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July 8, 2009

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc.
2010 and 2011 Revenue Requirements and Delivery Rates Application
Supplemental Filing**

On June 15, 2009, Terasen Gas Inc. ("Terasen Gas") filed its 2010 and 2011 Revenue Requirements and Delivery Rates Application (the "Application").

On July 6, 2009, in accordance with the British Columbia Utilities Commission (the "Commission") Order No. G-76-09 establishing the Draft Regulatory Timetable for review of the Application, Terasen Gas held a Workshop on the Application. The Workshop presentation materials were submitted into the record of this proceeding on July 7, 2009 (Exhibit B-2). The Commission will receive 20 hardcopies of the Workshop presentation materials under separate cover today, which can be inserted into the Application Binder Volume 3 – Supplemental Filing, which will be delivered to the Commission on July 9, 2009.

The Depreciation Study filed with the Application under Appendix H-2, included: Part I – Introduction, Part II – Methods used in Estimation of Depreciation and Part III – Results of Study. At the Workshop, Commission staff requested Terasen Gas file the balance of the Depreciation Study: Parts IV – Service Life Statistics and Part V – Detailed Depreciation Calculations. Those sections are included in this Supplemental Filing.

Two corrections to the Application are also included in this Supplemental Filing:

1. Table C-11-1 in Part III, Section C, Tab 11 – Accounting and Other Policies, page 474 is attached. The changes are to correct the references column, and to correct the estimated impact of "Capitalization of current service portion of pension and OPEBs".
2. Appendix H-4, Shared Services Report, page 12, Table 3.4.1b. The amounts for Full Time Equivalents ("FTEs") for TGVI and TGW are inverted. We have included a replacement page to correct the error.

The Corporate Services Review by KPMG and the executed Corporate Services Agreement referenced in the Application under Appendix H-5 and H-5a respectively, were not available at the time of filing the Application. These are also provided in this Supplemental Filing.

In summary, this Supplemental Filing contains replacement and insertion pages for the Application Binders: Volume 1 - Application and Volume 2 - Appendices as noted below. Application Binder Volume 3 – Supplemental Filing is provided containing the balance of materials filed with this submission. A summary of the contents of the Supplemental Filing and insertion instructions follows:

Replacement and Insertion Pages:

Application Reference	Description	Insertion Instructions
Part III, Section C, Tab 11	Correction to Table C-11-1	Binder Volume 1, remove and replace page 474 with the revised page dated July 8, 2009
Appendix H-2	Additional Title Page	Binder Volume 2, Tab H-2 – Additional Title Page to be inserted as the last page of Appendix H-2, directing readers to refer to Volume 3 for Parts IV and V of the Depreciation Study
Appendix H-4	Shared Services Allocation Review by KPMG	Binder Volume 2, Tab H-4 – remove page 12 dated June 11, 2009, replace with page 12 dated June 17, 2009
Appendix H-5	Replacement Title Page	Binder Volume 2, Tab H-5 Replace existing title page with Replacement Title Page directing readers to refer to Volume 3

Application Binder Volume 3 – Supplemental Filing

Application Reference	Description
Workshop July 6, 2009	Workshop Presentation Materials (filed as Exhibit B-2)
Appendix H-2	Depreciation Study Parts IV and V: <ul style="list-style-type: none"> • Part IV. Service Life Statistics; and • Part V. Detailed Depreciation Calculations
Appendix H-5	Corporate Services Review by KPMG <ul style="list-style-type: none"> a. Corporate Services Agreement

Registered Parties who requested hardcopies of the original Application will automatically receive hardcopies of this Supplemental Filing. If you have any questions related to this filing, please do not hesitate to contact the undersigned.

Yours very truly,

TERASEN GAS INC.

Original signed:

Tom A. Loski

Attachments

cc (email only): Registered Parties

1. Accounting and Other Policies

Accounting and other policies adopted by Terasen Gas, such as depreciation studies and rates, levels of capitalized overheads, corporate and shared services agreements, and transfer pricing policies, have a significant impact on the timing and amount of costs and revenues included in this RRA. The policies described in the following sections reflect the most appropriate methodologies for cost recovery in 2010 and 2011, while incorporating the latest updates from accounting standard setting bodies, and considering general principles of regulatory cost allocation. As displayed in the following table, the impact of all of these accounting changes on our revenue requirements is significant in 2010, as we move to adopt IFRS-compliant policies.

Table C-11-1: Accounting Changes Impact our Revenue Requirements (amounts in \$ millions)

Ref	Description	2010 Increase/(Decrease) over 2009			
		O&M	Dep'n	PP&E	Rev Req
a-1	Training costs previously capitalized	\$ 2.2	\$ (0.1)	\$ (2.1)	\$ 2.0
a-1	Feasibility studies previously capitalized	0.5	(0.0)	(0.5)	0.5
b-4.4	Capitalization of current service portion of pension and OPEBs	(0.6)	0.0	0.6	(0.6)
b-7	Inspection costs now capitalized	(1.3)	0.0	1.3	(1.2)
b-7	Commencement of depreciation		1.9	(1.9)	2.6
c	Depreciation study impacts		20.8	(20.8)	28.5
d	Reduction in overhead capitalized	11.2	(0.2)	(11.0)	10.6
e	Shared services with TGVI	(2.9)			(2.9)
f	Corporate services with Terasen Inc	0.5			0.5
		<u>\$ 9.6</u>	<u>\$ 22.5</u>	<u>\$ (34.5)</u>	<u>\$ 40.0</u>

Ref	Description	2011 Increase/(Decrease) over 2010			
		O&M	Dep'n	PP&E	Rev Req
b-9	2011 Pension and employee future benefits - annual expense	\$ (2.0)		\$ (1.4)	\$ (2.0)
c	Depreciation study impacts		0.4	(0.4)	0.5
e	Shared services with TGVI	(0.4)			(0.4)
f	Corporate services with Terasen Inc	0.1			0.1
		<u>\$ (2.3)</u>	<u>\$ 0.4</u>	<u>\$ (1.8)</u>	<u>\$ (1.7)</u>

a) Canadian Generally Accepted Accounting Principles

Terasen Gas reviews changes to Canadian GAAP each year for implications on internal accounting procedures, published financial statements, and regulatory accounting records. The two changes to Canadian GAAP that are of relevance for regulatory accounting records and that were effective January 1, 2009 have been reflected in this RRA.

DEPRECIATION STUDY

Please Refer to Volume 3 – Supplemental Filing dated July 8, 2009, for

Part IV. SERVICE LIFE STATISTICS

Part V. DETAILED DEPRECIATION CALCULATIONS



Shared Services Cost Allocation Review

PAGE 12 of 21

DATE June 17, 2009

The following table details the FTEs associated with the costs allocated by service and shows the split between labour, non-labour and overhead cost components. The costs included in this table represent the pool of costs to be allocated to TGVI and TGW.

Table 3.4.1b – Labour and Non-labour Costs Allocated

Service	Company	% Allocated	Cost Allocated	FTE	Labour	Non-Labour	Overhead
President & CEO's Office	TGI	89.56%	\$ 1,213,684	1.79	\$ 626,486	\$ 560,398	\$ 26,800
	TGVI	10.18%	\$ 137,891	0.20	\$ 71,177	\$ 63,669	\$ 3,045
	TGW	0.26%	\$ 3,575	0.01	\$ 1,845	\$ 1,651	\$ 79
	Total	100.00%	\$ 1,355,150	2.00	\$ 699,509	\$ 625,717	\$ 29,924
Distribution	TGI	84.75%	\$ 8,758,409	96.73	\$ 6,957,502	\$ 465,785	\$ 1,335,122
	TGVI	14.87%	\$ 1,536,722	18.54	\$ 1,218,763	\$ 65,213	\$ 252,746
	TGW	0.39%	\$ 39,838	0.48	\$ 31,595	\$ 1,691	\$ 6,552
	Total	100.00%	\$ 10,334,969	115.75	\$ 8,207,860	\$ 532,688	\$ 1,594,421
HR & Operations Governance	TGI	91.71%	\$ 8,692,805	71.78	\$ 6,004,576	\$ 1,645,671	\$ 1,042,558
	TGVI	8.09%	\$ 766,503	6.41	\$ 521,392	\$ 152,048	\$ 93,063
	TGW	0.20%	\$ 18,886	0.16	\$ 12,762	\$ 3,778	\$ 2,346
	Total	100.00%	\$ 9,478,195	78.35	\$ 6,538,730	\$ 1,801,497	\$ 1,137,968
Marketing	TGI	89.48%	\$ 7,531,589	62.55	\$ 5,514,699	\$ 1,124,212	\$ 892,678
	TGVI	10.16%	\$ 855,086	7.10	\$ 626,037	\$ 127,698	\$ 101,351
	TGW	0.36%	\$ 30,364	0.23	\$ 22,279	\$ 4,710	\$ 3,375
	Total	100.00%	\$ 8,417,041	69.88	\$ 6,163,016	\$ 1,256,621	\$ 997,404
Business & IT Services	TGI	90.80%	\$ 20,063,640	177.75	\$13,544,391	\$ 4,053,756	\$ 2,465,493
	TGVI	8.97%	\$ 1,981,853	20.23	\$ 1,337,041	\$ 364,525	\$ 280,287
	TGW	0.23%	\$ 49,830	0.52	\$ 33,693	\$ 9,000	\$ 7,137
	Total	100.00%	\$ 22,095,321	198.50	\$14,915,124	\$ 4,427,280	\$ 2,752,917
Gas Supply & Transmission	TGI	89.56%	\$ 1,477,591	16.12	\$ 1,047,392	\$ 204,605	\$ 225,594
	TGVI	10.18%	\$ 167,875	1.83	\$ 118,998	\$ 23,246	\$ 25,631
	TGW	0.26%	\$ 4,352	0.05	\$ 3,085	\$ 603	\$ 664
	Total	100.00%	\$ 1,649,817	18.00	\$ 1,169,475	\$ 228,453	\$ 251,889
Finance & Regulatory Affairs	TGI	89.56%	\$ 7,371,654	57.32	\$ 6,016,191	\$ 546,809	\$ 808,654
	TGVI	10.18%	\$ 837,521	6.51	\$ 683,522	\$ 62,125	\$ 91,874
	TGW	0.26%	\$ 21,712	0.17	\$ 17,719	\$ 1,611	\$ 2,382
	Total	100.00%	\$ 8,230,887	64.00	\$ 6,717,432	\$ 610,545	\$ 902,910

CORPORATE SERVICES

Please Refer to Volume 3 – Supplemental Filing dated July 8, 2009, for

Tab H-5: Corporate Services Review Report by KPMG, and

Tab H-5a: Corporate Services Agreement



TERASEN GAS INC.

**2010-2011
Revenue Requirements Application**

Volume 3 – Supplemental Filing

July 8, 2009

WORKSHOP

JULY 6, 2009

PRESENTATION MATERIALS

Please Refer to Exhibit B-2

TERASEN GAS INC.
SURREY BRITISH COLUMBIA

DEPRECIATION STUDY
CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO GAS PLANT
AT DECEMBER 31, 2007





Gannett Fleming

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October 10, 2008

Terasen Gas Inc.
16705 Fraser Highway
Surrey, British Columbia V4N 0E8

Attention: Mr. James Wong
Director, Finance and Planning

Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the gas plant of Terasen Gas Inc. at December 31, 2007. The depreciation study has developed depreciation rates for the Mainland, Vancouver Island, and Whistler systems. Our report presents a description of the methods used in the estimation of depreciation, the statistical analyses of service life and net salvage, and the summary and detailed tabulations of annual and accrued depreciation.

We gratefully acknowledge the assistance of Terasen Gas Inc. personnel in the completion of the study.

Respectfully submitted,

GANNETT FLEMING, INC.

LARRY E. KENNEDY
Director, Canadian Services
Valuation and Rate Division

/LEK

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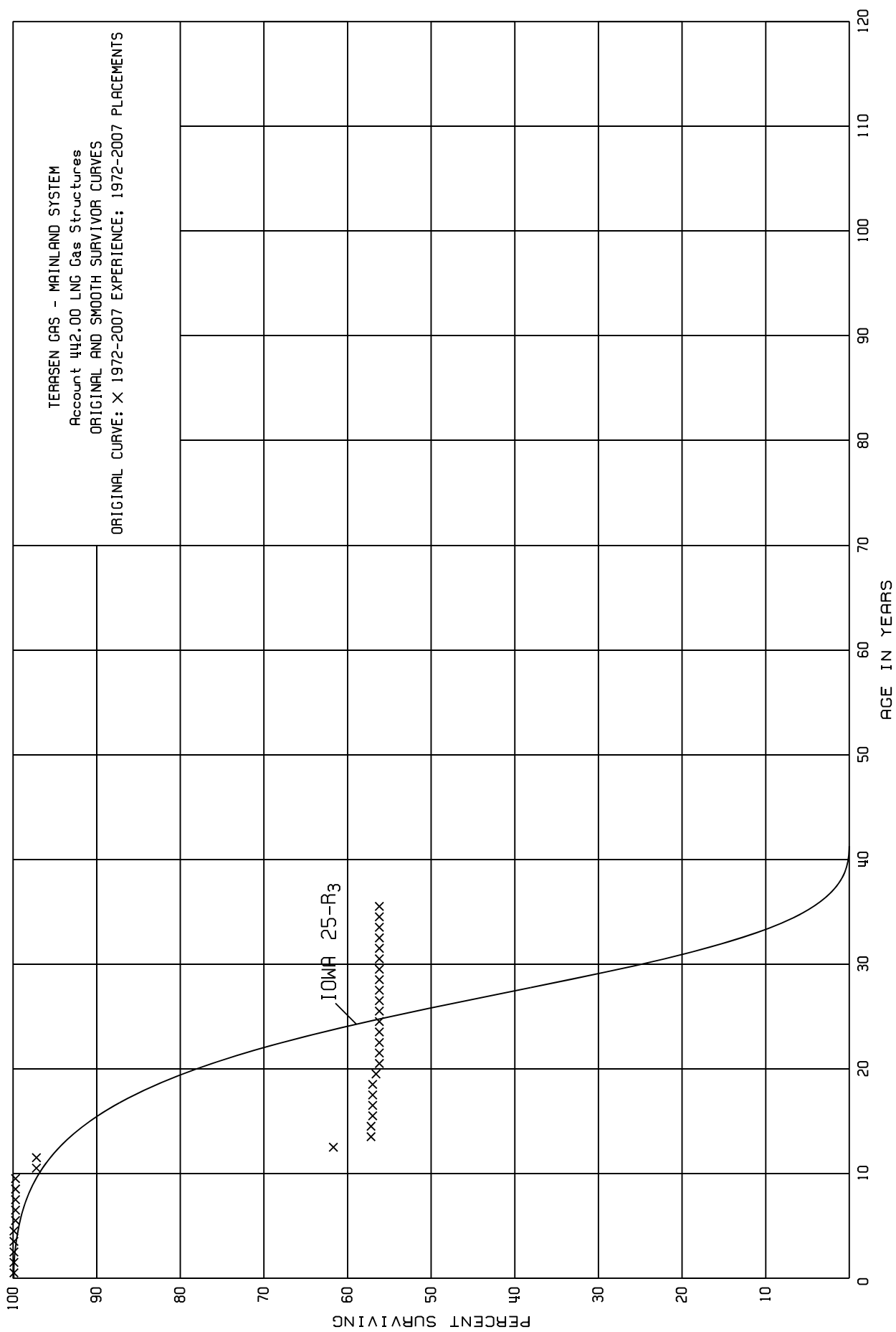
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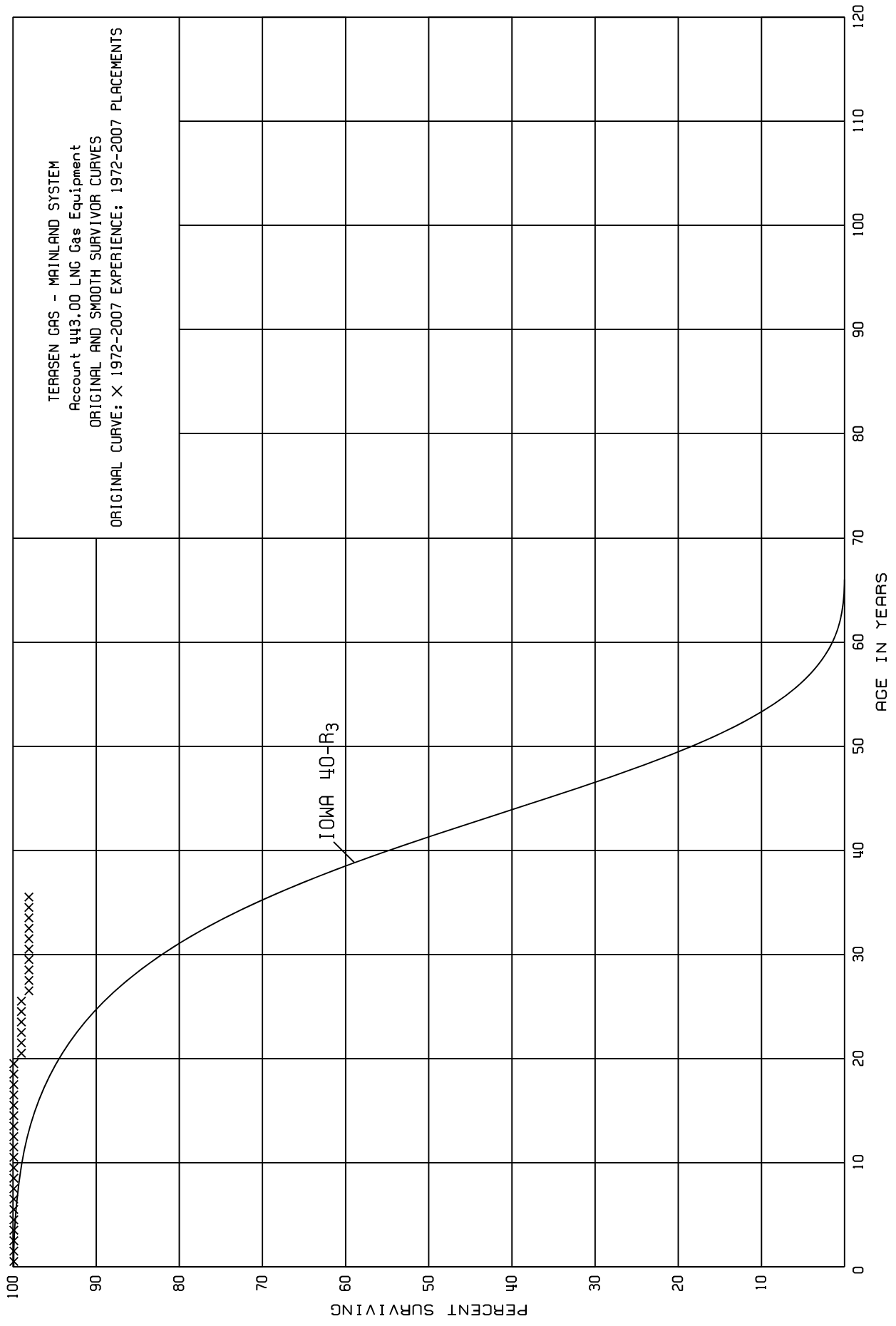
SERVICE LIFE STATISTICS



TERASEN GAS - MAINLAND SYSTEM
ACCOUNT 442.00 LNG GAS STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1972-2007			EXPERIENCE BAND 1972-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,611,718		0.0000	1.0000	100.00
0.5	5,422,288		0.0000	1.0000	100.00
1.5	5,402,758		0.0000	1.0000	100.00
2.5	4,613,619		0.0000	1.0000	100.00
3.5	3,917,493		0.0000	1.0000	100.00
4.5	3,877,256	11,458	0.0030	0.9970	100.00
5.5	3,713,054		0.0000	1.0000	99.70
6.5	3,654,427		0.0000	1.0000	99.70
7.5	3,423,460		0.0000	1.0000	99.70
8.5	2,570,431	1,000	0.0004	0.9996	99.70
9.5	2,522,805	61,358	0.0243	0.9757	99.66
10.5	1,869,913		0.0000	1.0000	97.24
11.5	1,831,056	669,121	0.3654	0.6346	97.24
12.5	1,031,517	74,954	0.0727	0.9273	61.71
13.5	882,333		0.0000	1.0000	57.22
14.5	874,240	2,477	0.0028	0.9972	57.22
15.5	751,004		0.0000	1.0000	57.06
16.5	749,079		0.0000	1.0000	57.06
17.5	748,737	1,959	0.0026	0.9974	57.06
18.5	736,840	6,000	0.0081	0.9919	56.91
19.5	690,981	4,373	0.0063	0.9937	56.45
20.5	406,524		0.0000	1.0000	56.09
21.5	406,524		0.0000	1.0000	56.09
22.5	373,294		0.0000	1.0000	56.09
23.5	373,294		0.0000	1.0000	56.09
24.5	371,581		0.0000	1.0000	56.09
25.5	337,361		0.0000	1.0000	56.09
26.5	281,400		0.0000	1.0000	56.09
27.5	266,336		0.0000	1.0000	56.09
28.5	242,968		0.0000	1.0000	56.09
29.5	239,234		0.0000	1.0000	56.09
30.5	239,234		0.0000	1.0000	56.09
31.5	239,234		0.0000	1.0000	56.09
32.5	239,234		0.0000	1.0000	56.09
33.5	239,234		0.0000	1.0000	56.09
34.5	236,738		0.0000	1.0000	56.09
35.5					56.09



TERASEN GAS - MAINLAND SYSTEM

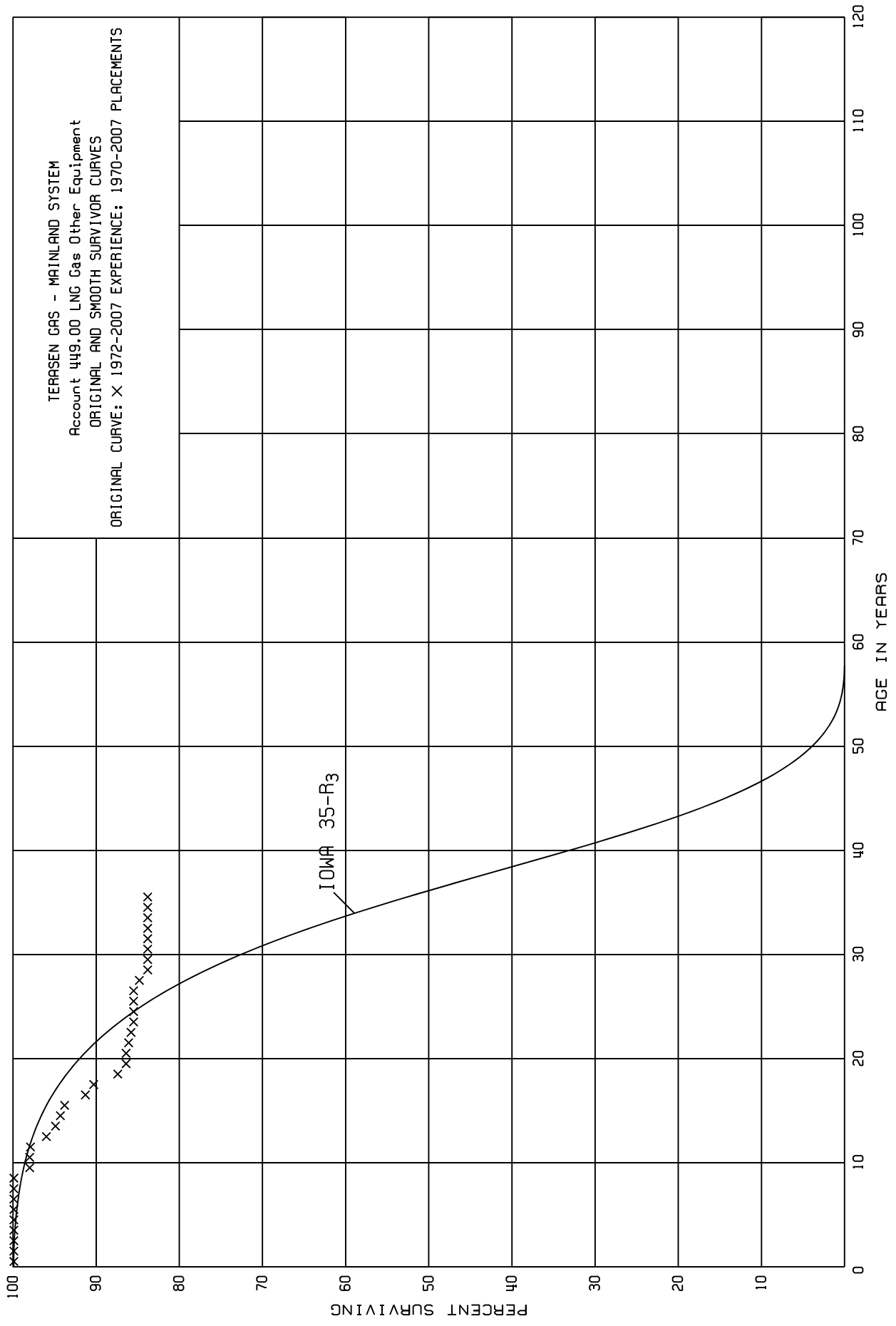
ACCOUNT 443.00 LNG GAS EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1972-2007

EXPERIENCE BAND 1972-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	16,661,182		0.0000	1.0000	100.00
0.5	16,660,797		0.0000	1.0000	100.00
1.5	16,608,373		0.0000	1.0000	100.00
2.5	16,550,203		0.0000	1.0000	100.00
3.5	15,658,256		0.0000	1.0000	100.00
4.5	15,524,004	1,000	0.0001	0.9999	100.00
5.5	10,288,394		0.0000	1.0000	99.99
6.5	10,288,394		0.0000	1.0000	99.99
7.5	10,288,394		0.0000	1.0000	99.99
8.5	9,644,196		0.0000	1.0000	99.99
9.5	9,644,196	12,708	0.0013	0.9987	99.99
10.5	9,560,685		0.0000	1.0000	99.86
11.5	9,297,826		0.0000	1.0000	99.86
12.5	9,297,826		0.0000	1.0000	99.86
13.5	9,296,283		0.0000	1.0000	99.86
14.5	9,193,420		0.0000	1.0000	99.86
15.5	9,188,597		0.0000	1.0000	99.86
16.5	9,159,007		0.0000	1.0000	99.86
17.5	9,143,573		0.0000	1.0000	99.86
18.5	9,140,232	44,685	0.0049	0.9951	99.86
19.5	9,082,459	79,648	0.0088	0.9912	99.37
20.5	2,941,311		0.0000	1.0000	98.50
21.5	2,941,311		0.0000	1.0000	98.50
22.5	2,941,311		0.0000	1.0000	98.50
23.5	2,941,311		0.0000	1.0000	98.50
24.5	2,941,311		0.0000	1.0000	98.50
25.5	2,941,311	27,340	0.0093	0.9907	98.50
26.5	2,913,971		0.0000	1.0000	97.58
27.5	2,913,971		0.0000	1.0000	97.58
28.5	2,913,971		0.0000	1.0000	97.58
29.5	2,913,971		0.0000	1.0000	97.58
30.5	2,913,971		0.0000	1.0000	97.58
31.5	2,913,971		0.0000	1.0000	97.58
32.5	2,913,971		0.0000	1.0000	97.58
33.5	2,913,971		0.0000	1.0000	97.58
34.5	2,901,446		0.0000	1.0000	97.58
35.5					97.58



TERASEN GAS - MAINLAND SYSTEM

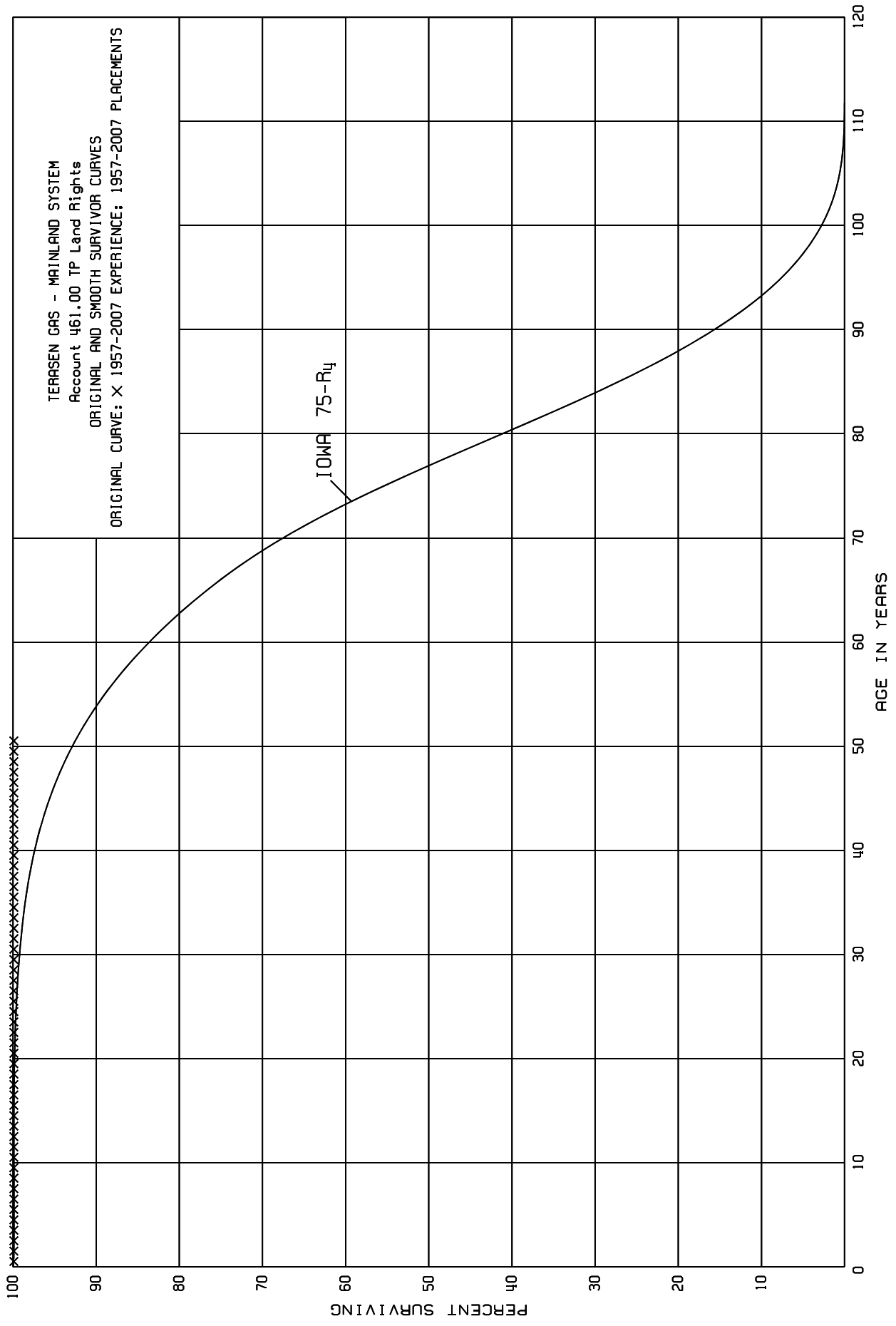
ACCOUNT 449.00 LNG GAS OTHER EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1970-2007

EXPERIENCE BAND 1972-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	20,548,251	500	0.0000	1.0000	100.00
0.5	20,339,960		0.0000	1.0000	100.00
1.5	20,096,893	1	0.0000	1.0000	100.00
2.5	17,965,859	12	0.0000	1.0000	100.00
3.5	17,723,075	48	0.0000	1.0000	100.00
4.5	17,483,718	22	0.0000	1.0000	100.00
5.5	16,591,336	18	0.0000	1.0000	100.00
6.5	16,591,318	15	0.0000	1.0000	100.00
7.5	16,293,582	8,344	0.0005	0.9995	100.00
8.5	15,882,726	303,785	0.0191	0.9809	99.95
9.5	15,539,021	53,798	0.0035	0.9965	98.04
10.5	15,073,320	25,930	0.0017	0.9983	97.70
11.5	14,447,991	286,493	0.0198	0.9802	97.53
12.5	10,557,321	123,449	0.0117	0.9883	95.60
13.5	10,140,987	67,845	0.0067	0.9933	94.48
14.5	8,787,176	41,927	0.0048	0.9952	93.85
15.5	8,150,923	215,295	0.0264	0.9736	93.40
16.5	7,294,125	85,676	0.0117	0.9883	90.93
17.5	6,935,302	217,876	0.0314	0.9686	89.87
18.5	6,547,727	71,537	0.0109	0.9891	87.05
19.5	6,473,096	39,819	0.0062	0.9938	86.10
20.5	6,433,277	27,751	0.0043	0.9957	85.57
21.5	6,347,488	21,715	0.0034	0.9966	85.20
22.5	6,285,474	20,000	0.0032	0.9968	84.91
23.5	6,220,160		0.0000	1.0000	84.64
24.5	6,204,562		0.0000	1.0000	84.64
25.5	6,167,258	9	0.0000	1.0000	84.64
26.5	6,165,610	54,471	0.0088	0.9912	84.64
27.5	6,111,064	67,164	0.0110	0.9890	83.90
28.5	6,043,468		0.0000	1.0000	82.98
29.5	6,043,281		0.0000	1.0000	82.98
30.5	6,042,240		0.0000	1.0000	82.98
31.5	6,030,043		0.0000	1.0000	82.98
32.5	6,030,043		0.0000	1.0000	82.98
33.5	6,016,004		0.0000	1.0000	82.98
34.5	5,851,651		0.0000	1.0000	82.98
35.5					82.98



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 461.00 TP LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1957-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	42,840,570	6	0.0000	1.0000	100.00
0.5	42,637,239	6,456	0.0002	0.9998	100.00
1.5	37,595,011	1,448	0.0000	1.0000	99.98
2.5	37,552,211		0.0000	1.0000	99.98
3.5	36,590,595		0.0000	1.0000	99.98
4.5	29,302,090		0.0000	1.0000	99.98
5.5	24,549,137		0.0000	1.0000	99.98
6.5	21,747,788		0.0000	1.0000	99.98
7.5	9,384,687		0.0000	1.0000	99.98
8.5	9,384,687		0.0000	1.0000	99.98
9.5	9,175,875		0.0000	1.0000	99.98
10.5	8,888,191		0.0000	1.0000	99.98
11.5	8,188,998		0.0000	1.0000	99.98
12.5	7,714,724		0.0000	1.0000	99.98
13.5	6,493,268		0.0000	1.0000	99.98
14.5	5,373,917		0.0000	1.0000	99.98
15.5	2,931,981	1,089	0.0004	0.9996	99.98
16.5	2,879,483		0.0000	1.0000	99.94
17.5	2,847,966		0.0000	1.0000	99.94
18.5	2,806,481		0.0000	1.0000	99.94
19.5	2,795,855		0.0000	1.0000	99.94
20.5	2,694,994		0.0000	1.0000	99.94
21.5	2,171,584		0.0000	1.0000	99.94
22.5	2,149,349		0.0000	1.0000	99.94
23.5	2,145,553		0.0000	1.0000	99.94
24.5	2,100,686		0.0000	1.0000	99.94
25.5	2,053,926		0.0000	1.0000	99.94
26.5	2,015,880		0.0000	1.0000	99.94
27.5	2,012,397		0.0000	1.0000	99.94
28.5	1,878,619		0.0000	1.0000	99.94
29.5	1,753,224		0.0000	1.0000	99.94
30.5	1,697,344		0.0000	1.0000	99.94
31.5	1,152,779		0.0000	1.0000	99.94
32.5	1,087,991		0.0000	1.0000	99.94
33.5	1,066,795		0.0000	1.0000	99.94
34.5	1,058,745		0.0000	1.0000	99.94
35.5	814,475		0.0000	1.0000	99.94
36.5	786,510		0.0000	1.0000	99.94
37.5	782,286		0.0000	1.0000	99.94
38.5	764,147		0.0000	1.0000	99.94

