance, the RBC Financial Group, and the Toronto-Dominion Bank.

Based on this formula, the B.C. CPI forecast for 2009 is 2.1%, and represents the average of the forecasts below as at November 3, 2008:

Conference Board of Canada	2.2%	(October 2008)
B.C. Ministry of Finance	2.0%	(September 2008)
RBC Financial Group	2.0%	(October 2008)
Toronto-Dominion Bank	2.0%	(October 2008)

(Copies of the forecasts are included as Amended Attachment A-2)

In Appendix A to Commission Order No. G-153-07, the Commission directed TGI:

“...that for setting rates in future years TGI is to update the CPI (BC) for forecasts published up to and including the Annual Review meeting date.”

As a part of this Amended Annual Review Application, TGI is updating the CPI from a rate of 1.9% to reflect the recent forecasts issued by the Conference Board of Canada, the RBC Financial Group and the Toronto-Dominion Bank.

- Note 4 Pursuant to the provisions of Commission Order No. G-33-07, the adjustment factor will be 66% of CPI for 2009 equal to 1.39%.

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN**

Amended Attachment A-2

The Conference Board of Canada

Forecast Completed: Oct. 27 2008

TABLE 11: KEY ECONOMIC INDICATORS, BRITISH COLUMBIA

	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2008	2009	2010
G.D.P AT MARKET PRICES (MILLIONS \$)	193624 -1.1 12.3	197083 1.8 12.2	199243 1.1 12.3	200602 0.7 12.3	203104 1.2 12.4	205957 1.4 12.5	208093 1.0 12.5	210570 1.2 12.5	213574 1.4 12.5	216331 1.3 12.5	218809 1.1 12.5	221183 1.1 12.5	197638 3.1 12.3	206931 4.7 12.5	217474 5.1 12.5
G.D.P AT BASIC PRICES (MILLIONS \$)	178518 -0.7 12.1	181816 1.8 12.0	183777 1.1 12.1	184979 0.7 12.1	187328 1.3 12.2	190032 1.4 12.3	192002 1.0 12.3	194295 1.2 12.3	197075 1.4 12.3	199618 1.3 12.3	201878 1.1 12.3	204036 1.1 12.3	182272 3.6 12.0	190914 4.7 12.3	200652 5.1 12.3
G.D.P AT BASIC PRICES (MILLIONS \$ 2002)	151320 -0.2 12.3	151513 0.1 12.3	152792 0.8 12.4	153405 0.4 12.4	153440 0.0 12.4	154403 0.6 12.4	155414 0.7 12.4	156604 0.8 12.4	158222 1.0 12.4	159420 0.8 12.4	160584 0.7 12.4	161785 0.7 12.4	152258 1.2 12.4	154965 1.8 12.4	160003 3.3 12.4
CONSUMER PRICE INDEX (2002=1.0)	1.103 0.2	1.127 2.2	1.141 1.2	1.145 0.3	1.146 0.1	1.151 0.5	1.156 0.4	1.161 0.4	1.167 0.5	1.172 0.5	1.178 0.5	1.183 0.5	1.129 2.6	1.154 2.2	1.175 1.8
IMPLICIT PRICE DEFLATOR - GDP AT BASIC PRICES (2002=1.0)	1.180 -0.4	1.200 1.7	1.203 0.2	1.206 0.3	1.221 1.2	1.231 0.8	1.235 0.4	1.241 0.4	1.246 0.4	1.252 0.5	1.257 0.4	1.261 0.3	1.197 2.4	1.232 2.9	1.254 1.8
AVERAGE WEEKLY WAGE (\$, INDUSTRIAL COMPOSITE)	748 -0.1	749 0.1	754 0.6	759 0.7	764 0.6	768 0.5	773 0.6	777 0.6	781 0.5	786 0.6	791 0.6	796 0.6	753 1.7	771 2.4	788 2.3
PERSONAL INCOME (MILLIONS \$)	158666 1.7 13.0	160505 1.2 13.1	161364 0.5 13.1	163340 1.2 13.2	165304 1.2 13.2	166687 0.8 13.2	168291 1.0 13.2	170084 1.1 13.2	171808 1.0 13.2	173701 1.1 13.2	175592 1.1 13.2	177557 1.1 13.2	160969 5.4 13.1	167591 4.1 13.2	174664 4.2 13.2
PERSONAL DISPOSABLE INCOME (MILLIONS \$)	123808 2.2 13.2	125921 1.7 13.3	126547 0.5 13.3	128073 1.2 13.3	129539 1.1 13.4	130550 0.8 13.4	131774 0.9 13.4	133152 1.0 13.4	134374 0.9 13.4	135779 1.0 13.4	137219 1.1 13.4	138712 1.1 13.4	126087 6.2 13.3	131254 4.1 13.4	136521 4.0 13.4
PERSONAL SAVINGS RATE	-3.2 -29.8	-3.0 8.8	-2.8 4.0	-2.4 16.4	-2.5 -4.2	-2.7 -10.3	-2.8 -2.7	-2.9 -2.6	-2.8 2.1	-2.9 -2.4	-2.9 -1.7	-3.0 -2.4	-2.8 -27.5	-2.7 4.7	-2.9 -6.8
POPULATION OF LABOUR FORCE AGE	3615 0.5 13.5	3633 0.5 13.5	3652 0.5 13.5	3658 0.2 13.5	3671 0.4 13.6	3685 0.4 13.6	3698 0.4 13.6	3711 0.4 13.6	3724 0.3 13.6	3737 0.4 13.6	3750 0.4 13.6	3763 0.4 13.6	3639 1.9 13.5	3691 1.4 13.6	3744 1.4 13.6
LABOUR FORCE ('000s)	2409 0.8 13.3	2429 0.8 13.3	2431 0.1 13.3	2446 0.6 13.4	2457 0.4 13.4	2466 0.4 13.4	2474 0.3 13.4	2482 0.3 13.4	2483 0.1 13.4	2490 0.3 13.4	2498 0.3 13.4	2506 0.3 13.4	2429 2.6 13.3	2470 1.7 13.4	2495 1.0 13.4
EMPLOYMENT ('000s)	2309 0.9 13.5	2321 0.5 13.5	2323 0.1 13.6	2334 0.5 13.6	2333 -0.1 13.6	2333 -0.0 13.6	2337 0.2 13.6	2344 0.3 13.7	2351 0.3 13.6	2361 0.4 13.6	2372 0.4 13.6	2383 0.5 13.6	2322 2.4 13.6	2337 0.6 13.6	2367 1.3 13.6
UNEMPLOYMENT RATE	4.2	4.4	4.4	4.6	5.1	5.4	5.5	5.6	5.3	5.2	5.1	4.9	4.4	5.4	5.1
RETAIL SALES (MILLIONS \$)	57403 0.0 13.5	57575 0.3 13.4	57607 0.1 13.2	58075 0.8 13.3	58913 1.4 13.3	59631 1.2 13.3	60322 1.2 13.3	61090 1.3 13.3	61710 1.0 13.3	62529 1.3 13.3	63359 1.3 13.3	64241 1.4 13.3	57665 2.3 13.3	59989 4.0 13.3	62960 5.0 13.3
HOUSING STARTS (NUMBER OF UNITS)	38767 -8.9 16.5	37693 -2.8 17.1	36167 -4.1 18.0	33775 -6.6 17.3	32359 -4.2 17.3	31295 -3.3 17.1	30841 -1.4 17.0	30706 -0.4 17.0	31168 1.5 17.2	31288 0.4 17.2	31757 1.5 17.2	31990 0.7 17.3	36601 -6.6 17.2	31300 -14.5 17.1	31551 0.8 17.2

Sources: Statistics Canada, CMHC, The Conference Board of Canada.

Table 2.7.2 Components of Nominal Income and Expenditure

	2006	2007	Forecast				
			2008	2009	2010	2011	2012
Labour income ¹ (\$ million)	93,102	98,866	105,292	110,282	115,486	120,857	126,463
(% change)	8.5	6.2	6.5	4.7	4.7	4.7	4.6
Personal income (\$ million)	141,098	150,379	158,659	165,526	173,046	180,919	189,202
(% change)	7.4	6.6	5.5	4.3	4.5	4.5	4.6
Corporate profits before taxes (\$ million)	21,322	20,886	20,555	20,897	21,794	22,773	23,814
(% change)	6.7	-2.0	-1.6	1.7	4.3	4.5	4.6
Retail sales (\$ million)	52,837	56,365	58,157	60,894	63,866	67,013	70,221
(% change)	7.2	6.7	3.2	4.7	4.9	4.9	4.8
Housing starts	36,443	39,195	37,092	32,933	31,519	31,071	30,650
(% change)	5.1	7.6	-5.4	-11.2	-4.3	-1.4	-1.4
Residential investment ² (\$ million)	17,191	19,223	20,175	20,338	21,150	22,184	23,227
(% change)	16.5	11.8	5.0	0.8	4.0	4.9	4.7
BC consumer price index (2001 = 100)	108.1	110.0	112.5	114.7	117.2	119.7	122.2
(% change)	1.7	1.8	2.2	2.0	2.1	2.1	2.1

¹ Domestic basis; wages, salaries and supplementary labour income.

² Includes renovations and improvements.

Table 2.7.3 Labour Market Indicators

	2006	2007	Forecast				
			2008	2009	2010	2011	2012
Population (on July 1) (000's)	4,320	4,380	4,440	4,498	4,558	4,619	4,680
(% change)	1.4	1.4	1.4	1.3	1.3	1.3	1.3
Labour force population, 15+ Years (000's) ..	3,511	3,571	3,639	3,698	3,757	3,815	3,871
(% change)	1.8	1.7	1.9	1.6	1.6	1.6	1.5
Net in-migration (000's)							
– International ¹	38.1	39.6	36.2	37.3	38.4	39.4	38.3
– Interprovincial	10.2	13.4	9.0	11.0	12.0	13.0	13.0
– Total	48.3	53.0	45.2	48.3	50.4	52.4	51.3
Participation rate ² (%)	65.7	66.3	66.8	66.8	66.9	67.1	67.2
Labour force (000's)	2,305	2,366	2,431	2,471	2,515	2,559	2,603
(% change)	1.8	2.7	2.7	1.6	1.8	1.8	1.7
Employment (000's)	2,196	2,266	2,323	2,362	2,402	2,440	2,479
(% change)	3.1	3.2	2.5	1.7	1.7	1.6	1.6
Unemployment rate (%)	4.8	4.2	4.4	4.4	4.5	4.6	4.8

¹ International migration includes net non-permanent residents and returning emigrants less net temporary residents abroad.

² Percentage of the population 15 years of age and over in the labour force.