TERASEN GAS - MAINLAND SYSTEM

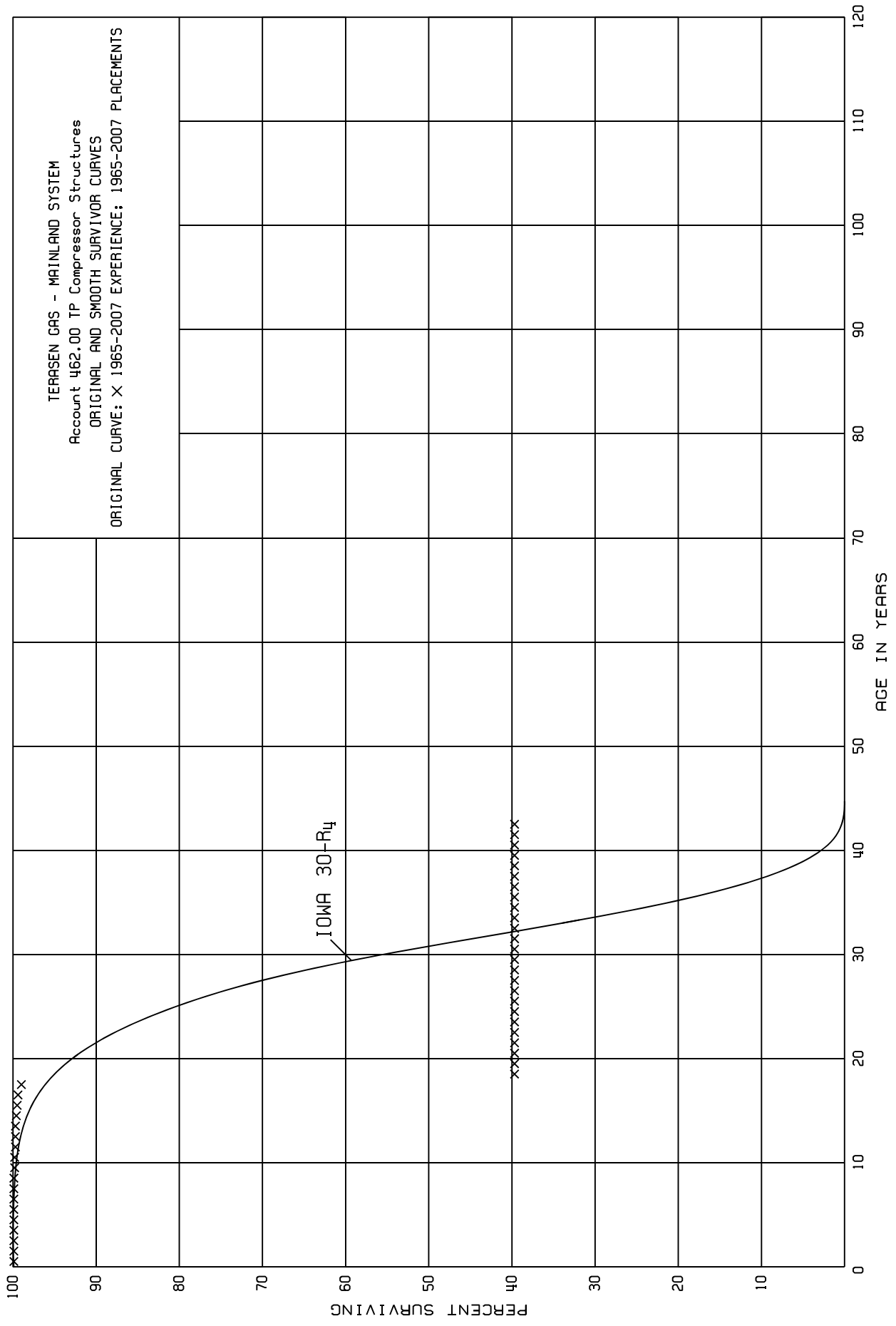
ACCOUNT 461.00 TP LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1957-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	747,059		0.0000	1.0000	99.94
40.5	744,323		0.0000	1.0000	99.94
41.5	743,099		0.0000	1.0000	99.94
42.5	733,552		0.0000	1.0000	99.94
43.5	708,502		0.0000	1.0000	99.94
44.5	666,092		0.0000	1.0000	99.94
45.5	663,904		0.0000	1.0000	99.94
46.5	647,244		0.0000	1.0000	99.94
47.5	628,251		0.0000	1.0000	99.94
48.5	1,089		0.0000	1.0000	99.94
49.5	1,089		0.0000	1.0000	99.94
50.5					99.94



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 462.00 TP COMPRESSOR STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1965-2007

EXPERIENCE BAND 1965-2007

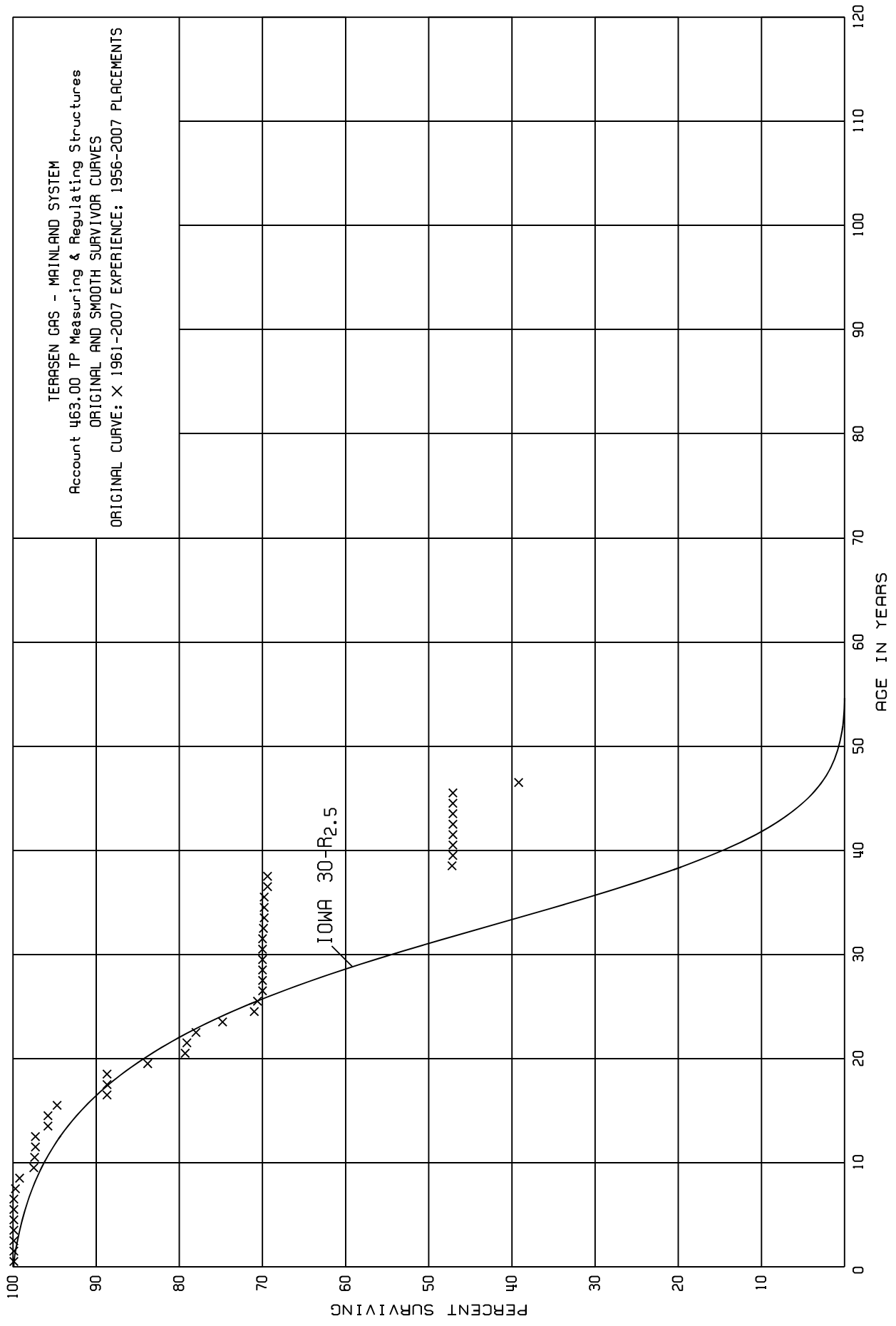
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	15,027,655		0.0000	1.0000	100.00
0.5	14,976,676		0.0000	1.0000	100.00
1.5	14,970,807	1,338	0.0001	0.9999	100.00
2.5	14,928,636		0.0000	1.0000	99.99
3.5	14,628,921	1,225	0.0001	0.9999	99.99
4.5	14,442,774	7,893	0.0005	0.9995	99.98
5.5	12,947,199	6,379	0.0005	0.9995	99.93
6.5	12,476,014	2,414	0.0002	0.9998	99.88
7.5	8,977,459	659	0.0001	0.9999	99.86
8.5	8,976,800	3,363	0.0004	0.9996	99.85
9.5	8,972,739	3,380	0.0004	0.9996	99.81
10.5	8,786,769	6,438	0.0007	0.9993	99.77
11.5	8,433,255		0.0000	1.0000	99.70
12.5	7,502,427	1,162	0.0002	0.9998	99.70
13.5	2,364,324	2,977	0.0013	0.9987	99.68
14.5	913,493	683	0.0007	0.9993	99.55
15.5	710,205	461	0.0006	0.9994	99.48
16.5	696,786	3,140	0.0045	0.9955	99.42
17.5	664,972	398,159	0.5988	0.4012	98.97
18.5	264,222		0.0000	1.0000	39.71
19.5	259,073		0.0000	1.0000	39.71
20.5	256,210		0.0000	1.0000	39.71
21.5	255,552		0.0000	1.0000	39.71
22.5	254,237		0.0000	1.0000	39.71
23.5	253,996		0.0000	1.0000	39.71
24.5	253,996		0.0000	1.0000	39.71
25.5	252,750		0.0000	1.0000	39.71
26.5	252,750		0.0000	1.0000	39.71
27.5	252,135		0.0000	1.0000	39.71
28.5	251,101		0.0000	1.0000	39.71
29.5	250,041		0.0000	1.0000	39.71
30.5	249,974		0.0000	1.0000	39.71
31.5	248,621		0.0000	1.0000	39.71
32.5	244,183		0.0000	1.0000	39.71
33.5	239,876		0.0000	1.0000	39.71
34.5	25,606		0.0000	1.0000	39.71
35.5	25,606		0.0000	1.0000	39.71
36.5	25,606		0.0000	1.0000	39.71
37.5	25,606		0.0000	1.0000	39.71
38.5	23,839		0.0000	1.0000	39.71

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 462.00 TP COMPRESSOR STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1965-2007			EXPERIENCE BAND 1965-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	23,839		0.0000	1.0000	39.71
40.5	21,757		0.0000	1.0000	39.71
41.5	14,750		0.0000	1.0000	39.71
42.5					39.71



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 463.00 TP MEASURING & REGULATING STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1956-2007

EXPERIENCE BAND 1961-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,259,839	53,753	0.0102	0.9898	100.00
0.5	5,192,789	3	0.0000	1.0000	98.98
1.5	5,072,056	23	0.0000	1.0000	98.98
2.5	4,875,405	142	0.0000	1.0000	98.98
3.5	4,146,196	167	0.0000	1.0000	98.98
4.5	3,920,230	617	0.0002	0.9998	98.98
5.5	3,221,733	244	0.0001	0.9999	98.96
6.5	3,199,270	6,386	0.0020	0.9980	98.95
7.5	2,875,855	14,641	0.0051	0.9949	98.75
8.5	2,812,311	48,726	0.0173	0.9827	98.25
9.5	2,760,860	4,013	0.0015	0.9985	96.55
10.5	2,651,554	544	0.0002	0.9998	96.41
11.5	2,381,684	437	0.0002	0.9998	96.39
12.5	2,376,471	36,190	0.0152	0.9848	96.37
13.5	2,141,458	955	0.0004	0.9996	94.91
14.5	1,975,788	22,233	0.0113	0.9887	94.87
15.5	1,516,535	97,354	0.0642	0.9358	93.80
16.5	813,392	113	0.0001	0.9999	87.78
17.5	813,279	59	0.0001	0.9999	87.77
18.5	811,168	46,351	0.0571	0.9429	87.76
19.5	574,001	31,956	0.0557	0.9443	82.75
20.5	532,633	1,643	0.0031	0.9969	78.14
21.5	454,529	6,227	0.0137	0.9863	77.90
22.5	436,652	18,950	0.0434	0.9566	76.83
23.5	412,688	22,385	0.0542	0.9458	73.50
24.5	370,484	1,851	0.0050	0.9950	69.52
25.5	341,013	3,000	0.0088	0.9912	69.17
26.5	311,995		0.0000	1.0000	68.56
27.5	261,651		0.0000	1.0000	68.56
28.5	258,208		0.0000	1.0000	68.56
29.5	232,796		0.0000	1.0000	68.56
30.5	228,405		0.0000	1.0000	68.56
31.5	227,978	622	0.0027	0.9973	68.56
32.5	217,675	322	0.0015	0.9985	68.37
33.5	192,290		0.0000	1.0000	68.27
34.5	179,981		0.0000	1.0000	68.27
35.5	149,498	1,000	0.0067	0.9933	68.27
36.5	147,745		0.0000	1.0000	67.81
37.5	147,734	54,267	0.3673	0.6327	67.81
38.5	92,825	230	0.0025	0.9975	42.90

TERASEN GAS - MAINLAND SYSTEM

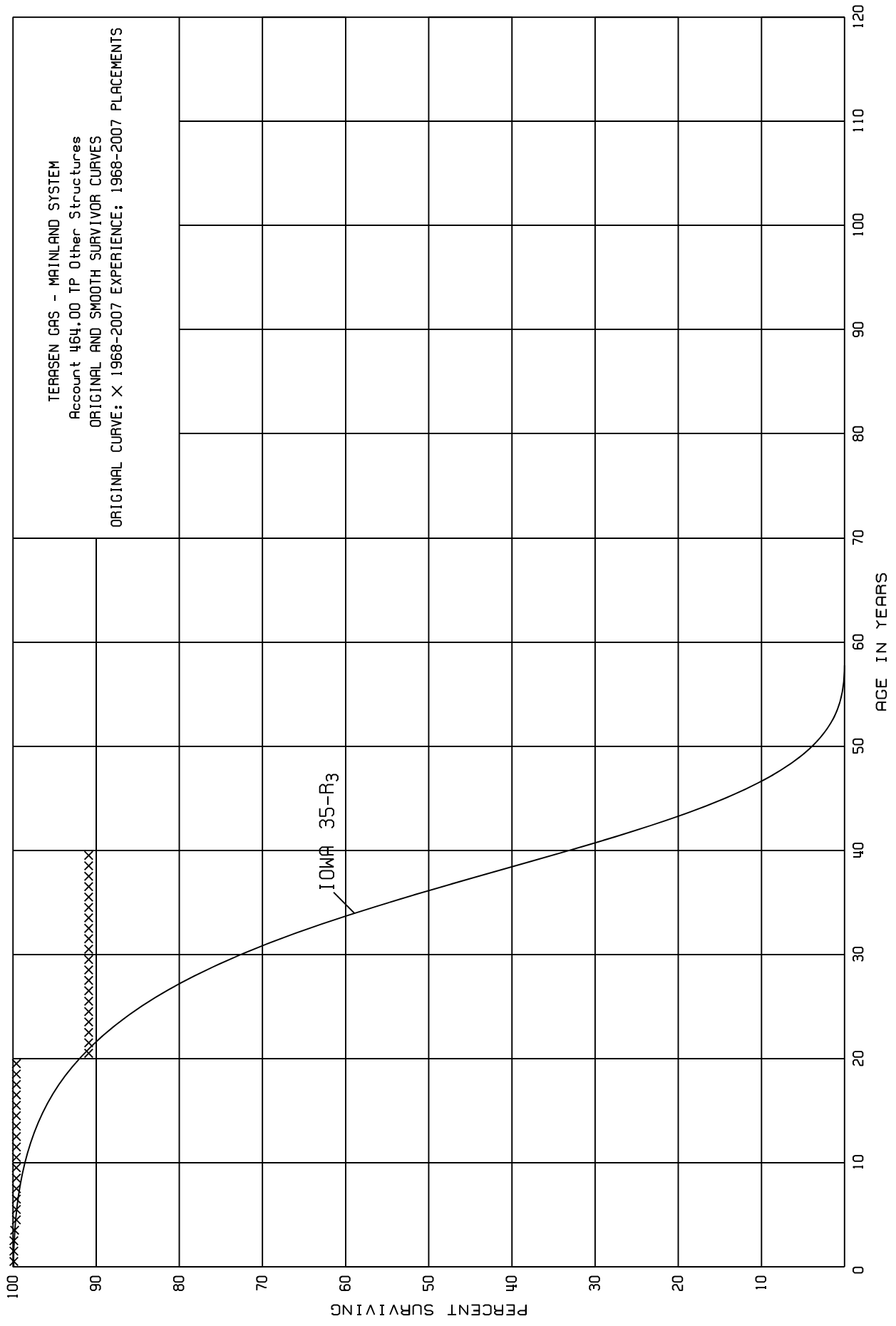
ACCOUNT 463.00 TP MEASURING & REGULATING STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1956-2007

EXPERIENCE BAND 1961-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	84,912		0.0000	1.0000	42.79
40.5	83,040		0.0000	1.0000	42.79
41.5	77,964		0.0000	1.0000	42.79
42.5	68,986		0.0000	1.0000	42.79
43.5	38,164		0.0000	1.0000	42.79
44.5	7,072		0.0000	1.0000	42.79
45.5	6,016	4,697	0.7808	0.2192	42.79
46.5					9.38



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 464.00 TP OTHER STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1968-2007

EXPERIENCE BAND 1968-2007

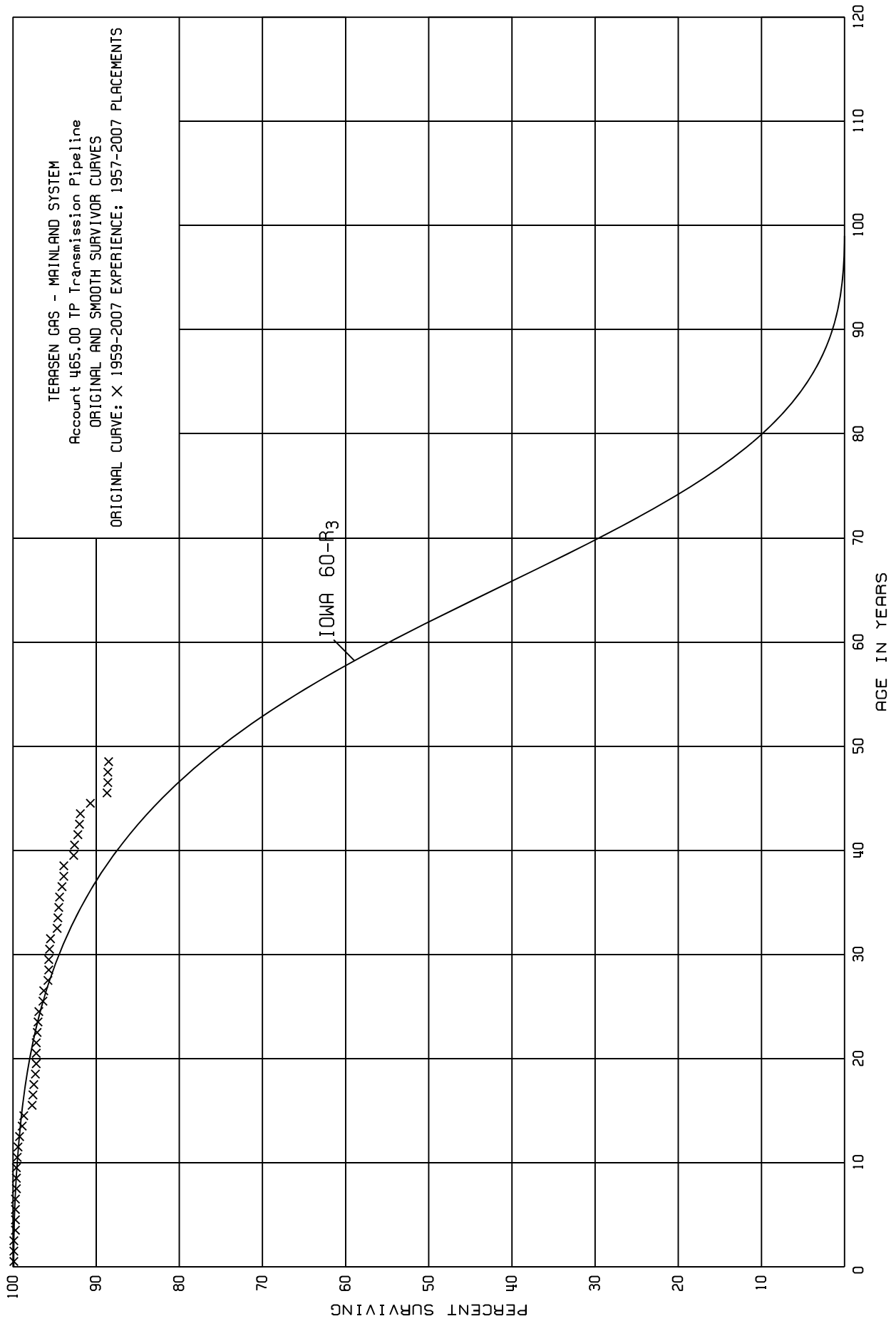
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,868,546		0.0000	1.0000	100.00
0.5	5,644,144		0.0000	1.0000	100.00
1.5	5,623,013	7,358	0.0013	0.9987	100.00
2.5	5,269,962	4,055	0.0008	0.9992	99.87
3.5	4,874,834	7,453	0.0015	0.9985	99.79
4.5	4,857,954		0.0000	1.0000	99.64
5.5	4,288,858		0.0000	1.0000	99.64
6.5	388,211		0.0000	1.0000	99.64
7.5	315,371		0.0000	1.0000	99.64
8.5	229,494		0.0000	1.0000	99.64
9.5	229,494		0.0000	1.0000	99.64
10.5	219,440		0.0000	1.0000	99.64
11.5	147,539	70	0.0005	0.9995	99.64
12.5	138,887		0.0000	1.0000	99.59
13.5	122,239		0.0000	1.0000	99.59
14.5	104,728		0.0000	1.0000	99.59
15.5	104,447		0.0000	1.0000	99.59
16.5	78,597		0.0000	1.0000	99.59
17.5	75,990		0.0000	1.0000	99.59
18.5	74,317		0.0000	1.0000	99.59
19.5	66,277	6,746	0.1018	0.8982	99.59
20.5	46,272		0.0000	1.0000	89.45
21.5	46,272		0.0000	1.0000	89.45
22.5	46,272		0.0000	1.0000	89.45
23.5	44,804		0.0000	1.0000	89.45
24.5	35,935		0.0000	1.0000	89.45
25.5	29,189		0.0000	1.0000	89.45
26.5	26,979		0.0000	1.0000	89.45
27.5	26,979		0.0000	1.0000	89.45
28.5	16,153		0.0000	1.0000	89.45
29.5	9,838		0.0000	1.0000	89.45
30.5	9,838		0.0000	1.0000	89.45
31.5	9,838		0.0000	1.0000	89.45
32.5	7,846		0.0000	1.0000	89.45
33.5	7,846		0.0000	1.0000	89.45
34.5	1		0.0000	1.0000	89.45
35.5	1		0.0000	1.0000	89.45
36.5	1		0.0000	1.0000	89.45
37.5	1		0.0000	1.0000	89.45
38.5	1		0.0000	1.0000	89.45

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 464.00 TP OTHER STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1968-2007			EXPERIENCE BAND 1968-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					89.45



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 465.00 TP TRANSMISSION PIPELINE

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1959-2007

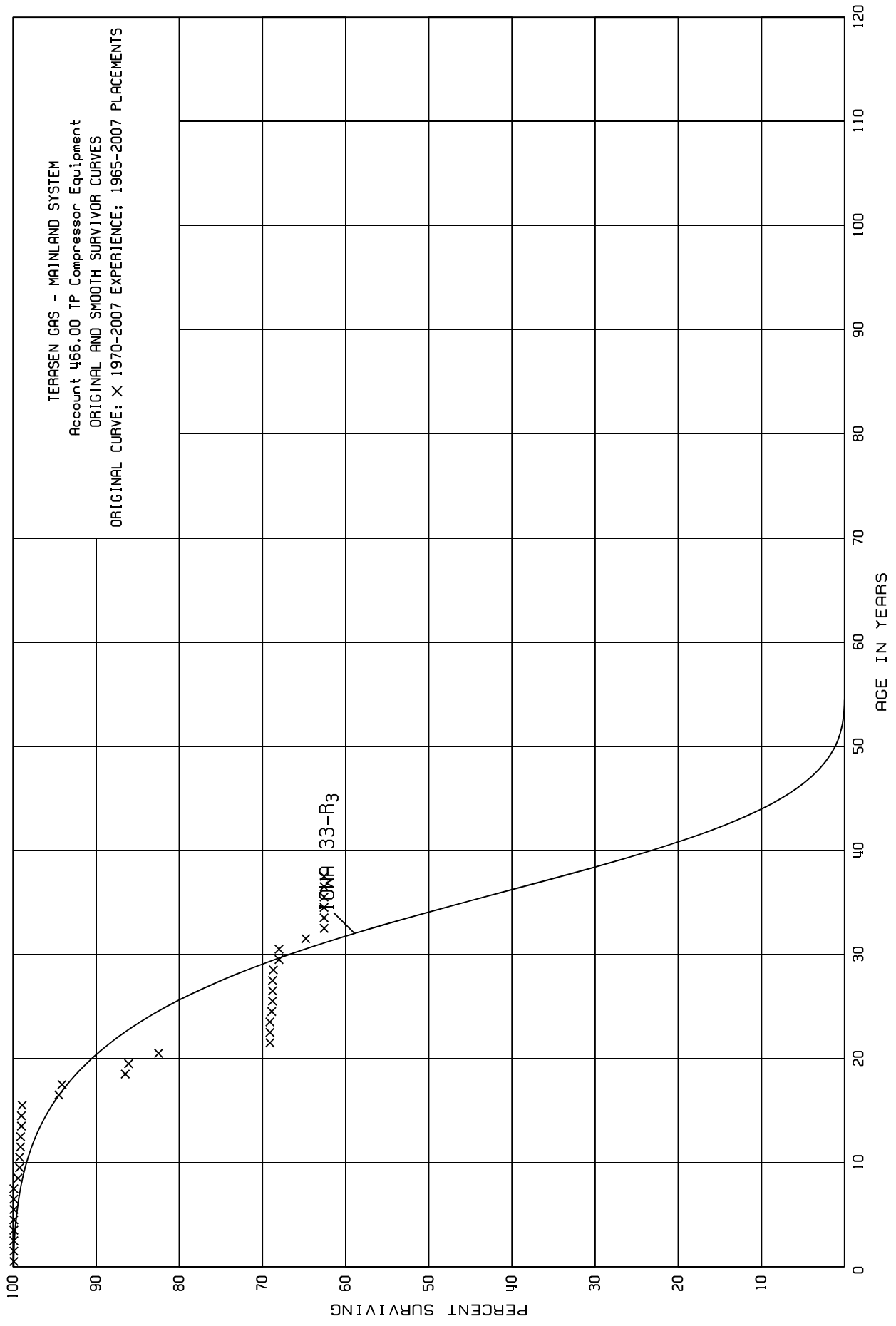
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	710,021,640	20,950	0.0000	1.0000	100.00
0.5	705,049,533	340,793	0.0005	0.9995	100.00
1.5	695,895,621	211,413	0.0003	0.9997	99.95
2.5	686,157,947	1,460,744	0.0021	0.9979	99.92
3.5	639,361,750	336,937	0.0005	0.9995	99.71
4.5	631,681,268	38,596	0.0001	0.9999	99.66
5.5	617,414,839	68,177	0.0001	0.9999	99.65
6.5	566,538,751	235,985	0.0004	0.9996	99.64
7.5	242,800,064	165,840	0.0007	0.9993	99.60
8.5	237,457,599	55,545	0.0002	0.9998	99.53
9.5	227,031,573	143,272	0.0006	0.9994	99.51
10.5	223,930,940	133,324	0.0006	0.9994	99.45
11.5	220,276,844	563,904	0.0026	0.9974	99.39
12.5	211,584,655	581,312	0.0027	0.9973	99.13
13.5	178,834,487	224,700	0.0013	0.9987	98.86
14.5	171,845,127	1,685,360	0.0098	0.9902	98.73
15.5	116,971,803	119,753	0.0010	0.9990	97.76
16.5	112,848,517	100,429	0.0009	0.9991	97.66
17.5	111,361,097	198,990	0.0018	0.9982	97.57
18.5	110,430,601	117,708	0.0011	0.9989	97.39
19.5	109,067,049	26,736	0.0002	0.9998	97.28
20.5	106,242,805	14,452	0.0001	0.9999	97.26
21.5	100,589,616	15,287	0.0002	0.9998	97.25
22.5	99,702,928	92,276	0.0009	0.9991	97.23
23.5	97,752,281	94,207	0.0010	0.9990	97.14
24.5	86,739,856	419,671	0.0048	0.9952	97.04
25.5	83,902,990	97,195	0.0012	0.9988	96.57
26.5	81,925,419	363,542	0.0044	0.9956	96.45
27.5	80,620,153	45,162	0.0006	0.9994	96.03
28.5	67,593,683	32,232	0.0005	0.9995	95.97
29.5	66,384,927	46,659	0.0007	0.9993	95.92
30.5	61,737,588	14,892	0.0002	0.9998	95.85
31.5	43,586,458	267,087	0.0061	0.9939	95.83
32.5	43,014,181	51,768	0.0012	0.9988	95.25
33.5	42,869,093	16,491	0.0004	0.9996	95.14
34.5	42,379,848	82,737	0.0020	0.9980	95.10
35.5	34,074,986	82,773	0.0024	0.9976	94.91
36.5	33,126,177	112,003	0.0034	0.9966	94.68
37.5	32,098,937		0.0000	1.0000	94.36
38.5	30,627,387	295,708	0.0097	0.9903	94.36

TERASEN GAS - MAINLAND SYSTEM
ACCOUNT 465.00 TP TRANSMISSION PIPELINE

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007 EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	29,398,793	24,571	0.0008	0.9992	93.44
40.5	28,892,563	98,214	0.0034	0.9966	93.37
41.5	24,836,051	39,589	0.0016	0.9984	93.05
42.5	24,740,300	30,563	0.0012	0.9988	92.90
43.5	24,091,356	200,880	0.0083	0.9917	92.79
44.5	14,407,521	327,084	0.0227	0.9773	92.02
45.5	14,080,437	17,760	0.0013	0.9987	89.93
46.5	13,975,092	41,389	0.0030	0.9970	89.81
47.5	13,933,703	5,119	0.0004	0.9996	89.54
48.5					89.50



TERASEN GAS - MAINLAND SYSTEM

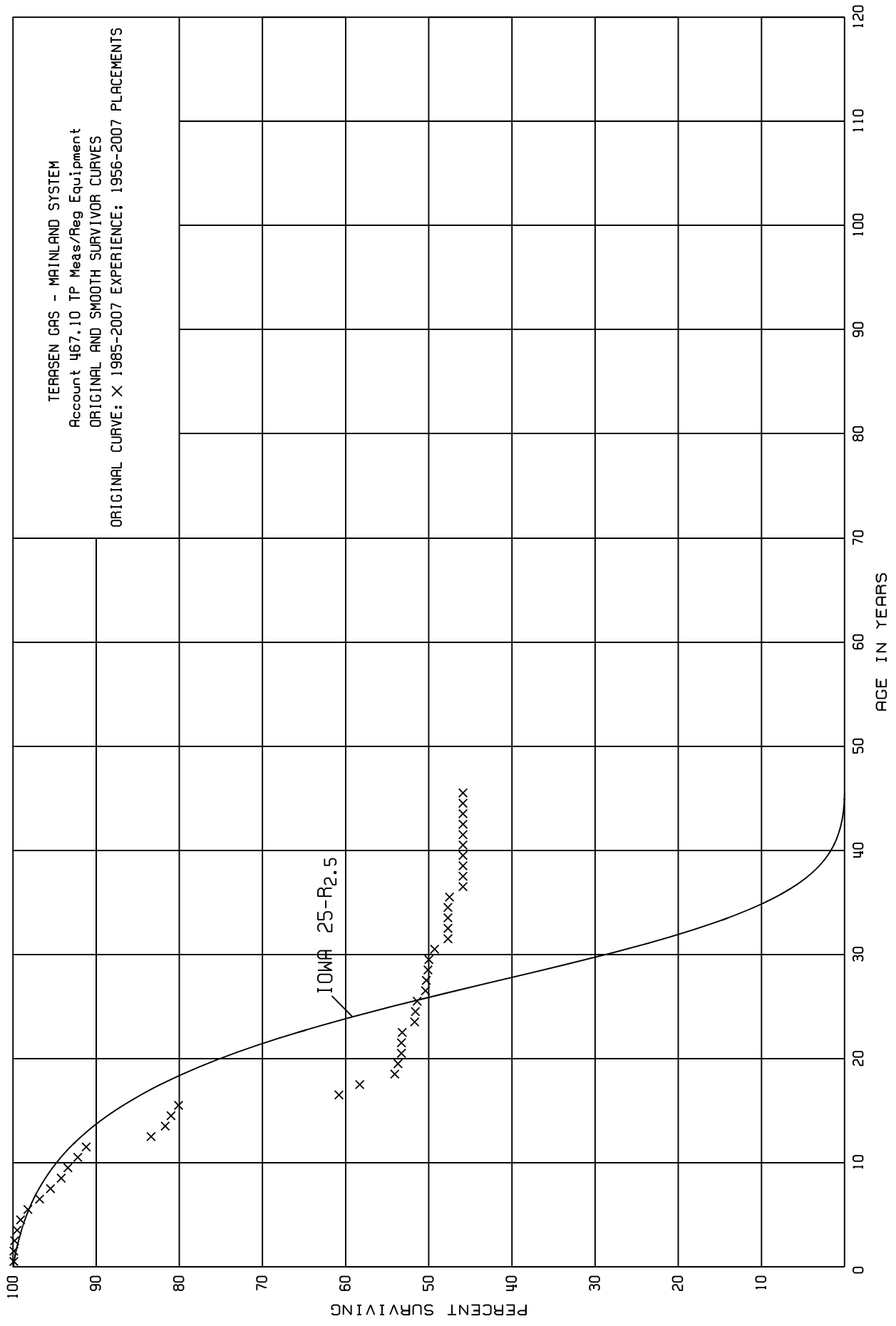
ACCOUNT 466.00 TP COMPRESSOR EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1965-2007

EXPERIENCE BAND 1970-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	107,685,714	35	0.0000	1.0000	100.00
0.5	107,670,999	556	0.0000	1.0000	100.00
1.5	107,655,591	758	0.0000	1.0000	100.00
2.5	106,154,135	2,978	0.0000	1.0000	100.00
3.5	102,943,650	1,513	0.0000	1.0000	100.00
4.5	102,614,320	16,949	0.0002	0.9998	100.00
5.5	97,155,610	23,569	0.0002	0.9998	99.98
6.5	92,069,850	18,547	0.0002	0.9998	99.96
7.5	40,615,156	234,417	0.0058	0.9942	99.94
8.5	40,336,886	62,334	0.0015	0.9985	99.36
9.5	40,129,147	5,855	0.0001	0.9999	99.21
10.5	38,004,445	41,588	0.0011	0.9989	99.20
11.5	36,653,394	11,150	0.0003	0.9997	99.09
12.5	32,389,126	13,910	0.0004	0.9996	99.06
13.5	10,855,443	5,619	0.0005	0.9995	99.02
14.5	6,327,641	3,876	0.0006	0.9994	98.97
15.5	3,877,376	171,537	0.0442	0.9558	98.91
16.5	3,580,372	17,640	0.0049	0.9951	94.54
17.5	3,517,288	284,588	0.0809	0.9191	94.08
18.5	3,210,898	12,182	0.0038	0.9962	86.47
19.5	3,184,745	135,051	0.0424	0.9576	86.14
20.5	2,966,404	480,963	0.1621	0.8379	82.49
21.5	2,470,175	510	0.0002	0.9998	69.12
22.5	2,460,683	85	0.0000	1.0000	69.11
23.5	2,453,433	9,084	0.0037	0.9963	69.11
24.5	2,396,588	374	0.0002	0.9998	68.85
25.5	2,387,470	1,436	0.0006	0.9994	68.84
26.5	2,380,662	655	0.0003	0.9997	68.80
27.5	2,379,523	4,049	0.0017	0.9983	68.78
28.5	2,366,825	22,073	0.0093	0.9907	68.66
29.5	1,726,115		0.0000	1.0000	68.02
30.5	1,681,768	79,374	0.0472	0.9528	68.02
31.5	880,910	29,977	0.0340	0.9660	64.81
32.5	850,485		0.0000	1.0000	62.61
33.5	651,741		0.0000	1.0000	62.61
34.5	6,993		0.0000	1.0000	62.61
35.5	6,687		0.0000	1.0000	62.61
36.5	6,687		0.0000	1.0000	62.61
37.5					62.61



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 467.10 TP MEAS/REG EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1956-2007

EXPERIENCE BAND 1962-2007

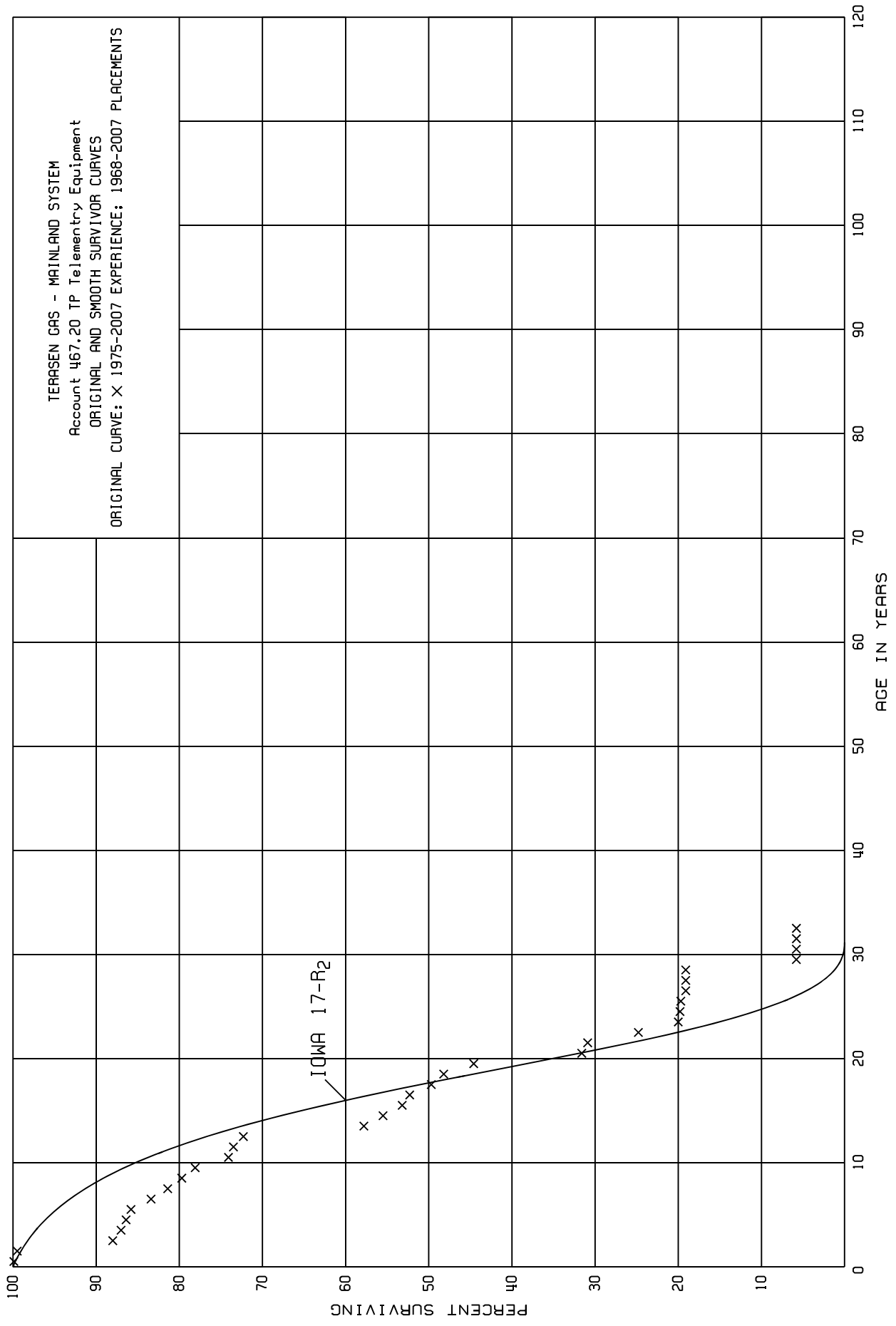
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	33,033,385	178,113	0.0054	0.9946	100.00
0.5	31,864,817	11,633	0.0004	0.9996	99.46
1.5	31,390,643	28,212	0.0009	0.9991	99.42
2.5	30,714,407	68,444	0.0022	0.9978	99.33
3.5	27,703,599	105,624	0.0038	0.9962	99.11
4.5	23,942,432	378,143	0.0158	0.9842	98.73
5.5	21,170,312	288,749	0.0136	0.9864	97.17
6.5	20,460,308	247,391	0.0121	0.9879	95.85
7.5	16,974,438	212,557	0.0125	0.9875	94.69
8.5	16,620,168	129,336	0.0078	0.9922	93.51
9.5	16,294,703	226,671	0.0139	0.9861	92.78
10.5	14,858,083	144,388	0.0097	0.9903	91.49
11.5	12,600,649	942,895	0.0748	0.9252	90.60
12.5	10,391,814	188,092	0.0181	0.9819	83.82
13.5	9,239,359	89,387	0.0097	0.9903	82.30
14.5	7,241,261	67,497	0.0093	0.9907	81.50
15.5	5,545,851	1,063,422	0.1918	0.8082	80.74
16.5	4,027,004	122,841	0.0305	0.9695	65.25
17.5	3,558,961	200,554	0.0564	0.9436	63.26
18.5	3,083,734	69,455	0.0225	0.9775	59.69
19.5	2,957,024	148,825	0.0503	0.9497	58.35
20.5	2,725,753	1,217	0.0004	0.9996	55.41
21.5	2,631,204	4,690	0.0018	0.9982	55.39
22.5	2,509,193	69,034	0.0275	0.9725	55.29
23.5	2,403,347	3,170	0.0013	0.9987	53.77
24.5	2,258,647	8,004	0.0035	0.9965	53.70
25.5	2,111,721	43,788	0.0207	0.9793	53.51
26.5	1,976,805	1,249	0.0006	0.9994	52.40
27.5	1,734,176	7,442	0.0043	0.9957	52.37
28.5	1,715,078	3,232	0.0019	0.9981	52.14
29.5	1,432,123	21,090	0.0147	0.9853	52.04
30.5	1,374,426	44,228	0.0322	0.9678	51.28
31.5	1,234,965	800	0.0006	0.9994	49.63
32.5	1,196,889		0.0000	1.0000	49.60
33.5	1,168,629		0.0000	1.0000	49.60
34.5	1,160,038	4,450	0.0038	0.9962	49.60
35.5	1,071,230	37,550	0.0351	0.9649	49.41
36.5	1,012,838		0.0000	1.0000	47.68
37.5	995,870		0.0000	1.0000	47.68
38.5	837,740		0.0000	1.0000	47.68

TERASEN GAS - MAINLAND SYSTEM
ACCOUNT 467.10 TP MEAS/REG EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1956-2007 EXPERIENCE BAND 1962-2007

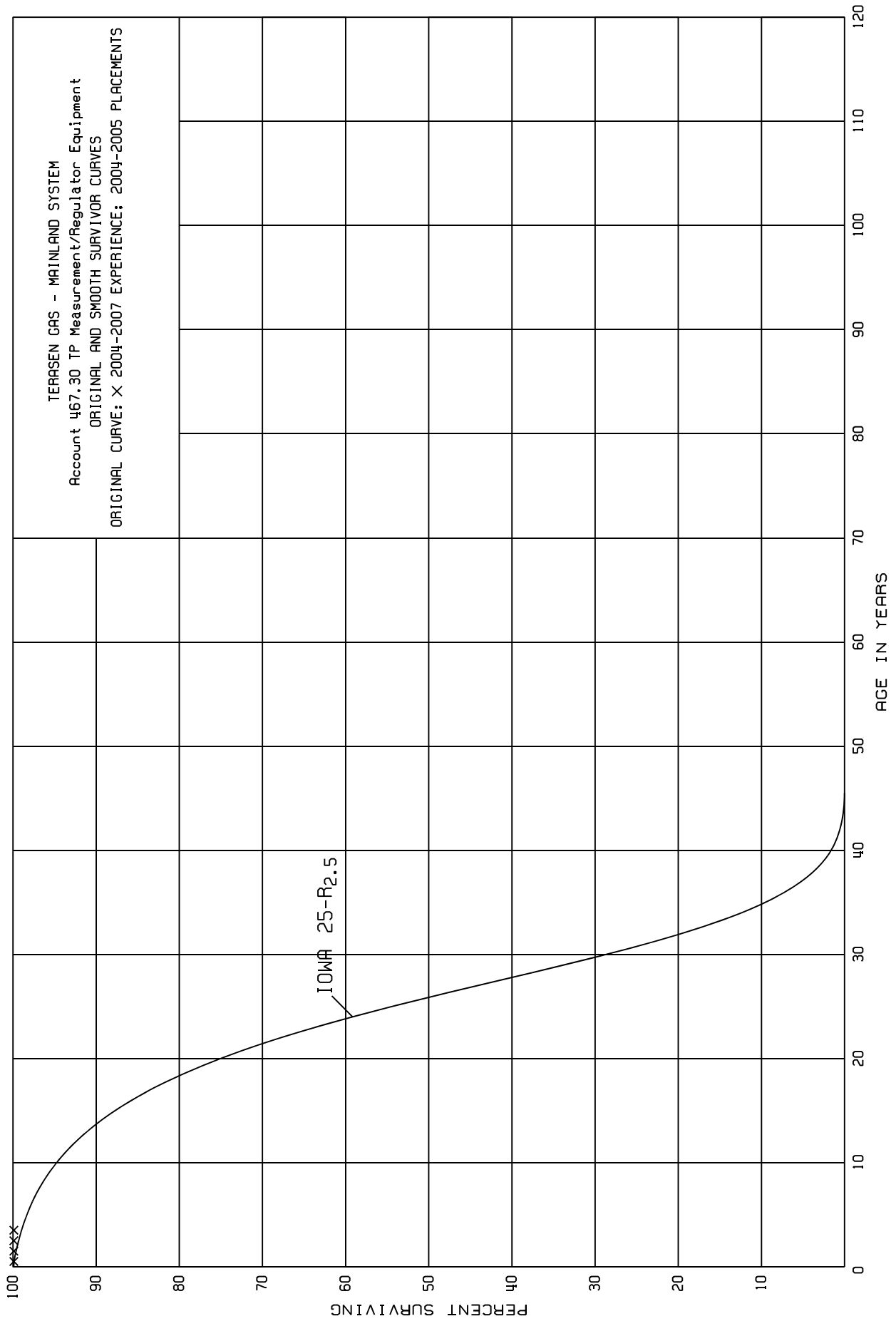
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	767,195		0.0000	1.0000	47.68
40.5	751,154		0.0000	1.0000	47.68
41.5	695,296		0.0000	1.0000	47.68
42.5	657,056		0.0000	1.0000	47.68
43.5	427,788		0.0000	1.0000	47.68
44.5	8,842		0.0000	1.0000	47.68
45.5					47.68



TERASEN GAS - MAINLAND SYSTEM
ACCOUNT 467.20 TP TELEMETRY EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1968-2007			EXPERIENCE BAND 1975-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	10,511,831	12,004	0.0011	0.9989	100.00
0.5	10,941,836	36,864	0.0034	0.9966	99.89
1.5	9,832,518	978,712	0.0995	0.9005	99.55
2.5	8,852,632	83,348	0.0094	0.9906	89.64
3.5	8,443,286	53,985	0.0064	0.9936	88.80
4.5	8,275,516	56,148	0.0068	0.9932	88.23
5.5	8,128,708	185,424	0.0228	0.9772	87.63
6.5	7,526,552	1,223,566	0.1626	0.8374	85.63
7.5	5,896,137	118,502	0.0201	0.9799	71.71
8.5	4,991,706	95,520	0.0191	0.9809	70.27
9.5	4,678,987	235,426	0.0503	0.9497	68.93
10.5	4,222,990	35,095	0.0083	0.9917	65.46
11.5	4,128,120	61,252	0.0148	0.9852	64.92
12.5	3,840,952	962,585	0.2506	0.7494	63.96
13.5	2,703,687	110,366	0.0408	0.9592	47.93
14.5	2,063,243	84,253	0.0408	0.9592	45.97
15.5	1,850,930	32,222	0.0174	0.9826	44.09
16.5	1,696,445	81,868	0.0483	0.9517	43.32
17.5	1,606,631	47,800	0.0298	0.9702	41.23
18.5	1,546,075	116,783	0.0755	0.9245	40.00
19.5	1,369,200	394,389	0.2880	0.7120	36.98
20.5	905,392	19,690	0.0217	0.9783	26.33
21.5	362,152	68,456	0.1890	0.8110	25.76
22.5	279,707	51,529	0.1842	0.8158	20.89
23.5	189,651	1,790	0.0094	0.9906	17.04
24.5	162,457	804	0.0049	0.9951	16.88
25.5	135,025	3,628	0.0269	0.9731	16.80
26.5	103,693		0.0000	1.0000	16.35
27.5	70,875		0.0000	1.0000	16.35
28.5	68,725	47,907	0.6971	0.3029	16.35
29.5	20,818		0.0000	1.0000	4.95
30.5	15,840		0.0000	1.0000	4.95
31.5	8,837		0.0000	1.0000	4.95
32.5					4.95



TERASEN GAS - MAINLAND SYSTEM

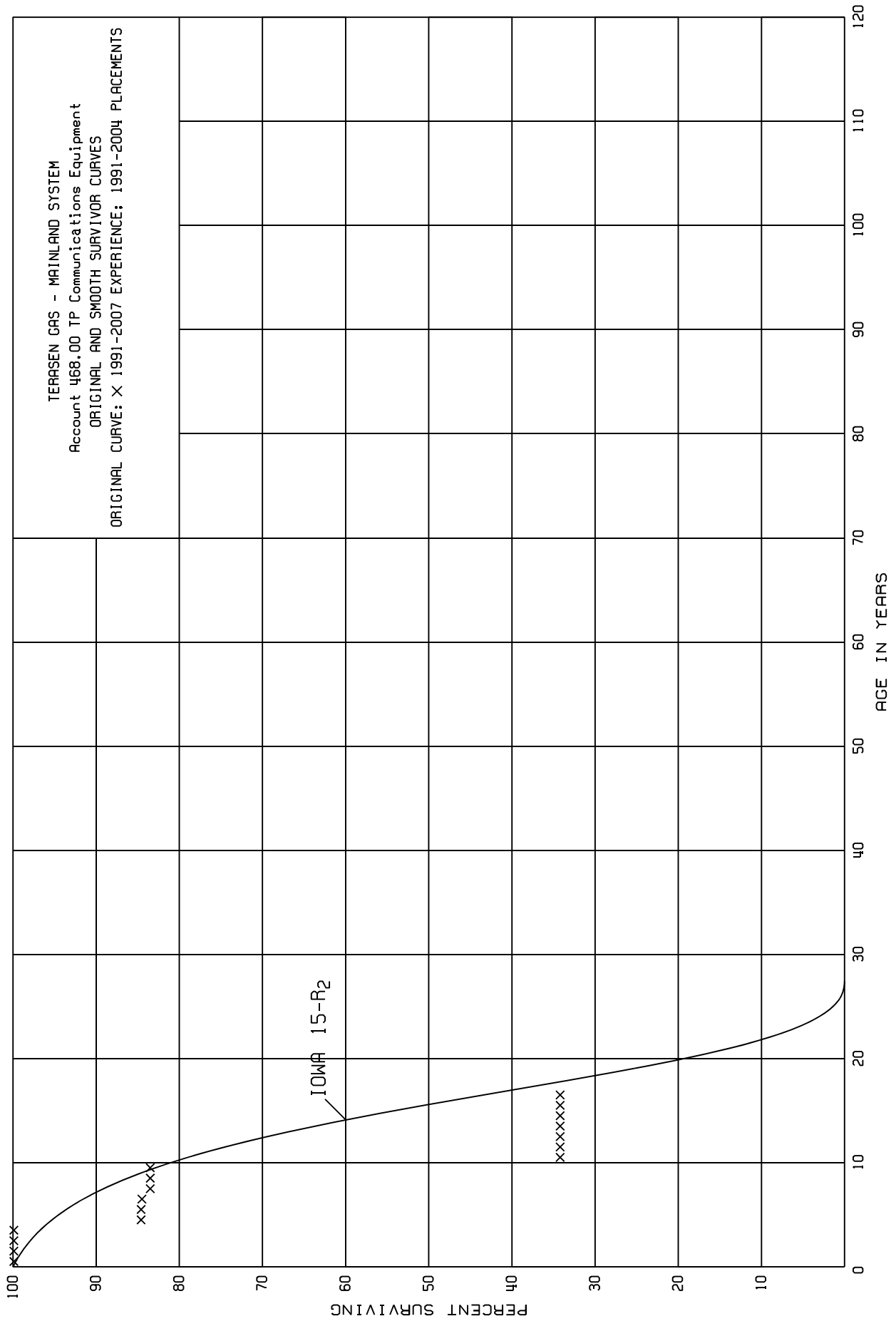
ACCOUNT 467.30 TP MEASUREMENT/REGULATOR EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 2004-2005

EXPERIENCE BAND 2004-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	38,716		0.0000	1.0000	100.00
0.5	38,716		0.0000	1.0000	100.00
1.5	38,716		0.0000	1.0000	100.00
2.5	32,220		0.0000	1.0000	100.00
3.5					100.00



TERASEN GAS - MAINLAND SYSTEM

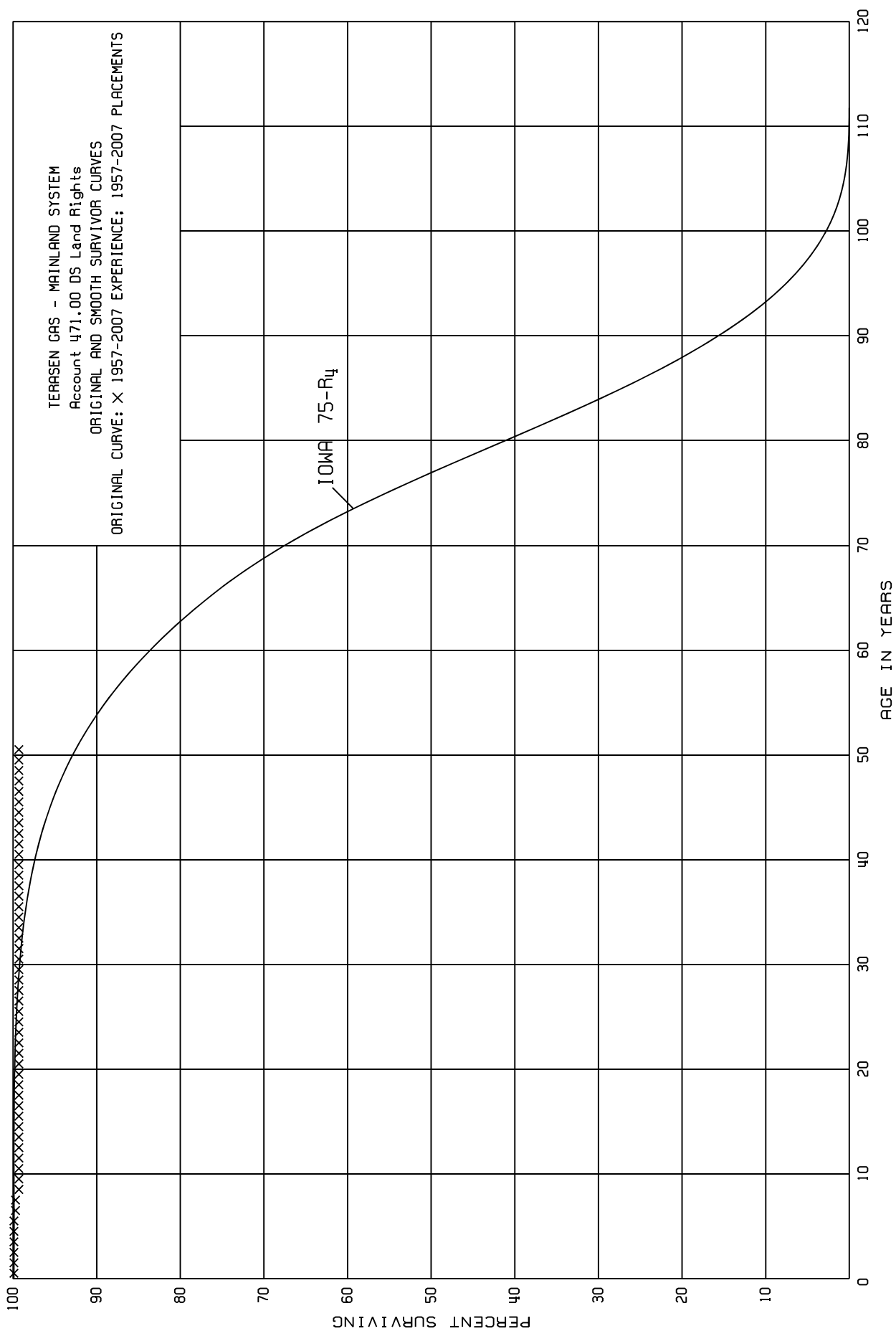
ACCOUNT 468.00 TP COMMUNICATIONS EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1991-2004

EXPERIENCE BAND 1991-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	686,641		0.0000	1.0000	100.00
0.5	686,641		0.0000	1.0000	100.00
1.5	686,641		0.0000	1.0000	100.00
2.5	686,641	106	0.0002	0.9998	100.00
3.5	665,988	101,196	0.1519	0.8481	99.98
4.5	564,792		0.0000	1.0000	84.79
5.5	558,798	849	0.0015	0.9985	84.79
6.5	399,999	4,374	0.0109	0.9891	84.66
7.5	395,625		0.0000	1.0000	83.74
8.5	390,402		0.0000	1.0000	83.74
9.5	390,402	225,386	0.5773	0.4227	83.74
10.5	160,896	4,902	0.0305	0.9695	35.40
11.5	127,711	3,942	0.0309	0.9691	34.32
12.5	103,814		0.0000	1.0000	33.26
13.5	13,501		0.0000	1.0000	33.26
14.5	11,614		0.0000	1.0000	33.26
15.5	5,633		0.0000	1.0000	33.26
16.5					33.26



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 471.00 DS LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1957-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,042,577		0.0000	1.0000	100.00
0.5	856,856		0.0000	1.0000	100.00
1.5	712,366		0.0000	1.0000	100.00
2.5	712,366		0.0000	1.0000	100.00
3.5	688,062		0.0000	1.0000	100.00
4.5	662,758		0.0000	1.0000	100.00
5.5	552,274	1,493	0.0027	0.9973	100.00
6.5	493,008		0.0000	1.0000	99.73
7.5	477,059	1,878	0.0039	0.9961	99.73
8.5	474,380		0.0000	1.0000	99.34
9.5	474,380		0.0000	1.0000	99.34
10.5	449,182		0.0000	1.0000	99.34
11.5	446,448		0.0000	1.0000	99.34
12.5	435,870	305	0.0007	0.9993	99.34
13.5	417,937		0.0000	1.0000	99.27
14.5	389,475		0.0000	1.0000	99.27
15.5	382,716		0.0000	1.0000	99.27
16.5	375,961		0.0000	1.0000	99.27
17.5	316,208		0.0000	1.0000	99.27
18.5	279,156		0.0000	1.0000	99.27
19.5	257,690		0.0000	1.0000	99.27
20.5	236,487		0.0000	1.0000	99.27
21.5	229,233		0.0000	1.0000	99.27
22.5	199,837		0.0000	1.0000	99.27
23.5	150,565		0.0000	1.0000	99.27
24.5	80,008		0.0000	1.0000	99.27
25.5	50,453		0.0000	1.0000	99.27
26.5	42,962		0.0000	1.0000	99.27
27.5	40,994		0.0000	1.0000	99.27
28.5	35,990		0.0000	1.0000	99.27
29.5	33,276		0.0000	1.0000	99.27
30.5	32,689		0.0000	1.0000	99.27
31.5	30,378		0.0000	1.0000	99.27
32.5	28,150		0.0000	1.0000	99.27
33.5	24,513		0.0000	1.0000	99.27
34.5	22,379		0.0000	1.0000	99.27
35.5	21,027		0.0000	1.0000	99.27
36.5	20,195		0.0000	1.0000	99.27
37.5	17,405		0.0000	1.0000	99.27
38.5	16,161		0.0000	1.0000	99.27

TERASEN GAS - MAINLAND SYSTEM

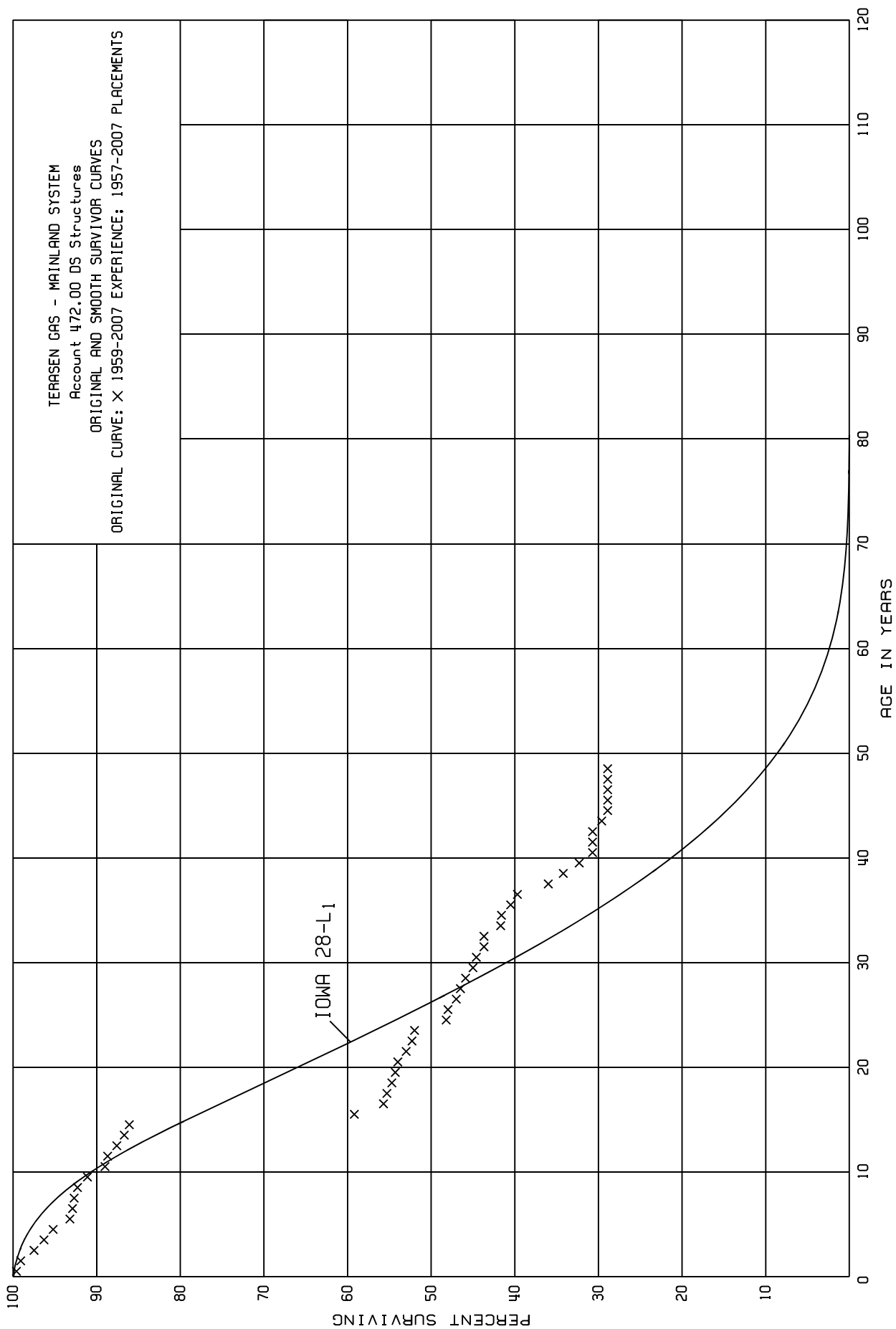
ACCOUNT 471.00 DS LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1957-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	16,048		0.0000	1.0000	99.27
40.5	16,039		0.0000	1.0000	99.27
41.5	15,041		0.0000	1.0000	99.27
42.5	14,126		0.0000	1.0000	99.27
43.5	8,898		0.0000	1.0000	99.27
44.5	6,289		0.0000	1.0000	99.27
45.5	5,900		0.0000	1.0000	99.27
46.5	5,585		0.0000	1.0000	99.27
47.5	5,512		0.0000	1.0000	99.27
48.5	1,089		0.0000	1.0000	99.27
49.5	1,089		0.0000	1.0000	99.27
50.5					99.27



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 472.00 DS STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1959-2007

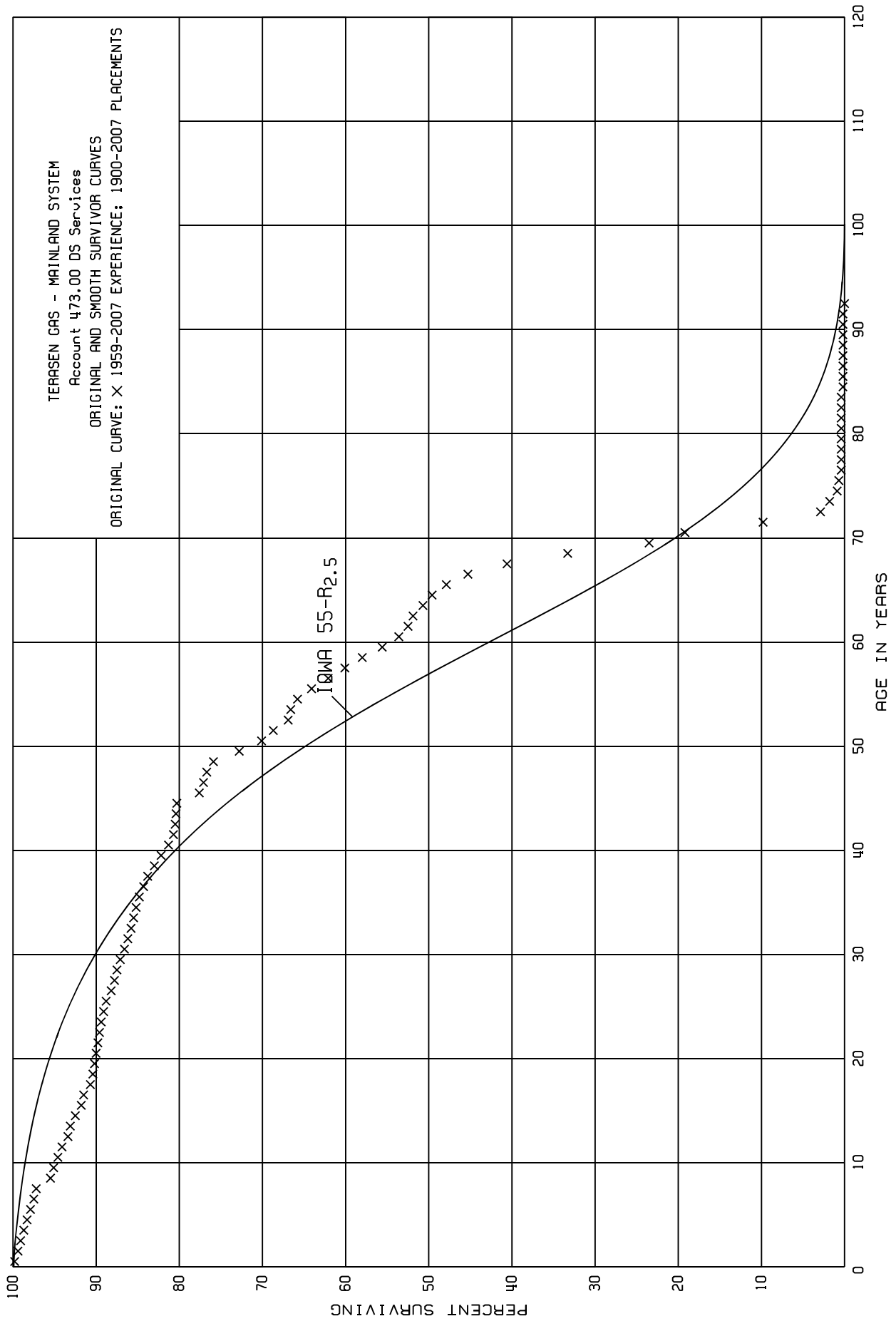
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	15,882,195	84,448	0.0053	0.9947	100.00
0.5	14,904,990	69,297	0.0046	0.9954	99.47
1.5	12,239,593	186,402	0.0152	0.9848	99.01
2.5	9,231,102	109,637	0.0119	0.9881	97.51
3.5	7,877,709	96,769	0.0123	0.9877	96.35
4.5	7,542,209	155,256	0.0206	0.9794	95.16
5.5	7,292,571	21,892	0.0030	0.9970	93.20
6.5	6,730,364	19,195	0.0029	0.9971	92.92
7.5	6,360,058	23,530	0.0037	0.9963	92.65
8.5	5,923,312	77,077	0.0130	0.9870	92.31
9.5	5,592,357	130,422	0.0233	0.9767	91.11
10.5	4,805,359	18,301	0.0038	0.9962	88.99
11.5	3,812,262	45,998	0.0121	0.9879	88.65
12.5	2,883,937	31,051	0.0108	0.9892	87.58
13.5	2,391,178	15,044	0.0063	0.9937	86.63
14.5	2,194,141	698,327	0.3183	0.6817	86.08
15.5	1,321,550	80,462	0.0609	0.9391	58.68
16.5	1,063,578	8,733	0.0082	0.9918	55.11
17.5	1,020,877	10,401	0.0102	0.9898	54.66
18.5	954,342	7,454	0.0078	0.9922	54.10
19.5	924,635	5,074	0.0055	0.9945	53.68
20.5	840,976	15,987	0.0190	0.9810	53.38
21.5	790,397	10,791	0.0137	0.9863	52.37
22.5	707,382	4,553	0.0064	0.9936	51.65
23.5	639,293	48,767	0.0763	0.9237	51.32
24.5	462,835	1,715	0.0037	0.9963	47.40
25.5	402,331	8,894	0.0221	0.9779	47.22
26.5	351,529	4,459	0.0127	0.9873	46.18
27.5	332,044	4,813	0.0145	0.9855	45.59
28.5	327,191	6,623	0.0202	0.9798	44.93
29.5	318,589	2,822	0.0089	0.9911	44.02
30.5	311,966	6,871	0.0220	0.9780	43.63
31.5	296,608	331	0.0011	0.9989	42.67
32.5	289,219	14,257	0.0493	0.9507	42.62
33.5	261,440	11,401	0.0436	0.9564	40.52
34.5	233,036	6,718	0.0288	0.9712	38.75
35.5	220,048	5,185	0.0236	0.9764	37.63
36.5	208,825	23,097	0.1106	0.8894	36.74
37.5	185,502	10,848	0.0585	0.9415	32.68
38.5	174,591	11,575	0.0663	0.9337	30.77