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP			Nominal GDP			Employment			Labour force			Unemployment rate			Personal disposable income			Housing starts			Retail sales			CPI				
													%			Thousands													
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08
NFLD.	9.1	0.2	1.3	13.4	7.1	2.2	0.7	2.0	0.6	-0.7	1.4	0.4	13.6	13.1	12.9	-3.5	2.8	2.6	2.6	2.8	3.0	9.0	8.0	4.0	1.4	3.1	2.1		
P.E.I.	2.0	1.9	1.4	5.4	3.5	2.3	1.1	1.7	0.5	0.2	1.7	0.5	10.3	10.4	10.4	3.9	3.7	2.6	0.8	0.7	0.5	7.7	5.5	3.5	1.8	3.8	2.4		
N.S.	1.6	2.0	2.0	4.1	5.4	3.0	1.3	1.1	0.9	1.4	0.8	1.2	8.0	7.7	8.0	4.0	4.0	4.1	4.8	4.2	3.2	4.2	5.5	4.0	1.9	3.6	2.3		
N.B.	1.6	2.0	2.5	4.2	6.8	3.5	2.1	0.9	0.9	0.7	2.1	1.2	7.5	8.6	8.9	4.3	3.4	3.4	4.2	4.1	3.3	5.7	5.5	4.0	1.9	2.2	2.1		
QUE.	2.4	0.7	1.2	5.4	2.6	2.4	2.3	0.8	1.1	1.4	1.1	1.8	7.2	7.5	8.1	5.5	3.9	3.8	48.6	45.7	39.0	4.6	5.5	3.5	1.6	2.5	2.0		
ONT.	2.1	0.0	0.4	4.3	2.0	1.6	1.6	1.5	1.2	1.7	1.6	1.9	6.4	6.5	7.1	4.3	4.6	3.9	68.1	75.0	66.5	3.9	5.0	2.8	1.8	2.6	2.0		
MAN.	3.3	3.1	2.3	8.3	6.1	3.3	1.6	1.8	1.5	1.7	1.4	2.0	4.4	4.0	4.5	6.4	8.0	5.0	5.7	5.4	5.4	8.8	8.0	5.5	2.1	2.5	2.6		
SASK.	2.8	3.9	3.5	11.4	15.4	4.4	2.1	1.6	2.0	1.6	1.6	2.1	4.2	4.2	4.3	9.0	8.5	5.5	6.0	6.8	5.3	13.0	12.0	7.5	2.9	3.4	2.7		
ALTA.	3.3	2.2	3.0	8.3	11.8	3.8	4.7	2.6	2.1	4.8	2.7	2.7	3.5	3.5	4.1	9.2	6.5	5.2	48.3	30.2	31.3	9.3	1.5	6.5	4.9	3.7	2.9		
B.C.	3.1	1.2	2.1	5.5	3.0	3.4	3.2	2.4	1.4	2.7	2.6	2.1	4.2	4.4	5.1	6.4	6.0	4.8	39.2	34.8	26.0	6.7	3.0	6.5	1.7	2.5	2.0		
CANADA	2.7	0.9	1.5	5.9	4.7	2.6	2.3	1.6	1.3	2.0	1.7	1.9	6.0	6.1	6.7	5.6	5.0	4.2	228	209	183	5.8	4.7	4.3	2.1	2.7	2.2		

Source: Statistics Canada, RBC Economics Research

Key provincial comparisons

2007 unless otherwise indicated

	NFLD	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	507	139	935	751	7,720	12,851	1,190	1,003	3,487	4,403
Gross domestic product (\$ billions)	29.0	4.5	33.3	26.4	298.2	582.0	48.6	51.2	259.9	190.2
Real GDP (\$2002 billions)	19.3	4.1	29.0	23.2	266.1	532.8	41.6	39.5	189.5	163.2
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.2	40.4	3.2	3.0	14.4	12.4
Real GDP growth (CAR, last five years 02-07, %)	3.3	2.2	1.4	1.9	2.0	2.2	2.6	2.8	4.7	3.4
Real GDP per capita (\$)	38,116	29,799	31,083	30,970	34,581	41,660	35,136	39,673	54,758	37,313
Real GDP growth rate per capita (CAR, last five years 02-07, %)	3.8	2.0	1.4	1.9	1.3	1.0	2.1	2.9	2.5	2.1
Personal disposable income per capita (\$)	24,345	22,416	24,180	23,698	24,404	27,403	24,890	25,011	34,632	26,646
Employment growth (CAR, last five years 02-07, %)	0.9	1.4	1.1	1.1	1.5	1.8	1.0	1.4	3.2	2.9
Employment rate (August, 2008, %)	51.4	61.3	58.7	59.2	60.5	63.5	66.5	66.5	71.6	63.7
Discomfort index (inflation + unemp. Rates, latest)	18.0	15.2	12.4	11.0	10.8	9.8	7.3	8.0	7.5	7.6
Manufacturing industry output (% of real GDP)	4.6	11.8	9.8	12.7	18.9	18.3	12.9	7.2	9.3	10.6
Personal expenditures goods & services (% of real GDP)	54.0	70.4	70.3	67.5	63.3	58.8	63.3	58.4	50.3	68.6
International exports (% of real GDP)	39.6	31.5	25.3	43.8	36.3	45.8	31.9	40.1	35.9	28.6

Source: Statistics Canada, RBC Economics Research



REAL GROSS DOMESTIC PRODUCT (GDP)						
Annual average per cent change						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	3.3	2.8	2.7	0.8	1.3	2.7
N. & L.	5.0	3.3	9.1	0.3	1.2	2.5
P.E.I.	2.6	2.6	2.0	0.5	0.9	1.8
N.S.	2.7	0.9	1.6	0.9	1.1	2.2
N.B.	2.8	3.0	1.6	1.2	1.4	2.1
Québec	2.7	1.7	2.4	0.5	0.9	2.4
Ontario	3.4	2.1	2.1	0.3	0.8	2.7
Manitoba	2.6	3.2	3.3	2.2	2.3	2.4
Sask.	2.0	-0.4	2.8	3.4	2.8	2.7
Alberta	4.0	6.6	3.3	0.8	1.8	2.5
B.C.	3.0	3.3	3.1	1.5	1.5	3.6

F: Forecast by TD Economics as at Oct. 2008
Source: Statistics Canada / Haver Analytics

EMPLOYMENT						
Annual average per cent change						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	2.1	1.9	2.3	1.5	0.3	1.0
N. & L.	1.5	0.7	0.7	1.7	0.2	1.4
P.E.I.	1.7	0.5	1.2	1.3	-0.1	0.8
N.S.	1.6	-0.3	1.3	1.0	0.3	0.9
N.B.	1.6	1.4	2.1	0.9	0.2	1.2
Québec	2.0	1.3	2.3	0.7	-0.1	0.6
Ontario	2.2	1.5	1.5	1.4	-0.4	0.8
Manitoba	1.3	1.2	1.6	1.5	0.7	0.7
Sask.	0.7	1.7	2.1	1.5	0.9	1.2
Alberta	3.0	4.8	4.7	2.6	1.5	1.8
B.C.	2.0	3.0	3.2	2.4	1.4	1.9

F: Forecast by TD Economics as at Oct. 2008
Source: Statistics Canada / Haver Analytics

LABOUR FORCE						
Annual average per cent change						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	1.8	1.4	2.0	1.6	0.9	1.0
N. & L.	0.9	0.2	-0.7	1.4	0.7	1.1
P.E.I.	1.1	0.7	0.3	1.5	0.8	0.9
N.S.	1.1	-0.8	1.4	0.7	0.4	0.6
N.B.	1.0	0.3	0.8	2.0	1.0	1.0
Québec	1.5	1.0	1.4	1.0	0.4	0.5
Ontario	2.0	1.2	1.7	1.4	0.7	0.9
Manitoba	1.0	0.7	1.7	1.2	0.8	0.8
Sask.	0.6	1.2	1.6	1.7	1.0	1.2
Alberta	2.8	4.3	4.8	2.8	1.4	1.7
B.C.	1.5	1.9	2.6	2.5	1.6	1.7

F: Forecast by TD Economics as at Oct. 2008
Source: Statistics Canada / Haver Analytics

UNEMPLOYMENT RATE						
Annual average, per cent						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	7.1	6.3	6.0	6.1	6.7	6.6
N. & L.	16.0	14.8	13.6	13.3	13.7	13.5
P.E.I.	11.9	11.1	10.3	10.5	11.3	11.4
N.S.	9.1	7.9	8.1	7.8	7.9	7.6
N.B.	10.0	8.7	7.6	8.6	9.3	9.2
Québec	8.7	8.0	7.2	7.5	8.0	7.9
Ontario	6.6	6.3	6.4	6.4	7.4	7.5
Manitoba	5.0	4.3	4.4	4.2	4.3	4.4
Sask.	5.3	4.6	4.2	4.4	4.5	4.6
Alberta	4.7	3.4	3.5	3.7	3.6	3.5
B.C.	7.1	4.8	4.2	4.3	4.5	4.3

F: Forecast by TD Economics as at Oct. 2008
Source: Statistics Canada / Haver Analytics

TOTAL CONSUMER PRICE INDEX (CPI)						
Annual average per cent change						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	2.1	2.0	2.1	2.8	2.2	2.0
N. & L.	1.9	1.8	1.4	3.2	2.1	1.9
P.E.I.	2.3	2.2	1.8	4.0	2.8	2.1
N.S.	2.3	2.1	1.9	3.8	2.8	2.3
N.B.	2.1	1.7	1.9	2.4	2.3	2.1
Québec	2.0	1.7	1.6	2.7	2.1	1.8
Ontario	2.1	1.8	1.8	2.6	2.0	1.9
Manitoba	2.0	1.9	2.1	2.4	2.8	2.2
Sask.	2.3	2.0	2.9	3.7	3.0	2.6
Alberta	3.0	3.9	4.9	4.0	2.8	2.5
B.C.	1.7	1.7	1.7	2.5	2.0	2.4

F: Forecast by TD Economics as at Oct. 2008.
Source: Statistics Canada / Haver Analytics

RETAIL TRADE						
Annual average per cent change						
	98-07	2006	2007	2008F	2009F	2010F
CANADA	5.1	6.4	5.8	4.0	3.8	5.1
N. & L.	4.1	3.7	9.5	7.4	4.5	6.2
P.E.I.	4.8	4.0	8.2	5.1	3.6	5.8
N.S.	4.2	6.3	4.0	4.8	4.0	5.4
N.B.	4.4	6.1	6.2	4.8	4.5	5.0
Quebec	4.5	5.1	4.3	4.3	3.8	5.0
Ontario	4.8	4.1	4.0	4.9	3.9	5.4
Manitoba	5.3	4.5	9.5	8.0	5.6	4.5
Sask.	5.7	6.5	12.9	12.5	6.5	5.3
Alberta	7.8	15.6	9.0	0.3	3.4	4.4
B.C.	5.3	6.8	7.2	2.1	2.5	5.1

F: Forecast by TD Economics as at Oct. 2008
Source: Statistics Canada / Haver Analytics

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The 2009 Plant Additions allowed by the terms of the Settlement are \$131.312 million. The Plant Addition summary is shown below:

<u>2009 Plant Additions</u>	
Formula-based Base Capital	\$ 90.131 million
Overhead Capitalized	\$ 28.113 million
AFUDC and WIP adjustments	\$0.213 million
Sub-total Base Capital	\$118.457 million
Special Projects & CPCN additions	\$12.855 million
Total 2009 Plant Additions	\$ 131.312 million

TERASEN GAS INC.



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

TERASEN GAS INC.
CAPITAL EXPENDITURES
FOR THE YEARS ENDING DECEMBER 31, 2008 to 2009

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Line No.	Particulars	Settlement 2003	Approved 2004	Actual 2004	Approved 2005	Actual 2005	Approved 2006	Actual 2006	Approved 2007	Actual 2007	Approved * 2008	Projected 2008	Forecast 2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Forecast CPI (BC)		1.70%	1.99%	2.00%	2.04%	2.20%	1.76%	2.00%	1.76%	2.00%	2.00%	2.10%
2	Adjustment Factor		0.85%	1.00%	1.00%	1.02%	1.45%	1.16%	1.32%	1.16%	1.32%	1.32%	1.39%
3													
4	CPI - Adjustment Factor		100.85%	101.00%	101.00%	101.02%	100.75%	100.60%	100.68%	100.60%	100.68%	100.68%	100.71%
5													
6													
7	CUSTOMER ADDITION DRIVEN CAPITAL EXPENDITURES												
8													
9	Customer Addition Driven Capital Expenditures Per Customer Addition	\$2,093.04	\$2,110.83	\$2,110.83	\$2,131.94	\$2,131.94	\$2,147.89	\$2,147.89	\$2,162.50	\$2,162.50	\$2,177.21	\$2,177.21	\$2,192.76
10													
11	Number of Customers Additions		8,604	11,504	10,144	12,345	12,692	10,194	13,385	13,039	11,797	9,136	6,949
12													
13	Target Customer Addition Driven Capital Expenditures (\$000)		\$18,162	\$24,283	\$21,626	\$26,319	\$27,261	\$21,896	\$28,945	\$28,197	\$25,685	\$19,891	\$15,237
14													
15													
16	OTHER BASE CAPITAL EXPENDITURES												
17													
18	Other Base Capital Expenditures Per Customer	\$85.69	\$86.42	\$86.42	\$87.28	\$87.28	\$87.93	\$87.93	\$88.53	\$88.53	\$89.13	\$89.13	\$89.77
19													
20	Average Number of Customers		777,779	779,461	790,385	791,593	804,316	802,778	820,347	816,421	829,970	825,957	834,283
21													
22	Target Other Base Capital Expenditures (\$000)		\$67,216	\$67,361	\$68,985	\$69,090	\$70,724	\$70,588	\$72,625	\$72,278	\$73,975	\$73,618	\$74,894
23													
24													
25													
26	SUMMARY CAPITAL EXPENDITURES (\$000)												
27													
28	Target Customer Addition Driven Capital Expenditures		\$18,162	\$24,283	\$21,626	\$26,319	\$27,261	\$21,896	\$28,945	\$28,197	\$25,685	\$19,891	\$15,237
29	Target Other Base Capital Expenditures		67,216	67,361	68,985	69,090	70,724	70,588	72,625	72,278	73,975	73,618	74,894
30													
31	Total Target Base Capital Expenditures		<u>\$85,378</u>	<u>\$91,644</u>	<u>\$90,611</u>	<u>\$95,409</u>	<u>\$97,985</u>	<u>\$92,484</u>	<u>\$101,570</u>	<u>\$100,475</u>	<u>\$99,660</u>	<u>\$93,509</u>	<u>\$90,131</u>
32													
33													
34	Total Base Capital Additions excluding Forecast CPCN Additions (\$000)		\$85,378	\$91,644	\$90,611	\$95,409	\$97,985	\$92,484	\$101,570	\$100,475	\$99,660	\$93,509	\$90,131

Note:
* TGI and TGS was amalgamated on 1 January 2007.