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 472.00 DS STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007			EXPERIENCE BAND 1959-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	162,707	9,976	0.0613	0.9387	28.73
40.5	151,406		0.0000	1.0000	26.97
41.5	149,584		0.0000	1.0000	26.97
42.5	115,862	5,444	0.0470	0.9530	26.97
43.5	107,997	3,313	0.0307	0.9693	25.70
44.5	76,174		0.0000	1.0000	24.91
45.5	75,970		0.0000	1.0000	24.91
46.5	3,509		0.0000	1.0000	24.91
47.5	3,509		0.0000	1.0000	24.91
48.5					24.91



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 473.00 DS SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1900-2007

EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	635,067,865	11,950,504	0.0188	0.9812	100.00
0.5	594,487,067	2,170,951	0.0037	0.9963	98.12
1.5	566,347,528	2,047,542	0.0036	0.9964	97.76
2.5	527,774,624	1,920,410	0.0036	0.9964	97.41
3.5	469,614,949	1,750,580	0.0037	0.9963	97.06
4.5	454,651,688	1,987,944	0.0044	0.9956	96.70
5.5	449,158,345	1,752,533	0.0039	0.9961	96.27
6.5	438,268,729	1,884,250	0.0043	0.9957	95.89
7.5	432,728,171	7,643,365	0.0177	0.9823	95.48
8.5	421,072,834	1,478,324	0.0035	0.9965	93.79
9.5	406,986,507	2,238,124	0.0055	0.9945	93.46
10.5	389,485,375	2,277,817	0.0058	0.9942	92.95
11.5	370,833,922	2,604,261	0.0070	0.9930	92.41
12.5	341,164,431	1,507,017	0.0044	0.9956	91.76
13.5	312,046,975	2,306,460	0.0074	0.9926	91.36
14.5	278,308,639	2,076,731	0.0075	0.9925	90.68
15.5	251,008,025	1,783,370	0.0071	0.9929	90.00
16.5	225,643,712	2,167,363	0.0096	0.9904	89.36
17.5	200,975,521	490,170	0.0024	0.9976	88.50
18.5	179,972,320	444,503	0.0025	0.9975	88.29
19.5	163,674,630	359,984	0.0022	0.9978	88.07
20.5	144,937,874	341,087	0.0024	0.9976	87.88
21.5	131,771,718	362,344	0.0027	0.9973	87.67
22.5	117,522,861	294,202	0.0025	0.9975	87.43
23.5	103,221,381	302,482	0.0029	0.9971	87.21
24.5	90,063,857	312,274	0.0035	0.9965	86.96
25.5	74,242,925	503,390	0.0068	0.9932	86.66
26.5	63,005,937	306,312	0.0049	0.9951	86.07
27.5	54,989,603	221,084	0.0040	0.9960	85.65
28.5	49,869,357	207,224	0.0042	0.9958	85.31
29.5	43,037,618	237,460	0.0055	0.9945	84.95
30.5	36,679,245	187,572	0.0051	0.9949	84.48
31.5	32,683,571	153,538	0.0047	0.9953	84.05
32.5	28,539,992	89,404	0.0031	0.9969	83.65
33.5	25,022,157	88,381	0.0035	0.9965	83.39
34.5	22,209,195	108,889	0.0049	0.9951	83.10
35.5	20,149,318	107,452	0.0053	0.9947	82.69
36.5	18,114,476	119,655	0.0066	0.9934	82.25
37.5	16,204,857	142,053	0.0088	0.9912	81.71
38.5	14,704,119	146,815	0.0100	0.9900	80.99

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 473.00 DS SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2007

EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	13,463,166	151,925	0.0113	0.9887	80.18
40.5	12,138,794	88,517	0.0073	0.9927	79.27
41.5	10,933,166	24,995	0.0023	0.9977	78.69
42.5	9,854,838	13,538	0.0014	0.9986	78.51
43.5	8,696,302	11,054	0.0013	0.9987	78.40
44.5	2,186,796	73,583	0.0336	0.9664	78.30
45.5	1,944,860	11,907	0.0061	0.9939	75.67
46.5	1,932,953	18,523	0.0096	0.9904	75.21
47.5	1,757,656	18,535	0.0105	0.9895	74.49
48.5	104,710	4,332	0.0414	0.9586	73.71
49.5	100,378	3,712	0.0370	0.9630	70.66
50.5	96,666	1,900	0.0197	0.9803	68.05
51.5	94,766	2,469	0.0261	0.9739	66.71
52.5	92,297	389	0.0042	0.9958	64.97
53.5	91,908	1,189	0.0129	0.9871	64.70
54.5	90,719	2,258	0.0249	0.9751	63.87
55.5	88,461	2,800	0.0317	0.9683	62.28
56.5	85,661	2,689	0.0314	0.9686	60.31
57.5	82,972	2,938	0.0354	0.9646	58.42
58.5	80,300	3,372	0.0420	0.9580	56.35
59.5	76,928	2,777	0.0361	0.9639	53.98
60.5	74,151	1,500	0.0202	0.9798	52.03
61.5	72,651	777	0.0107	0.9893	50.98
62.5	71,874	1,686	0.0235	0.9765	50.43
63.5	70,188	1,480	0.0211	0.9789	49.24
64.5	68,708	2,377	0.0346	0.9654	48.20
65.5	66,331	3,544	0.0534	0.9466	46.53
66.5	62,787	6,635	0.1057	0.8943	44.05
67.5	56,152	10,001	0.1781	0.8219	39.39
68.5	46,151	13,679	0.2964	0.7036	32.37
69.5	32,472	5,866	0.1806	0.8194	22.78
70.5	26,606	13,087	0.4919	0.5081	18.67
71.5	13,519	9,566	0.7076	0.2924	9.49
72.5	3,953	1,500	0.3795	0.6205	2.77
73.5	2,453	1,200	0.4892	0.5108	1.72
74.5	1,253	287	0.2291	0.7709	0.88
75.5	966	400	0.4141	0.5859	0.68
76.5	566		0.0000	1.0000	0.40
77.5	566		0.0000	1.0000	0.40
78.5	566		0.0000	1.0000	0.40

TERASEN GAS - MAINLAND SYSTEM

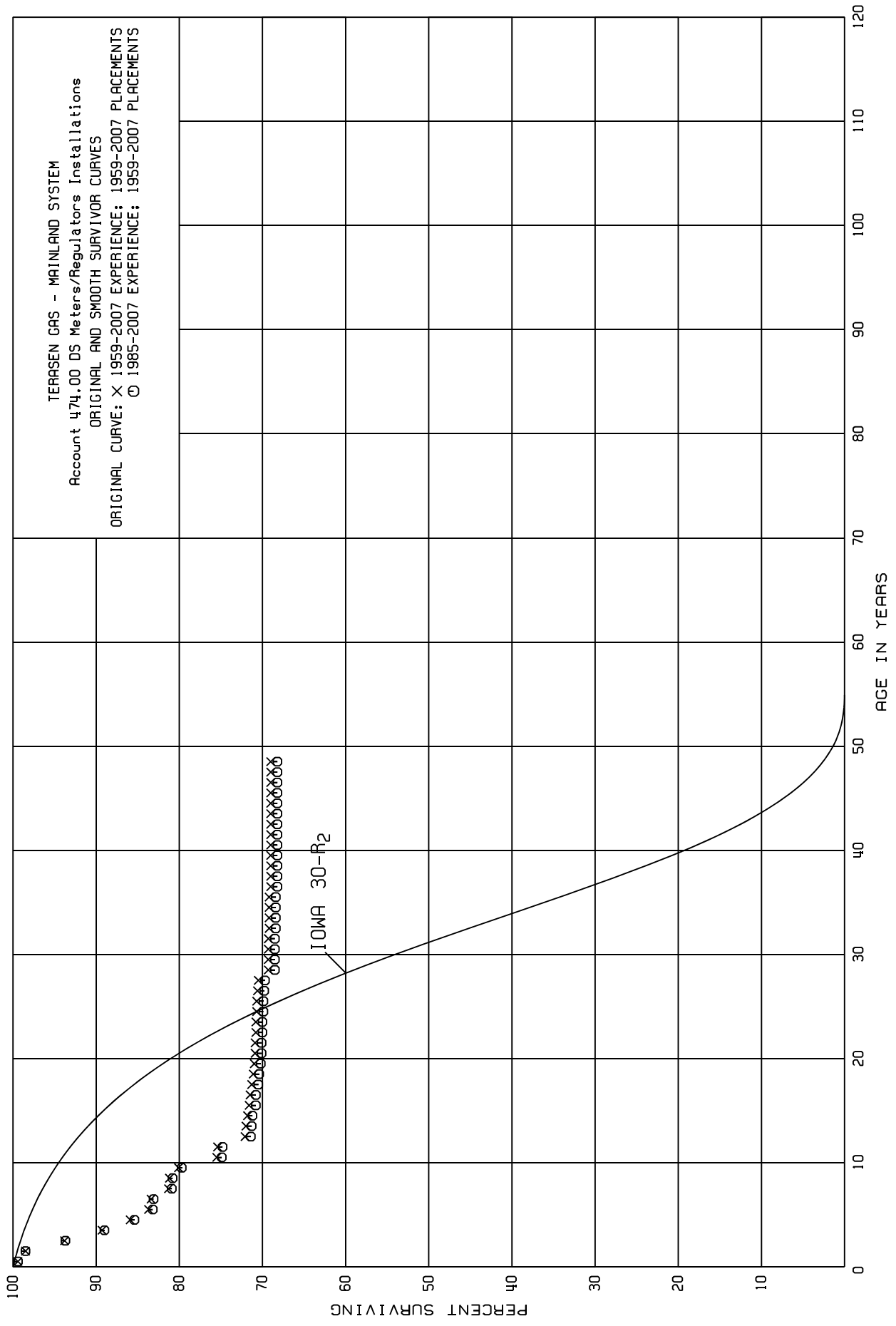
ACCOUNT 473.00 DS SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2007

EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	566		0.0000	1.0000	0.40
80.5	566		0.0000	1.0000	0.40
81.5	566		0.0000	1.0000	0.40
82.5	566		0.0000	1.0000	0.40
83.5	566	300	0.5300	0.4700	0.40
84.5	266		0.0000	1.0000	0.19
85.5	266		0.0000	1.0000	0.19
86.5	266		0.0000	1.0000	0.19
87.5	266		0.0000	1.0000	0.19
88.5	266		0.0000	1.0000	0.19
89.5	266		0.0000	1.0000	0.19
90.5	266		0.0000	1.0000	0.19
91.5	266	266	1.0000	0.0000	0.19
92.5					0.00



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 474.00 DS METERS/REGUALTORS INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1959-2007

EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	168,642,607	2,077,182	0.0123	0.9877	100.00
0.5	158,066,271	1,369,064	0.0087	0.9913	98.77
1.5	147,881,550	6,485,618	0.0439	0.9561	97.91
2.5	130,211,618	5,957,576	0.0458	0.9542	93.61
3.5	117,016,822	4,324,847	0.0370	0.9630	89.32
4.5	108,914,676	2,601,505	0.0239	0.9761	86.02
5.5	101,213,879	3,098,950	0.0306	0.9694	83.96
6.5	97,904,547	2,340,498	0.0239	0.9761	81.39
7.5	93,816,917	124,250	0.0013	0.9987	79.44
8.5	86,119,915	1,120,230	0.0130	0.9870	79.34
9.5	81,731,741	4,526,383	0.0554	0.9446	78.31
10.5	68,089,480	4,239,131	0.0623	0.9377	73.97
11.5	57,611,966	2,512,901	0.0436	0.9564	69.36
12.5	45,642,876	64,060	0.0014	0.9986	66.34
13.5	34,612,894	61,823	0.0018	0.9982	66.25
14.5	30,733,300	125,098	0.0041	0.9959	66.13
15.5	27,602,419	33,516	0.0012	0.9988	65.86
16.5	17,049,075	51,009	0.0030	0.9970	65.78
17.5	14,725,611	21,479	0.0015	0.9985	65.58
18.5	13,112,848	23,810	0.0018	0.9982	65.48
19.5	11,330,464	16,054	0.0014	0.9986	65.36
20.5	9,470,069	7,673	0.0008	0.9992	65.27
21.5	8,765,095	5,656	0.0006	0.9994	65.22
22.5	7,997,205	3,514	0.0004	0.9996	65.18
23.5	7,362,578	5,013	0.0007	0.9993	65.15
24.5	6,825,145	2,589	0.0004	0.9996	65.10
25.5	5,965,675	10,102	0.0017	0.9983	65.07
26.5	5,317,211	2,737	0.0005	0.9995	64.96
27.5	4,966,747	91,069	0.0183	0.9817	64.93
28.5	4,489,790	651	0.0001	0.9999	63.74
29.5	3,946,097	600	0.0002	0.9998	63.73
30.5	3,534,903		0.0000	1.0000	63.72
31.5	3,168,354	5,825	0.0018	0.9982	63.72
32.5	2,922,737		0.0000	1.0000	63.61
33.5	2,685,650		0.0000	1.0000	63.61
34.5	2,515,608		0.0000	1.0000	63.61
35.5	2,390,393	4,281	0.0018	0.9982	63.61
36.5	2,307,161		0.0000	1.0000	63.50
37.5	2,143,276		0.0000	1.0000	63.50
38.5	2,115,710		0.0000	1.0000	63.50

TERASEN GAS - MAINLAND SYSTEM

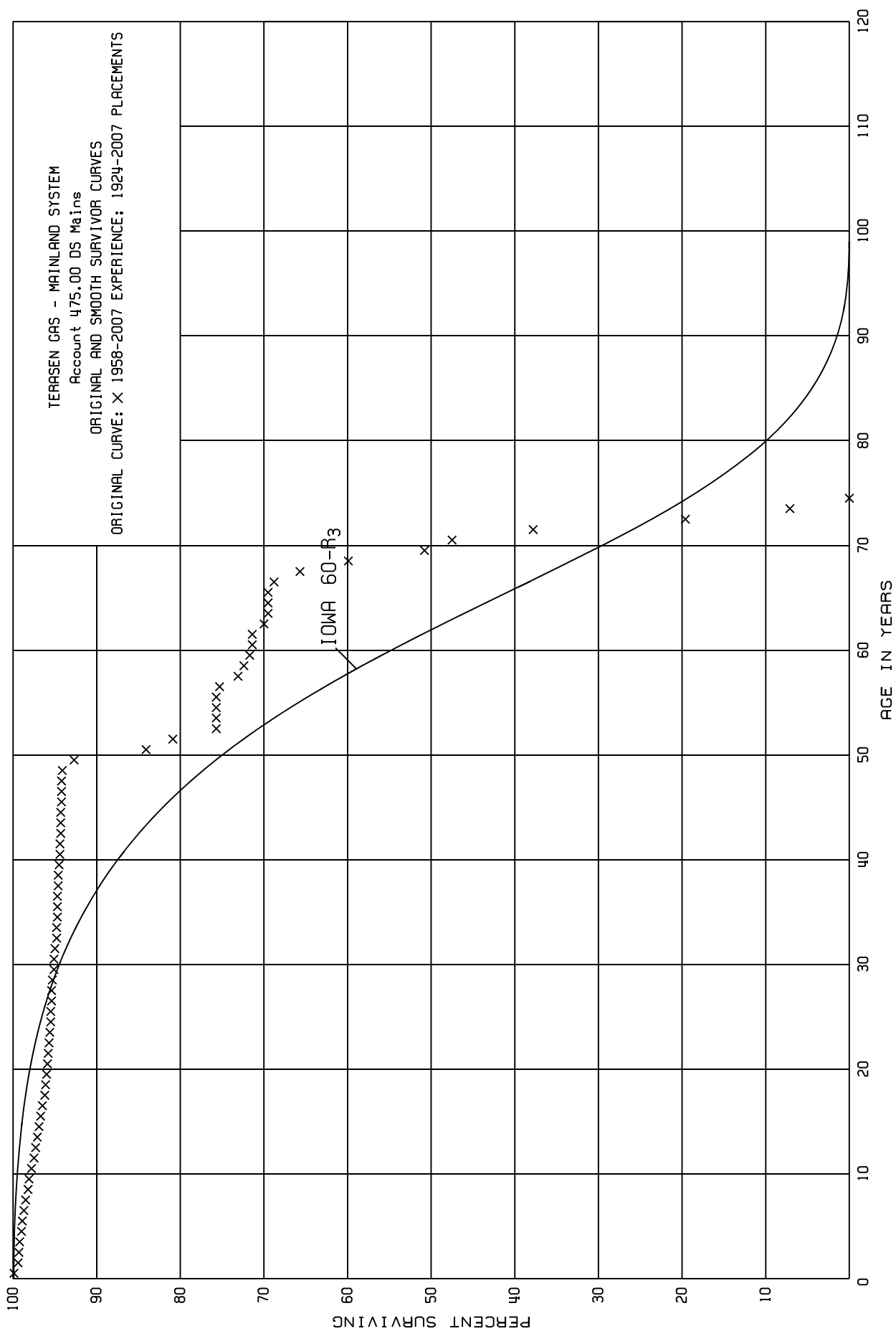
ACCOUNT 474.00 DS METERS/REGUALTORS INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1959-2007

EXPERIENCE BAND 1959-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,851,729		0.0000	1.0000	63.50
40.5	1,711,294		0.0000	1.0000	63.50
41.5	1,508,982		0.0000	1.0000	63.50
42.5	1,362,368		0.0000	1.0000	63.50
43.5	1,172,656		0.0000	1.0000	63.50
44.5	1,054,380		0.0000	1.0000	63.50
45.5	986,853		0.0000	1.0000	63.50
46.5	394,658		0.0000	1.0000	63.50
47.5	303,837		0.0000	1.0000	63.50
48.5					63.50



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 475.00 DS MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1924-2007

EXPERIENCE BAND 1958-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	820,496,102	494,414	0.0006	0.9994	100.00
0.5	799,446,119	4,137,861	0.0052	0.9948	99.94
1.5	761,659,663	1,070,191	0.0014	0.9986	99.42
2.5	729,896,442	848,405	0.0012	0.9988	99.28
3.5	645,214,168	955,796	0.0015	0.9985	99.16
4.5	627,438,680	901,909	0.0014	0.9986	99.01
5.5	619,824,953	1,045,535	0.0017	0.9983	98.87
6.5	608,219,386	2,603,245	0.0043	0.9957	98.70
7.5	593,289,469	1,619,961	0.0027	0.9973	98.28
8.5	577,494,807	794,042	0.0014	0.9986	98.01
9.5	563,924,893	1,968,312	0.0035	0.9965	97.87
10.5	546,902,643	1,345,143	0.0025	0.9975	97.53
11.5	531,124,425	1,440,980	0.0027	0.9973	97.29
12.5	496,756,164	860,957	0.0017	0.9983	97.03
13.5	468,502,748	1,001,506	0.0021	0.9979	96.87
14.5	442,689,861	1,175,399	0.0027	0.9973	96.67
15.5	417,765,394	1,526,639	0.0037	0.9963	96.41
16.5	403,741,862	1,481,510	0.0037	0.9963	96.05
17.5	384,980,078	518,666	0.0013	0.9987	95.69
18.5	374,479,889	510,726	0.0014	0.9986	95.57
19.5	361,701,850	252,680	0.0007	0.9993	95.44
20.5	340,630,823	214,556	0.0006	0.9994	95.37
21.5	320,866,014	399,887	0.0012	0.9988	95.31
22.5	305,484,702	328,028	0.0011	0.9989	95.20
23.5	287,302,642	388,048	0.0014	0.9986	95.10
24.5	257,662,602	130,255	0.0005	0.9995	94.97
25.5	230,065,119	130,714	0.0006	0.9994	94.92
26.5	212,756,034	155,972	0.0007	0.9993	94.86
27.5	196,798,874	208,191	0.0011	0.9989	94.79
28.5	181,770,863	239,923	0.0013	0.9987	94.69
29.5	167,300,254	153,729	0.0009	0.9991	94.57
30.5	153,362,782	149,544	0.0010	0.9990	94.48
31.5	137,192,155	278,684	0.0020	0.9980	94.39
32.5	125,561,095	53,444	0.0004	0.9996	94.20
33.5	115,615,819	81,825	0.0007	0.9993	94.16
34.5	108,827,831	30,086	0.0003	0.9997	94.09
35.5	102,471,007	34,729	0.0003	0.9997	94.06
36.5	95,649,702	54,091	0.0006	0.9994	94.03
37.5	87,389,622	67,098	0.0008	0.9992	93.97
38.5	81,441,128	37,821	0.0005	0.9995	93.89

TERASEN GAS - MAINLAND SYSTEM

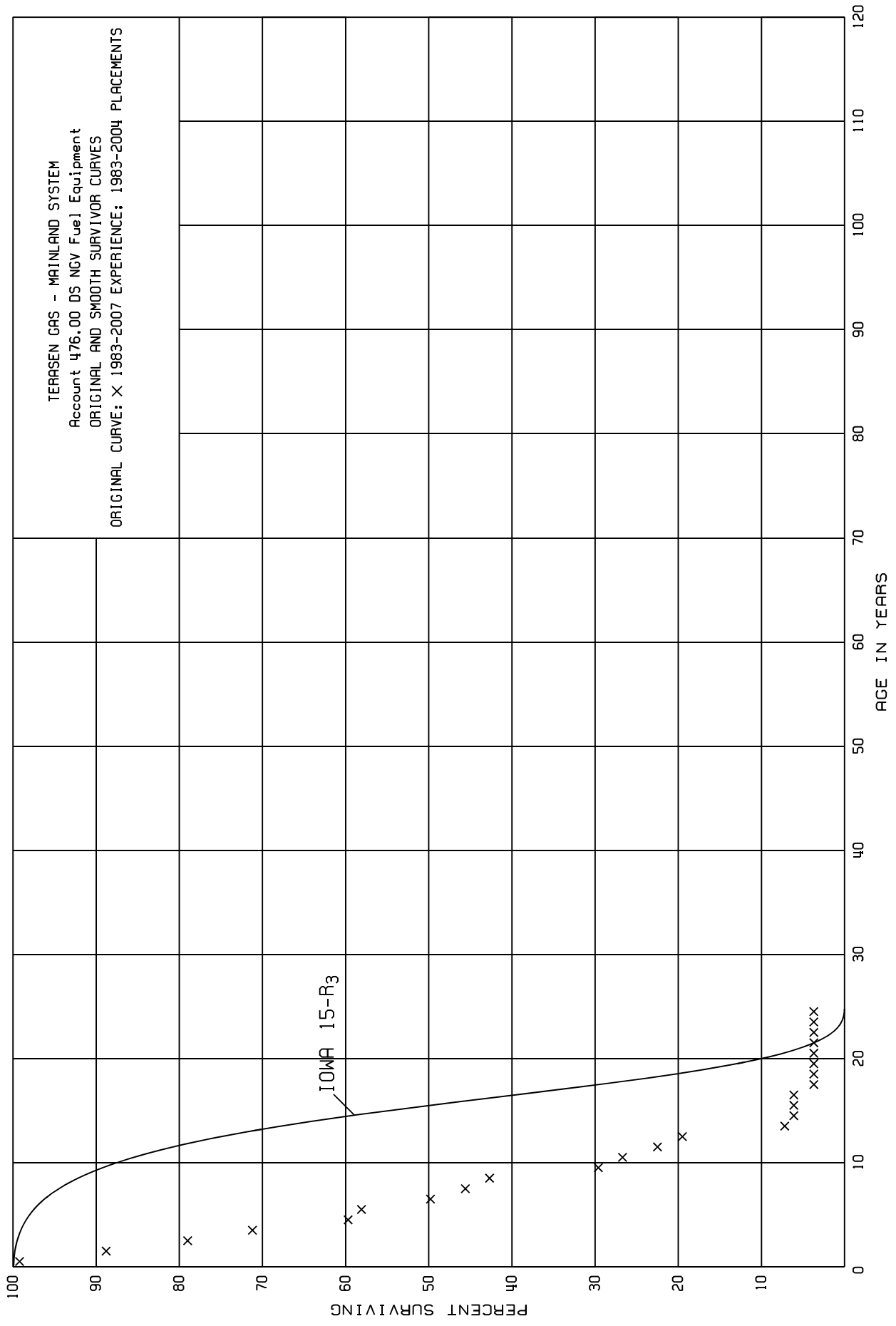
ACCOUNT 475.00 DS MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1924-2007

EXPERIENCE BAND 1958-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	75,636,460	87,621	0.0012	0.9988	93.84
40.5	70,697,210	44,705	0.0006	0.9994	93.73
41.5	66,696,300	38,710	0.0006	0.9994	93.67
42.5	62,885,719	16,181	0.0003	0.9997	93.61
43.5	59,532,844	1,355	0.0000	1.0000	93.58
44.5	5,902,004	24,392	0.0041	0.9959	93.58
45.5	5,626,157	23,046	0.0041	0.9959	93.20
46.5	5,500,009	12,522	0.0023	0.9977	92.82
47.5	5,309,352	22,193	0.0042	0.9958	92.61
48.5	221,795	3,399	0.0153	0.9847	92.22
49.5	153,664	14,173	0.0922	0.9078	90.81
50.5	139,491	5,340	0.0383	0.9617	82.44
51.5	134,151	8,589	0.0640	0.9360	79.28
52.5	125,562		0.0000	1.0000	74.21
53.5	125,562	54	0.0004	0.9996	74.21
54.5	125,508		0.0000	1.0000	74.18
55.5	125,508	621	0.0049	0.9951	74.18
56.5	124,887	3,684	0.0295	0.9705	73.82
57.5	121,203	1,132	0.0093	0.9907	71.64
58.5	120,071	1,196	0.0100	0.9900	70.97
59.5	118,875	484	0.0041	0.9959	70.26
60.5	118,391		0.0000	1.0000	69.97
61.5	118,391	2,400	0.0203	0.9797	69.97
62.5	115,991	732	0.0063	0.9937	68.55
63.5	115,259	104	0.0009	0.9991	68.12
64.5	115,155		0.0000	1.0000	68.06
65.5	115,155	1,051	0.0091	0.9909	68.06
66.5	114,104	5,097	0.0447	0.9553	67.44
67.5	109,007	9,619	0.0882	0.9118	64.43
68.5	99,388	15,233	0.1533	0.8467	58.75
69.5	84,155	5,371	0.0638	0.9362	49.74
70.5	78,784	16,139	0.2049	0.7951	46.57
71.5	62,645	30,099	0.4805	0.5195	37.03
72.5	32,546	20,729	0.6369	0.3631	19.24
73.5	11,817	11,817	1.0000	0.0000	6.99
74.5					0.00



TERASEN GAS - MAINLAND SYSTEM

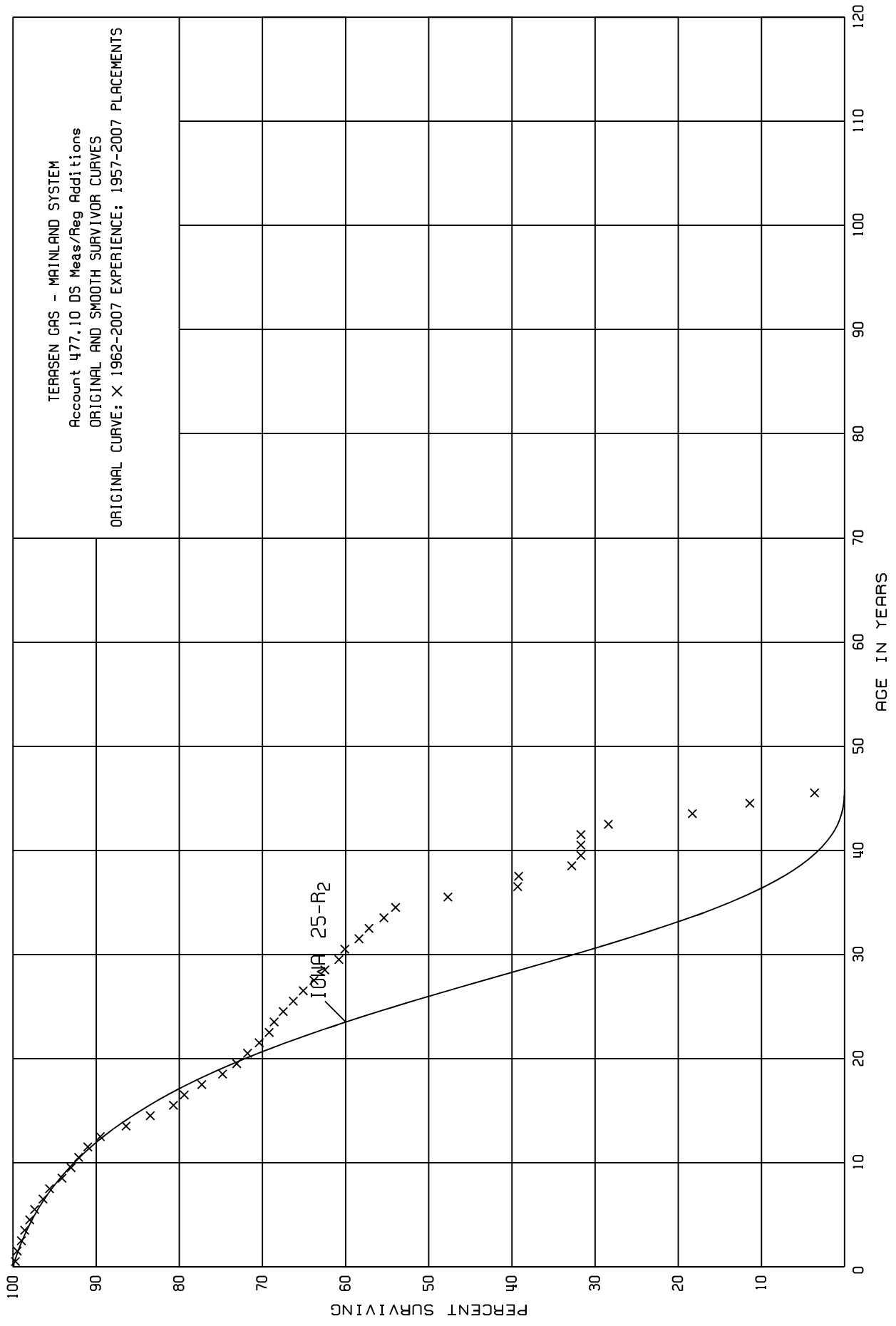
ACCOUNT 476.00 DS NGV FUEL EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1983-2004

EXPERIENCE BAND 1983-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	9,828,122	83,579	0.0085	0.9915	100.00
0.5	9,744,543	1,013,464	0.1040	0.8960	99.15
1.5	8,731,079	969,105	0.1110	0.8890	88.84
2.5	7,761,974	765,596	0.0986	0.9014	78.98
3.5	6,951,034	1,125,829	0.1620	0.8380	71.19
4.5	5,825,204	156,311	0.0268	0.9732	59.66
5.5	5,668,893	808,111	0.1426	0.8574	58.06
6.5	4,853,617	407,191	0.0839	0.9161	49.78
7.5	4,446,426	278,800	0.0627	0.9373	45.60
8.5	4,164,864	1,279,856	0.3073	0.6927	42.74
9.5	2,814,847	278,533	0.0990	0.9010	29.61
10.5	2,520,308	399,241	0.1584	0.8416	26.68
11.5	2,112,617	273,868	0.1296	0.8704	22.45
12.5	1,838,748	1,159,465	0.6306	0.3694	19.54
13.5	663,766	99,250	0.1495	0.8505	7.22
14.5	553,248		0.0000	1.0000	6.14
15.5	419,864		0.0000	1.0000	6.14
16.5	394,453	159,063	0.4032	0.5968	6.14
17.5	209,486		0.0000	1.0000	3.66
18.5	128,961		0.0000	1.0000	3.66
19.5	123,543		0.0000	1.0000	3.66
20.5	63,918		0.0000	1.0000	3.66
21.5	49,754		0.0000	1.0000	3.66
22.5	26,337		0.0000	1.0000	3.66
23.5	17,290		0.0000	1.0000	3.66
24.5					3.66



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1962-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	83,189,737	203,097	0.0024	0.9976	100.00
0.5	78,887,598	165,897	0.0021	0.9979	99.76
1.5	70,980,849	381,934	0.0054	0.9946	99.55
2.5	65,427,264	306,107	0.0047	0.9953	99.01
3.5	58,835,472	311,210	0.0053	0.9947	98.54
4.5	52,218,074	324,304	0.0062	0.9938	98.02
5.5	49,149,030	498,660	0.0101	0.9899	97.41
6.5	45,071,304	703,748	0.0156	0.9844	96.43
7.5	40,220,438	621,603	0.0155	0.9845	94.93
8.5	37,988,789	460,330	0.0121	0.9879	93.46
9.5	36,030,943	402,612	0.0112	0.9888	92.33
10.5	33,025,919	426,415	0.0129	0.9871	91.30
11.5	29,591,616	486,164	0.0164	0.9836	90.12
12.5	24,376,494	837,207	0.0343	0.9657	88.64
13.5	21,450,308	796,664	0.0371	0.9629	85.60
14.5	18,226,541	588,495	0.0323	0.9677	82.42
15.5	16,330,477	257,430	0.0158	0.9842	79.76
16.5	14,695,173	424,218	0.0289	0.9711	78.50
17.5	13,621,977	619,002	0.0454	0.9546	76.23
18.5	12,498,285	281,605	0.0225	0.9775	72.77
19.5	12,101,887	298,941	0.0247	0.9753	71.13
20.5	11,797,125	223,461	0.0189	0.9811	69.37
21.5	11,195,222	221,005	0.0197	0.9803	68.06
22.5	10,519,534	85,348	0.0081	0.9919	66.72
23.5	9,898,742	152,971	0.0155	0.9845	66.18
24.5	8,226,598	152,856	0.0186	0.9814	65.15
25.5	7,813,690	138,396	0.0177	0.9823	63.94
26.5	7,425,389	141,189	0.0190	0.9810	62.81
27.5	6,436,230	124,663	0.0194	0.9806	61.62
28.5	5,441,615	147,495	0.0271	0.9729	60.42
29.5	4,699,354	60,773	0.0129	0.9871	58.78
30.5	2,731,015	81,643	0.0299	0.9701	58.02
31.5	1,953,767	45,452	0.0233	0.9767	56.29
32.5	1,630,026	58,775	0.0361	0.9639	54.98
33.5	1,538,891	42,119	0.0274	0.9726	53.00
34.5	1,345,814	180,319	0.1340	0.8660	51.55
35.5	1,055,499	219,785	0.2082	0.7918	44.64
36.5	753,215	2,938	0.0039	0.9961	35.35
37.5	724,237	133,842	0.1848	0.8152	35.21
38.5	377,306	16,923	0.0449	0.9551	28.70

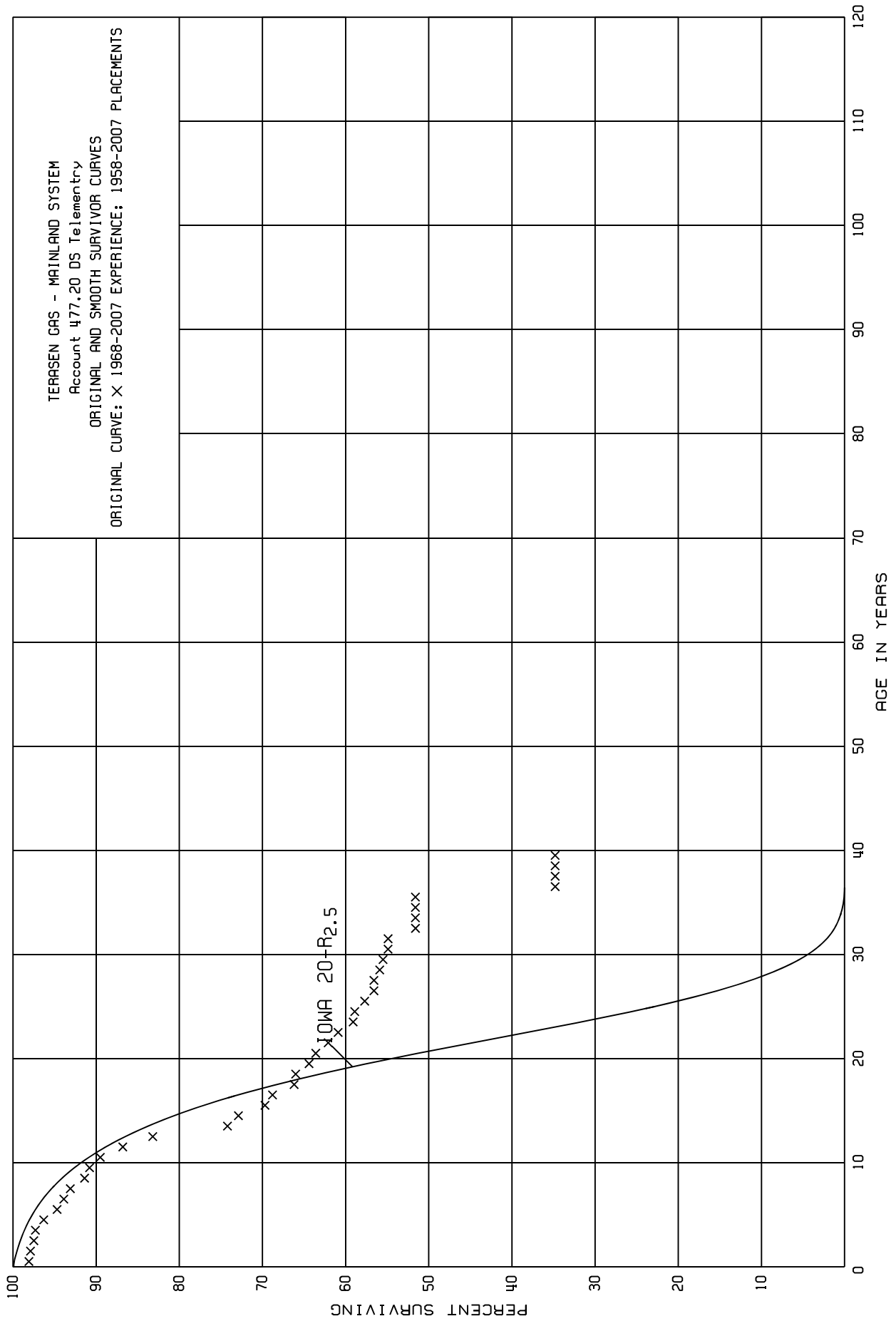
TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007 EXPERIENCE BAND 1962-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	346,170		0.0000	1.0000	27.41
40.5	275,743		0.0000	1.0000	27.41
41.5	221,265	22,833	0.1032	0.8968	27.41
42.5	113,465	40,318	0.3553	0.6447	24.58
43.5	35,986	13,615	0.3783	0.6217	15.85
44.5	20,347	13,855	0.6809	0.3191	9.85
45.5					3.14



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.20 DS TELEMETRY

ORIGINAL LIFE TABLE

PLACEMENT BAND 1958-2007

EXPERIENCE BAND 1968-2007

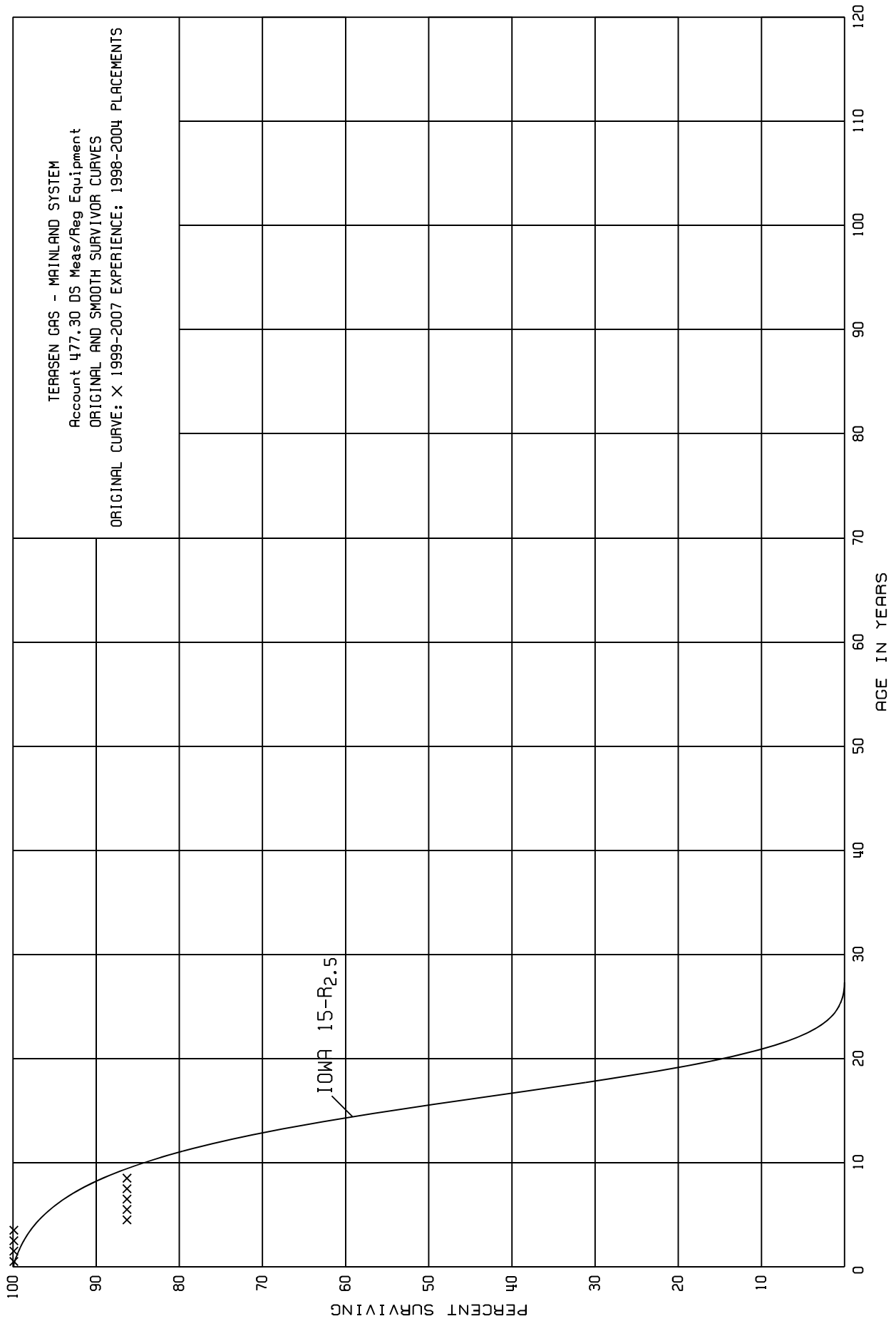
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	6,476,461	122,183	0.0189	0.9811	100.00
0.5	6,321,833	9,348	0.0015	0.9985	98.11
1.5	6,123,789	28,437	0.0046	0.9954	97.96
2.5	5,978,847	13,274	0.0022	0.9978	97.51
3.5	5,712,591	58,975	0.0103	0.9897	97.30
4.5	5,215,131	83,246	0.0160	0.9840	96.30
5.5	4,809,046	40,873	0.0085	0.9915	94.76
6.5	4,512,167	39,288	0.0087	0.9913	93.95
7.5	4,174,828	78,848	0.0189	0.9811	93.13
8.5	3,808,058	25,079	0.0066	0.9934	91.37
9.5	3,692,231	50,564	0.0137	0.9863	90.77
10.5	3,421,835	103,857	0.0304	0.9696	89.53
11.5	1,963,013	82,549	0.0421	0.9579	86.81
12.5	1,039,885	115,858	0.1114	0.8886	83.16
13.5	649,380	11,280	0.0174	0.9826	73.90
14.5	548,808	25,213	0.0459	0.9541	72.61
15.5	483,407	6,444	0.0133	0.9867	69.28
16.5	372,306	15,147	0.0407	0.9593	68.36
17.5	320,696	1,115	0.0035	0.9965	65.58
18.5	305,293	7,956	0.0261	0.9739	65.35
19.5	255,348	3,583	0.0140	0.9860	63.64
20.5	234,939	5,962	0.0254	0.9746	62.75
21.5	228,977	5,115	0.0223	0.9777	61.16
22.5	177,631	6,133	0.0345	0.9655	59.80
23.5	158,500	425	0.0027	0.9973	57.74
24.5	101,075	2,588	0.0256	0.9744	57.58
25.5	98,487	2,374	0.0241	0.9759	56.11
26.5	96,113		0.0000	1.0000	54.76
27.5	92,766	1,472	0.0159	0.9841	54.76
28.5	65,707	643	0.0098	0.9902	53.89
29.5	64,252	955	0.0149	0.9851	53.36
30.5	51,862		0.0000	1.0000	52.56
31.5	49,795	4,517	0.0907	0.9093	52.56
32.5	30,258		0.0000	1.0000	47.79
33.5	21,896		0.0000	1.0000	47.79
34.5	21,896		0.0000	1.0000	47.79
35.5	21,896	15,313	0.6994	0.3006	47.79
36.5	6,583		0.0000	1.0000	14.37
37.5	6,583		0.0000	1.0000	14.37
38.5	6,583		0.0000	1.0000	14.37

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.20 DS TELEMTRY

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1958-2007			EXPERIENCE BAND 1968-2007		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					14.37



TERASEN GAS - MAINLAND SYSTEM

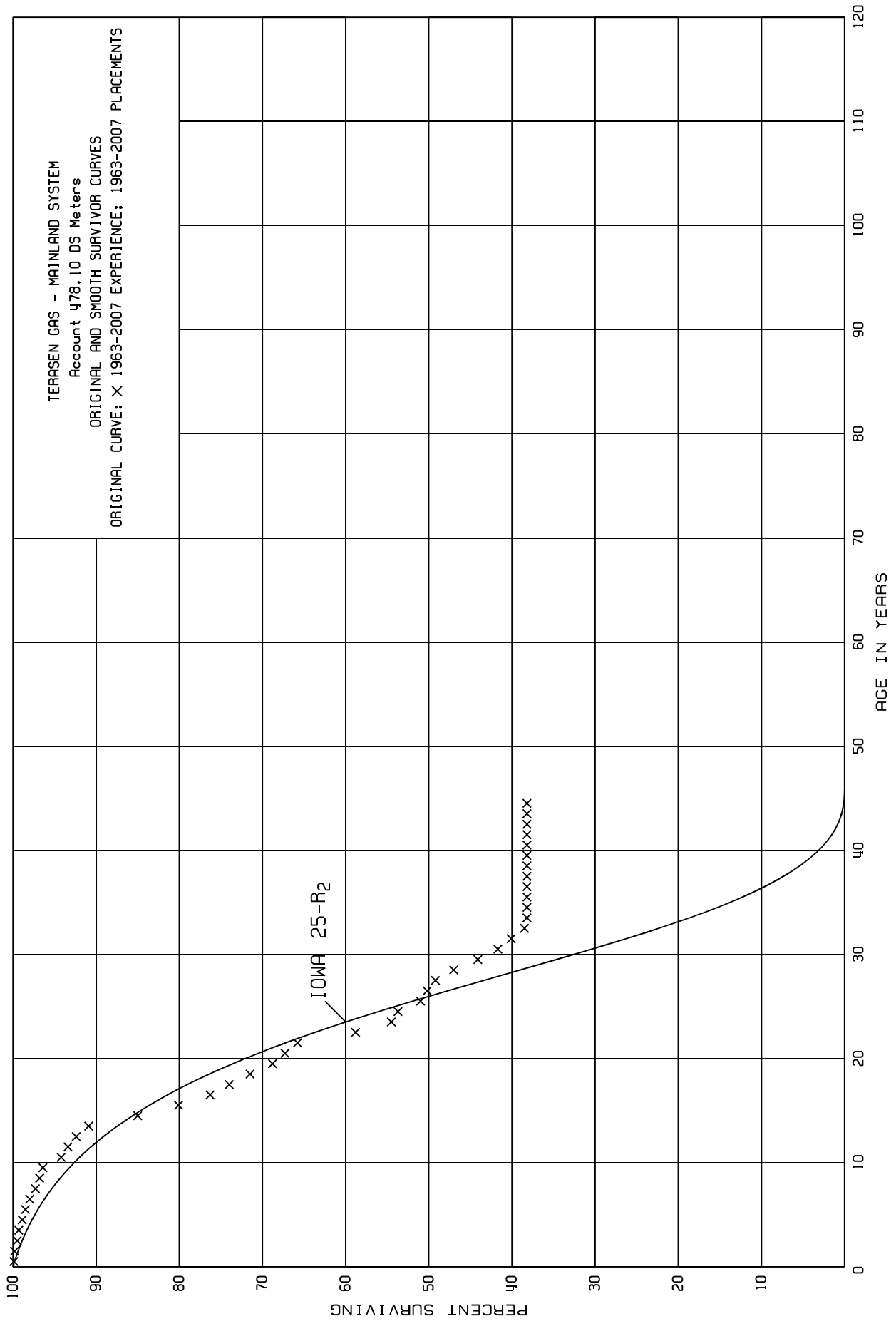
ACCOUNT 477.30 DS MEAS/REG EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1998-2004

EXPERIENCE BAND 1999-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	163,151		0.0000	1.0000	100.00
0.5	181,177		0.0000	1.0000	100.00
1.5	181,177		0.0000	1.0000	100.00
2.5	181,177		0.0000	1.0000	100.00
3.5	131,954	18,026	0.1366	0.8634	100.00
4.5	113,928		0.0000	1.0000	86.34
5.5	113,928		0.0000	1.0000	86.34
6.5	69,864		0.0000	1.0000	86.34
7.5	68,203		0.0000	1.0000	86.34
8.5					86.34



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.10 DS METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1963-2007

EXPERIENCE BAND 1963-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	216,988,388	138,559	0.0006	0.9994	100.00
0.5	208,074,105	236,806	0.0011	0.9989	99.94
1.5	199,581,712	592,737	0.0030	0.9970	99.83
2.5	186,997,652	414,251	0.0022	0.9978	99.53
3.5	163,103,359	644,923	0.0040	0.9960	99.31
4.5	151,174,200	692,385	0.0046	0.9954	98.91
5.5	142,714,421	583,546	0.0041	0.9959	98.46
6.5	138,575,217	1,090,652	0.0079	0.9921	98.06
7.5	130,164,875	648,895	0.0050	0.9950	97.29
8.5	122,321,622	586,739	0.0048	0.9952	96.80
9.5	115,540,707	2,632,467	0.0228	0.9772	96.34
10.5	106,492,660	894,332	0.0084	0.9916	94.14
11.5	98,301,116	1,327,729	0.0135	0.9865	93.35
12.5	87,444,091	1,800,321	0.0206	0.9794	92.09
13.5	79,231,429	5,509,893	0.0695	0.9305	90.19
14.5	68,395,402	4,028,692	0.0589	0.9411	83.92
15.5	59,382,313	2,920,237	0.0492	0.9508	78.98
16.5	52,174,775	1,854,859	0.0356	0.9644	75.09
17.5	37,655,766	1,525,223	0.0405	0.9595	72.42
18.5	22,220,962	1,132,813	0.0510	0.9490	69.49
19.5	21,056,945	531,930	0.0253	0.9747	65.95
20.5	20,080,057	430,526	0.0214	0.9786	64.28
21.5	18,312,954	1,852,532	0.1012	0.8988	62.90
22.5	15,777,524	1,113,792	0.0706	0.9294	56.53
23.5	13,585,073	924,184	0.0680	0.9320	52.54
24.5	12,660,889	630,836	0.0498	0.9502	48.97
25.5	10,654,063	179,868	0.0169	0.9831	46.53
26.5	9,361,897	187,992	0.0201	0.9799	45.74
27.5	7,869,857	348,232	0.0442	0.9558	44.82
28.5	6,852,543	421,739	0.0615	0.9385	42.84
29.5	5,235,755	287,219	0.0549	0.9451	40.21
30.5	3,925,523	152,679	0.0389	0.9611	38.00
31.5	2,901,975	114,772	0.0395	0.9605	36.52
32.5	2,216,104	18,397	0.0083	0.9917	35.08
33.5	1,687,544		0.0000	1.0000	34.79
34.5	1,285,658		0.0000	1.0000	34.79
35.5	1,008,534		0.0000	1.0000	34.79
36.5	793,837		0.0000	1.0000	34.79
37.5	627,456		0.0000	1.0000	34.79
38.5	488,603		0.0000	1.0000	34.79

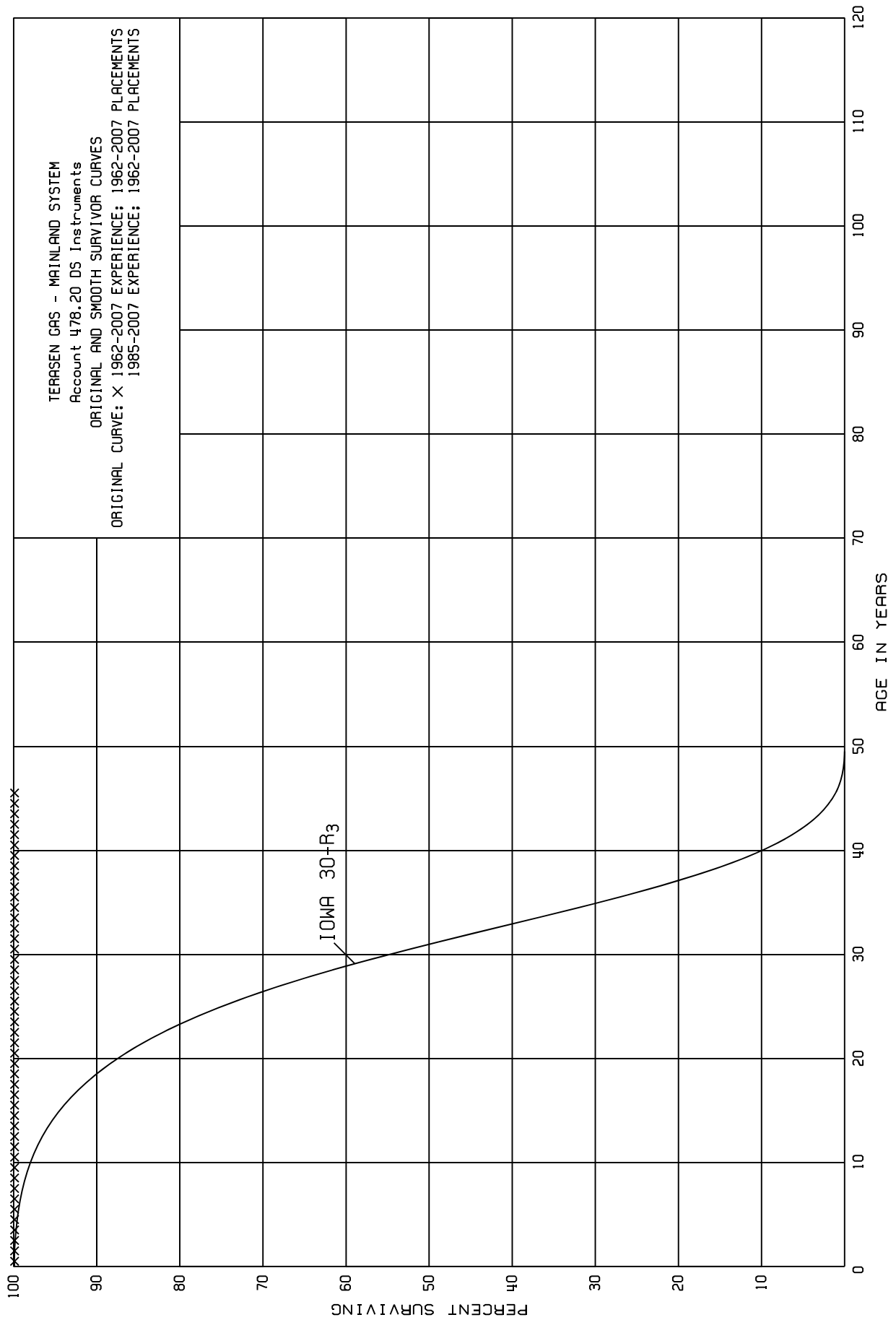
TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.10 DS METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1963-2007 EXPERIENCE BAND 1963-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	388,434		0.0000	1.0000	34.79
40.5	312,070		0.0000	1.0000	34.79
41.5	246,748		0.0000	1.0000	34.79
42.5	176,540		0.0000	1.0000	34.79
43.5	130,782		0.0000	1.0000	34.79
44.5					34.79



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.20 DS INSTRUMENTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1962-2007 EXPERIENCE BAND 1962-2007
PLACEMENT BAND 1962-2007 EXPERIENCE BAND 1985-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	21,389,210		0.0000	1.0000	100.00
0.5	20,496,137		0.0000	1.0000	100.00
1.5	19,845,790		0.0000	1.0000	100.00
2.5	18,494,595		0.0000	1.0000	100.00
3.5	15,469,956		0.0000	1.0000	100.00
4.5	13,467,973		0.0000	1.0000	100.00
5.5	12,805,462		0.0000	1.0000	100.00
6.5	12,121,185		0.0000	1.0000	100.00
7.5	11,663,394		0.0000	1.0000	100.00
8.5	11,011,019		0.0000	1.0000	100.00
9.5	10,958,105		0.0000	1.0000	100.00
10.5	10,203,593		0.0000	1.0000	100.00
11.5	8,960,577		0.0000	1.0000	100.00
12.5	7,394,242		0.0000	1.0000	100.00
13.5	5,582,817		0.0000	1.0000	100.00
14.5	3,953,902		0.0000	1.0000	100.00
15.5	2,541,332		0.0000	1.0000	100.00
16.5	1,900,982		0.0000	1.0000	100.00
17.5	1,583,411		0.0000	1.0000	100.00
18.5	1,452,219		0.0000	1.0000	100.00
19.5	1,205,556		0.0000	1.0000	100.00
20.5	1,041,114		0.0000	1.0000	100.00
21.5	1,002,441		0.0000	1.0000	100.00
22.5	993,342		0.0000	1.0000	100.00
23.5	988,636		0.0000	1.0000	100.00
24.5	257,100		0.0000	1.0000	100.00
25.5	210,422		0.0000	1.0000	100.00
26.5	171,404		0.0000	1.0000	100.00
27.5	142,316		0.0000	1.0000	100.00
28.5	124,772		0.0000	1.0000	100.00
29.5	105,614		0.0000	1.0000	100.00
30.5	83,936		0.0000	1.0000	100.00
31.5	65,158		0.0000	1.0000	100.00
32.5	52,354		0.0000	1.0000	100.00
33.5	41,082		0.0000	1.0000	100.00
34.5	26,706		0.0000	1.0000	100.00
35.5	18,188		0.0000	1.0000	100.00
36.5	10,286		0.0000	1.0000	100.00
37.5	7,932		0.0000	1.0000	100.00
38.5	5,748		0.0000	1.0000	100.00

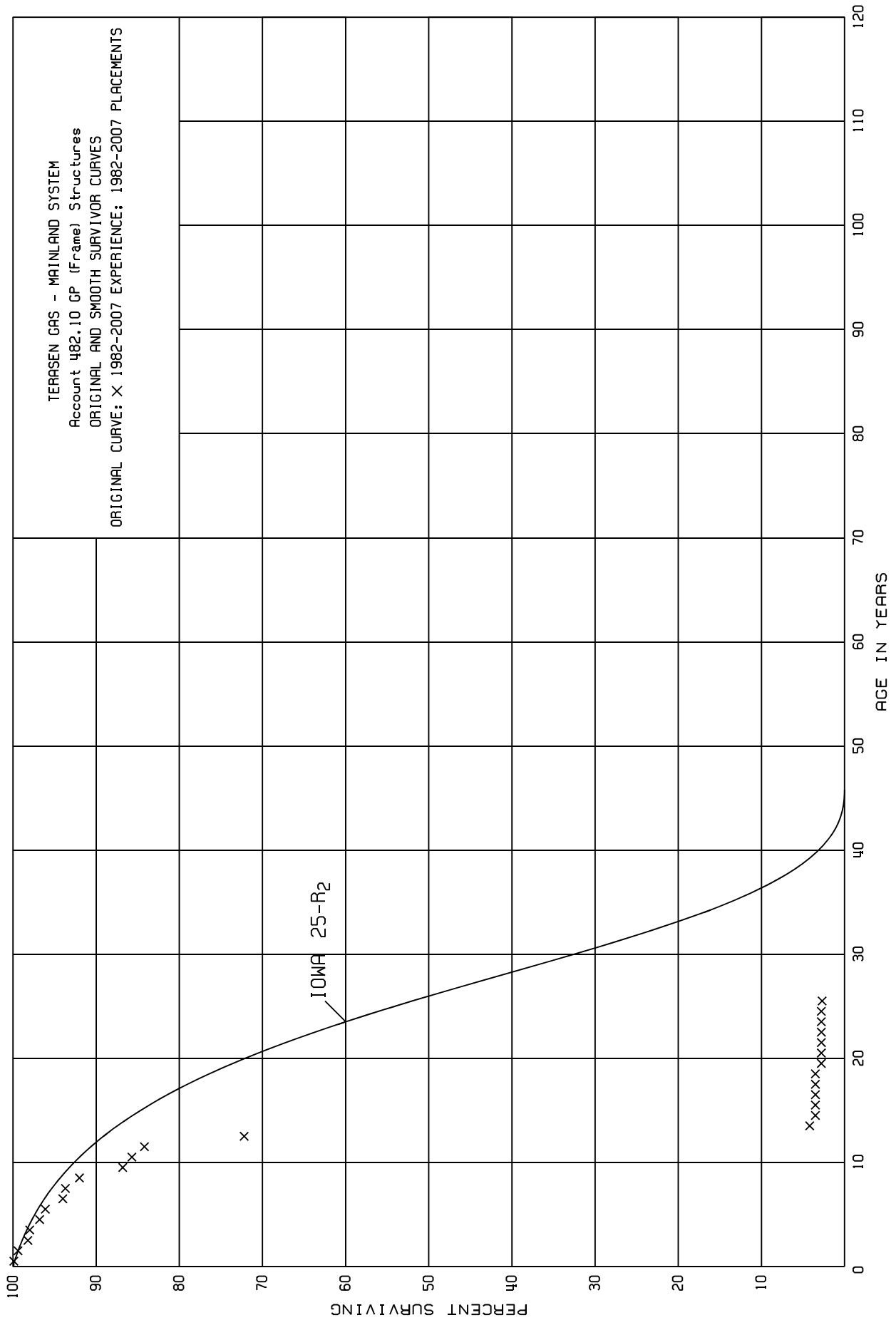
TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.20 DS INSTRUMENTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1962-2007	EXPERIENCE BAND 1962-2007
PLACEMENT BAND 1962-2007	EXPERIENCE BAND 1985-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	4,580		0.0000	1.0000	100.00
40.5	2,898		0.0000	1.0000	100.00
41.5	1,674		0.0000	1.0000	100.00
42.5	1,172		0.0000	1.0000	100.00
43.5	624		0.0000	1.0000	100.00
44.5	202		0.0000	1.0000	100.00
45.5					100.00



TERASEN GAS - MAINLAND SYSTEM

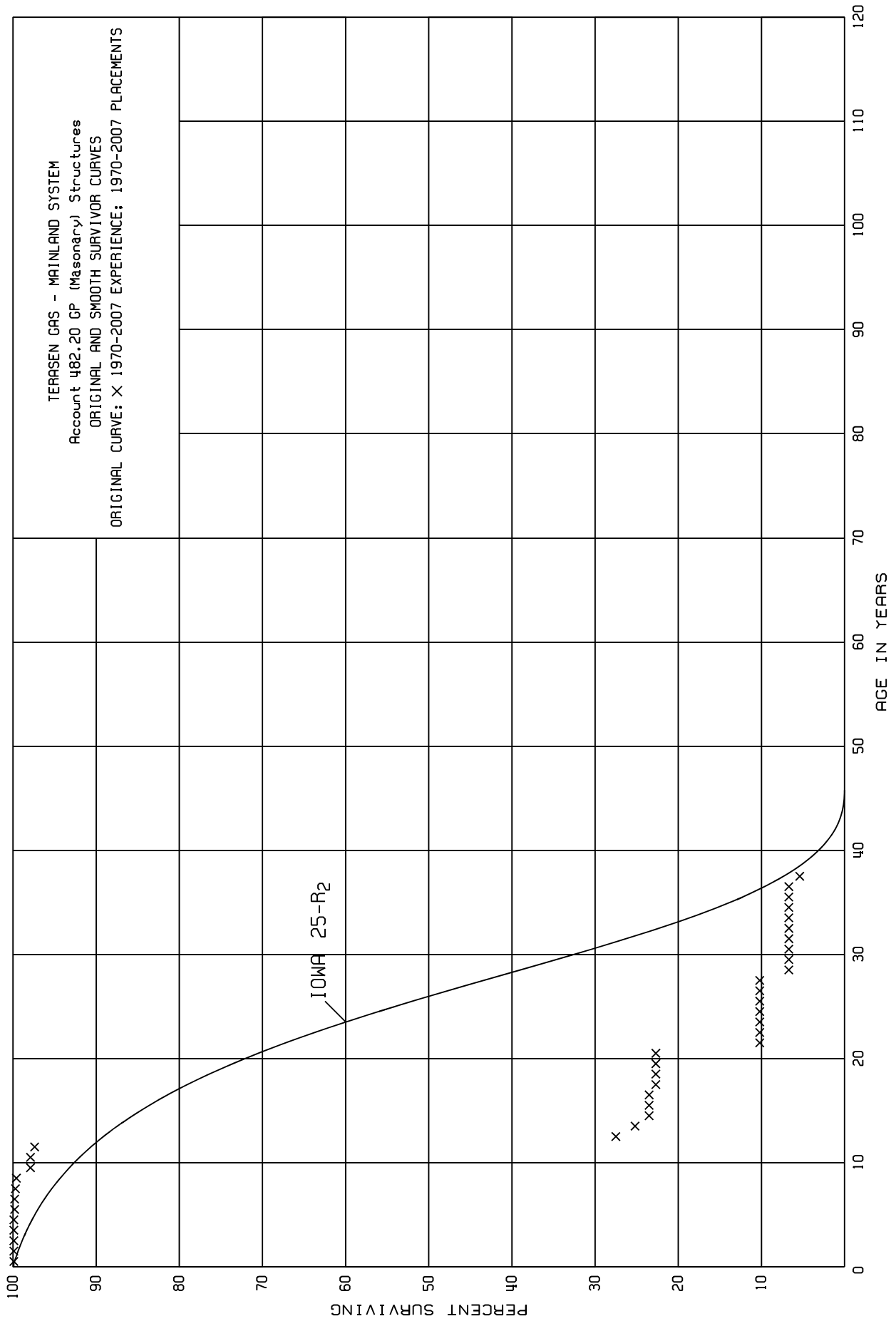
ACCOUNT 482.10 GP (FRAME) STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1982-2007

EXPERIENCE BAND 1982-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	12,622,325	1,593	0.0001	0.9999	100.00
0.5	12,546,015	74,690	0.0060	0.9940	99.99
1.5	12,125,984	178,592	0.0147	0.9853	99.39
2.5	11,679,139	19,013	0.0016	0.9984	97.93
3.5	11,590,003	82,123	0.0071	0.9929	97.77
4.5	11,031,333	118,358	0.0107	0.9893	97.08
5.5	10,409,719	228,606	0.0220	0.9780	96.04
6.5	9,886,427	28,183	0.0029	0.9971	93.93
7.5	8,107,013	155,188	0.0191	0.9809	93.66
8.5	6,466,915	364,249	0.0563	0.9437	91.87
9.5	6,100,060	75,021	0.0123	0.9877	86.70
10.5	6,023,927	108,137	0.0180	0.9820	85.63
11.5	5,813,234	822,678	0.1415	0.8585	84.09
12.5	4,945,988	4,635,312	0.9372	0.0628	72.19
13.5	245,018	36,088	0.1473	0.8527	4.53
14.5	205,522		0.0000	1.0000	3.86
15.5	169,684		0.0000	1.0000	3.86
16.5	169,684		0.0000	1.0000	3.86
17.5	165,440		0.0000	1.0000	3.86
18.5	160,359	28,873	0.1801	0.8199	3.86
19.5	131,486		0.0000	1.0000	3.16
20.5	131,486		0.0000	1.0000	3.16
21.5	131,486		0.0000	1.0000	3.16
22.5	130,339		0.0000	1.0000	3.16
23.5	130,339	24,783	0.1901	0.8099	3.16
24.5	104,546	3,316	0.0317	0.9683	2.56
25.5					2.48



TERASEN GAS - MAINLAND SYSTEM

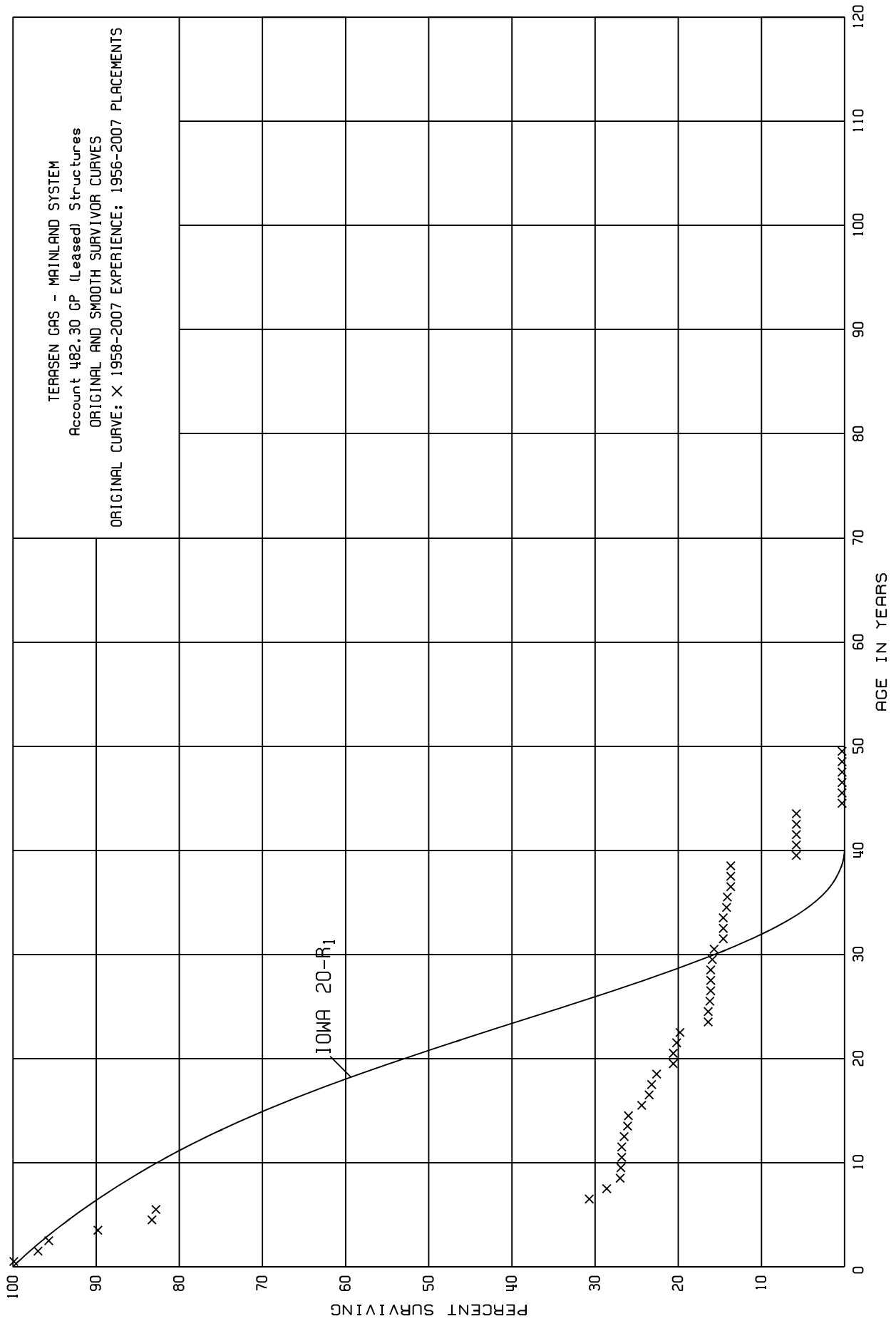
ACCOUNT 482.20 GP (MASONARY) STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1970-2007