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TERASEN GAS INC.
CAPITAL EXPENDITURES AND PLANT ADDITIONS
FOR THE YEARS ENDING DECEMBER 31, 2008 and 2009
(\$000)

Line No.	Particulars	Approved 2008	Adjusted 2008	Forecast 2009
	(1)	(2)	(3)	(4)
1	CAPITAL EXPENDITURES			
2				
3	<u>Base Capital Expenditures</u>			
4	Customer Addition Driven Capital Expenditures	\$ 25,685	\$ 19,891	\$ 15,237
5	Other Base Capital Expenditures	73,975	73,618	74,894
6				
7	Total Base Capital Expenditures	<u>99,660</u>	<u>93,509</u>	<u>90,131</u>
8				
9	<u>Special Projects - CPCN's</u>			
10	Vancouver LP Replacement	6,358	6,781	-
12	Squamish Amalgamation into TGI			
13	Mission IP Pipeline System Upgrade			
14	MobileUp Replacement CPCN	2,891	3,548	
15	Fraser River SBSA Rehabilitation	1,500	800	14,100
16	Okanagan Reinforcement Project P-224			1,500
17	Gateway	-		
18	CIS CPCN			12,150
19	Total CPCN's	<u>10,749</u>	<u>11,129</u>	<u>27,750</u>
20				
21				
22	TOTAL CAPITAL EXPENDITURES	<u>\$ 110,409</u>	<u>\$ 104,638</u>	<u>\$ 117,881</u>
23				
24				
25	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS			
26				
27	<u>Base Capital</u>			
28	Base Capital Expenditures	\$ 99,660	\$ 93,509	\$ 90,131
29	Add - Opening WIP	12,521	12,390	12,217
30	Less - Opening WIP Adjustment			
31	Less - Closing WIP	(12,649)	(12,217)	(12,200)
32	Add - AFUDC	985	195	196
33	Add - Overhead Capitalized	27,552	27,543	28,113
34				
35	TOTAL BASE CAPITAL ADDITIONS TO GAS PLANT IN SERVICE	<u>128,069</u>	<u>121,420</u>	<u>118,457</u>
36	<u>Special Projects - CPCN's</u>			
37	CPCN Expenditures	10,749	11,129	27,750
38	Add - Opening WIP	13,426	11,359	14,974
39	Less - Closing WIP	(14,535)	(14,974)	(30,787)
40				
41	Add - AFUDC	452	682	919
42	TOTAL CPCN ADDITIONS TO OPENING GAS PLANT IN SERVICE	<u>10,092</u>	<u>8,196</u>	<u>12,855</u>
43				
44	TOTAL PLANT ADDITIONS	<u>138,161</u>	<u>129,616</u>	<u>131,312</u>

TERASEN GAS INC.



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TERASEN GAS INC.

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UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars (1)	2009				Change (6)	Reference (7)
		2009 Advance Materials (2)	Existing Rates (3)	Adjustments (4)	Revised Rates (5)		
1	Plant in Service, Beginning	\$3,337,484	\$3,337,484	\$0	\$3,337,484	\$0	- Tab A-3, Page 7.1
2	CPCN's	12,855	12,855	0	12,855	0	- Tab A-3, Page 7.1
3							
4	Additions	122,094	118,457	0	118,457	(3,637)	- Tab A-3, Page 7.1
5	Disposals	(28,635)	(28,136)	0	(28,136)	499	- Tab A-3, Page 7.1
6							
7	Plant in Service, Ending	3,443,798	3,440,660	0	3,440,660	(3,138)	
8							
9	Add - Intangible Plant	1,614	1,614	0	1,614	0	
10							
11		3,445,412	3,442,274	0	3,442,274	(3,138)	
12							
13	Contributions In Aid of Construction	(147,014)	(146,828)	0	(146,828)	186	- Tab A-3, Page 8
14							
15	Less - Accumulated Depreciation	(823,842)	(824,331)	0	(824,331)	(489)	- Tab A-3, Page 16
16							
17							
18	Net Plant in Service, Ending	<u>\$2,474,556</u>	<u>\$2,471,115</u>	<u>\$0</u>	<u>\$2,471,115</u>	<u>(\$3,441)</u>	
19							
20							
21	Net Plant in Service, Beginning	<u>\$2,441,117</u>	<u>\$2,441,117</u>	<u>\$0</u>	<u>\$2,441,117</u>	<u>\$0</u>	- Tab A-3, Page 9
22							
23							
24	Net Plant in Service, Mid-Year	\$2,457,837	\$2,456,116	\$0	\$2,456,116	(\$1,721)	
25	Adjustment to 13-Month Average	0	0	0	0	0	
26	Construction Advances	(670)	(670)	0	(670)	0	
27	Work in Progress, No AFUDC	15,773	15,773	0	15,773	0	
28	Unamortized Deferred Charges	(32,644)	(32,644)	0	(32,644)	(0)	- Tab A-3, Page 14.1
29	Cash Working Capital	(33,827)	(33,983)	253	(33,730)	97	- Tab A-3, Page 15
30	Other Working Capital	138,868	138,868	0	138,868	0	- Tab A-3, Page 15
31	Deferred Income Tax, Mid-Year	(552)	(552)	0	(552)	0	
32	LILO Benefit	(1,814)	(1,814)	0	(1,814)	0	
33	Utility Rate Base	<u>\$2,542,971</u>	<u>\$2,541,094</u>	<u>\$253</u>	<u>\$2,541,347</u>	<u>(\$1,624)</u>	

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
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TERASEN GAS INC.

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GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEARS ENDING DECEMBER 31, 2008 and 2009
(\$000s)

Line No.	Particulars (1)	Balance 12/31/2007 (2)	CPCN'S (3)	2008 Additions (4)	Retirements (5)	Transfers/ Recovery (6)	Balance 12/31/2008 (7)	CPCN'S (8)	2009 Additions (9)	Retirements (10)	Transfers/ Recovery (11)	Balance 12/31/2009 (12)
1	INTANGIBLE PLANT											
2	401-00 Franchise and Consents	\$99	\$0	\$0	\$0	\$0	\$99	\$0	\$0	\$0	\$0	\$99
3	402-00 Utility Plant Acquisition Adjustment	835	-	-	-	-	835	-	-	-	-	835
4	402-00 Other Intangible Plant	-	-	-	-	-	-	-	-	-	-	-
5	TOTAL INTANGIBLE PLANT	934	-	-	-	-	934	-	-	-	-	934
6												
7	MANUFACTURED GAS / LOCAL STORAGE											
8	430 Manufact'd Gas - Land	31	-	-	-	-	31	-	-	-	-	31
9	432 Manufact'd Gas - Struct. & Improvements	438	-	-	-	-	438	-	-	-	-	438
10	433 Manufact'd Gas - Equipment	139	-	-	-	-	139	-	-	-	-	139
11	434 Manufact'd Gas - Gas Holders	358	-	-	-	-	358	-	-	-	-	358
12	436 Manufact'd Gas - Compressor Equipment	53	-	-	-	-	53	-	-	-	-	53
13	437 Manufact'd Gas - Measuring & Regulating Equipment	309	-	-	-	-	309	-	-	-	-	309
14	440/441 Land in Fee Simple and Land Rights	927	-	-	-	-	927	-	-	-	-	927
15	442 Structures & Improvements	5,455	-	-	-	-	5,455	-	-	-	-	5,455
16	443 Gas Holders - Storage	18,622	-	654	-	-	19,276	-	684	-	-	19,960
17	446 Compressor Equipment	-	-	-	-	-	-	-	-	-	-	-
18	447 Measuring & Regulating Equipment	-	-	-	-	-	-	-	-	-	-	-
19	448 Purification Equipment	-	-	-	-	-	-	-	-	-	-	-
20	449 Local Storage Equipment	16,734	-	-	-	-	16,734	-	-	-	-	16,734
21	TOTAL MANUFACTURED GAS / LOCAL STORAGE	43,066	-	654	-	-	43,720	-	684	-	-	44,404
22												
23	TRANSMISSION PLANT											
24	460-00 Land in Fee Simple	7,444	-	-	-	-	7,444	-	-	-	-	7,444
25	461-00 Land Rights	43,484	(42)	1,380	-	-	44,822	-	1,404	-	-	46,226
26	461-10 Land Rights - Byron Creek	-	-	-	-	-	-	-	-	-	-	-
27	462-00 Compressor Structures	16,052	-	452	-	-	16,504	-	473	-	-	16,977
28	463-00 Measuring Structures	4,363	-	-	-	-	4,363	-	-	-	-	4,363
29	464-00 Other Structures & Improvements	4,881	-	-	-	-	4,881	-	-	-	-	4,881
30	465-00 Mains	710,543	674	3,592	(180)	-	714,629	-	3,756	(188)	-	718,197
31	465-10 Mains - Byron Creek	702	-	-	-	-	702	-	-	-	-	702
32	466-00 Compressor Equipment	103,993	-	54	-	-	104,047	-	57	-	-	104,104
33	467-00 Measuring & Regulating Equipment	49,799	-	5,962	-	-	55,761	-	6,232	-	-	61,993
34	467-10 Telemetering	5,995	-	-	-	-	5,995	-	-	-	-	5,995
35	467-20 Measuring & Regulating Equipment - Byron Creek	-	-	-	-	-	-	-	-	-	-	-
36	468-00 Communication Structures & Equipment	3,194	-	782	-	-	3,976	-	818	-	-	4,794
37	469-00 Other Transmission Equipment	-	-	-	-	-	-	-	-	-	-	-
38	TOTAL TRANSMISSION PLANT	950,450	632	12,222	(180)	-	963,124	-	12,740	(188)	-	975,676