EXPERIENCE BAND 1970-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	82,810,510	12,000	0.0001	0.9999	100.00
0.5	79,928,505	40,054	0.0005	0.9995	99.99
1.5	78,159,370	396	0.0000	1.0000	99.94
2.5	30,154,615		0.0000	1.0000	99.94
3.5	28,167,050	6,229	0.0002	0.9998	99.94
4.5	26,962,742	32,473	0.0012	0.9988	99.92
5.5	26,277,945	4,411	0.0002	0.9998	99.80
6.5	25,886,248	71,887	0.0028	0.9972	99.78
7.5	25,311,035	34,252	0.0014	0.9986	99.50
8.5	5,301,676	20,139	0.0038	0.9962	99.36
9.5	5,281,537		0.0000	1.0000	98.98
10.5	5,243,429	6,520	0.0012	0.9988	98.98
11.5	5,120,528	856,492	0.1673	0.8327	98.86
12.5	333,599	27,312	0.0819	0.9181	82.32
13.5	304,382	20,937	0.0688	0.9312	75.58
14.5	283,151		0.0000	1.0000	70.38
15.5	283,151		0.0000	1.0000	70.38
16.5	283,151	10,000	0.0353	0.9647	70.38
17.5	273,151		0.0000	1.0000	67.90
18.5	273,151		0.0000	1.0000	67.90
19.5	273,151		0.0000	1.0000	67.90
20.5	273,151	150,222	0.5500	0.4500	67.90
21.5	122,929		0.0000	1.0000	30.56
22.5	122,929		0.0000	1.0000	30.56
23.5	122,929		0.0000	1.0000	30.56
24.5	122,929		0.0000	1.0000	30.56
25.5	122,929		0.0000	1.0000	30.56
26.5	122,929		0.0000	1.0000	30.56
27.5	122,929	42,784	0.3480	0.6520	30.56
28.5	80,145		0.0000	1.0000	19.93
29.5	80,145		0.0000	1.0000	19.93
30.5	80,145		0.0000	1.0000	19.93
31.5	80,145		0.0000	1.0000	19.93
32.5	80,145		0.0000	1.0000	19.93
33.5	80,145		0.0000	1.0000	19.93
34.5	80,145		0.0000	1.0000	19.93
35.5	80,145		0.0000	1.0000	19.93
36.5	80,145	15,000	0.1872	0.8128	19.93
37.5					16.20



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 482.30 GP (LEASED) STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1956-2007

EXPERIENCE BAND 1958-2007

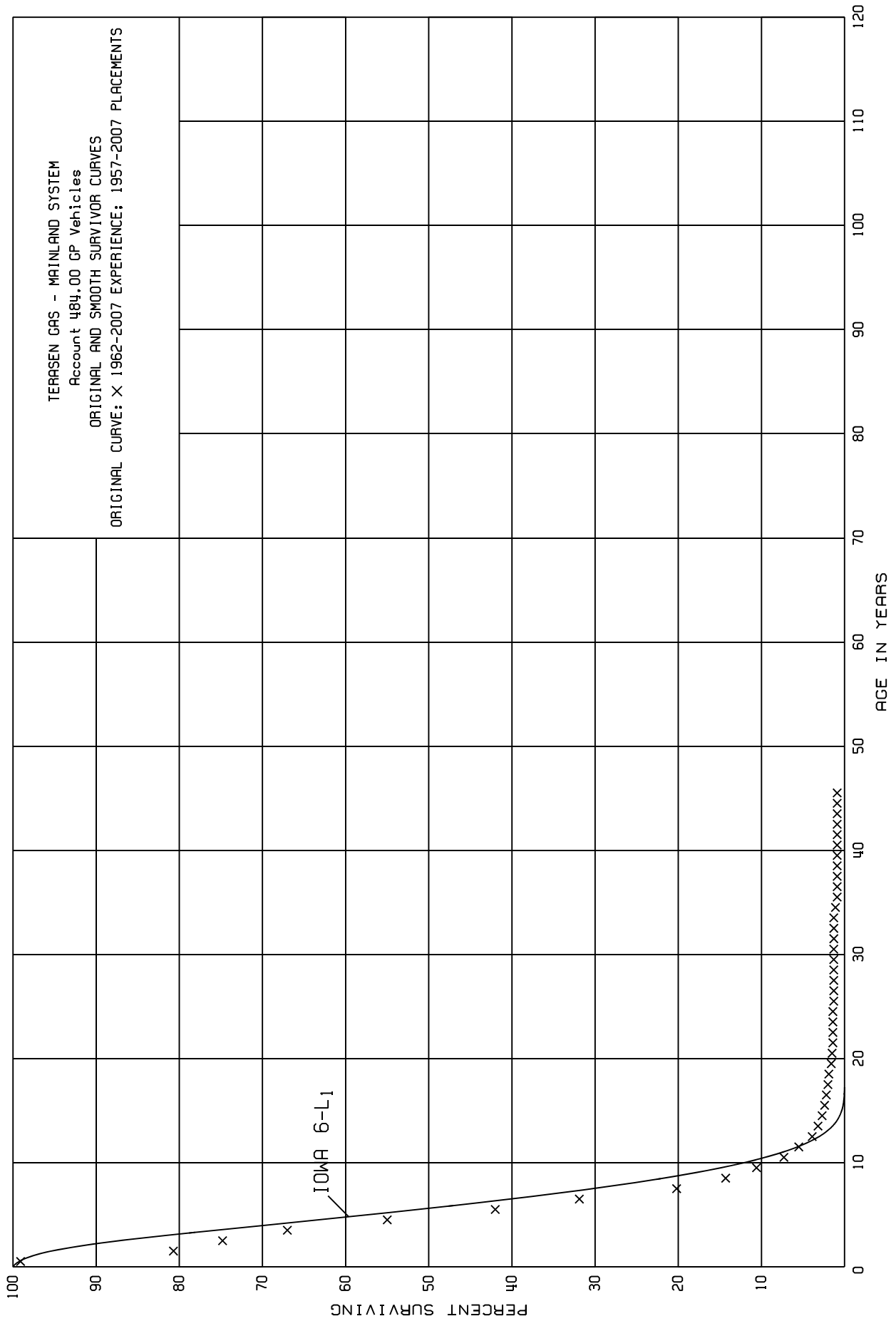
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	19,418,199	10,661	0.0005	0.9995	100.00
0.5	19,380,913	574,758	0.0297	0.9703	99.95
1.5	19,760,003	268,855	0.0136	0.9864	96.98
2.5	19,478,133	1,200,376	0.0616	0.9384	95.66
3.5	18,272,955	1,319,923	0.0722	0.9278	89.77
4.5	16,941,680	128,357	0.0076	0.9924	83.29
5.5	16,813,323	10,588,198	0.6298	0.3702	82.66
6.5	6,220,604	441,500	0.0710	0.9290	30.60
7.5	5,490,866	305,690	0.0557	0.9443	28.43
8.5	5,185,176	21,557	0.0042	0.9958	26.85
9.5	5,163,619	5,655	0.0011	0.9989	26.74
10.5	5,157,964	10,984	0.0021	0.9979	26.71
11.5	5,146,980	54,002	0.0105	0.9895	26.65
12.5	5,092,977	66,560	0.0131	0.9869	26.37
13.5	5,026,417	23,554	0.0047	0.9953	26.02
14.5	5,002,863	314,059	0.0628	0.9372	25.90
15.5	4,688,804	168,721	0.0360	0.9640	24.27
16.5	4,271,919	46,271	0.0108	0.9892	23.40
17.5	4,225,648	112,042	0.0265	0.9735	23.15
18.5	4,078,019	355,339	0.0871	0.9129	22.54
19.5	3,722,680		0.0000	1.0000	20.58
20.5	3,722,680	82,176	0.0221	0.9779	20.58
21.5	3,638,100	74,239	0.0204	0.9796	20.13
22.5	3,549,103	600,904	0.1693	0.8307	19.72
23.5	2,948,199	2,439	0.0008	0.9992	16.38
24.5	2,945,760	40,043	0.0136	0.9864	16.37
25.5	2,905,717	10,000	0.0034	0.9966	16.15
26.5	2,895,717	3,175	0.0011	0.9989	16.10
27.5	2,874,069	11,243	0.0039	0.9961	16.08
28.5	2,862,826	27,762	0.0097	0.9903	16.02
29.5	2,762,082	37,125	0.0134	0.9866	15.86
30.5	2,724,957	188,202	0.0691	0.9309	15.65
31.5	2,406,815		0.0000	1.0000	14.57
32.5	2,254,070		0.0000	1.0000	14.57
33.5	2,205,137	65,724	0.0298	0.9702	14.57
34.5	2,136,556	20,001	0.0094	0.9906	14.14
35.5	1,865,887	46,646	0.0250	0.9750	14.01
36.5	1,819,241	4,224	0.0023	0.9977	13.66
37.5	1,814,570		0.0000	1.0000	13.63
38.5	1,814,506	1,046,586	0.5768	0.4232	13.63

TERASEN GAS - MAINLAND SYSTEM
ACCOUNT 482.30 GP (LEASED) STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1956-2007 EXPERIENCE BAND 1958-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	767,920		0.0000	1.0000	5.77
40.5	688,841		0.0000	1.0000	5.77
41.5	687,780		0.0000	1.0000	5.77
42.5	548,246		0.0000	1.0000	5.77
43.5	547,167	510,642	0.9332	0.0668	5.77
44.5	13,040		0.0000	1.0000	0.39
45.5	13,040		0.0000	1.0000	0.39
46.5	8,959		0.0000	1.0000	0.39
47.5	8,959		0.0000	1.0000	0.39
48.5	8,959		0.0000	1.0000	0.39
49.5					0.39



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 484.00 GP VEHICLES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2007

EXPERIENCE BAND 1962-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	18,833,012	168,249	0.0089	0.9911	100.00
0.5	18,665,013	3,452,073	0.1849	0.8151	99.11
1.5	15,060,901	1,095,929	0.0728	0.9272	80.78
2.5	14,176,392	1,474,471	0.1040	0.8960	74.90
3.5	12,698,175	2,277,560	0.1794	0.8206	67.11
4.5	10,365,445	2,447,929	0.2362	0.7638	55.07
5.5	7,866,694	1,883,021	0.2394	0.7606	42.06
6.5	5,945,543	2,181,178	0.3669	0.6331	31.99
7.5	3,759,340	1,097,499	0.2919	0.7081	20.25
8.5	2,661,841	692,144	0.2600	0.7400	14.34
9.5	1,946,555	607,011	0.3118	0.6882	10.61
10.5	1,326,711	326,996	0.2465	0.7535	7.30
11.5	952,167	270,453	0.2840	0.7160	5.50
12.5	674,644	133,758	0.1983	0.8017	3.94
13.5	537,097	83,561	0.1556	0.8444	3.16
14.5	447,905	44,020	0.0983	0.9017	2.67
15.5	388,514	27,336	0.0704	0.9296	2.41
16.5	337,965	36,543	0.1081	0.8919	2.24
17.5	276,887	10,589	0.0382	0.9618	2.00
18.5	266,298	41,165	0.1546	0.8454	1.92
19.5	212,704	10,920	0.0513	0.9487	1.62
20.5	190,962	19,252	0.1008	0.8992	1.54
21.5	146,449	1,254	0.0086	0.9914	1.38
22.5	134,689	367	0.0027	0.9973	1.37
23.5	120,740		0.0000	1.0000	1.37
24.5	111,110	3,721	0.0335	0.9665	1.37
25.5	107,389		0.0000	1.0000	1.32
26.5	97,310		0.0000	1.0000	1.32
27.5	86,584	384	0.0044	0.9956	1.32
28.5	82,393		0.0000	1.0000	1.31
29.5	82,393		0.0000	1.0000	1.31
30.5	82,393	3,441	0.0418	0.9582	1.31
31.5	66,294		0.0000	1.0000	1.26
32.5	66,294	385	0.0058	0.9942	1.26
33.5	60,675	7,823	0.1289	0.8711	1.25
34.5	40,009	8,840	0.2210	0.7790	1.09
35.5	19,677		0.0000	1.0000	0.85
36.5	11,128		0.0000	1.0000	0.85
37.5	9,741		0.0000	1.0000	0.85
38.5	9,741		0.0000	1.0000	0.85

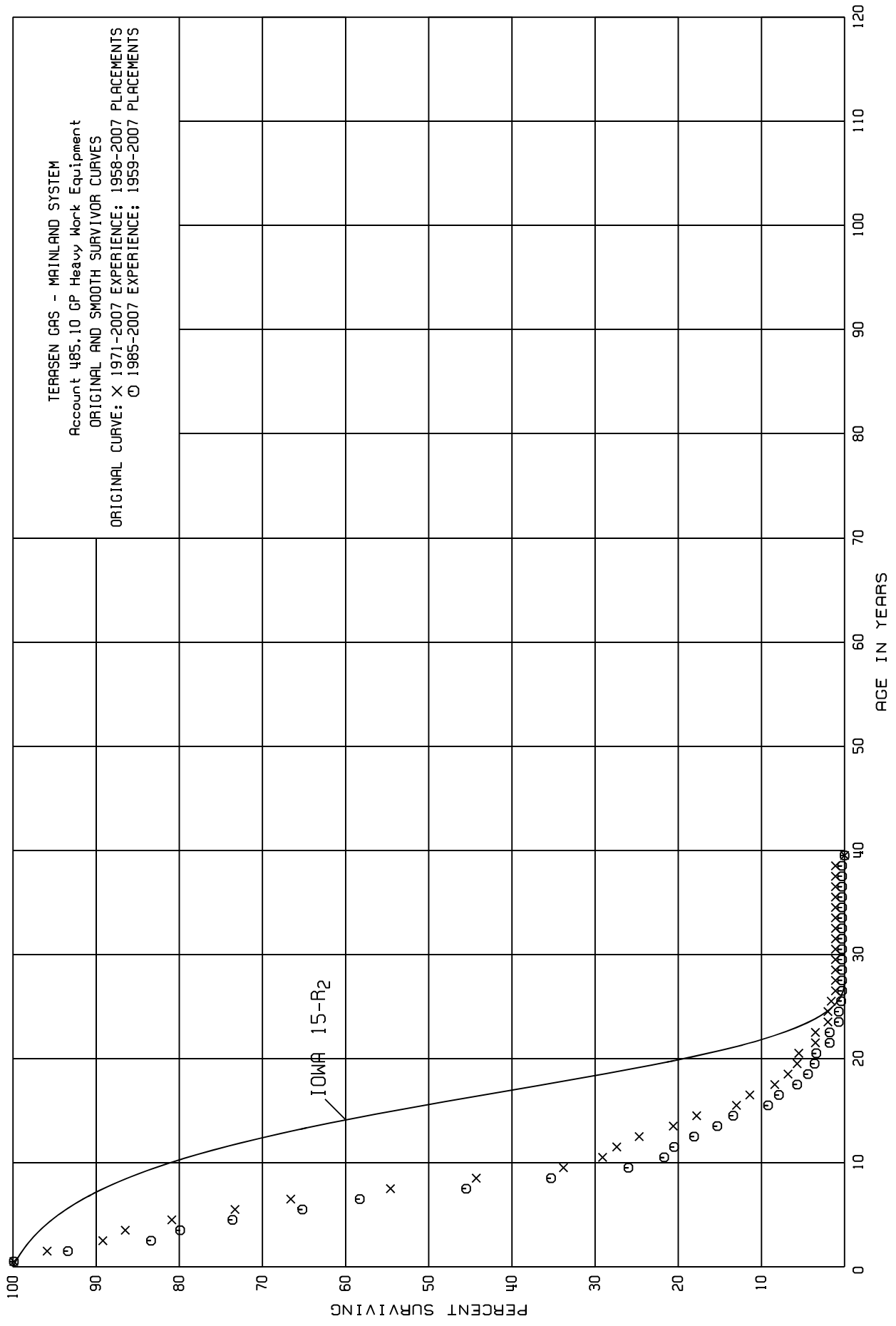
TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 484.00 GP VEHICLES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2007 EXPERIENCE BAND 1962-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	9,741		0.0000	1.0000	0.85
40.5	9,741		0.0000	1.0000	0.85
41.5	9,741		0.0000	1.0000	0.85
42.5	9,741		0.0000	1.0000	0.85
43.5	9,741		0.0000	1.0000	0.85
44.5	9,741		0.0000	1.0000	0.85
45.5					0.85



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 485.10 GP HEAVY WORK EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1958-2007

EXPERIENCE BAND 1971-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,234,498	30,338	0.0246	1.0246	100.00
0.5	1,259,438	67,371	0.0535		
1.5	1,266,255	74,412	0.0588		
2.5	1,191,843	92,093	0.0773		
3.5	1,099,750	70,598	0.0642		
4.5	981,538	92,838	0.0946		
5.5	782,982	71,883	0.0918		
6.5	711,100	128,131	0.1802		
7.5	582,969	109,889	0.1885		
8.5	473,574	112,132	0.2368		
9.5	361,443	49,894	0.1380		
10.5	311,549	18,456	0.0592		
11.5	305,203	30,434	0.0997		
12.5	274,770	45,607	0.1660		
13.5	229,163	30,871	0.1347		
14.5	198,292	53,676	0.2707		
15.5	144,616	18,288	0.1265		
16.5	126,328	32,705	0.2589		
17.5	93,623	18,334	0.1958		
18.5	75,289	11,438	0.1519		
19.5	63,851	2,493	0.0390		
20.5	61,358	22,597	0.3683		
21.5	38,761		0.0000		
22.5	38,761	16,706	0.4310		
23.5	22,055		0.0000		
24.5	22,055	4,653	0.2110		
25.5	17,402	4,800	0.2758		
26.5	12,602		0.0000		
27.5	12,602		0.0000		
28.5	12,602		0.0000		
29.5	12,602		0.0000		
30.5	12,602		0.0000		
31.5	12,602		0.0000		
32.5	12,602		0.0000		
33.5	12,602		0.0000		
34.5	12,602		0.0000		
35.5	12,602		0.0000		
36.5	12,602		0.0000		
37.5	12,602		0.0000		
38.5	12,602	12,109	0.9609		

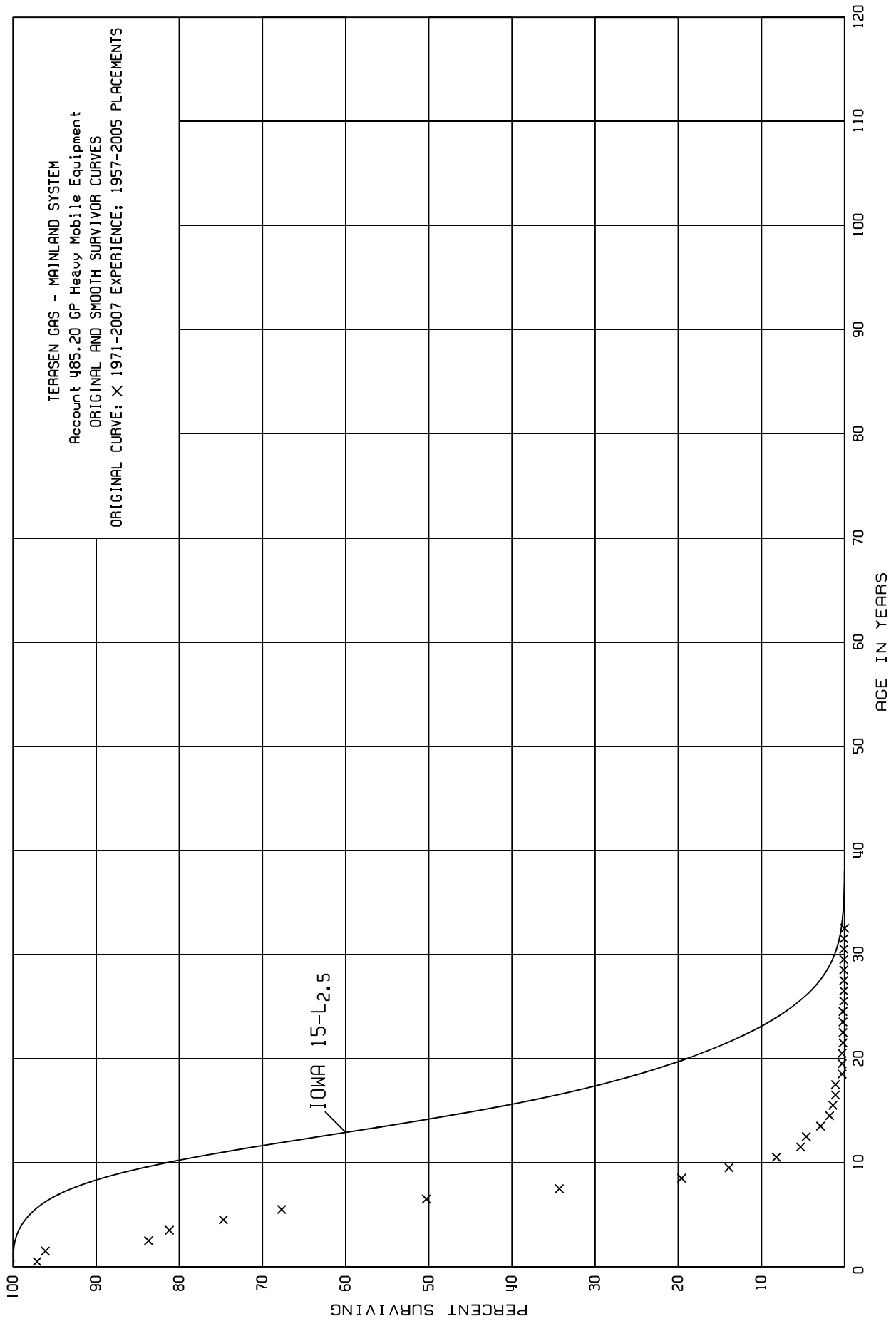
TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 485.10 GP HEAVY WORK EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1958-2007 EXPERIENCE BAND 1971-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	493	493	1.0000		
40.5					



TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 485.20 GP HEAVY MOBILE EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2006

EXPERIENCE BAND 1971-2007

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	3,354,088	95,241	0.0284	0.9716	100.00
0.5	3,270,618	33,718	0.0103	0.9897	97.16
1.5	3,249,813	450,545	0.1386	0.8614	96.16
2.5	2,815,517	84,272	0.0299	0.9701	82.83
3.5	2,498,442	201,081	0.0805	0.9195	80.35
4.5	2,308,082	214,821	0.0931	0.9069	73.88
5.5	2,107,037	541,439	0.2570	0.7430	67.00
6.5	1,563,346	498,677	0.3190	0.6810	49.78
7.5	1,071,728	459,036	0.4283	0.5717	33.90
8.5	587,152	170,918	0.2911	0.7089	19.38
9.5	416,234	170,797	0.4103	0.5897	13.74
10.5	246,173	86,107	0.3498	0.6502	8.10
11.5	167,403	24,538	0.1466	0.8534	5.27
12.5	166,797	60,683	0.3638	0.6362	4.50
13.5	113,451	41,190	0.3631	0.6369	2.86
14.5	72,261	16,144	0.2234	0.7766	1.82
15.5	56,117	11,951	0.2130	0.7870	1.41
16.5	44,166	1,419	0.0321	0.9679	1.11
17.5	42,747	29,983	0.7014	0.2986	1.07
18.5	12,764		0.0000	1.0000	0.32
19.5	12,764	1	0.0001	0.9999	0.32
20.5	12,763	4,280	0.3353	0.6647	0.32
21.5	8,483	1,812	0.2136	0.7864	0.21
22.5	6,671		0.0000	1.0000	0.17
23.5	6,671	323	0.0484	0.9516	0.17
24.5	6,348	1,079	0.1700	0.8300	0.16
25.5	5,269	74	0.0140	0.9860	0.13
26.5	5,195	1,509	0.2905	0.7095	0.13
27.5	3,686		0.0000	1.0000	0.09
28.5	3,686	729	0.1978	0.8022	0.09
29.5	2,957		0.0000	1.0000	0.07
30.5	2,957		0.0000	1.0000	0.07
31.5	2,957	2,957	1.0000	0.0000	0.07
32.5					0.00

DETAILED DEPRECIATION CALCULATIONS

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 402.00 INTANGIABLE PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1999	85,000.00	18,063	33,511	51,489	31.50	1,635
2002	622,698.65	85,621	158,847	463,852	34.50	13,445
2003	64,856.13	7,296	13,536	51,320	35.50	1,446
	772,554.78	110,980	205,894	566,661		16,526
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					34.3	2.14

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 402.10 PLANT ACQUISITIONS AND ADJUSTMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1970	62,457.00	58,553	25,521	36,936	2.50	14,774
	62,457.00	58,553	25,521	36,936		14,774
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.5	23.65

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 432.00 MFG. GAS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	280,640.00	122,780	62,911	217,729	22.50	9,677
1991	75,194.00	31,018	15,893	59,301	23.50	2,523
1992	4,909.00	1,902	975	3,934	24.50	161
1997	2,867.00	753	386	2,481	29.50	84
1998	1,958.00	465	238	1,720	30.50	56
1999	5,724.00	1,216	623	5,101	31.50	162
2000	13,055.64	2,448	1,254	11,802	32.50	363
2001	471.58	77	39	433	33.50	13
2002	32,022.36	4,403	2,256	29,766	34.50	863
2003	1,122.58	126	65	1,058	35.50	30
2004	18,762.52	1,642	841	17,922	36.50	491
2005	9,289.79	581	298	8,992	37.50	240
2006	4,221.66	158	81	4,141	38.50	108
2007	470.26	6	3	467	39.50	12
	450,708.39	167,575	85,863	364,847		14,783
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					24.7	3.28

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 433.00 MFG. GAS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1994	5,019.00	3,388	2,299	2,720	6.50	418
1996	11,343.00	6,522	4,425	6,918	8.50	814
1997	6,421.00	3,371	2,287	4,134	9.50	435
1999	108,000.64	45,900	31,143	76,858	11.50	6,683
2000	5,687.97	2,133	1,447	4,241	12.50	339
2002	3,008.60	827	561	2,448	14.50	169
2005	6,458.40	807	548	5,910	17.50	338
	145,938.61	62,948	42,710	103,229		9,196
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.2	6.30

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 434.00 MFG. GAS HOLDERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1972	103,239.00	91,625	73,338	29,901	4.50	6,645
1990	224,319.00	98,140	78,553	145,766	22.50	6,478
1991	15,624.00	6,445	5,159	10,465	23.50	445
2001	9,757.73	1,586	1,269	8,489	33.50	253
2004	4,646.00	407	326	4,320	36.50	118
	357,585.73	198,203	158,645	198,941		13,939
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.3	3.90

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 436.00 MFG. GAS COMPRESSOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1972	1,383.00	1,383	1,383			
1995	47,989.00	23,995	17,384	30,605	12.50	2,448
1996	3,907.00	1,797	1,302	2,605	13.50	193
2004	30.00	4	3	27	21.50	1
	53,309.00	27,179	20,072	33,237		2,642
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					12.6	4.96

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 437.00 MFG. GAS MEASURING & REGUALTING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1972	11,581.00	11,581	11,581			
1990	226,393.00	198,094	98,351	128,042	2.50	51,217
1991	21,648.41	17,860	8,867	12,781	3.50	3,652
1992	30,767.00	23,844	11,838	18,929	4.50	4,206
1994	4,012.00	2,708	1,344	2,668	6.50	410
2001	605.49	197	98	507	13.50	38
2003	7,327.08	1,649	819	6,508	15.50	420
2004	7,112.00	1,245	618	6,494	16.50	394
2006	1.02			1	18.50	
	309,447.00	257,178	133,516	175,930		60,337
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.9	19.50

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 442.00 LNG GAS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. -10						
1972	236,738.00	243,120	258,661	1,751	1.66	1,055
1973	2,496.00	2,535	2,697	49	1.92	26
1978	3,734.00	3,567	3,795	312	3.29	95
1979	23,368.00	21,983	23,388	2,317	3.62	640
1980	15,064.00	13,926	14,816	1,754	3.99	440
1981	55,961.00	50,772	54,018	7,539	4.38	1,721
1982	34,220.00	30,400	32,343	5,299	4.81	1,102
1983	1,713.00	1,486	1,581	303	5.28	57
1985	33,230.00	27,283	29,027	7,526	6.34	1,187
1987	280,084.00	215,295	229,058	79,034	7.53	10,496
1988	39,859.24	29,499	31,385	12,460	8.18	1,523
1989	9,938.00	7,058	7,509	3,423	8.86	386
1990	342.00	232	247	129	9.57	13
1991	1,925.00	1,245	1,325	793	10.30	77
1992	120,759.00	74,122	78,860	53,975	11.05	4,885
1993	8,093.00	4,690	4,990	3,912	11.83	331
1994	74,230.00	40,402	42,985	38,668	12.63	3,062
1995	130,418.00	66,278	70,515	72,945	13.45	5,423
1996	38,857.00	18,311	19,482	23,261	14.29	1,628
1997	591,534.00	256,371	272,759	377,928	15.15	24,946
1998	46,626.00	18,423	19,601	31,688	16.02	1,978
1999	853,029.00	303,644	323,054	615,278	16.91	36,385
2000	230,967.28	72,967	77,631	176,433	17.82	9,901
2001	58,626.64	16,122	17,153	47,336	18.75	2,525
2002	152,744.47	35,754	38,039	129,980	19.68	6,605
2003	40,236.73	7,737	8,232	36,028	20.63	1,746
2004	696,126.26	104,447	111,123	654,616	21.59	30,320
2005	789,138.14	85,069	90,507	777,545	22.55	34,481
2006	19,530.75	1,263	1,344	20,140	23.53	856
2007	189,429.68	4,084	4,345	204,028	24.51	8,324
	4,779,018.19	1,758,085	1,870,470	3,386,450		192,214

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 17.6 4.02

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 443.00 LNG GAS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R3						
NET SALVAGE PERCENT.. -20						
1972	2,901,446.00	2,574,743	2,941,441	540,294	10.42	51,852
1973	12,525.00	10,892	12,443	2,587	11.01	235
1987	6,061,499.92	3,436,870	3,926,353	3,347,447	21.10	158,647
1988	13,088.00	7,094	8,104	7,602	21.93	347
1989	3,341.00	1,726	1,972	2,037	22.78	89
1990	15,434.00	7,579	8,658	9,863	23.63	417
1991	29,590.00	13,766	15,727	19,781	24.49	808
1992	4,823.00	2,117	2,419	3,369	25.37	133
1993	102,863.19	42,400	48,439	74,997	26.26	2,856
1994	1,543.00	595	680	1,172	27.15	43
1996	262,859.00	86,901	99,277	216,154	28.98	7,459
1997	70,803.00	21,453	24,508	60,456	29.90	2,022
1999	644,197.83	159,014	181,661	591,376	31.77	18,614
2002	5,234,609.74	841,725	961,604	5,319,928	34.64	153,578
2003	134,252.28	17,721	20,245	140,858	35.60	3,957
2004	891,947.15	91,728	104,792	965,545	36.57	26,403
2005	58,170.10	4,272	4,880	64,924	37.55	1,729
2006	52,423.59	2,309	2,638	60,270	38.53	1,564
2007	384.99	6	7	455	39.51	12
	16,495,800.79	7,322,911	8,365,848	11,429,115		430,765
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					26.5	2.61

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 449.00 LNG GAS OTHER EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-R3 NET SALVAGE PERCENT.. -10						
1972	5,851,651.00	5,180,993	4,613,881	1,822,935	6.83	266,901
1973	164,353.00	143,076	127,415	53,373	7.30	7,311
1974	14,039.00	12,001	10,687	4,756	7.80	610
1976	12,197.00	10,017	8,921	4,496	8.87	507
1977	1,041.00	836	744	401	9.45	42
1978	187.00	147	131	75	10.05	7
1979	432.00	330	294	181	10.67	17
1980	75.00	56	50	33	11.32	3
1981	1,639.00	1,185	1,055	748	11.99	62
1982	37,304.00	26,168	23,304	17,730	12.68	1,398
1983	15,598.00	10,593	9,433	7,725	13.39	577
1984	45,314.00	29,738	26,483	23,362	14.12	1,655
1985	40,299.00	25,507	22,715	21,614	14.86	1,455
1986	58,038.37	35,330	31,463	32,379	15.63	2,072
1988	3,094.00	1,731	1,542	1,861	17.20	108
1989	169,698.70	90,665	80,741	105,928	18.00	5,885
1990	273,147.00	138,813	123,618	176,844	18.83	9,392
1991	641,503.00	309,288	275,433	430,220	19.66	21,883
1992	594,325.70	270,656	241,030	412,728	20.51	20,123
1993	1,285,966.00	550,406	490,159	924,404	21.38	43,237
1994	292,885.04	117,368	104,521	217,653	22.25	9,782
1995	3,604,177.00	1,343,601	1,196,530	2,768,065	23.14	119,623
1996	599,398.91	206,439	183,842	475,497	24.04	19,779
1997	411,903.00	130,083	115,844	337,249	24.95	13,517
1998	39,920.00	11,457	10,203	33,709	25.87	1,303
1999	402,512.00	103,739	92,384	350,379	26.80	13,074
2000	297,720.88	67,922	60,487	267,006	27.74	9,625
2002	892,360.07	150,086	133,658	847,938	29.65	28,598
2003	239,308.75	33,010	29,397	233,843	30.61	7,639
2004	242,772.49	26,091	23,235	243,815	31.58	7,721
2005	2,131,032.77	164,090	146,128	2,198,008	32.55	67,527
2006	310,240.45	14,333	12,764	328,500	33.53	9,797
2007	262,261.93	4,039	3,597	284,891	34.51	8,255
	18,936,395.06	9,209,794	8,201,689	12,628,346		699,485

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 18.1 3.69

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 461.00 TP LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1957	1,089.00	694	93	996	27.23	37
1959	627,162.00	385,893	51,803	575,359	28.85	19,943
1960	18,993.00	11,477	1,541	17,452	29.68	588
1961	16,660.00	9,883	1,327	15,333	30.51	503
1962	2,188.00	1,273	171	2,017	31.35	64
1963	42,410.00	24,195	3,248	39,162	32.21	1,216
1964	25,050.00	14,005	1,880	23,170	33.07	701
1965	9,547.00	5,227	702	8,845	33.94	261
1966	1,224.00	656	88	1,136	34.81	33
1967	2,736.00	1,434	193	2,543	35.70	71
1968	17,088.00	8,751	1,175	15,913	36.59	435
1969	18,139.00	9,071	1,218	16,921	37.49	451
1970	4,224.00	2,061	277	3,947	38.40	103
1971	27,965.00	13,303	1,786	26,179	39.32	666
1972	244,270.00	113,219	15,199	229,071	40.24	5,693
1973	8,050.00	3,632	488	7,562	41.16	184
1974	21,196.00	9,299	1,248	19,948	42.10	474
1975	64,788.00	27,606	3,706	61,082	43.04	1,419
1976	544,565.00	225,232	30,235	514,330	43.98	11,695
1977	55,880.00	22,402	3,007	52,873	44.93	1,177
1978	125,395.00	48,691	6,536	118,859	45.88	2,591
1979	133,778.00	50,234	6,743	127,035	46.84	2,712
1980	3,483.00	1,263	170	3,313	47.80	69
1981	38,046.00	13,305	1,786	36,260	48.77	743
1982	46,760.00	15,753	2,115	44,645	49.73	898
1983	44,867.00	14,532	1,951	42,916	50.71	846
1984	3,796.00	1,180	158	3,638	51.68	70
1985	22,235.00	6,624	889	21,346	52.66	405
1986	523,410.00	149,067	20,011	503,399	53.64	9,385
1987	100,861.00	27,404	3,679	97,182	54.62	1,779
1988	10,626.00	2,749	369	10,257	55.60	184
1989	41,485.00	10,185	1,367	40,118	56.59	709
1990	31,517.00	7,321	983	30,534	57.58	530
1991	51,409.00	11,264	1,512	49,897	58.57	852
1992	2,441,936.00	502,795	67,495	2,374,441	59.56	39,866