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GAS PLANT IN SERVICE CONTINUITY SCHEDULE
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Line No.	Particulars (1)	Balance 12/31/2007 (2)	CPCN'S (3)	2008 Additions (4)	Retirements (5)	Transfers/ Recovery (6)	Balance 12/31/2008 (7)	CPCN'S (8)	2009 Additions (9)	Retirements (10)	Transfers/ Recovery (11)	Balance 12/31/2009 (12)
1	DISTRIBUTION PLANT											
2	470-00 Land in Fee Simple	\$3,249	\$0	\$0	\$0	\$0	\$3,249	\$0	\$0	\$0	\$0	\$3,249
3	471-00 Land Rights	803	-	-	-	-	803	-	-	-	-	803
4	471-10 Land Rights - Byron Creek	1	-	-	-	-	1	-	-	-	-	1
5	472-00 Structures & Improvements	6,461	-	419	-	-	6,880	-	438	-	-	7,318
6	472-10 Structures & Improvements - Byron Creek	2,000	-	-	-	-	2,000	-	-	-	-	2,000
7	473-00 Services	607,034	-	21,000	(3,150)	-	624,884	7,193	17,708	(2,656)	-	647,129
8	474-00 House Regulators & Meter Installations	168,226	-	10,176	(509)	-	177,893	-	10,211	(511)	-	187,593
9	475-00 Mains	830,675	7,564	33,512	(3,351)	-	868,400	-	32,614	(3,261)	-	897,753
10	476-00 Compressor Equipment	575	-	-	-	-	575	-	-	-	-	575
11	477-00 Measuring & Regulating Equipment	92,234	-	11,102	(555)	-	102,781	-	11,604	(580)	-	113,805
12	477-00 Telemetering	5,638	-	162	(8)	-	5,792	-	169	(9)	-	5,952
13	477-10 Measuring & Regulating Equipment - Byron Creek	-	-	-	-	-	-	-	-	-	-	-
14	478-00 Meters	225,961	-	11,500	(575)	-	236,886	-	11,250	(563)	-	247,573
15	479-00 Other Distribution Equipment	26	-	-	-	-	26	-	-	-	-	26
16	TOTAL DISTRIBUTION PLANT	1,942,883	7,564	87,871	(8,148)	-	2,030,170	7,193	83,994	(7,580)	-	2,113,777
17												
18	GENERAL PLANT & EQUIPMENT											
19	480-00 Land in Fee Simple	21,005	-	22	-	-	21,027	-	23	-	-	21,050
20	481-00 Land Rights	-	-	-	-	-	-	-	-	-	-	-
21	482-00 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-
22	- Frame Buildings	5,071	-	-	-	-	5,071	-	-	-	-	5,071
23	- Masonry Buildings	74,722	-	-	-	-	74,722	-	-	-	-	74,722
24	- Leasehold Improvement	5,386	-	665	-	-	6,051	-	676	-	-	6,727
25	483-00 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-
26	- Furniture & Equipment	24,706	-	508	(1,264)	-	23,950	-	517	(90)	-	24,377
27	- Computer Hardware	28,600	-	6,935	(755)	-	34,780	321	7,056	(8,956)	-	33,201
28	- Computer Software (Infrastructure)	72,590	-	6,424	(14,215)	-	64,799	5,341	6,540	(8,983)	-	67,697
29	- Computer Software (Non-Infrastructure)	18,385	-	2,600	(4,564)	-	16,421	-	2,646	(1,473)	-	17,594
30	484-00 Transportation Equipment	829	-	51	-	-	880	-	52	-	-	932
31	485-00 Heavy Work Equipment	366	-	-	-	-	366	-	-	-	-	366
32	486-00 Small Tools & Equipment	33,510	-	2,322	(2,346)	-	33,486	-	2,363	(327)	-	35,522
33	487-00 Equipment on Customer's Premises	1	-	-	-	-	1	-	-	-	-	1
34	- VRA Compressor Installation Costs	-	-	-	-	-	-	-	-	-	-	-
35	488-00 Communications Equipment	-	-	-	-	-	-	-	-	-	-	-
36	- Telephone	11,360	-	579	(45)	-	11,894	-	589	(10)	-	12,473
37	- Radio	5,787	-	567	(419)	-	5,935	-	577	(529)	-	5,983
38	489-00 Other General Equipment	-	-	-	-	-	-	-	-	-	-	-
39	TOTAL GENERAL PLANT	302,318	-	20,673	(23,608)	-	299,383	5,662	21,039	(20,368)	-	305,716
40												
41	UNCLASSIFIED PLANT											
42	499 Plant Suspense	153	-	-	-	-	153	-	-	-	-	153
43	TOTAL UNCLASSIFIED PLANT	153	-	-	-	-	153	-	-	-	-	153
44												
45	TOTAL CAPITAL	\$3,239,804	\$8,196	\$121,420	(\$31,936)	\$0	\$3,337,484	\$12,855	\$118,457	(\$28,136)	\$0	\$3,440,660
46												
47												
48	TOTAL CAPITAL	\$3,239,804	\$8,196	\$121,420	(\$31,936)	\$0	\$3,337,484	\$12,855	\$118,457	(\$28,136)	\$0	\$3,440,660

TERASEN GAS INC.



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CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2009
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Line No.	Particulars (1)	Balance 12/31/2008 (2)	CPCN Adjustment (3)	2009		Balance 12/31/2009 (6)
				Additions (4)	Retirements (5)	
1	CIAOC					
2						
3	DSEP/GEAP 211 - 06	\$12,671	\$0	\$0	\$0	\$12,671
4						
5	Furniture & Equipment 211 - 10	111	-	-	-	111
6						
7	Software Tax Savings - Non-Infrastructure 211 - 11	3,938	-	914	(548)	4,304
8	- Infrastructure/Custom 211 - 11	28,507	-	3,173	(7,684)	23,996
9						
10	Service Installation Fee 211 - 12	26,337	-	-	-	26,337
11						
12	Other 211-00 to 05	76,859	-	2,550	-	79,409
13						
14	TOTAL	<u>148,423</u>	<u>-</u>	<u>6,637</u>	<u>(8,232)</u>	<u>146,828</u>
15						
16						
17						
18	Amortization 211-15 to 22					
19						
20	- Software Tax Savings - Non-Infrastructure	(2,525)	-	(788)	548	(2,765)
21	- Infrastructure/Custom	(14,837)	-	(3,563)	7,684	(10,716)
22						
23	- Other	(28,813)	-	(2,552)	-	(31,365)
24						
25	Total Amortization	<u>(46,175)</u>	<u>-</u>	<u>(6,903)</u>	<u>8,232</u>	<u>(44,846)</u>
26						
27	NET CONTRIBUTIONS	<u>\$102,248</u>	<u>\$0</u>	<u>(\$266)</u>	<u>\$0</u>	<u>\$101,982</u>

TERASEN GAS INC.



**2008 ANNUAL REVIEW – NOVEMBER 3, 2008 AMENDED ANNUAL REVIEW APPLICATION
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TERASEN GAS INC.

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CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2008
(\$000s)

Line No.	Particulars (1)	Balance 12/31/2007 (2)	CPCNs / Adjustment (3)	2008		TGI Balance 12/31/2008 (6)
				Additions (4)	Retirements (5)	
1	CIAOC					
2						
3	DSEP/GEAP 211 - 06	\$12,671	\$0	\$0	\$0	\$12,671
4						
5	Furniture & Equipment 211 - 10	111	-	-	-	111
6						
7	Software Tax Savings - Non-Infrastructure 211 - 11	4,257	-	923	(1,242)	3,938
8	- Infrastructure/Custom 211 - 11	25,429	-	3,228	(150)	28,507
9						
10	Service Installation Fee 211 - 12	24,373	-	1,964	-	26,337
11						
12	Other 211-00 to 05	74,106	-	2,753	-	76,859
13						
14	TOTAL Contributions	140,947	-	8,868	(1,392)	148,423
15						
16						
17						
18	Amortization 211-15 to 22					
19						
20	Software Tax Savings - Non-Infrastructure	(2,916)	-	(851)	1,242	(2,525)
21	- Infrastructure/Custom	(11,808)	-	(3,179)	150	(14,837)
22						
23	Other	(26,365)	-	(2,448)	-	(28,813)
24						
25	TOTAL Amortization	(41,089)	-	(6,478)	1,392	(46,175)
26						
27	NET CONTRIBUTIONS	\$99,858	\$0	\$2,390	\$0	\$102,248

TERASEN GAS INC.



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

TERASEN GAS INC.

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NET GAS PLANT IN SERVICE - OPENING BALANCE
 FOR THE YEARS ENDING DECEMBER 31, 2008 and 2009
 (\$000s)

Line No.	Particulars	PROJECTION 2008	FORECAST 2009	Reference
	(1)	(2)	(3)	(5)
1	Gas Plant in Service - December 31, Previous Year	\$3,239,804	\$3,337,484	- Tab A-3, Page 7.1
2				
3	Add: CPCNs on January 1, Beginning of the Year	<u>8,196</u>	<u>12,855</u>	- Tab A-3, Page 7.1
4				
5	Adjusted Opening Gas Plant in Service	3,248,000	3,350,339	
6				
7	Intangible Plant	1,614	1,614	- Tab A-1, Page 6
8				
9	Less: Contribution in Aid of Construction	(140,947)	(148,423)	- Tab A-3, Page 8
10				
11	Less: Accumulated Depreciation and Amortization	(713,477)	(762,413)	- Tab A-3, Page 16
12				
13				
14	Net Gas Plant in Service as at January 1, Beg of Year	<u>2,395,190</u>	<u>2,441,117</u>	- Tab A-1, Page 6

TERASEN GAS INC.



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WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars	2009 Advance Materials	2009		Change	Reference
			Rates	Revised Revenue		
	(1)	(2)	(3)	(4)	(5)	(6)
1	Cash Working Capital					
2	Cash Required for					
3	Operating Expenses	(\$22,683)	(\$22,838)	(\$22,585)	\$98	
4						
5	Customer Deposits	(3,474)	(3,474)	(3,474)	-	
6						
7	Less - Funds Available:					
8						
9	Reserve for Bad Debts	(4,709)	(4,710)	(4,710)	(1)	
10						
11	Withholdings From Employees	(2,961)	(2,961)	(2,961)	-	
12						
13	Subtotal	<u>(33,827)</u>	<u>(33,983)</u>	<u>(33,730)</u>	<u>97</u>	- Tab A-1, Page 6
14						
15	Other Working Capital Items					
16	Inventories	-	0	-	-	
17	Transmission Line Pack Gas	4,633	4,633	4,633	-	
18	Gas in Storage	134,235	134,235	134,235	-	
19						
20	Subtotal	<u>138,868</u>	<u>138,868</u>	<u>138,868</u>	<u>0</u>	- Tab A-1, Page 6
21						
22	Total	<u>\$105,041</u>	<u>\$104,885</u>	<u>\$105,138</u>	<u>\$97</u>	

2008 ANNUAL REVIEW

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DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDING DECEMBER 31, 2008 and 2009
(\$000s)

Line No.	Particulars (1)	PROJECTION	FORECAST	Reference (5)
		2008 (2)	2009 (3)	
1	Balance, Beginning	\$754,566	\$808,588	- Tab A-3, Page 16.4
2				
3	CIAOC Amortization Balance, Beginning	(41,089)	(46,175)	- Tab A-3, Page 8
4				
5	Gas Plant Held for Future Use			
6	Balance, Beginning	-	-	
7				
8	Utility Accumulated Depreciation			
9	Balance, Beginning	<u>713,477</u>	<u>762,413</u>	- Tab A-3, Page 9
10				
11				
12	Depreciation Provision	93,433	96,660	- Tab A-3, Page 16.4
13	Less - Gas Plant Held for Future Use	-	-	
14	Less Prior Year Adjustments	-	-	
15	Less - Amortization of Contributions in			
16	Aid of Construction	<u>(6,478)</u>	<u>(6,903)</u>	- Tab A-3, Page 8
17				
18		<u>86,955</u>	<u>89,757</u>	
19				
20	Plant Retirements	(31,936)	(28,136)	- Tab A-3, Page 16.4
21				
22	CIAOC Retirements	1,392	8,232	- Tab A-3, Page 8
23				
24	Removal Costs	(7,475)	(7,935)	
25				
26	Proceeds on Disposals	-	-	
27				
28		<u>(38,019)</u>	<u>(27,839)</u>	
29				
30	Balance, Ending	<u>\$762,413</u>	<u>\$824,331</u>	- Tab A-1, Page 6

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TERASEN GAS INC.

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Section A

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
 FOR THE YEAR ENDING DECEMBER 31, 2009
 (\$000s)

Tab 3

Page 16.1

Line No.	Account (1)	Balance 12/31/2008 (2)	Annual Depreciation Rate % (3)	Provision					Accumulated	
				2009 (Cr.) (4)	Adjust- ments (5)	Retirements (6)	Retirement Costs (7)	Proceeds on Disposal (8)	12/31/2008 (9)	12/31/2009 (10)
1	INTANGIBLE PLANT									
2	117-00 Utility Plant Acquisition Adjustment	\$0	1.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	175-00 Unamortized Conversion Expense	109	1.00%	1	-	-	-	-	287	288
4	175-00 Unamortized Conversion Expense - Squamish	777	10.00%	78	-	-	-	-	155	233
5	178-00 Organization Expense	728	1.00%	7	-	-	-	-	362	369
6	179-01 Other Deferred Charges	-	1.00%	-	-	-	-	-	-	-
7	401-00 Franchise and Consents	99	1.00%	1	-	-	-	-	49	50
8	402-00 Utility Plant Acquisition Adjustment	835	1.00%	8	-	-	-	-	140	148
9	402-00 Other Intangible Plant	-	Lease Term	-	-	-	-	-	27	27
10	TOTAL INTANGIBLE PLANT	2,548		95	-	-	-	-	1,020	1,115
11										
12	MANUFACTURED GAS / LOCAL STORAGE									
13	430 Manufact'd Gas - Land	31	0.00%	-	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	438	1.50%	7	-	-	-	-	97	104
15	433 Manufact'd Gas - Equipment	139	3.00%	4	-	-	-	-	46	50
16	434 Manufact'd Gas - Gas Holders	358	2.00%	7	-	-	-	-	166	173
17	436 Manufact'd Gas - Compressor Equipment	53	3.00%	2	-	-	-	-	23	25
18	437 Manufact'd Gas - Measuring & Regulating Equipm	309	3.00%	9	-	-	-	-	142	151
19	440/441 Land in Fee Simple and Land Rights	927	0.00%	-	-	-	-	-	1	1
20	442 Structures & Improvements	5,455	4.00%	218	-	-	-	-	2,304	2,522
21	443 Gas Holders - Storage	19,276	4.00%	771	-	-	-	-	9,333	10,104
22	446 Compressor Equipment	-	0.00%	-	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-
24	448 Purification Equipment	-	0.00%	-	-	-	-	-	-	-
25	449 Local Storage Equipment	16,734	4.00%	669	-	-	-	-	9,096	9,765
26	TOTAL MANUFACTURED GAS / LOCAL STORAGE	43,720		1,687	-	-	-	-	21,208	22,895
27										
28	TRANSMISSION PLANT									
29	460-00 Land in Fee Simple	7,444	0.00%	-	-	-	-	-	399	399
30	461-00 Land Rights	44,822	0.00%	-	-	-	-	-	(1,434)	(1,434)
31	461-10 Land Rights - Byron Creek	-	5.00%	-	-	-	\$0	\$0	\$16	\$16
32	462-00 Compressor Structures	16,504	3.00%	495	-	-	-	-	4,936	5,431
33	463-00 Measuring Structures	4,363	3.00%	131	-	-	-	-	1,298	1,429
34	464-00 Other Structures & Improvements	4,881	3.00%	146	-	-	-	-	1,097	1,243
35	465-00 Mains	714,629	2.00%	14,293	-	(188)	-	-	177,786	191,891
36	465-10 Mains - Byron Creek	702	5.00%	35	-	-	-	-	793	828
37	466-00 Compressor Equipment	104,047	3.00%	3,121	-	-	-	-	31,870	34,991
38	467-00 Measuring & Regulating Equipment	55,761	3.00%	1,673	-	-	-	-	9,369	11,042
39	467-10 Telemetering	5,995	10.00%	600	-	-	-	-	7,021	7,621
40	467-20 Measuring & Regulating Equipment - Byron Cr	-	10.00%	-	-	-	-	-	-	-
41	468-00 Communication Structures & Equipment	3,976	10.00%	398	-	-	-	-	947	1,345
42	469-00 Other Transmission Equipment	-	5.00%	-	-	-	-	-	-	-
43	TOTAL TRANSMISSION PLANT	963,124		20,892	-	(188)	-	-	234,098	254,802

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

TERASEN GAS INC.

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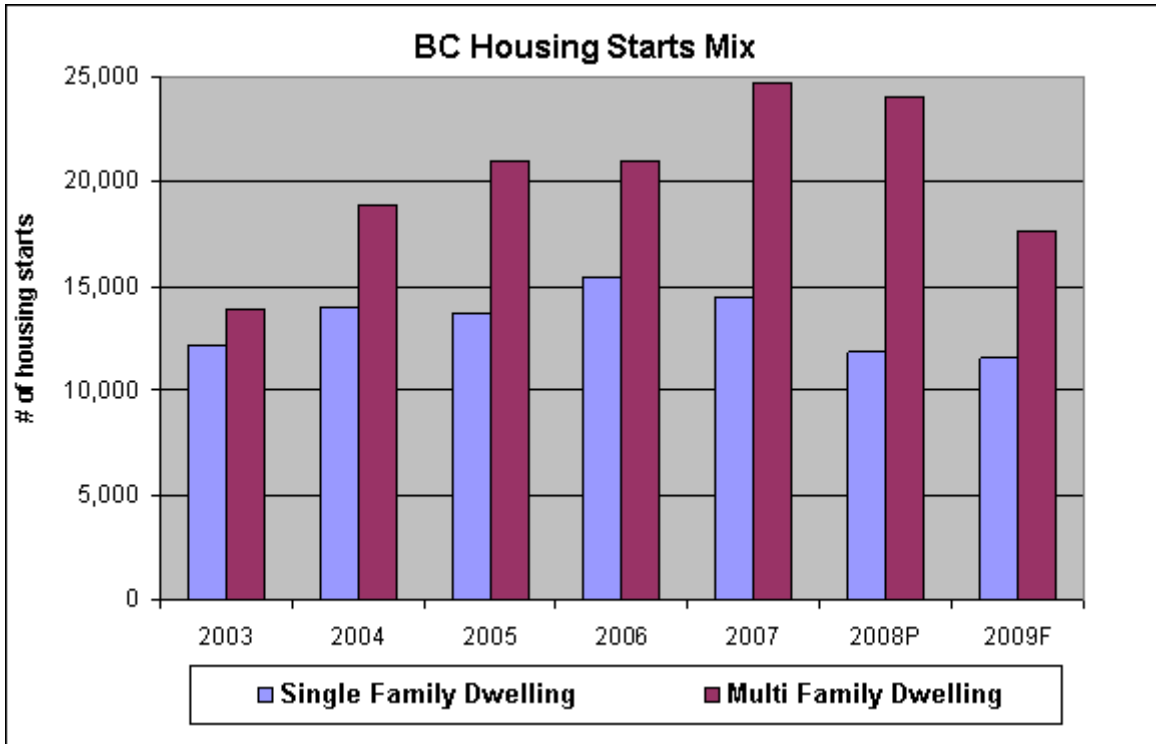
Section A

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
 FOR THE YEAR ENDING DECEMBER 31, 2009
 (\$000s)

Tab 3

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Line No.	Account (1)	Balance 12/31/2008 (2)	Annual Depreciation Rate % (3)	Provision					Accumulated	
				2009 (Cr.) (4)	Adjustments (5)	Retirements (6)	Retirement Costs (7)	Proceeds on Disposal (8)	12/31/2008 (9)	12/31/2009 (10)
1	DISTRIBUTION PLANT									
2	470 Land	\$3,249	0.00%	\$0	\$0	\$0	\$0	\$0	\$35	\$35
3	471 Land Rights	803	0.00%	-	-	-	-	-	-	-
4	471 Land Rights - Byron Creek	1	5.00%	-	-	-	-	-	3	3
5	-Frame Buildings	6,880	3.00%	206	-	-	-	-	2,340	2,546
6	-Byron Creek	2,000	5.00%	100	-	-	-	-	302	402
7	473-00 Services	624,884	2.00%	12,642	-	(2,656)	(6,435)	-	96,586	100,137
8	474-00 House Regulator & Meter Installation	177,893	3.57%	6,351	-	(511)	(600)	-	40,949	46,189
9	475-00 Mains	868,400	2.00%	17,368	-	(3,261)	(500)	-	220,402	234,009
10	-All Other	575	6.67%	38	-	-	-	-	365	403
11	477-00 Measuring & Regulating	102,781	3.00%	3,083	-	(580)	-	-	13,618	16,121
12	477-10 Telemetering	5,792	10.00%	579	-	(9)	-	-	5,944	6,514
13	477-00 Measuring & Regulating - Byron Creek	-	5.00%	-	-	-	-	-	(59)	(59)
14	478 Meters	236,886	3.57%	8,457	-	(563)	(400)	-	60,577	68,071
15	479 Other Distribution Equipment	26	4.00%	1	-	-	-	-	28	29
16		<u>2,030,170</u>		<u>48,825</u>	<u>-</u>	<u>(7,580)</u>	<u>(7,935)</u>	<u>-</u>	<u>441,090</u>	<u>474,400</u>
17										
18	GENERAL PLANT & EQUIPMENT									
19	480-00 Land in Fee Simple	21,027	0.00%	-	-	-	-	-	17	17
20	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-
21	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-
22	- Frame Buildings	5,071	3.00%	152	-	-	-	-	(2,782)	(2,630)
23	- Masonry Buildings	74,722	1.50%	1,121	-	-	-	-	(5,466)	(4,345)
24	- Leasehold Improvement	6,051	Lease Term	605	-	-	-	-	14,795	15,400
25	483-00 Office Furniture and Equipment	-	0.00%	-	-	-	-	-	-	-
26	- Furniture & Equipment	23,950	5.00%	1,198	-	(90)	-	-	12,034	13,142
27	- Computer Hardware	34,780	20.00%	7,020	-	(8,956)	-	-	23,078	21,142
28	- Computer Software (Infrastructure)	64,799	12.50%	8,768	-	(8,983)	-	-	29,046	28,831
29	- Computer Software (Non-Infrastructure)	16,421	20.00%	3,284	-	(1,473)	-	-	16,983	18,794
30	484-00 Transportation Equipment	880	15.00%	132	-	-	-	-	3,069	3,201
31	485-00 Heavy Work Equipment	366	5.00%	18	-	-	-	-	(246)	(228)
32	486-00 Small Tools & Equipment	33,486	5.00%	1,674	-	(327)	-	-	13,074	14,421
33	487-00 Equipment on Customer's Premises	1	5.00%	-	-	-	-	-	(893)	(893)
34	- VRA Compressor Installation Costs	-	33.33%	-	-	-	-	-	692	692
35	488-00 Communications Equipment	-	5.00%	-	-	-	-	-	-	-
36	- Telephone	11,894	5.00%	595	-	(10)	-	-	3,622	4,207
37	- Radio	5,935	10.00%	594	-	(529)	-	-	4,149	4,214
38	489-00 Other General Equipment	-	5.00%	-	-	-	-	-	-	-
39	TOTAL GENERAL PLANT	<u>299,383</u>		<u>25,161</u>	<u>-</u>	<u>(20,368)</u>	<u>-</u>	<u>-</u>	<u>111,172</u>	<u>115,965</u>
40										
41	UNCLASSIFIED PLANT									
42	499 Plant Suspense	153	0.00%	-	-	-	-	-	-	-
43	TOTAL UNCLASSIFIED PLANT	<u>153</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
44										
45	TOTAL CAPITAL	<u>\$3,339,098</u>		<u>\$96,660</u>	<u>\$0</u>	<u>(\$28,136)</u>	<u>(\$7,935)</u>	<u>\$0</u>	<u>\$808,588</u>	<u>\$869,177</u>



2007 Actual (CMHC - BC Housing Statistics)

2008f and 2009f (CMHC Housing Market Outlook - Canada – October 2008)

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

TGI Customer Growth¹

	2005	2006	2007	2008	2009
	Actuals	Actuals	Actuals	Projected	Forecast
Residential ²	11,427	9,595	9,277	8,439	6,410
Commercial ³	1,002	656	694	704	540
Industrial & Transportation ⁴	(9)	(70)	(56)	(7)	(1)
Total	12,420	10,181	9,915	9,136	6,949
Year-Ending Customers	799,378	812,683 ⁶	822,598	831,734	838,683
Housing Starts ⁵	34,667	36,443	39,195	35,800	29,200

Notes

1. Includes Lower Mainland, Inland, Columbia and Revelstoke service regions only.
2. Rate 1
3. Rates 2, 3 & 23
4. Rates 4, 5, 6, 7, 22, 25 & 27
5. Source: CMHC
6. Includes 3,124 additional customers due to amalgamation of Squamish customers

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Historic and Forecast Energy (PJ)

	Normal 2005	Normal 2006	Normal 2007	Projected 2008	Forecast 2009
Residential ¹	69.3	70.0	70.6	74.7	68.5
Commercial ²	43.9	44.1	45.5	50.6	43.0
Firm Sales ³	4.7	4.1	3.8	3.5	3.2
Industrial ⁴	58.6	54.2	56.3	55.8	45.4
Total	176.5	172.4	176.2	184.7	160.1

Notes

1. Rate 1
2. Rates 2, 3 & 23
3. Rates 4, 5 & 6
4. Rates 7, 22, 25 & 27 (does not include Burrard Thermal & TGVI)

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2008-2009 EXTENSION OF THE 2004 – 2007 MULTI-YEAR PERFORMANCE BASED RATE PLAN
Historic and Forecast Revenue (\$ million)

	Normal 2005	Normal 2006	Normal 2007	Projected 2008	Forecast 2009
Residential ¹	864.5	931.2	878.2	1,033.5	1,036.9
Commercial ²	446.9	478.4	468.1	579.7	523.2
Firm Sales ³	46.7	44.5	34.9	40.1	40.7
Industrial ⁴	49.6	50.7	40.9	47.7	43.6
Total	1,407.7	1,504.8	1,422.1	1,701.0	1,644.4

Notes

1. Rate 1
2. Rates 2, 3 & 23
3. Rates 4, 5 & 6
4. Rates 7, 22, 25 & 27 (does not include Burrard Thermal & TGVI)

Historic and Forecast Margin (\$ million)

	Normal 2005	Normal 2006	Normal 2007	Projected 2008	Forecast 2009
Residential ¹	277.0	292.2	288.5	305.7	285.6
Commercial ²	120.4	126.4	127.0	139.7	122.5
Firm Sales ³	9.4	8.3	4.9	7.1	7.0
Industrial ⁴	48.5	49.0	39.3	45.9	41.9
Total	455.3	475.9	459.7	498.4	457.0

Notes

1. Rate 1
2. Rates 2, 3 & 23
3. Rates 4, 5 & 6
4. Rates 7, 22, 25 & 27 (does not include Burrard Thermal & TGVI)

TERASEN GAS INC.