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 461.00 TP LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1993	1,119,351.00	215,699	28,956	1,090,395	60.55	18,008
1994	1,221,456.00	219,251	29,432	1,192,024	61.54	19,370
1995	474,274.00	78,872	10,588	463,686	62.53	7,415
1996	699,193.00	106,907	14,351	684,842	63.53	10,780
1997	287,684.00	40,189	5,395	282,289	64.52	4,375
1998	208,812.00	26,394	3,543	205,269	65.52	3,133
2000	12,363,101.40	1,235,074	165,797	12,197,304	67.51	180,674
2001	2,801,348.93	242,317	32,529	2,768,820	68.51	40,415
2002	4,752,952.33	347,916	46,705	4,706,247	69.51	67,706
2003	7,288,504.96	436,581	58,607	7,229,898	70.51	102,537
2004	961,616.85	44,908	6,028	955,589	71.50	13,365
2005	41,352.00	1,377	185	41,167	72.50	568
2006	5,035,771.66	100,715	13,520	5,022,252	73.50	68,330
2007	203,324.84	1,362	183	203,142	74.50	2,727
	42,831,570.97	4,849,242	650,968	42,180,603		646,756
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					65.2	1.51

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 462.00 TP COMPRESSOR STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R4						
NET SALVAGE PERCENT.. -5						
1965	14,750.00	15,136	12,183	3,305	0.68	3,305
1966	7,007.00	7,137	5,745	1,612	0.90	1,612
1967	2,082.00	2,103	1,693	493	1.14	432
1969	1,767.00	1,755	1,413	442	1.63	271
1973	214,270.00	204,510	164,608	60,376	2.73	22,116
1974	4,307.00	4,064	3,271	1,251	3.04	412
1975	4,438.00	4,135	3,328	1,332	3.38	394
1976	1,353.00	1,243	1,000	421	3.75	112
1977	67.00	61	49	21	4.16	5
1978	1,060.00	941	757	356	4.63	77
1979	1,034.00	899	724	362	5.15	70
1980	615.00	523	421	225	5.72	39
1982	1,246.00	1,003	807	501	7.00	72
1984	241.00	182	146	107	8.39	13
1985	1,315.00	961	773	608	9.12	67
1986	658.00	464	373	318	9.87	32
1987	2,863.00	1,939	1,561	1,445	10.65	136
1988	5,149.00	3,341	2,689	2,717	11.46	237
1989	2,591.00	1,606	1,293	1,428	12.29	116
1990	28,674.00	16,921	13,620	16,488	13.14	1,255
1991	12,958.00	7,252	5,837	7,769	14.01	555
1992	202,605.00	107,006	86,128	126,607	14.91	8,491
1993	1,447,854.00	718,621	578,411	941,836	15.82	59,535
1994	5,136,941.00	2,382,436	1,917,600	3,476,188	16.75	207,534
1995	930,828.00	401,015	322,773	654,596	17.69	37,004
1996	347,076.00	138,010	111,083	253,347	18.64	13,592
1997	182,590.00	66,469	53,500	138,220	19.60	7,052
1998	698.00	230	185	548	20.57	27
2000	3,496,140.59	912,965	734,837	2,936,111	22.54	130,262
2001	464,805.91	105,272	84,733	403,313	23.53	17,140
2002	1,487,682.78	285,390	229,708	1,332,359	24.52	54,338
2003	184,921.95	29,067	23,396	170,772	25.51	6,694
2004	299,714.76	36,600	29,458	285,242	26.51	10,760
2005	40,833.27	3,571	2,874	40,001	27.50	1,455
2006	5,868.95	308	248	5,914	28.50	208

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 462.00 TP COMPRESSOR STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R4						
NET SALVAGE PERCENT.. -5						
2007	50,978.72	894	720	52,808	29.50	1,790
	14,587,983.93	5,464,030	4,397,945	10,919,439		587,210
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.6	4.03

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 463.00 TP MEASURING & REGULATING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2.5						
NET SALVAGE PERCENT.. -5						
1961	1,318.90	1,276	808	577	2.36	244
1962	1,056.00	1,013	642	467	2.58	181
1963	31,092.00	29,601	18,748	13,899	2.80	4,964
1964	30,822.00	29,104	18,434	13,929	3.02	4,612
1965	8,978.00	8,406	5,324	4,103	3.25	1,262
1966	5,076.00	4,712	2,984	2,346	3.48	674
1967	1,872.00	1,722	1,091	875	3.72	235
1968	7,683.00	7,002	4,435	3,632	3.96	917
1969	642.00	579	367	307	4.22	73
1970	11.00	10	6	6	4.48	1
1971	752.65	665	421	369	4.77	77
1972	30,483.00	26,598	16,846	15,161	5.07	2,990
1973	12,309.00	10,602	6,715	6,209	5.39	1,152
1974	25,063.00	21,282	13,479	12,837	5.74	2,236
1975	9,681.00	8,094	5,127	5,038	6.11	825
1976	427.00	351	222	226	6.51	35
1977	4,391.00	3,544	2,245	2,366	6.94	341
1978	25,412.00	20,100	12,731	13,952	7.40	1,885
1979	3,443.00	2,664	1,687	1,928	7.89	244
1980	50,344.00	38,044	24,096	28,765	8.41	3,420
1981	26,018.00	19,170	12,142	15,177	8.95	1,696
1982	27,620.00	19,799	12,540	16,461	9.52	1,729
1983	19,819.00	13,791	8,735	12,075	10.12	1,193
1984	5,014.00	3,380	2,141	3,124	10.74	291
1985	11,650.00	7,593	4,809	7,424	11.38	652
1986	76,461.00	48,034	30,423	49,861	12.05	4,138
1987	9,412.00	5,689	3,603	6,280	12.73	493
1988	190,815.98	110,657	70,087	130,270	13.43	9,700
1989	2,051.70	1,137	720	1,434	14.16	101
1991	605,789.00	304,236	192,694	443,384	15.65	28,331
1992	437,019.94	207,731	131,571	327,300	16.42	19,933
1993	164,715.34	73,729	46,698	126,253	17.21	7,336
1994	198,822.66	83,443	52,850	155,914	18.01	8,657
1995	4,776.00	1,867	1,183	3,832	18.83	204
1996	269,326.15	97,479	61,740	221,052	19.66	11,244

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 463.00 TP MEASURING & REGULATING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2.5						
NET SALVAGE PERCENT.. -5						
1997	105,293.29	34,969	22,148	88,410	20.51	4,311
1998	2,725.00	824	522	2,339	21.36	110
1999	48,902.39	13,299	8,423	42,925	22.23	1,931
2000	317,028.88	76,463	48,429	284,451	23.11	12,309
2001	22,219.49	4,666	2,955	20,375	24.00	849
2002	697,879.87	124,572	78,901	653,873	24.90	26,260
2003	280,066.34	41,082	26,020	268,050	25.81	10,386
2004	729,066.54	83,442	52,850	712,670	26.73	26,662
2005	201,325.18	16,552	10,484	200,907	27.65	7,266
2006	121,730.27	6,007	3,804	124,013	28.59	4,338
2007	13,297.68	219	139	13,824	29.53	468
	4,839,702.25	1,615,199	1,023,019	4,058,670		216,956
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.7	4.48

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 464.00 TP OTHER STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-R3						
NET SALVAGE PERCENT.. -5						
1968	1.00	1	1			
1973	7,845.00	6,519	6,307	1,930	7.30	264
1975	1,992.00	1,594	1,542	550	8.32	66
1978	6,315.00	4,727	4,573	2,058	10.05	205
1979	10,826.00	7,901	7,644	3,723	10.67	349
1981	2,210.00	1,525	1,475	846	11.99	71
1982	6,746.00	4,517	4,370	2,713	12.68	214
1983	8,869.00	5,750	5,563	3,749	13.39	280
1984	1,468.00	920	890	651	14.12	46
1987	13,258.53	7,398	7,158	6,763	16.40	412
1988	8,040.00	4,294	4,154	4,288	17.20	249
1989	1,673.00	853	825	932	18.00	52
1990	2,607.00	1,265	1,224	1,513	18.83	80
1991	25,850.00	11,897	11,510	15,633	19.66	795
1992	281.00	122	118	177	20.51	9
1993	17,511.00	7,154	6,922	11,465	21.38	536
1994	16,648.00	6,368	6,161	11,319	22.25	509
1995	8,582.00	3,054	2,955	6,056	23.14	262
1996	71,901.00	23,638	22,870	52,626	24.04	2,189
1997	10,054.00	3,031	2,933	7,624	24.95	306
1999	85,877.00	21,127	20,441	69,730	26.80	2,602
2000	72,839.66	15,862	15,347	61,135	27.74	2,204
2001	3,900,647.49	738,451	714,457	3,381,223	28.69	117,854
2002	569,095.64	91,365	88,396	509,154	29.65	17,172
2003	9,427.20	1,241	1,201	8,698	30.61	284
2004	391,073.47	40,118	38,814	371,813	31.58	11,774
2005	345,692.77	25,408	24,582	338,395	32.55	10,396
2006	21,130.43	932	902	21,285	33.53	635
2007	224,402.12	3,299	3,192	232,430	34.51	6,735
	5,842,863.31	1,040,331	1,006,527	5,128,479		176,550
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					29.0	3.02

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 465.00 TP TRANSMISSION PIPELINE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -10						
1959	13,928,583.88	10,590,181	11,321,433	4,000,009	18.53	215,867
1961	87,585.07	64,483	68,936	27,408	19.84	1,381
1963	9,482,954.69	6,746,933	7,212,809	3,218,441	21.19	151,885
1964	618,381.66	432,076	461,911	218,309	21.89	9,973
1965	56,161.71	38,506	41,165	20,613	22.60	912
1966	3,958,297.90	2,661,678	2,845,467	1,508,661	23.32	64,694
1967	481,659.13	317,471	339,392	190,433	24.05	7,918
1968	932,886.52	602,160	643,739	382,436	24.79	15,427
1969	1,471,549.74	929,946	994,159	624,546	25.53	24,463
1970	915,237.43	565,598	604,653	402,108	26.29	15,295
1971	866,035.79	522,999	559,112	393,527	27.06	14,543
1972	8,222,124.44	4,847,765	5,182,503	3,861,834	27.84	138,715
1973	472,754.05	271,871	290,644	229,385	28.63	8,012
1974	93,320.09	52,322	55,935	46,717	29.42	1,588
1975	305,189.74	166,579	178,081	157,628	30.23	5,214
1976	18,136,238.40	9,629,799	10,294,736	9,655,126	31.04	311,054
1977	4,600,679.99	2,373,491	2,537,380	2,523,368	31.86	79,202
1978	1,176,523.29	589,109	629,787	664,389	32.69	20,324
1979	12,981,308.30	6,300,089	6,735,110	7,544,329	33.53	225,002
1980	941,723.69	442,328	472,871	563,025	34.38	16,377
1981	1,880,376.32	853,841	912,799	1,155,615	35.23	32,802
1982	2,417,194.71	1,059,577	1,132,741	1,526,173	36.09	42,288
1983	10,918,218.25	4,611,855	4,930,303	7,079,737	36.96	191,551
1984	1,858,371.52	754,926	807,054	1,237,155	37.84	32,694
1985	871,401.63	339,995	363,472	595,070	38.72	15,369
1986	5,638,737.08	2,107,647	2,253,180	3,949,431	39.61	99,708
1987	2,797,507.73	999,494	1,068,509	2,008,750	40.51	49,587
1988	1,245,843.79	424,559	453,875	916,553	41.41	22,134
1989	731,505.75	237,132	253,506	551,150	42.32	13,023
1990	1,386,991.22	426,125	455,549	1,070,141	43.24	24,749
1991	4,003,532.62	1,162,626	1,242,905	3,160,981	44.16	71,580
1992	53,187,964.17	14,550,631	15,555,352	42,951,409	45.08	952,782
1993	6,764,659.91	1,733,782	1,853,500	5,587,626	46.02	121,417
1994	32,168,855.96	7,689,322	8,220,269	27,165,473	46.96	578,481
1995	8,128,285.34	1,803,423	1,927,949	7,013,165	47.90	146,413

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 465.00 TP TRANSMISSION PIPELINE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -10						
1996	3,520,771.61	719,575	769,262	3,103,587	48.85	63,533
1997	2,957,361.54	553,027	591,213	2,661,885	49.80	53,452
1998	10,370,480.20	1,759,041	1,880,503	9,527,025	50.75	187,725
1999	5,176,624.61	786,950	841,289	4,852,998	51.71	93,850
2000	323,502,703.03	43,414,063	46,411,802	309,441,171	52.68	5,873,978
2001	50,807,910.87	5,913,025	6,321,319	49,567,383	53.65	923,903
2002	14,227,832.95	1,403,860	1,500,796	14,149,820	54.62	259,059
2003	7,343,545.58	593,726	634,723	7,443,177	55.59	133,894
2004	45,335,453.20	2,857,494	3,054,804	46,814,195	56.56	827,691
2005	9,526,260.60	429,634	459,300	10,019,587	57.54	174,133
2006	8,939,870.11	242,896	259,668	9,574,189	58.52	163,605
2007	4,951,156.50	44,659	47,743	5,398,529	59.51	90,716
	700,388,612.31	145,618,269	155,673,208	614,754,267		12,567,963
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					48.9	1.79

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 466.00 TP COMPRESSOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 33-R3						
NET SALVAGE PERCENT.. -10						
1970	6,687.00	6,279	5,594	1,762	4.83	365
1972	306.00	280	249	88	5.57	16
1973	644,747.84	580,499	517,135	192,088	5.99	32,068
1974	198,744.58	176,032	156,817	61,802	6.43	9,612
1975	447.00	389	347	145	6.90	21
1976	721,484.00	615,700	548,494	245,138	7.40	33,127
1977	44,347.00	37,074	33,027	15,755	7.92	1,989
1978	618,637.00	505,612	450,422	230,079	8.48	27,132
1979	8,649.00	6,902	6,149	3,365	9.06	371
1980	484.00	376	335	197	9.67	20
1981	5,372.00	4,065	3,621	2,288	10.30	222
1982	8,744.00	6,424	5,723	3,895	10.96	355
1983	47,761.00	34,007	30,295	22,242	11.64	1,911
1984	7,165.00	4,935	4,396	3,486	12.34	282
1985	8,982.00	5,970	5,318	4,562	13.06	349
1986	15,266.00	9,770	8,704	8,089	13.80	586
1987	83,290.00	51,197	45,609	46,010	14.56	3,160
1988	13,971.00	8,230	7,332	8,036	15.33	524
1989	21,802.00	12,267	10,928	13,054	16.12	810
1990	45,444.00	24,344	21,687	28,301	16.93	1,672
1991	125,467.00	63,776	56,815	81,199	17.75	4,575
1992	2,446,389.00	1,175,172	1,046,897	1,644,131	18.59	88,442
1993	4,522,183.00	2,043,981	1,820,872	3,153,529	19.44	162,219
1994	21,519,773.01	9,101,788	8,108,291	15,563,459	20.31	766,295
1995	4,253,118.00	1,675,814	1,492,892	3,185,538	21.18	150,403
1996	1,309,463.20	476,632	424,606	1,015,804	22.08	46,006
1997	2,118,847.00	707,610	630,371	1,700,361	22.98	73,993
1998	145,405.00	44,161	39,341	120,605	23.89	5,048
1999	43,853.00	11,958	10,653	37,585	24.82	1,514
2000	51,436,146.91	12,413,600	11,058,604	45,521,158	25.76	1,767,126
2001	5,062,190.94	1,063,009	946,977	4,621,433	26.70	173,087
2002	5,441,761.30	970,320	864,406	5,121,531	27.65	185,227
2003	613,683.56	89,782	79,982	595,070	28.61	20,799
2004	3,226,723.55	367,717	327,579	3,221,817	29.58	108,919
2005	1,501,255.90	122,533	109,158	1,542,223	30.55	50,482

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 466.00 TP COMPRESSOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 33-R3						
NET SALVAGE PERCENT.. -10						
2006	17,512.11	857	764	18,499	31.53	587
2007	15,007.23	244	217	16,291	32.51	501
	106,301,110.13	32,419,306	28,880,607	88,050,615		3,719,815
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					23.7	3.50

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 467.10 TP MEAS/REG EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. -5						
1962	8,842.00	9,191	4,078	5,206	0.25	5,206
1963	418,946.00	431,095	191,268	248,625	0.50	248,625
1964	229,268.00	233,413	103,561	137,170	0.76	137,170
1965	38,240.00	38,498	17,081	23,071	1.03	22,399
1966	55,858.00	55,578	24,659	33,992	1.31	25,948
1967	16,041.00	15,785	7,003	9,840	1.57	6,268
1968	70,545.00	68,739	30,498	43,574	1.80	24,208
1969	158,130.00	152,621	67,715	98,322	2.02	48,674
1970	16,968.00	16,220	7,196	10,620	2.24	4,741
1971	20,842.00	19,731	8,754	13,130	2.46	5,337
1972	84,358.00	79,045	35,071	53,505	2.69	19,890
1973	8,591.19	7,967	3,535	5,486	2.92	1,879
1974	28,260.00	25,922	11,501	18,172	3.16	5,751
1975	37,276.00	33,801	14,997	24,143	3.41	7,080
1976	95,233.00	85,315	37,853	62,142	3.67	16,932
1977	36,607.00	32,364	14,359	24,078	3.95	6,096
1978	279,723.08	243,779	108,160	185,549	4.25	43,659
1979	11,656.00	9,997	4,435	7,804	4.58	1,704
1980	241,380.00	203,469	90,275	163,174	4.93	33,098
1981	91,127.28	75,322	33,419	62,265	5.32	11,704
1982	138,922.85	112,319	49,834	96,035	5.75	16,702
1983	141,529.99	111,693	49,556	99,050	6.21	15,950
1984	36,812.00	28,294	12,553	26,100	6.70	3,896
1985	117,321.00	87,561	38,849	84,338	7.23	11,665
1986	93,331.39	67,462	29,932	68,066	7.79	8,738
1987	82,446.18	57,551	25,534	61,034	8.38	7,283
1988	57,254.66	38,475	17,071	43,046	9.00	4,783
1989	274,673.53	177,082	78,568	209,839	9.65	21,745
1990	345,202.00	212,838	94,432	268,030	10.32	25,972
1991	455,424.96	267,407	118,643	359,553	11.02	32,627
1992	1,627,913.01	906,617	402,248	1,307,061	11.74	111,334
1993	1,908,711.42	1,003,677	445,312	1,558,835	12.48	124,907
1994	964,362.54	476,723	211,513	801,068	13.23	60,549
1995	1,265,940.47	584,333	259,257	1,069,980	14.01	76,373
1996	2,113,045.74	904,341	401,238	1,817,460	14.81	122,718

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 467.10 TP MEAS/REG EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. -5						
1997	1,209,948.87	476,671	211,489	1,058,957	15.62	67,795
1998	196,129.11	70,348	31,212	174,724	16.46	10,615
1999	141,713.25	45,830	20,334	128,465	17.30	7,426
2000	3,238,478.61	930,350	412,778	2,987,625	18.16	164,517
2001	421,255.69	105,449	46,786	395,532	19.04	20,774
2002	2,393,976.35	509,773	226,176	2,287,499	19.93	114,777
2003	3,655,542.79	640,232	284,058	3,554,262	20.83	170,632
2004	2,942,363.73	402,868	178,745	2,910,737	21.74	133,889
2005	685,574.05	67,378	29,894	689,959	22.66	30,448
2006	466,991.02	27,655	12,270	478,071	23.59	20,266
2007	990,454.53	19,552	8,675	1,031,302	24.53	42,042
	27,913,211.29	10,170,331	4,512,375	24,796,496		2,104,792
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.8	7.54

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 467.20 TP TELEMENTRY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 17-R2						
NET SALVAGE PERCENT.. 0						
1975	8,837.00	8,837	8,837			
1976	7,003.00	6,978	7,003			
1977	4,978.00	4,899	4,978			
1979	2,150.00	2,048	2,150			
1980	32,818.00	30,714	32,818			
1981	27,704.00	25,454	27,704			
1982	26,627.93	24,013	26,628			
1983	25,404.18	22,475	25,404			
1984	38,527.10	33,407	38,527			
1985	13,989.04	11,874	13,989			
1986	523,549.34	434,232	523,549			
1987	69,419.00	56,188	69,419			
1988	60,092.00	47,298	60,092			
1989	12,756.00	9,732	12,756			
1990	7,946.00	5,857	7,946			
1991	122,263.00	86,733	122,263			
1992	128,060.26	86,927	128,060			
1993	530,077.88	343,013	530,078			
1994	174,680.06	107,061	174,680			
1995	225,916.00	130,376	225,916			
1996	59,774.84	32,207	59,775			
1997	220,571.15	110,153	220,571			
1998	217,198.82	99,520	217,199			
1999	785,928.87	326,396	785,929			
2000	406,849.42	151,023	406,849			
2001	422,744.92	137,519	418,694	4,051	11.47	353
2002	91,796.90	25,593	77,921	13,876	12.26	1,132
2003	120,202.27	27,719	84,394	35,808	13.08	2,738
2004	325,998.07	59,071	179,849	146,149	13.92	10,499
2005	159,042.52	20,771	63,240	95,803	14.78	6,482
2006	1,137,481.59	89,634	272,902	864,580	15.66	55,209
2007	74,943.49	1,986	6,047	68,896	16.55	4,163
	6,065,330.65	2,559,708	4,836,167	1,229,163		80,576

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 15.3 1.33

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 467.30 TP MEASUREMENT/REGULATOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. -5						
2004	32,220.01	4,412	4,371	29,460	21.74	1,355
2005	6,496.05	638	632	6,189	22.66	273
	38,716.06	5,050	5,003	35,649		1,628
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.9	4.20

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 468.00 TP COMMUNICATIONS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-R2						
NET SALVAGE PERCENT.. 0						
1991	5,633.00	4,326	5,063	570	3.48	164
1992	5,981.00	4,418	5,171	810	3.92	207
1993	1,887.17	1,335	1,563	324	4.39	74
1994	90,312.50	60,753	71,107	19,206	4.91	3,912
1995	19,955.41	12,692	14,855	5,100	5.46	934
1996	28,283.00	16,876	19,752	8,531	6.05	1,410
1997	4,120.00	2,285	2,674	1,446	6.68	216
1999	5,223.00	2,423	2,836	2,387	8.04	297
2001	157,949.54	57,699	67,533	90,417	9.52	9,498
2002	5,994.21	1,878	2,198	3,796	10.30	369
2004	20,547.00	4,192	4,906	15,641	11.94	1,310
	345,885.83	168,877	197,658	148,228		18,391
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					8.1	5.32

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 471.00 DS LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1957	1,089.00	694	9	1,080	27.23	40
1959	4,423.00	2,721	36	4,387	28.85	152
1960	73.00	44	1	72	29.68	2
1961	315.00	187	2	313	30.51	10
1962	389.00	226	3	386	31.35	12
1963	2,609.00	1,488	20	2,589	32.21	80
1964	5,228.00	2,923	38	5,190	33.07	157
1965	915.00	501	7	908	33.94	27
1966	998.00	535	7	991	34.81	28
1967	9.00	5		9	35.70	
1968	113.00	58	1	112	36.59	3
1969	1,244.00	622	8	1,236	37.49	33
1970	2,790.00	1,362	18	2,772	38.40	72
1971	832.00	396	5	827	39.32	21
1972	1,352.00	627	8	1,344	40.24	33
1973	2,134.00	963	13	2,121	41.16	52
1974	3,637.00	1,596	21	3,616	42.10	86
1975	2,228.00	949	12	2,216	43.04	51
1976	2,311.00	956	13	2,298	43.98	52
1977	587.00	235	3	584	44.93	13
1978	2,714.00	1,054	14	2,700	45.88	59
1979	5,004.00	1,879	25	4,979	46.84	106
1980	1,968.00	714	9	1,959	47.80	41
1981	7,491.00	2,620	35	7,456	48.77	153
1982	29,555.00	9,957	131	29,424	49.73	592
1983	70,557.00	22,853	301	70,256	50.71	1,385
1984	49,272.00	15,319	202	49,070	51.68	949
1985	29,396.00	8,757	115	29,281	52.66	556
1986	7,254.00	2,066	27	7,227	53.64	135
1987	21,203.00	5,761	76	21,127	54.62	387
1988	21,466.00	5,553	73	21,393	55.60	385
1989	37,052.00	9,096	120	36,932	56.59	653
1990	59,753.00	13,881	183	59,570	57.58	1,035
1991	6,755.00	1,480	19	6,736	58.57	115
1992	6,759.00	1,392	18	6,741	59.56	113

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 471.00 DS LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1993	28,462.00	5,485	72	28,390	60.55	469
1994	17,628.00	3,164	42	17,586	61.54	286
1995	10,578.00	1,759	23	10,555	62.53	169
1996	2,734.00	418	6	2,728	63.53	43
1997	25,198.00	3,520	46	25,152	64.52	390
1999	801.00	91	1	800	66.52	12
2000	15,948.50	1,593	21	15,928	67.51	236
2001	57,773.96	4,997	66	57,708	68.51	842
2002	110,483.55	8,087	107	110,377	69.51	1,588
2003	25,303.91	1,516	20	25,284	70.51	359
2004	24,304.22	1,135	15	24,289	71.50	340
2006	144,490.31	2,890	38	144,452	73.50	1,965
2007	185,720.55	1,244	16	185,705	74.50	2,493
	1,038,901.00	155,369	2,046	1,036,856		16,780
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					61.8	1.62

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 472.00 DS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 28-L1						
NET SALVAGE PERCENT.. -5						
1959	3,509.00	2,679	2,602	1,082	7.64	142
1961	72,460.67	54,073	52,526	23,558	8.10	2,908
1962	204.00	150	146	68	8.34	8
1963	28,510.93	20,773	20,179	9,757	8.57	1,139
1964	2,421.00	1,741	1,691	851	8.82	96
1965	33,722.00	23,950	23,265	12,143	9.06	1,340
1966	1,822.00	1,277	1,240	673	9.31	72
1967	1,324.75	916	890	501	9.57	52
1968	309.00	211	205	119	9.82	12
1969	63.00	42	41	25	10.09	2
1970	225.77	149	145	92	10.35	9
1971	6,038.88	3,936	3,823	2,518	10.62	237
1972	6,269.19	4,020	3,905	2,678	10.90	246
1973	17,003.16	10,724	10,417	7,436	11.18	665
1974	13,522.49	8,387	8,147	6,052	11.46	528
1975	7,057.46	4,301	4,178	3,232	11.75	275
1976	8,487.00	5,079	4,934	3,977	12.04	330
1977	3,801.00	2,232	2,168	1,823	12.34	148
1978	1,979.00	1,139	1,106	972	12.65	77
1979	40.27	23	22	20	12.95	2
1980	15,026.00	8,300	8,063	7,714	13.27	581
1981	41,908.30	22,644	21,996	22,008	13.59	1,619
1982	58,789.49	31,043	30,155	31,574	13.92	2,268
1983	127,690.99	65,844	63,960	70,116	14.25	4,920
1984	63,535.00	31,948	31,034	35,678	14.59	2,445
1985	72,224.00	35,370	34,358	41,477	14.94	2,776
1986	34,592.09	16,486	16,014	20,308	15.29	1,328
1987	78,585.24	36,397	35,356	47,159	15.65	3,013
1988	22,252.77	10,005	9,719	13,646	16.01	852
1989	56,134.23	24,437	23,738	35,203	16.39	2,148
1990	33,968.35	14,306	13,897	21,770	16.77	1,298
1991	177,509.21	72,150	70,086	116,299	17.16	6,777
1992	174,263.79	68,232	66,280	116,697	17.56	6,646
1993	181,993.00	68,449	66,491	124,602	17.97	6,934
1994	461,707.85	165,848	161,103	323,690	18.42	17,573

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 472.00 DS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 28-L1						
NET SALVAGE PERCENT.. -5						
1995	882,327.15	301,743	293,111	633,333	18.88	33,545
1996	974,795.56	314,737	305,733	717,802	19.39	37,019
1997	656,575.98	198,686	193,002	496,403	19.93	24,907
1998	253,877.77	71,415	69,372	197,200	20.50	9,620
1999	413,216.00	106,604	103,554	330,323	21.12	15,640
2000	351,110.21	81,770	79,431	289,235	21.79	13,274
2001	540,315.38	111,651	108,457	458,874	22.49	20,403
2002	94,381.32	16,847	16,365	82,735	23.24	3,560
2003	238,731.61	35,545	34,528	216,140	24.03	8,995
2004	1,243,756.11	146,919	142,716	1,163,228	24.85	46,810
2005	2,822,089.66	242,389	235,454	2,727,740	25.71	106,096
2006	2,625,507.90	136,736	132,823	2,623,960	26.61	98,608
2007	939,915.47	16,580	16,106	970,805	27.53	35,264
	13,845,551.00	2,598,883	2,524,532	12,013,296		523,207
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					23.0	3.78

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 473.00 DS SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R2.5						
NET SALVAGE PERCENT.. -50						
1959	1,634,411.62	1,717,848	643,746	1,807,871	16.46	109,834
1960	156,773.15	162,378	60,850	174,310	17.02	10,241
1962	168,653.39	169,269	63,432	189,548	18.20	10,415
1963	6,498,451.95	6,415,922	2,404,303	7,343,375	18.80	390,605
1964	1,144,998.32	1,111,049	416,355	1,301,142	19.42	67,000
1965	1,053,332.83	1,003,774	376,154	1,203,845	20.06	60,012
1966	1,117,110.75	1,044,945	391,583	1,284,083	20.70	62,033
1967	1,172,448.14	1,075,604	403,072	1,355,600	21.36	63,464
1968	1,094,424.36	984,161	368,805	1,272,832	22.03	57,777
1969	1,358,684.16	1,196,525	448,386	1,589,640	22.71	69,997
1970	1,790,364.40	1,542,847	578,167	2,107,380	23.40	90,059
1971	1,927,389.49	1,624,211	608,657	2,282,427	24.10	94,707
1972	1,950,987.89	1,606,346	601,962	2,324,520	24.81	93,693
1973	2,726,081.27	2,190,952	821,037	3,268,085	25.53	128,010
1974	3,435,997.20	2,692,963	1,009,161	4,144,835	26.26	157,838
1975	4,002,328.41	3,056,378	1,145,347	4,858,146	27.00	179,931
1976	3,816,067.83	2,836,292	1,062,872	4,661,230	27.75	167,972
1977	6,135,291.93	4,433,975	1,661,588	7,541,350	28.50	264,609
1978	6,634,215.83	4,655,229	1,744,501	8,206,823	29.27	280,383
1979	4,906,496.79	3,338,380	1,251,025	6,108,720	30.05	203,285
1980	7,713,966.09	5,085,432	1,905,715	9,665,234	30.83	313,501
1981	10,735,975.04	6,845,794	2,565,393	13,538,570	31.62	428,165
1982	15,510,536.99	9,550,613	3,578,997	19,686,808	32.42	607,243
1983	12,856,328.50	7,632,802	2,860,316	16,424,177	33.23	494,258
1984	14,008,455.18	8,003,731	2,999,318	18,013,365	34.05	529,027
1985	13,887,212.61	7,624,080	2,857,048	17,973,771	34.87	515,451
1986	12,827,846.70	6,751,937	2,530,221	16,711,549	35.70	468,111
1987	18,380,543.14	9,252,765	3,467,382	24,103,433	36.54	659,645
1988	15,856,525.19	7,620,646	2,855,761	20,929,027	37.38	559,899
1989	20,514,619.42	9,376,207	3,513,640	27,258,289	38.24	712,821
1990	22,504,328.09	9,765,753	3,659,619	30,096,873	39.09	769,938
1991	23,583,201.63	9,675,008	3,625,613	31,749,189	39.96	794,524
1992	25,225,471.89	9,747,122	3,652,637	34,185,571	40.83	837,266
1993	31,432,265.37	11,391,053	4,268,683	42,879,715	41.71	1,028,044
1994	27,612,206.69	9,343,971	3,501,560	37,916,750	42.59	890,274

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 473.00 DS SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R2.5						
NET SALVAGE PERCENT.. -50						
1995	27,067,030.42	8,505,814	3,187,469	37,413,077	43.48	860,466
1996	16,377,848.05	4,743,844	1,777,708	22,789,064	44.38	513,499
1997	15,266,040.35	4,046,264	1,516,297	21,382,764	45.28	472,234
1998	12,616,878.78	3,035,621	1,137,569	17,787,749	46.18	385,183
1999	4,020,841.39	867,295	325,010	5,706,252	47.09	121,178
2000	3,661,268.49	698,021	261,576	5,230,327	48.01	108,942
2001	9,143,146.59	1,514,105	567,396	13,147,324	48.93	268,697
2002	3,513,499.78	493,295	184,857	5,085,393	49.85	102,014
2003	13,215,743.72	1,520,471	569,782	19,253,834	50.78	379,162
2004	56,242,919.97	5,044,990	1,890,560	82,473,820	51.71	1,594,930
2005	36,583,227.72	2,343,156	878,074	53,996,768	52.65	1,025,580
2006	26,155,684.85	1,012,225	379,322	38,854,205	53.58	725,162
2007	28,788,197.65	367,050	137,548	43,044,748	54.53	789,377
	578,026,320.00	204,718,113	76,716,074	790,323,408		19,516,456
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					40.5	3.38

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 473.01 LILO DS SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. -50						
2001	13,037,587.25	3,177,912	5,942,665	13,613,716	33.50	406,380
2002	8,263,418.29	1,704,330	3,187,081	9,208,046	34.50	266,900
2003	369,203.42	62,303	116,506	437,299	35.50	12,318
2004	19,720,905.69	2,588,369	4,840,225	24,741,134	36.50	677,839
2005	1,911,439.24	179,197	335,097	2,532,062	37.50	67,522
	43,302,553.89	7,712,111	14,421,574	50,532,257		1,430,959
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					35.3	3.30