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GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2009

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Line No.	Particulars (1)	2009 Advance Materials (2)	2009 Terajoules		Change (6)	Reference (7)
			Core and Non-Core (3)	Bypass and Special Rates (4)		
1	SALES					
2	Schedule 1 - Residential	68,555.9	68,497.0	0.0	68,497.0	(58.9)
3	Schedule 2 - Small Commercial	22,884.1	22,870.3		22,870.3	(13.8)
4	Schedule 3 - Large Commercial	14,015.6	14,014.7		14,014.7	(0.9)
5						
6	Schedules 1, 2 and 3	<u>105,455.6</u>	<u>105,382.0</u>	<u>0.0</u>	<u>105,382.0</u>	<u>(73.6)</u>
7						
8	Schedule 4 - Seasonal	214.4	214.4		214.4	0.0
9	Schedule 5 - General Firm	3,184.4	2,866.2		2,866.2	(318.2)
10						
11	Industrials					
12	Schedule 7 - Interruptible	13.5	11.9		11.9	(1.6)
13						
14		<u>13.5</u>	<u>11.9</u>	<u>0.0</u>	<u>11.9</u>	<u>(1.6)</u>
15						
16	Schedule 6 - N G V Fuel - Stations	100.3	100.3		100.3	0.0
17						
18	Total Sales - TGI	<u>108,968.2</u>	<u>108,574.8</u>	<u>0.0</u>	<u>108,574.8</u>	<u>(393.4)</u>
19						- Tab 1, Page 7
20	TRANSPORTATION SERVICE					
21	Schedule 22 - Firm Service	18,388.3	7,217.1	9,363.4	16,580.5	(1,807.8)
22	- Interruptible Service	12,199.4	10,949.6	0.0	10,949.6	(1,249.8)
23	Byron Creek (aka Fording Coal Mountain)	216.4		194.7	194.7	(21.7)
24	Burrard Thermal - Firm	1,730.4		1,557.4	1,557.4	(173.0)
25	TGVI - Firm	32,408.7		32,408.7	32,408.7	0.0
26	Schedule 23 - Large Commercial	6,130.9	6,108.7		6,108.7	(22.2)
27	Schedule 25 - Firm Service	14,445.1	12,170.8	829.5	13,000.3	(1,444.8)
28	Schedule 27 - Interruptible Service	5,197.5	4,677.6		4,677.6	(519.9)
24						
25	Total Transportation Service	<u>90,716.7</u>	<u>41,123.8</u>	<u>44,353.7</u>	<u>85,477.5</u>	<u>(5,239.2)</u>
26						- Tab 1, Page 7
27	TOTAL SALES AND TRANSPORTATION SERVICES	<u>199,684.9</u>	<u>149,698.6</u>	<u>44,353.7</u>	<u>194,052.3</u>	<u>(5,632.6)</u>

TERASEN GAS INC.



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REVENUE

FOR THE YEAR ENDING DECEMBER 31, 2009

(\$000s)

Line No.	Particulars (1)	2009 Gas Sales Revenue At Existing Rates				Change (6)	Reference (7)
		2009 Advance Materials (2)	Core and Non-Core (3)	Bypass and Special Rates (4)	Total (5)		
1	Core and Non-Core Sales						
2	Schedule 1 - Residential	\$1,037,780	\$1,036,893	\$0	\$1,036,893	(\$887)	
3	Schedule 2 - Small Commercial	322,631	322,436		322,436	(195)	
4	Schedule 3 - Large Commercial	185,380	185,370		185,370	(10)	
5	Schedules 1, 2 and 3	1,545,791	1,544,699	-	1,544,699	(1,092)	
6							
7	Schedule 4 - Seasonal	2,686	2,686	-	2,686	-	
8	Schedule 5 - General Firm	40,194	36,641		36,641	(3,553)	
9		42,880	39,327	-	39,327	(3,553)	
10	Industrials						
11	Interruptible - Schedule 7	174	159	-	159	(15)	
12							
13		174	159	-	159	(15)	
14							
15	N G V Fuel - Stations - Schedule 6	1,365	1,365		1,365	-	
16							
17	Total NGV	1,365	1,365	-	1,365	-	
18							
19	Total Core and Non-Core Sales	1,590,210	1,585,550	-	1,585,550	(4,660)	- Tab A-1, Page 7
20							
21	Core and Non-Core Transportation Service						
22	Schedule 22 - Firm Service	6,136	4,811	1,267	6,078	(58)	
23	- Interruptible Service	9,464	8,602	-	8,602	(862)	
24	Byron Creek (aka Fording Coal Mountain)	46		46	46	-	
25	Burrard Thermal - Firm	9,965		9,965	9,965	-	
26	TGVI - Firm	-			-	-	
27	Schedule 23 - Large Commercial	15,430	15,380	-	15,380	(50)	
28	Schedule 25 - Firm Service	24,041	22,522	767	23,289	(752)	
29	Schedule 27 - Interruptible Service	5,869	5,388	-	5,388	(481)	
30	Total Core and Non-Core T-Service	70,951	56,703	12,045	68,748	(2,203)	- Tab A-1, Page 7
31							
32	TOTAL SALES AND TRANSPORTATION SERVICE	\$1,661,161	\$1,642,253	\$12,045	\$1,654,298	(\$6,863)	

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COST OF GAS BY RATE SCHEDULE - Summary by Service Area (Non-Bypass)
 FOR THE YEAR ENDING DECEMBER 31, 2009

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Line No.	Particulars (1)	Lower Mainland			Inland Including Revelstoke			Columbia			Total
		Energy TJ (2)	Unit Cost \$/GJ (3)	Cost of Gas (\$000s) (4)	Energy TJ (5)	Unit Cost \$/GJ (6)	Cost of Gas (\$000s) (7)	Energy TJ (8)	Unit Cost \$/GJ (9)	Cost of Gas (\$000s) (10)	Cost of Gas (\$000s) (11)
1	Non-Bypass CORE AND NON-CORE										
2	Core and Non-Core Sales										
3	Schedule 1 - Residential	51,099.6	\$10.967	\$560,407	15,737.3	\$10.971	\$172,651	1,660.1	\$10.989	\$18,242	\$751,300
4	Schedule 2 - Small Commercial	16,719.2	10.940	182,907	5,473.9	10.882	59,565	677.2	11.003	7,451	249,923
5	Schedule 3 - Large Commercial	11,744.5	10.742	126,155	2,023.7	10.763	21,782	246.5	10.864	2,678	150,615
6	Schedules 1, 2 and 3	<u>79,563.3</u>		<u>869,469</u>	<u>23,234.9</u>		<u>253,998</u>	<u>2,583.8</u>		<u>28,371</u>	<u>1,151,838</u>
7											
8	Schedule 4 - Seasonal	74.8	10.602	793	139.6	10.595	1,479	-	-	-	2,272
9	Schedule 5 - General Firm	2,419.3	10.603	25,651	410.5	10.592	4,348	36.4	10.687	389	30,388
10											
11	Industrials										
12	Interruptible - Schedule 7	8.1	10.617	86	3.8	11.053	42	-	-	-	128
13											
14	Total Industrials	<u>8.1</u>		<u>86</u>	<u>3.8</u>		<u>42</u>	<u>-</u>		<u>-</u>	<u>128</u>
15											
16	N G V Fuel - Stations - Schedule 6	88.3	10.272	907	12.0	10.083	121	-	-	-	1,028
17											
18	Total NGV	<u>88.3</u>		<u>907</u>	<u>12.0</u>		<u>121</u>	<u>-</u>		<u>-</u>	<u>1,028</u>
19											
20	Total Core and Non-Core Sales	<u>82,153.8</u>		<u>896,906</u>	<u>23,800.8</u>		<u>259,988</u>	<u>2,620.2</u>		<u>28,760</u>	<u>1,185,654</u>
21											
22	Core and Non-Core Transportation Service										
23	Schedule 22 - Firm Service	-	-	-	5,168.8	0.025	129	2,048.3	0.098	201	330
24	- Interruptible Service	10,734.6	0.027	285	178.1	1.230	219	36.9	-	-	504
25	Schedule 23 - Large Commercial	4,899.1	0.032	157	1,148.9	0.024	28	60.7	0.099	6	191
26	Schedule 25 - Firm Service	8,695.7	0.032	279	3,220.3	0.024	78	254.8	0.098	25	382
27	Schedule 27 - Interruptible Service	4,093.0	0.032	132	584.6	0.024	14	-	-	-	146
28	Total Core and Non-Core T-Service	<u>28,422.4</u>		<u>853</u>	<u>10,300.7</u>		<u>468</u>	<u>2,400.7</u>		<u>232</u>	<u>1,553</u>
29	Total Non-Bypass Sales and Transportation Service										
30	Cost of Gas Sold	<u>110,576.2</u>		<u>\$897,759</u>	<u>34,101.5</u>		<u>\$260,456</u>	<u>5,020.9</u>		<u>\$28,992</u>	<u>\$1,187,207</u>

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COST OF GAS BY RATE SCHEDULE - Summary by Service Area (Bypass)
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Line No.	Particulars	Lower Mainland			Inland Including Revelstoke			Columbia			Total
		Energy TJ (2)	Unit Cost \$/GJ (3)	Cost of Gas (\$000s) (4)	Energy TJ (5)	Unit Cost \$/GJ (6)	Cost of Gas (\$000s) (7)	Energy TJ (8)	Unit Cost \$/GJ (9)	Cost of Gas (\$000s) (10)	Cost of Gas (\$000s) (11)
1	BYPASS AND SPECIAL RATES										
2	Bypass and Special Rates Transportation Service										
3	Schedule 22 - Firm Service	-	-	60	9,109.4	-	-	254.0	0.051	13	73
4	- Interruptible Service	-	-	-	-	-	-	-	-	-	-
5	Byron Creek (aka Fording Coal Mountain)	-	-	-	-	-	-	194.7	0.087	17	17
6	Burrard Thermal - Firm	1,557.4	0.020	31	-	-	-	-	-	-	31
7	TGVI - Firm	32,408.7	0.020	651	-	-	-	-	-	-	651
8	Schedule 23 - Large Commercial										
9	Schedule 25 - Firm Service	-	-	-	829.5	0.024	20	-	-	-	20
10	Schedule 27 - Interruptible Service										
11	Total Bypass and Spec. Rates T-Svc	<u>33,966.1</u>		<u>742</u>	<u>9,938.9</u>		<u>20</u>	<u>448.7</u>		<u>30</u>	<u>792</u>
12											
13											
14	Total Bypass and Special Rates Sales and Transportation Service										
15	Cost of Gas Sold	<u>33,966.1</u>		<u>742</u>	<u>9,938.9</u>		<u>20</u>	<u>448.7</u>		<u>30</u>	<u>792</u>
16											
17	Total Non-Bypass and Bypass Sales and Transportation Service										
18	Cost of Gas Sold	<u>144,542.3</u>		<u>\$898,501</u>	<u>44,040.4</u>		<u>\$260,476</u>	<u>5,469.6</u>		<u>\$29,022</u>	<u>\$1,187,999</u>

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REVENUE UNDER PROPOSED 2006 RATES AND REVISED RATES (Non-Bypass)

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FOR THE YEAR ENDING DECEMBER 31, 2009

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(\$000s)

Line No.	Particulars (1)	Revenue -- At Existing Rates --		Gross Margin -- At Existing Rates --		Increase / (Decrease) 8.14% of Margin		Average Number of Customers (9)	Revenue ---- Revised Rates ----		
		Average Terajoules \$/GJ (2) (3)	Revenue (\$000s) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	Revenue (\$000s) (7) (8)	Average \$/GJ (10)		Revenue (\$000s) (11)		
1	NON-BYPASS										
2	Core and Non-Core Sales										
3	Schedule 1 - Residential	68,497.0	\$15,138	\$1,036,893	\$4.169	\$285,593	\$0.339	\$23,239	751,818	\$15.477	\$1,060,132
4	Schedule 2 - Small Commercial	22,870.3	14.098	322,436	3.171	72,513	0.258	5,900	75,300	14.356	328,336
5	Schedule 3 - Large Commercial	14,014.7	13.227	185,370	2.480	34,755	0.202	2,827	4,709	13.429	188,197
6	Total Schedules 1, 2 and 3	<u>105,382.0</u>		<u>1,544,699</u>		<u>392,861</u>		<u>31,966</u>	<u>831,827</u>		<u>1,576,665</u>
7											
8	Schedule 4 - Seasonal Service	214.4	12.528	2,686	1.931	414	0.154	33	21	12.682	2,719
9	Schedule 5 - General Firm Service	2,866.2	12.784	36,641	2.182	6,253	0.178	509	283	12.962	37,150
10											
11	Industrials										
12	Schedule 7 - Interruptible	11.9	13.361	159	2.605	31	0.168	2	2	13.529	161
13											
14	Total Industrials	<u>11.9</u>		<u>159</u>		<u>31</u>		<u>2</u>	<u>2</u>		<u>161</u>
15											
16	Schedule 6 - N G V Fuel - Stations	100.3	13.609	1,365	3.360	337	0.269	27	32	13.878	1,392
17											
18	Total Industrials	<u>100.3</u>		<u>1,365</u>		<u>337</u>		<u>27</u>	<u>32</u>		<u>1,392</u>
19											
20	Total Core and Non-Core Sales	<u>108,574.8</u>		<u>1,585,550</u>		<u>399,896</u>		<u>32,537</u>	<u>832,166</u>		<u>1,618,087</u>
21											
22	Core and Non-Core Transportation Service										
23	Schedule 22 - Firm Service	7,217.1	0.667	4,811	0.621	4,481	0.051	365	13	0.718	5,176
24	- Interruptible Service	10,949.6	0.786	8,602	0.740	8,098	0.060	659	23	0.846	9,261
25	Schedule 23 - Large Commercial	6,108.7	2.518	15,380	2.486	15,189	0.202	1,236	1,381	2.720	16,616
26	Schedule 25 - Firm Service	12,170.8	1.850	22,522	1.819	22,140	0.148	1,803	583	1.998	24,325
27	Schedule 27 - Interruptible Service	4,677.6	1.152	5,388	1.121	5,242	0.091	426	98	1.243	5,814
28											
29	Total Core and Non-Core T-Service	<u>41,123.8</u>		<u>56,703</u>		<u>55,150</u>		<u>4,489</u>	<u>2,098</u>		<u>61,192</u>
30											
31	Total Captive Sales & Transportation Service	<u>149,698.6</u>		<u>\$1,642,253</u>		<u>\$455,046</u>		<u>\$37,026</u>	<u>834,263</u>		<u>\$1,679,279</u>

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(\$000s)

Line No.	Particulars	Revenue -- At Existing Rates --		Gross Margin -- At Existing Rates --		Increase / (Decrease) 8.14% of Margin		Average Number of Customers	Revenue ---- Revised Rates ----	
		Average \$/GJ	Revenue (\$000)	Average \$/GJ	Margin (\$000s)	\$/GJ	Revenue (\$000)		Average \$/GJ	Revenue (\$000)
	c	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	BYPASS AND SPECIAL RATES									
2	Bypass and Special Rates Transportation Service									
3	Schedule 22 - Firm Service	9,363.4	1,267	0.128	1,194	-	-	9	0.135	1,267
4	- Interruptible Service	-	-	-	-	-	-	1	-	-
5	Byron Creek (aka Fording Coal Mountain)	194.7	46	0.149	29	-	-	1	0.236	46
6	Burrard Thermal - Firm	1,557.4	9,965	6.379	9,934	-	-	1	-	9,965
7	TGVI - Firm	32,408.7	-	-	-	-	-	1	-	-
8	Schedule 23 - Large Commercial	-	-	-	-	-	-	-	-	-
9	Schedule 25 - Firm Service	829.5	767	0.901	747	-	-	7	0.925	767
10	Schedule 27 - Interruptible Service	-	-	-	-	-	-	-	-	-
11	Total Bypass and Spec. Rates T-Svc	<u>44,353.7</u>	<u>12,045</u>		<u>11,904</u>		<u>-</u>	<u>20</u>		<u>12,045</u>
12										
13	Total Non-Captive Sales and									
14	Transportation Service	<u>44,353.7</u>	<u>12,045</u>		<u>11,904</u>		<u>-</u>	<u>20</u>		<u>12,045</u>
15										
16	TOTAL CAPTIVE AND NON-CAPTIVE SALES AND									
17	TRANSPORTATION SERVICE	<u>194,052.3</u>	<u>\$1,654,298</u>		<u>\$466,950</u>		<u>\$37,026</u>	<u>834,283</u>		<u>\$1,691,324</u>

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OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars	2009 Advance Materials	2009	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	Other Utility Revenue				
2					
3	Late Payment Charge	\$5,446	\$5,445	(\$1)	
4					
5	Connection Charge	3,479	3,325	(154)	
6					
7	NSF Returned Cheque Charges	80	80	-	
8					
9	Other Recoveries	68	68	-	
10					
11	Total Other Utility Revenue	9,073	8,918	(155)	
12					
13	Miscellaneous Revenue				
15	TGVI Wheeling Charge	3,391	3,391	-	
16					
17	SCP Third Party Revenue	11,135	11,135	-	
18					
19					
20	Total Miscellaneous	14,526	14,526	-	
21					
22	Total Other Operating Revenue	\$23,599	\$23,444	(\$155)	- Tab A-1, Page 7

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For 2009, the annual operating and maintenance expenses are based on the following formula:

$$\text{Gross O\&M} = 2008 \text{ Adjusted O\&M} \times [(1 + \text{customer growth}) \times (1 + \text{CPI} - \text{adjustment factor})] + \text{Pension \& Insurance Variance}$$

Gross 2009 O&M	\$ 203.994 million
Capitalized Overhead	(28.113) million
Fort Nelson O&M and Vehicle Lease	(2.743) million
Net 2009 O&M	\$ 173.138 million

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TERASEN GAS INC.

FORMULA CALCULATION OF
 OPERATING AND MAINTENANCE EXPENSE
 FOR THE YEARS ENDING DECEMBER 31
 (\$000) - Except where noted

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Line No.	Description	2003 Decision Adjusted for TPIP (2)	Approved 2004 (3)	Adjusted Base 2004 (4)	Approved 2005 (5)	Adjusted Base 2005 (6)	Approved 2006 (7)	Adjusted Base 2006 (8)	Approved 2007* (9)	Adjusted Base 2007 (10)	Approved 2008 (11)	Adjusted Base 2008 (12)	Change (13)	Forecast 2009 (14)
1	Average Number of Customers - Forecast	770,368	777,779		790,385		804,316		820,347		829,970		8,326	834,283
2	Percentage Growth in Average Customers												1.01%	
3														
4	Average Number of Customers - True up (Actual/Projection)			779,498		791,647		806,760		817,480		825,957		
5	Percentage Growth in Average Customers													
6														
7	Annual Inflation Rate - CPI												2.10%	
8	Adjustment Factor												1.39%	
9														
10	Total Gross O & M Expense before TPIP	\$176,915												
11	TPIP	5,505												
12	Total Gross O & M Expense	182,420	185,740	186,089	190,575	190,888	195,394	196,001	200,657	200,183	204,624	203,898	3,526	207,424
13	Pension & Insurance Variance		2,245	2,245	11	11	1,526	1,526	(1,194)	(1,194)	(4,571)	(4,571)	1,141	(3,430)
14	Adjusted Total Gross O&M Expense		187,985	188,334	190,586	190,899	196,920	197,527	199,463	198,989	200,053	199,327		203,994
15														
16	Less: Adjustments for Overhead Capitalized Purpose													
17	Fort Nelson	(\$581)												
18	Vehicle Lease	(1,833)												
19	DRIA	(1,652)												
20	OPEB	(6,329)												
21	Capital-related Portion - CustomerWorks	(8,978)												
22	Total Items Not Subject to Overheads	(\$19,373)	(19,373)	(19,726)	(20,239)	(20,273)	(20,752)	(20,816)	(21,311)	(21,260)	(21,732)	(21,655)		(22,029)
23	Less: TPIP Not Subject to Overhead	(5,505)	(5,605)	(5,616)	(5,751)	(5,761)	(5,897)	(5,915)	(6,056)	(6,041)	(6,175)	(6,153)		(6,259)
24	Total O&M Subject to Capitalized Overhead	157,542	162,654	162,955	164,596	164,865	170,271	170,796	172,096	171,688	172,146	171,519	4,187	175,706
25														
26	Capitalized Overhead at 16%	25,207	26,026	26,026	26,335	26,335	27,243	27,243	27,535	27,535	27,543	27,543		28,113
27	Gross O&M Less Capitalized Overhead	157,213	161,960	162,309	164,251	164,564	169,676	170,283	171,928	171,454	172,510	171,784	4,097	175,881
28	TGI Carbon Tax Expense per BCUC G-88-08 (Deferral treatment doe 2008 & 2009)										0	0	0	0
29	Less: Fort Nelson	(581)	(592)	(593)	(607)	(608)	(622)	(624)	(639)	(637)	(651)	(649)	(11)	(660)
30	Vehicle Lease	(1,833)	(1,866)	(1,870)	(1,915)	(1,918)	(1,963)	(1,969)	(2,016)	(2,011)	(2,056)	(2,048)	(35)	(2,083)
31	Total Utility O&M	\$154,799	\$159,502	\$159,846	\$161,729	\$162,038	\$167,091	\$167,690	\$169,273	\$168,806	\$169,803	\$169,087	\$4,051	\$173,138

Note:
 * TGI and TGS was amalgamated on 1 January 2007.

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TERASEN GAS INC.

FORMULA CALCULATION OF O & M EXPENSE
 PENSION AND INSURANCE VARIANCE

(\$000) - Except where noted

Line No.	Particulars (1)	2003	Approved	Adjusted Base	Approved	Adjusted Base	Approved	Adjusted Base	Approved	Adjusted Base	Approved	Adjusted Base	Change (13)	Forecast 2009 (14)
		Adjusted for 2003 (2)	2004 (3)	2004 (4)	2005 (5)	2005 (6)	2006 (7)	2006 (8)	2007* (9)	2007 (10)	2008 (11)	2008 (12)		
1	<u>Formula Based</u>													
2	Pension	\$5,543	\$5,543	\$5,654	\$5,790	\$5,800	\$5,937	\$5,955	\$6,096	\$6,082	\$6,217	\$6,195	\$107	\$6,302
3	Insurance	3,661	3,728	3,735	3,825	3,831	3,921	3,934	4,027	4,017	4,107	4,092	71	4,163
4	Total	<u>\$9,204</u>	<u>\$9,271</u>	<u>\$9,389</u>	<u>\$9,615</u>	<u>\$9,631</u>	<u>\$9,858</u>	<u>\$9,889</u>	<u>\$10,123</u>	<u>\$10,099</u>	<u>\$10,324</u>	<u>\$10,287</u>	<u>\$178</u>	<u>\$10,465</u>
5														
6	<u>Cost of Service Based</u>													
7	Pension		\$5,616		\$4,626		\$6,299		\$3,862		\$1,103			\$2,310
8	Insurance		5,900		5,000		5,085		5,067		4,650			4,725
9	Total		<u>\$11,516</u>		<u>\$9,626</u>		<u>\$11,384</u>		<u>\$8,929</u>		<u>\$5,753</u>			<u>\$7,035</u>
10														
11	<u>Pension & Insurance Variance</u>													
12	Pension		\$73		(\$1,164)		\$362		(\$2,234)		(\$5,114)			(\$3,992)
13	Insurance		2,172		1,175		1,164		1,040		543			562
14	Total Pension and Insurance Variance		<u>\$2,245</u>		<u>\$11</u>		<u>\$1,526</u>		<u>(\$1,194)</u>		<u>(\$4,571)</u>			<u>(\$3,430)</u>

Note:
 * TGI and TGS was amalgamated on 1 January 2007.

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PROPERTY AND SUNDRY TAXES
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Line No.	Particulars	B.C.U.C. Account Number	2009 Advance Materials	2009		Change	Reference
				Total Expenses	Revised Revenue, Total Expenses		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Property Taxes	305-010					
2							
3	1% in Lieu of General Municipal Tax		\$16,121	\$14,351	\$14,351	(\$1,770)	
4							
5	General, School and Other		33,242	33,242	33,242	-	
6							
7	Total		<u>\$49,363</u>	<u>\$47,593</u>	<u>\$47,593</u>	<u>(\$1,770)</u>	- Tab A-1, Page 7

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INCOME TAXES / REVENUE DEFICIENCY
 FOR THE YEAR ENDING DECEMBER 31, 2009
 (\$000s)

Line No.	Particulars	2009 Advance Materials	2009		Change	Reference	
			Existing Rates	Revised Revenue			Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return	\$187,773	\$161,725	\$25,921	\$187,646	(\$127)	- Tab A-1, Page 7
3	Deduct - Interest on Debt	(111,030)	(110,945)	(7)	(110,952)	78	
4	Add- Non-Tax Ded. Expense (Net)	328	328	-	328	-	- Tab A-Tab 6, Page 6
5							
6	Accounting Income After Tax	77,071	51,108	25,914	77,022	(49)	
7	Add (Deduct) - Timing Differences	(14,197)	(14,248)	-	(14,248)	(51)	- Tab A-Tab 6, Page 6
8	Add - Large Corporation Tax	-	-	-	-	-	- Tab A-Tab 6, Page 9
9							
10	Taxable Income After Tax	<u>\$62,874</u>	<u>\$36,860</u>	<u>\$25,914</u>	<u>\$62,774</u>	<u>(\$100)</u>	
11							
12		30.000%	30.000%	30.000%	30.000%	0.000%	
13	1 - Current Income Tax Rate	70.000%	70.000%	70.000%	70.000%	0.000%	
14							
15	Taxable Income (L10 / L13)	<u>\$89,820</u>	<u>\$52,657</u>	<u>\$37,020</u>	<u>\$89,677</u>	<u>(\$143)</u>	
16							
17							
18	Income Tax - Current (L12 x L15)	\$26,946	\$15,797	\$11,106	\$26,903	(\$43)	
19	- Deferred Income Tax		-	-			
20	- Large Corporation Tax	-	-	-	-	-	- Tab A-Tab 6, Page 9
21							
22	Total Income Tax	<u>\$26,946</u>	<u>\$15,797</u>	<u>\$11,106</u>	<u>\$26,903</u>	<u>(\$43)</u>	- Tab A-1, Page 7
23							
24	REVENUE DEFICIENCY						
25	Earned Return	\$187,773		\$25,921	\$187,646		- Tab A-1, Page 7
26	Add - Income Taxes	26,946		11,106	26,903		- Tab A-1, Page 7
27	Deduct - Utility Income Before Taxes,						
28	Present Rates	(178,383)		-	(177,523)		- Tab A-1, Page 7
29	Corporate Capital Tax	-		-	-		
30							
31	Deficiency After Corporate Capital Tax	<u>\$36,336</u>		<u>\$37,027</u>	<u>\$37,026</u>		

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NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS
FOR THE YEAR ENDING DECEMBER 31, 2009
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Line No.	Particulars	2009 Advance Materials	2009	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	ITEMS OF A PERMANENT NATURE INCREASING TAXABLE INCOME				
2					
3	Amortization of Deferred Charges	(\$72)	(\$72)	\$0	- Tab A-3, Page 14.3
4					
5	Non-tax Deductible Expenses	400	400	-	
6					
7	Total Permanent Differences	<u>\$328</u>	<u>\$328</u>	<u>\$0</u>	- Tab A-1, Page 8
8					
9	TIMING DIFFERENCE ADJUSTMENTS				
10					
11	Depreciation	\$89,767	\$89,757	(\$10)	- Tab A-Tab 6, Page 7
12	Amortization of Debt Issue Expenses	440	440	-	
13	Debt Issue Costs	(1,155)	(1,262)	(107)	
14	Capital Cost Allowance	(85,296)	(85,231)	65	- Tab A-Tab 6, Page 8
15	Cumulative Eligible Capital Allowance	(1,054)	(1,054)	-	
16	Long Term Compensation	(1,914)	(1,914)	-	
17	Unfunded Pension	(4,442)	(4,442)	-	
18	Overheads Capitalized Expensed for Tax Purposes	(10,543)	(10,542)	1	
19	Discounts on Debt Issue and Other	-	-	-	
20					
21	Timing Differences	<u>(14,197)</u>	<u>(14,248)</u>	<u>(51)</u>	
22					
23	Total Timing Differences	<u>(\$14,197)</u>	<u>(\$14,248)</u>	<u>(\$51)</u>	- Tab A-1, Page 8

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DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2009
(\$000s)

Line No.	Particulars (1)	2009 Advance Materials (2)	2009 (3)	Change (4)	Reference (5)
1	<u>Depreciation Provision</u>				
2					
3	Total Depreciation Expense	\$96,660	\$96,660	\$0	- Tab A-3, Page 16.4
4					
5	Less: Amortization of Contributions in Aid of Construction	<u>(6,893)</u>	<u>(6,903)</u>	<u>(10)</u>	- Tab A-3, Page 8
6		<u>89,767</u>	<u>89,757</u>	<u>(\$10)</u>	
7					
8	<u>Amortization Expense</u>				
9					
10	Amortization of Deferred Charges	(\$72)	(\$72)	\$0	- Tab A-3, Page 14.3
11					
12					
13		<u>(72)</u>	<u>(72)</u>	<u>-</u>	
14					
15	TOTAL	<u>\$89,695</u>	<u>89,685</u>	<u>(\$10)</u>	- Tab A-1, Page 7

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CAPITAL COST ALLOWANCE
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Line No.	Class	CCA Rate %	12/31/2008 UCC Balance	Adjustments	2009 Net Additions	2009 CCA	12/31/2009 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1	4%	\$1,419,304	(\$89,585)	\$0	(\$53,189)	\$1,276,530
2	1.3	4%		676	708	(41)	1,343
3	2	6%	174,645	(1)	-	(10,479)	164,165
4	3	5%	2,975	-	-	(149)	2,826
5	6	10%	228	-	-	(23)	205
6	7	15%	-	104	66	(21)	149
7	8	20%	20,675	(1)	4,723	(4,607)	20,790
8	10	30%	3,963	-	61	(1,198)	2,826
9	12	100%	-	-	-	-	-
10	13	22%	6,605	2	786	(863)	6,530
11	14	37%	4	-	-	(2)	2
12	17	8%	243	-	-	(19)	224
13	38	30%	17	-	-	(5)	12
14	39	25%	-	1	-	-	1
15	45	45%	13,004	(6,481)	-	(2,936)	3,587
16	47	4%		504	529	(31)	1,002
17	49	8%	21,379	450	9,402	(2,122)	29,109
18	50	45%		6,491	8,222	(4,771)	9,942
19	51	4%		82,160	74,409	(4,775)	151,794
20							
21		Total	<u>\$1,663,042</u>	<u>(\$5,680)</u>	<u>\$98,906</u>	<u>(\$85,231)</u>	<u>\$1,671,037</u>

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CALCULATION OF LARGE CORPORATION TAX
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Line No.	Particulars (1)	Reference (2)	2009		Change (6)	
			2009 Advance Materials (3)	Existing Rates (4)		Revised Rates (5)
1	Large Corporation Tax					
2						
3	Utility Capital (Line 26)		\$2,559,690	\$2,556,093	\$2,556,346	(\$3,344)
4	Add: Security Deposits		3,474	3,474	3,474	-
5	Long Term Construction Advances		469	469	469	-
6	Deferred Income Tax		552	552	552	-
7	Work in Progress Attracting AFUDC		26,416	26,329	26,329	(87)
8	Sub-total		2,590,601	2,586,917	2,587,170	(3,431)
9						
10	Utility Portion of \$50,000,000 or \$0 Deduction					
11	(Line 38 x \$50,000,000 or \$0)		(47,935)	(47,935)	(47,935)	-
12						
13	Taxable Capital		<u>\$2,542,666</u>	<u>\$2,538,982</u>	<u>\$2,539,235</u>	<u>(\$3,431)</u>
14						
15	Large Corporation Tax Rate		0.000%	0.000%	0.000%	0.000%
16						
17	Large Corporation Tax		\$0	\$0	\$0	\$0
18	Less: Surtax	0.00%	-	-	-	-
19						
20	Large Corporation Tax		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
21						
22						
23	Net Plant in Service, Ending	Tab A-1, Page 6	\$2,474,556	\$2,471,115	\$2,471,115	(\$3,441)
24	All Other Rate Base Items - Lines 26 - 33 of	Tab A-1, Page 6	85,134	84,978	85,231	97
25						
26	Utility Capital		2,559,690	2,556,093	2,556,346	(3,344)
27						
28	Non-Rate Base Items					
29	Net Book Value of Lower Mainland Premium		97,670	97,670	97,670	-
30	Disallowed Plant Costs		1,990	1,990	1,990	-
31	Plant Held for Future Use		55	55	55	-
32	Fort Nelson Division		4,303	4,303	4,303	-
33	Squamish Gas Co. Ltd.		6,200	6,200	6,200	-
34						
35	Total Capital		<u>\$2,669,908</u>	<u>\$2,666,311</u>	<u>\$2,666,564</u>	<u>(\$3,344)</u>
36						
37						
38	Proportion of Utility Capital to Total Capital		<u>95.87%</u>	<u>95.87%</u>	<u>95.87%</u>	<u>0.00%</u>

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EMBEDDED COST OF LONG-TERM DEBT
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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	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
5	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
6	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
7	2006 Long Term Debt Issue - Series 21	25-Sep-2006	25-Sep-2036	5.550%	120,000	784	119,216	5.589%	120,000	6,707
8	2007 Medium Term Debt Issue - Series 22	2-Oct-2007	2-Oct-2037	6.000%	250,000	2,232	247,768	6.062%	250,000	15,155
9	2008 Medium Term Debt Issue - Series 23	13-May-2008	13-May-2038	5.800%	250,000	2,044	247,956	5.858%	250,000	14,645
10	2009 Medium Term Debt Issue- Series 24 (includ	1-Apr-2009	1-Apr-2039	6.000%	150,000	1,500	148,500	6.073%	113,014	6,863
11										
12	LILO Obligations - Kelowna							5.973%	27,741	1,657
13	LILO Obligations - Nelson							7.119%	4,407	314
14	LILO Obligations - Vernon							8.204%	13,195	1,083
15	LILO Obligations - Prince George							7.170%	33,799	2,423
16	LILO Obligations - Creston							6.422%	3,200	206
17										
18									<u>\$1,481,573</u>	<u>\$102,087</u>
19	Debentures:									
20	Series E	8-Jun-1989	7-Jun-2009	10.750%	59,890	637	59,253	10.927%	\$25,761	\$2,815
21										
22									<u>\$25,761</u>	<u>\$2,815</u>
23										
24	Sub-Total								\$1,507,334	\$104,902
25	Less - Fort Nelson Division Portion of Long Term Debt								(3,035)	(211)
26	Total								<u>\$1,504,299</u>	<u>\$104,691</u>
27										
28									Average Embedded Cost	<u>6.959%</u>

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Table 1.1: 2008 – 2013 Forecast of Regular Capital Expenditure Targets (\$'000's)

	2008 Forecast	2008 Projection	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Forecast Year End Customer Additions	11,797	9,136	6,949	6,791	6,711	6,530	6,363
Customer Driven Capital							
Mains	9,527	9,541	6,097	6,137	6,247	6,260	6,283
Services	19,443	18,904	12,442	12,524	12,748	12,776	12,823
Meters (Customer Additions)	3,834	3,840	2,673	2,690	2,738	2,744	2,754
Total Customer Driven Capital	32,804	32,285	21,212	21,351	21,733	21,781	21,861
Other Regular Capital							
Replacement Customer Meters	13,392	13,560	11,799	12,266	17,509	19,837	22,200
Transmission Plant	11,652	13,650	11,307	7,812	7,737	7,806	7,797
Distribution Plant	9,174	7,093	8,700	6,800	6,936	7,075	7,216
IT	10,736	10,736	15,998	15,745	11,000	11,000	15,477
Non-IT	12,301	12,694	14,140	10,719	11,122	11,478	11,282
Total Other Regular Capital	57,255	57,733	61,945	53,342	54,304	57,196	63,973
Total Regular Capital	90,059	90,018	83,157	74,693	76,037	78,978	85,834

Figures exclude AFUDC and Capitalized Overheads.