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 474.00 DS METERS/REGULATORS INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2						
NET SALVAGE PERCENT.. 0						
1959	303,837.00	284,179	40,645	263,192	1.94	135,666
1960	90,821.00	84,073	12,025	78,796	2.23	35,335
1961	592,195.00	542,451	77,585	514,610	2.52	204,210
1962	67,527.00	61,200	8,753	58,774	2.81	20,916
1963	118,276.00	106,058	15,169	103,107	3.10	33,260
1964	189,712.00	168,275	24,068	165,644	3.39	48,863
1965	146,614.00	128,624	18,397	128,217	3.68	34,842
1966	202,312.00	175,465	25,096	177,216	3.98	44,527
1967	140,435.00	120,353	17,214	123,221	4.29	28,723
1968	263,980.65	223,512	31,968	232,013	4.60	50,438
1969	27,566.00	23,045	3,296	24,270	4.92	4,933
1970	163,885.65	135,156	19,331	144,555	5.26	27,482
1971	78,951.00	64,187	9,180	69,771	5.61	12,437
1972	125,215.00	100,297	14,345	110,870	5.97	18,571
1973	170,042.00	133,993	19,164	150,878	6.36	23,723
1974	237,087.00	183,742	26,280	210,807	6.75	31,231
1975	239,792.00	182,482	26,100	213,692	7.17	29,804
1976	366,549.00	273,556	39,126	327,423	7.61	43,025
1977	410,594.00	300,267	42,946	367,648	8.06	45,614
1978	543,042.00	388,438	55,557	487,485	8.54	57,083
1979	385,888.00	269,736	38,579	347,309	9.03	38,462
1980	347,727.00	237,045	33,904	313,823	9.55	32,861
1981	638,361.23	423,680	60,597	577,764	10.09	57,261
1982	856,881.00	552,945	79,085	777,796	10.64	73,101
1983	532,420.00	333,455	47,693	484,727	11.21	43,241
1984	631,113.00	382,644	54,728	576,385	11.81	48,805
1985	762,234.00	446,669	63,885	698,349	12.42	56,228
1986	697,301.00	393,975	56,349	640,952	13.05	49,115
1987	1,844,341.00	1,002,768	143,422	1,700,919	13.69	124,245
1988	1,758,574.00	916,745	131,118	1,627,456	14.36	113,333
1989	1,591,284.00	793,573	113,502	1,477,782	15.04	98,257
1990	2,272,455.00	1,081,007	154,612	2,117,843	15.73	134,637
1991	10,519,828.00	4,754,962	680,083	9,839,745	16.44	598,525
1992	3,005,783.55	1,285,574	183,870	2,821,914	17.17	164,351
1993	3,817,770.63	1,538,562	220,054	3,597,717	17.91	200,878

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 474.00 DS METERS/REGULATORS INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2						
NET SALVAGE PERCENT.. 0						
1994	10,965,922.37	4,145,119	592,860	10,373,062	18.66	555,898
1995	9,456,189.04	3,331,415	476,479	8,979,710	19.43	462,157
1996	6,238,383.00	2,035,584	291,141	5,947,242	20.21	294,272
1997	9,115,878.00	2,734,763	391,142	8,724,736	21.00	415,464
1998	3,267,944.30	892,149	127,600	3,140,344	21.81	143,986
1999	7,572,752.34	1,860,625	266,118	7,306,634	22.63	322,874
2000	1,747,132.29	380,875	54,475	1,692,657	23.46	72,151
2001	210,381.53	39,972	5,717	204,665	24.30	8,422
2002	5,099,292.51	824,556	117,933	4,981,360	25.15	198,066
2003	3,777,299.12	502,381	71,854	3,705,445	26.01	142,462
2004	7,237,219.42	752,671	107,651	7,129,568	26.88	265,237
2005	11,184,313.61	835,468	119,494	11,064,820	27.76	398,589
2006	8,815,657.85	396,705	56,739	8,758,919	28.65	305,721
2007	8,499,153.91	127,487	18,234	8,480,920	29.55	287,002
	127,327,914.00	36,952,463	5,285,163	122,042,752		6,636,284
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					18.4	5.21

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 474.01 LILO DS METERS/REGULATORS INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 30-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	6,523,815.00	1,413,711	3,847,174	2,676,641	23.50	113,900
2002	1,599,767.44	293,237	797,995	801,772	24.50	32,725
2003	8,985.21	1,348	3,668	5,317	25.50	209
2004	7,435,013.87	867,666	2,361,206	5,073,808	26.50	191,464
2005	502,351.85	41,846	113,877	388,475	27.50	14,126
2006	199.63	10	27	173	28.50	6
	16,070,133.00	2,617,818	7,123,947	8,946,186		352,430
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					25.4	2.19

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 475.00 DS MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -20						
1958	64,732.00	54,515	41,502	36,176	17.89	2,022
1959	5,065,364.27	4,201,416	3,198,514	2,879,923	18.53	155,419
1960	178,134.81	145,422	110,709	103,053	19.18	5,373
1961	103,101.67	82,807	63,040	60,682	19.84	3,059
1962	251,454.49	198,609	151,200	150,545	20.51	7,340
1963	53,629,486.09	41,625,062	31,688,918	32,666,465	21.19	1,541,598
1964	3,336,693.39	2,543,361	1,936,246	2,067,786	21.89	94,463
1965	3,771,871.16	2,821,209	2,147,770	2,378,475	22.60	105,242
1966	3,956,205.35	2,902,114	2,209,363	2,538,083	23.32	108,837
1967	4,851,628.70	3,488,515	2,655,786	3,166,168	24.05	131,649
1968	5,766,846.63	4,060,783	3,091,450	3,828,766	24.79	154,448
1969	5,881,396.98	4,054,635	3,086,770	3,970,906	25.53	155,539
1970	8,205,989.52	5,532,150	4,211,594	5,635,593	26.29	214,363
1971	6,786,576.10	4,470,996	3,403,743	4,740,148	27.06	175,172
1972	6,326,738.05	4,069,358	3,097,979	4,494,107	27.84	161,426
1973	6,706,163.36	4,207,179	3,202,901	4,844,495	28.63	169,210
1974	9,903,648.41	6,057,468	4,611,515	7,272,863	29.42	247,208
1975	11,373,106.01	6,772,002	5,155,486	8,492,241	30.23	280,921
1976	16,059,007.26	9,302,019	7,081,573	12,189,236	31.04	392,694
1977	13,795,334.73	7,764,014	5,910,699	10,643,703	31.86	334,077
1978	14,246,170.27	7,781,828	5,924,260	11,171,144	32.69	341,730
1979	14,830,068.13	7,851,631	5,977,401	11,818,681	33.53	352,481
1980	15,806,676.98	8,099,341	6,165,981	12,802,031	34.38	372,369
1981	17,180,005.41	8,510,287	6,478,832	14,137,174	35.23	401,282
1982	27,467,464.98	13,134,942	9,999,555	22,961,403	36.09	636,226
1983	29,252,096.01	13,479,366	10,261,763	24,840,752	36.96	672,098
1984	17,854,763.66	7,912,517	6,023,753	15,401,963	37.84	407,029
1985	14,981,425.71	6,376,694	4,854,540	13,123,171	38.72	338,925
1986	19,552,653.18	7,972,790	6,069,639	17,393,545	39.61	439,120
1987	20,818,831.26	8,114,348	6,177,406	18,805,192	40.51	464,211
1988	12,268,214.04	4,560,831	3,472,134	11,249,723	41.41	271,667
1989	9,981,941.50	3,530,014	2,687,379	9,290,951	42.32	219,540
1990	17,282,119.80	5,792,275	4,409,625	16,328,919	43.24	377,635
1991	12,499,738.11	3,959,917	3,014,662	11,985,024	44.16	271,400
1992	23,749,688.70	7,087,857	5,395,944	23,103,682	45.08	512,504

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 475.00 DS MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -20						
1993	24,811,382.07	6,937,262	5,281,297	24,492,361	46.02	532,211
1994	27,392,512.11	7,142,871	5,437,826	27,433,189	46.96	584,182
1995	32,927,281.51	7,969,719	6,067,301	33,445,437	47.90	698,235
1996	14,443,045.72	3,220,221	2,451,536	14,880,119	48.85	304,608
1997	15,072,250.40	3,074,739	2,340,781	15,745,919	49.80	316,183
1998	12,776,419.92	2,364,149	1,799,813	13,531,891	50.75	266,638
1999	14,198,112.06	2,354,615	1,792,555	15,245,179	51.71	294,821
2000	12,329,027.32	1,804,970	1,374,113	13,420,720	52.68	254,759
2001	10,560,031.82	1,340,702	1,020,669	11,651,369	53.65	217,174
2002	6,732,323.96	724,667	551,685	7,527,104	54.62	137,809
2003	16,820,588.94	1,483,576	1,129,438	19,055,269	55.59	342,782
2004	83,833,868.55	5,764,417	4,388,417	96,212,225	56.56	1,701,065
2005	30,715,324.80	1,511,194	1,150,463	35,707,927	57.54	620,576
2006	33,679,365.29	998,256	759,966	39,655,272	58.52	677,636
2007	20,652,499.81	203,221	154,711	24,628,289	59.51	413,851
	790,729,371.00	275,412,851	209,670,203	739,205,039		17,880,807
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					41.3	2.26

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 475.01 LILO DS MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
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SURVIVOR CURVE.. 40-SQUARE
NET SALVAGE PERCENT.. -20

1983	5.21	4	6			
1985	2.37	2	3			
2001	12,448,127.66	2,427,385	6,021,977	8,915,776	33.50	266,143
2002	6,921,230.51	1,142,003	2,833,137	5,472,340	34.50	158,619
2003	307,406.83	41,500	102,955	265,933	35.50	7,491
2004	18,314,092.18	1,922,980	4,770,624	17,206,287	36.50	471,405
2005	1,752,682.79	131,451	326,110	1,777,109	37.50	47,390
	39,743,547.55	5,665,325	14,054,812	33,637,445		951,048

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 35.4 2.39

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 476.00 DS NGV FUEL EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-R3						
NET SALVAGE PERCENT.. 0						
1983	17,290.01	17,048	9,009	8,281	0.21	8,281
1984	9,047.00	8,782	4,641	4,406	0.44	4,406
1985	23,417.00	22,340	11,806	11,611	0.69	11,611
1986	14,163.49	13,275	7,015	7,148	0.94	7,148
1987	59,625.11	54,855	28,989	30,636	1.20	25,530
1988	5,417.91	4,891	2,585	2,833	1.46	1,940
1989	80,524.98	71,184	37,618	42,907	1.74	24,659
1990	25,904.79	22,382	11,828	14,077	2.04	6,900
1991	25,410.47	21,363	11,289	14,121	2.39	5,908
1992	133,384.07	108,481	57,328	76,056	2.80	27,163
1993	11,268.63	8,812	4,657	6,612	3.27	2,022
1994	15,517.24	11,587	6,123	9,394	3.80	2,472
1996	8,449.94	5,611	2,965	5,485	5.04	1,088
1997	16,006.59	9,881	5,222	10,785	5.74	1,879
1998	70,160.65	39,851	21,059	49,102	6.48	7,577
1999	2,761.71	1,425	753	2,009	7.26	277
2001	7,164.57	2,909	1,537	5,628	8.91	632
2004	45,344.05	10,216	5,399	39,945	11.62	3,438
	570,858.21	434,893	229,823	341,036		142,931

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 2.4 25.04

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1962	6,492.00	6,427	3,227	3,265	0.25	3,265
1963	2,023.38	1,983	996	1,027	0.50	1,027
1964	37,162.24	36,033	18,091	19,071	0.76	19,071
1965	84,966.94	81,466	40,901	44,066	1.03	42,783
1966	54,478.00	51,623	25,918	28,560	1.31	21,802
1967	70,427.00	65,948	33,110	37,317	1.59	23,470
1968	14,212.18	13,143	6,599	7,613	1.88	4,049
1969	213,088.95	194,593	97,698	115,391	2.17	53,176
1970	26,040.17	23,478	11,787	14,253	2.46	5,794
1971	82,498.87	73,424	36,863	45,636	2.75	16,595
1972	109,996.86	96,577	48,488	61,509	3.05	20,167
1973	150,957.86	130,730	65,635	85,323	3.35	25,470
1974	32,359.89	27,635	13,874	18,486	3.65	5,065
1975	278,289.30	234,097	117,531	160,758	3.97	40,493
1976	695,605.04	575,961	289,168	406,437	4.30	94,520
1977	1,907,565.74	1,552,759	779,582	1,127,984	4.65	242,577
1978	594,766.68	475,575	238,768	355,999	5.01	71,058
1979	869,952.12	682,390	342,602	527,350	5.39	97,839
1980	847,969.49	651,241	326,964	521,005	5.80	89,828
1981	249,905.08	187,629	94,201	155,704	6.23	24,993
1982	260,051.52	190,566	95,676	164,376	6.68	24,607
1983	1,519,173.31	1,084,082	544,277	974,896	7.16	136,159
1984	535,443.21	371,383	186,457	348,986	7.66	45,560
1985	454,682.96	305,911	153,586	301,097	8.18	36,809
1986	378,442.29	246,290	123,653	254,789	8.73	29,185
1987	5,821.32	3,656	1,836	3,985	9.30	428
1988	114,792.36	69,381	34,834	79,958	9.89	8,085
1989	504,689.91	292,720	146,964	357,726	10.50	34,069
1990	648,978.63	359,794	180,639	468,340	11.14	42,041
1991	1,377,874.01	727,517	365,259	1,012,615	11.80	85,815
1992	1,307,568.50	655,353	329,028	978,541	12.47	78,472
1993	2,427,102.88	1,148,505	576,621	1,850,482	13.17	140,507
1994	2,088,980.15	929,178	466,505	1,622,475	13.88	116,893
1995	4,728,957.70	1,965,355	986,731	3,742,227	14.61	256,141
1996	3,007,888.98	1,159,842	582,313	2,425,576	15.36	157,915

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1997	2,602,412.08	923,336	463,572	2,138,840	16.13	132,600
1998	1,497,515.68	484,596	243,297	1,254,219	16.91	74,170
1999	1,610,046.31	470,134	236,037	1,374,009	17.70	77,628
2000	4,147,117.96	1,076,592	540,516	3,606,602	18.51	194,846
2001	3,579,066.92	810,301	406,822	3,172,245	19.34	164,025
2002	2,744,739.69	529,186	265,684	2,479,056	20.18	122,847
2003	6,334,196.61	1,005,870	505,010	5,829,187	21.03	277,184
2004	6,452,427.01	802,682	402,997	6,049,430	21.89	276,356
2005	6,046,234.55	541,743	271,989	5,774,246	22.76	253,701
2006	7,862,349.96	424,567	213,159	7,649,191	23.65	323,433
2007	4,089,167.71	73,605	36,954	4,052,214	24.55	165,060
	72,654,480.00	21,814,857	10,952,419	61,702,062		4,157,578
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.8	5.72

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.20 DS TELEENTRY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 20-R2.5						
NET SALVAGE PERCENT.. 0						
1968	6,582.76	6,583	6,583			
1974	8,362.36	7,961	8,362			
1975	15,020.02	14,096	15,020			
1976	2,066.66	1,916	2,067			
1977	11,435.00	10,474	11,435			
1978	811.75	735	812			
1979	25,587.00	22,862	25,587			
1980	3,346.63	2,952	3,347			
1983	56,999.71	48,079	57,000			
1984	12,998.00	10,769	12,998			
1985	46,230.22	37,516	46,230			
1987	16,826.00	12,998	16,826			
1988	41,988.83	31,471	41,989			
1989	14,287.73	10,344	14,288			
1990	36,463.69	25,415	36,464			
1991	104,656.77	69,911	104,657			
1992	40,187.99	25,600	40,188			
1993	89,292.30	53,933	89,292			
1994	274,646.59	156,549	274,647			
1995	840,579.65	448,870	840,580			
1996	1,354,965.10	673,418	1,354,965			
1997	219,831.55	100,903	219,832			
1998	106,061.66	44,493	106,062			
1999	287,922.67	109,123	287,923			
2000	298,050.06	100,592	298,050			
2001	256,006.66	75,522	256,007			
2002	322,838.61	81,194	322,839			
2003	438,484.62	90,986	438,485			
2004	257,499.74	41,844	207,877	49,623	16.75	2,963
2005	116,504.03	13,573	67,429	49,075	17.67	2,777
2006	188,696.60	13,303	66,088	122,609	18.59	6,595
2007	32,445.04	762	3,786	28,659	19.53	1,467
	5,527,676.00	2,344,747	5,277,715	249,966		13,802

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 18.1 0.25

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 477.30 DS MEAS/REG EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-R2.5						
NET SALVAGE PERCENT.. -5						
1999	68,202.71	35,140	99,613	28,000-		
2000	1,661.74	767	2,174	429-		
2001	44,063.55	17,859	50,626	4,359-		
2004	49,223.00	11,097	31,458	20,226		
	163,151.00	64,863	183,871	12,562-		
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					0.0	0.00

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.10 DS METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1963	130,782.00	128,166	76,689	54,093	0.50	54,093
1964	45,758.00	44,367	26,547	19,211	0.76	19,211
1965	70,208.00	67,315	40,278	29,930	1.03	29,058
1966	65,322.00	61,899	37,038	28,284	1.31	21,591
1967	76,364.00	71,507	42,787	33,577	1.59	21,118
1968	100,169.00	92,636	55,429	44,740	1.88	23,798
1969	138,853.00	126,801	75,872	62,981	2.17	29,024
1970	166,381.00	150,009	89,759	76,622	2.46	31,147
1971	214,697.00	191,080	114,334	100,363	2.75	36,496
1972	277,124.00	243,315	145,589	131,535	3.05	43,126
1973	401,886.00	348,033	208,247	193,639	3.35	57,803
1974	510,163.00	435,679	260,691	249,472	3.65	68,348
1975	571,099.00	480,408	287,455	283,644	3.97	71,447
1976	870,869.00	721,080	431,462	439,407	4.30	102,188
1977	1,023,013.00	832,733	498,270	524,743	4.65	112,848
1978	1,195,049.00	955,561	571,765	623,284	5.01	124,408
1979	669,082.09	524,828	314,034	355,048	5.39	65,872
1980	1,304,048.00	1,001,509	599,258	704,790	5.80	121,516
1981	1,112,298.00	835,113	499,694	612,604	6.23	98,331
1982	1,375,989.99	1,008,325	603,337	772,653	6.68	115,667
1984	1,078,658.00	748,157	447,664	630,994	7.66	82,375
1985	682,897.50	459,453	274,916	407,982	8.18	49,876
1986	1,336,577.20	869,844	520,476	816,101	8.73	93,482
1987	444,957.22	279,433	167,200	277,757	9.30	29,866
1988	31,204.41	18,860	11,285	19,919	9.89	2,014
1989	13,909,580.23	8,067,557	4,827,266	9,082,314	10.50	864,982
1990	12,664,150.41	7,021,005	4,201,056	8,463,094	11.14	759,703
1991	4,287,300.19	2,263,695	1,354,494	2,932,806	11.80	248,543
1992	4,984,397.72	2,498,180	1,494,800	3,489,598	12.47	279,839
1993	5,326,133.70	2,520,326	1,508,051	3,818,083	13.17	289,908
1994	6,412,340.40	2,852,209	1,706,635	4,705,705	13.88	339,028
1995	9,529,296.37	3,960,376	2,369,712	7,159,584	14.61	490,047
1996	7,297,211.57	2,813,805	1,683,655	5,613,557	15.36	365,466
1997	6,415,580.11	2,276,248	1,362,005	5,053,575	16.13	313,303
1998	6,194,175.59	2,004,435	1,199,365	4,994,811	16.91	295,376

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.10 DS METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1999	7,194,358.96	2,100,753	1,256,997	5,937,362	17.70	335,444
2000	7,319,689.15	1,900,191	1,136,989	6,182,700	18.51	334,019
2001	3,555,658.64	805,001	481,677	3,073,982	19.34	158,944
2002	7,767,394.52	1,497,554	896,070	6,871,325	20.18	340,502
2003	11,284,235.86	1,791,937	1,072,215	10,212,021	21.03	485,593
2004	23,480,041.88	2,920,917	1,747,746	21,732,296	21.89	992,796
2005	11,991,323.59	1,074,423	642,887	11,348,437	22.76	498,613
2006	8,255,587.28	445,802	266,748	7,988,839	23.65	337,794
2007	8,775,723.42	157,963	94,518	8,681,205	24.55	353,613
	180,537,629.00	59,668,488	35,702,962	144,834,667		9,588,216
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					15.1	5.31

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.11 LILO DS METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	3,466,791.00	901,366	1,546,614	1,920,177	18.50	103,793
2002	1,819,445.41	400,278	686,819	1,132,626	19.50	58,083
2004	4,434,310.44	620,803	1,065,209	3,369,101	21.50	156,702
2005	306,178.84	30,618	52,536	253,643	22.50	11,273
	10,026,725.69	1,953,065	3,351,178	6,675,547		329,851
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.2	3.29

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.20 DS INSTRUMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R3						
NET SALVAGE PERCENT.. 0						
1962	101.00	97	61	40	1.25	32
1963	211.00	200	126	85	1.50	57
1964	274.00	258	162	112	1.76	64
1965	251.00	234	147	104	2.02	51
1966	612.00	566	356	256	2.27	113
1967	841.00	770	484	357	2.53	141
1968	584.00	530	333	251	2.79	90
1969	1,092.00	981	617	475	3.06	155
1970	1,177.00	1,046	658	519	3.33	156
1971	3,951.00	3,474	2,184	1,767	3.62	488
1972	4,259.00	3,702	2,327	1,932	3.92	493
1973	7,188.00	6,169	3,878	3,310	4.25	779
1974	5,636.00	4,772	3,000	2,636	4.60	573
1975	6,402.00	5,339	3,356	3,046	4.98	612
1976	9,389.00	7,706	4,845	4,544	5.38	845
1977	10,839.00	8,736	5,492	5,347	5.82	919
1978	9,579.00	7,570	4,759	4,820	6.29	766
1979	8,772.00	6,787	4,267	4,505	6.79	663
1980	14,544.00	10,991	6,910	7,634	7.33	1,041
1981	19,509.00	14,378	9,039	10,470	7.89	1,327
1982	23,339.00	16,741	10,525	12,814	8.48	1,511
1983	365,768.00	254,831	160,205	205,563	9.10	22,589
1984	2,353.00	1,588	998	1,355	9.75	139
1985	4,600.00	3,001	1,887	2,713	10.43	260
1986	19,442.00	12,235	7,692	11,750	11.12	1,057
1987	82,358.00	49,851	31,340	51,018	11.84	4,309
1988	123,457.00	71,691	45,070	78,387	12.58	6,231
1989	65,902.00	36,595	23,006	42,896	13.34	3,216
1990	159,206.00	84,268	52,977	106,229	14.12	7,523
1991	320,467.00	161,195	101,339	219,128	14.91	14,697
1992	706,831.00	336,452	211,518	495,313	15.72	31,508
1993	815,046.00	365,385	229,708	585,338	16.55	35,368
1994	907,688.00	381,229	239,668	668,020	17.40	38,392
1995	785,297.00	307,287	193,183	592,114	18.26	32,427
1996	625,102.00	226,287	142,260	482,842	19.14	25,227

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 478.20 DS INSTRUMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R3						
NET SALVAGE PERCENT.. 0						
1997	380,074.00	126,299	79,401	300,673	20.03	15,011
1998	29,658.00	8,966	5,637	24,021	20.93	1,148
1999	330,882.00	89,901	56,518	274,364	21.85	12,557
2000	234,314.86	56,400	35,457	198,858	22.78	8,729
2001	346,927.98	72,751	45,737	301,191	23.71	12,703
2002	335,641.68	59,744	37,559	298,083	24.66	12,088
2003	1,008,263.64	147,206	92,544	915,720	25.62	35,742
2004	1,522,073.91	173,516	109,085	1,412,989	26.58	53,160
2005	687,266.98	56,150	35,300	651,967	27.55	23,665
2006	508,057.41	24,895	15,651	492,406	28.53	17,259
2007	447,712.81	7,298	4,588	443,125	29.51	15,016
	10,942,940.27	3,216,068	2,021,854	8,921,087		440,897
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					20.2	4.03

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 401.00 FRANCHISES AND CONSENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	187,221.94	77,229	49,429	137,793	23.50	5,864
1992	2,554.74	990	634	1,921	24.50	78
	189,776.68	78,219	50,063	139,714		5,942
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					23.5	3.13

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 402.00 INTANGIABLE PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	694,036.53	286,290	335,560	358,477	23.50	15,254
2002	500,000.00	68,750	80,582	419,418	34.50	12,157
	1,194,036.53	355,040	416,142	777,895		27,411
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					28.4	2.30

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 461.00 TP LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR	ORIGINAL	CALCULATED	ALLOC. BOOK	FUT. BOOK	REM.	ANNUAL
(1)	COST	ACCRUED	RESERVE	ACCRUALS	LIFE	ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)

SURVIVOR CURVE.. IOWA 75-R4
NET SALVAGE PERCENT.. 0

1991	4,796,701.53	1,050,957	816,613	3,980,089	58.57	67,954
1992	44,432.00	9,149	7,109	37,323	59.56	627
1993	417,105.00	80,376	62,454	354,651	60.55	5,857
1994	1,620.00	291	226	1,394	61.54	23
1995	15,818.00	2,631	2,044	13,774	62.53	220
1996	159,889.08	24,447	18,996	140,893	63.53	2,218
1997	277,167.23	38,720	30,086	247,081	64.52	3,830
1998	19,894.42	2,515	1,954	17,940	65.52	274
1999	588,158.17	66,521	51,688	536,470	66.52	8,065
2000	104,516.74	10,441	8,113	96,404	67.51	1,428
2001	58,232.34	5,037	3,914	54,318	68.51	793
2002	123,554.28	9,044	7,028	116,526	69.51	1,676
2006	1,699.99	34	26	1,674	73.50	23
2007	82,370.22	552	429	81,941	74.50	1,100
	6,691,159.00	1,300,715	1,010,680	5,680,478		94,088

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 60.4 1.41

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 462.00 TP COMPRESSOR STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R4						
NET SALVAGE PERCENT.. -5						
1991	1,839,678.93	1,029,576	779,612	1,152,051	14.01	82,231
1992	70,386.00	37,174	28,149	45,756	14.91	3,069
1993	6,445.00	3,199	2,422	4,345	15.82	275
1994	25,252.00	11,711	8,868	17,647	16.75	1,054
1997	67,885.45	24,713	18,713	52,567	19.60	2,682
1998	2,600,005.52	858,041	649,723	2,080,283	20.57	101,132
1999	2,354,622.49	696,462	527,372	1,944,982	21.55	90,254
2000	918,083.31	239,744	181,538	782,449	22.54	34,714
2001	95.56	22	17	83	23.53	4
2002	816,975.38	156,724	118,674	739,150	24.52	30,145
2005	28,186.00	2,465	1,867	27,728	27.50	1,008
2006	20,573.30	1,080	818	20,784	28.50	729
2007	1,400,575.25	24,559	18,596	1,452,008	29.50	49,221
	10,148,764.19	3,085,470	2,336,369	8,319,833		396,518
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.0	3.91

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 463.00 TP MEASURING & REGULATING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2.5						
NET SALVAGE PERCENT.. -5						
1991	2,115,960.41	1,062,667	1,463,920	757,838	15.65	48,424
1996	5,526.35	2,000	2,755	3,048	19.66	155
1997	78,158.95	25,958	35,759	46,308	20.51	2,258
1998	52,010.54	15,728	21,667	32,944	21.36	1,542
1999	514,828.00	140,007	192,872	347,697	22.23	15,641
2000	31,664.89	7,637	10,521	22,727	23.11	983
2002	36,872.29	6,582	9,067	29,649	24.90	1,191
2006	199,826.49	9,861	13,585	196,233	28.59	6,864
2007	3,021,424.77	49,808	68,615	3,103,881	29.53	105,109
	6,056,272.69	1,320,248	1,818,761	4,540,325		182,167
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					24.9	3.01

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 464.00 TP OTHER STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-R3						
NET SALVAGE PERCENT.. -5						
2005	118,949.64	8,743	8,233	116,664	32.55	3,584
2006	10,372.03	457	430	10,461	33.53	312
2007	172.96	3	3	179	34.51	5
	129,494.63	9,203	8,666	127,304		3,901
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.6	3.01

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 465.00 TP TRANSMISSION PIPELINE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -10						
1991	204,227,999.37	59,307,811	52,961,013	171,689,786	44.16	3,887,903
1992	2,494,449.68	682,407	609,380	2,134,515	45.08	47,349
1993	439,615.00	112,673	100,615	382,962	46.02	8,322
1994	315,663.00	75,453	67,378	279,851	46.96	5,959
1995	113,197.00	25,115	22,427	102,090	47.90	2,131
1996	294,612.96	60,213	53,769	270,305	48.85	5,533
1997	226,554.21	42,366	37,832	211,378	49.80	4,245
1998	34,065.12	5,778	5,160	32,312	50.75	637
1999	209,509.18	31,850	28,442	202,018	51.71	3,907
2000	713,580.65	95,763	85,515	699,424	52.68	13,277
2001	1,196,533.66	139,253	124,351	1,191,836	53.65	22,215
2002	2,969,983.86	293,048	261,688	3,005,294	54.62	55,022
2003	337,302.89	27,271	24,353	346,680	55.59	6,236
2005	1,355,812.00	61,147	54,603	1,436,790	57.54	24,970
2006	163,254.63	4,436	3,961	175,619	58.52	3,001
2007	6,165,649.24	55,614	49,663	6,732,551	59.51	113,133
	221,257,782.45	61,020,198	54,490,150	188,893,411		4,203,840
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					44.9	1.90

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 466.00 TP COMPRESSOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 33-R3						
NET SALVAGE PERCENT.. -10						
1991	10,829,243.36	5,504,613	4,688,626	7,223,542	17.75	406,960
1992	617,142.00	296,457	252,511	426,345	18.59	22,934
1993	335,259.00	151,534	129,071	239,714	19.44	12,331
1994	147,313.00	62,306	53,070	108,974	20.31	5,366
1995	255,900.00	100,830	85,883	195,607	21.18	9,235
1996	580,381.49	211,253	179,938	458,482	22.08	20,765
1997	1,180,372.98	394,197	335,762	962,648	22.98	41,891
1998	5,571,255.17	1,692,046	1,441,223	4,687,158	23.89	196,197
1999	7,106,963.03	1,937,998	1,650,715	6,166,944	24.82	248,467
2000	341,290.14	82,367	70,157	305,262	25.76	11,850
2001	157,418.52	33,056	28,156	145,004	26.70	5,431
2002	68,728.43	12,255	10,438	65,163	27.65	2,357
2005	995,220.00	81,230	69,189	1,025,553	30.55	33,570
2006	510,627.94	24,995	21,290	540,401	31.53	17,139
2007	16,425,736.38	267,411	227,771	17,840,539	32.51	548,771
	45,122,851.44	10,852,548	9,243,800	40,391,336		1,583,264
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					25.5	3.51

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 467.10 TP MEAS/REG EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR	ORIGINAL	CALCULATED	ALLOC. BOOK	FUT. BOOK	REM.	ANNUAL
(1)	COST	ACCRUED	RESERVE	ACCRUALS	LIFE	ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)

SURVIVOR CURVE.. IOWA 25-R2.5
NET SALVAGE PERCENT.. -5

1991	4,464,916.27	2,621,620	1,184,501	3,503,661	11.02	317,937
1992	77,407.00	43,110	19,478	61,799	11.74	5,264
1993	51,286.00	26,968	12,185	41,665	12.48	3,339
1994	74,109.00	36,635	16,552	61,262	13.23	4,631
1996	42,594.79	18,230	8,237	36,488	14.81	2,464
1997	156,070.63	61,486	27,781	136,093	15.62	8,713
1998	795,811.49	285,442	128,968	706,634	16.46	42,930
1999	1,595,372.93	515,944	233,114	1,442,028	17.30	83,354
2000	134,094.41	38,523	17,405	123,394	18.16	6,795
2001	7,834.35	1,961	886	7,340	19.04	386
2002	509,953.69	108,590	49,063	486,388	19.93	24,405
2004	231,588.33	31,709	14,327	228,841	21.74	10,526
2005	491,065.71	48,262	21,806	493,813	22.66	21,792
2006	1,114,523.26	66,002	29,821	1,140,428	23.59	48,344
2007	561,117.44	11,076	5,004	584,169	24.53	23,814
	10,307,745.30	3,915,558	1,769,128	9,054,003		604,694

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 15.0 5.87

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 468.00 TP COMMUNICATIONS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-R2 NET SALVAGE PERCENT.. 0						
1991	1,014,626.95	779,233	552,315	462,312	3.48	132,848
1997	122,787.93	68,110	48,276	74,512	6.68	11,154
1998	116,792.80	59,564	42,219	74,574	7.35	10,146
1999	180,141.42	83,586	59,245	120,896	8.04	15,037
2000	37,020.67	15,375	10,898	26,123	8.77	2,979
2001	8,082.15	2,952	2,092	5,990	9.52	629
2002	165,788.13	51,941	36,815	128,973	10.30	12,522
2003	625,406.37	162,168	114,944	510,462	11.11	45,946
2005	4,921.00	725	514	4,407	12.79	345
2006	72,978.00	6,517	4,619	68,359	13.66	5,004
2007	9.34			9	14.55	1
	2,348,554.76	1,230,171	871,937	1,476,617		236,611
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					6.2	10.07

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 471.00 DS LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1990	2,265.83	526	444	1,822	57.58	32
1991	243,294.67	53,306	44,969	198,326	58.57	3,386
1992	167,375.80	34,463	29,073	138,303	59.56	2,322
1993	53,789.07	10,365	8,744	45,045	60.55	744
1994	123,901.44	22,240	18,761	105,140	61.54	1,708
1995	107,699.74	17,910	15,109	92,591	62.53	1,481
1996	53,581.10	8,193	6,912	46,669	63.53	735
1997	152,127.54	21,252	17,928	134,200	64.52	2,080
1998	142,216.70	17,976	15,164	127,053	65.52	1,939
1999	215,415.41	24,363	20,552	194,863	66.52	2,929
2000	150,291.08	15,014	12,666	137,625	67.51	2,039
2001	56,285.13	4,869	4,107	52,178	68.51	762
2002	98,383.52	7,202	6,076	92,308	69.51	1,328
2003	142,982.84	8,565	7,225	135,758	70.51	1,925
2005	74,436.00	2,479	2,091	72,345	72.50	998
2006	45,864.36	917	774	45,090	73.50	613
2007	200.00	1	1	199	74.50	3
	1,830,110.23	249,641	210,596	1,619,515		25,024

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 64.7 1.37

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 472.00 DS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 28-L1						
NET SALVAGE PERCENT.. -5						
1991	244,456.26	99,360	120,309	136,370	17.16	7,947
1992	58,312.46	22,832	27,646	33,582	17.56	1,912
1993	77,316.46	29,079	35,210	45,972	17.97	2,558
1994	303,680.20	109,083	132,082	186,782	18.42	10,140
1995	488,111.02	166,927	202,121	310,396	18.88	16,440
1997	153,909.18	46,574	56,394	105,211	19.93	5,279
1998	7,606.07	2,140	2,591	5,395	20.50	263
1999	21,650.99	5,586	6,764	15,970	21.12	756
2000	10,165.74	2,367	2,866	7,808	21.79	358
2003	61,612.53	9,173	11,107	53,586	24.03	2,230
2005	26,098.00	2,242	2,714	24,689	25.71	960
2006	2,240.00	117	142	2,210	26.61	83
	1,455,158.91	495,480	599,946	927,971		48,926
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.0	3.36

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 473.00 DS SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R2.5						
NET SALVAGE PERCENT.. -50						
1990	3,779,974.48	1,640,320	1,213,863	4,456,099	39.09	113,996
1991	3,982,134.24	1,633,671	1,208,942	4,764,259	39.96	119,226
1992	13,865,374.10	5,357,581	3,964,695	16,833,366	40.83	412,279
1993	12,921,975.02	4,682,924	3,465,438	15,917,525	41.71	381,624
1994	12,073,816.38	4,085,779	3,023,542	15,087,183	42.59	354,242
1995	10,753,624.16	3,379,326	2,500,755	13,629,681	43.48	313,470
1996	6,765,595.93	1,959,655	1,450,176	8,698,218	44.38	195,994
1997	799,501.62	211,908	156,815	1,042,437	45.28	23,022
1998	781,902.07	188,126	139,216	1,033,637	46.18	22,383
1999	7,473,715.77	1,612,080	1,192,965	10,017,609	47.09	212,733
2000	6,831,403.25	1,302,407	963,802	9,283,303	48.01	193,362
2001	4,932,966.43	816,899	604,518	6,794,932	48.93	138,870
2002	6,084,229.47	854,226	632,141	8,494,203	49.85	170,395
2003	10,137,644.35	1,166,336	863,107	14,343,360	50.78	282,461
2005	7,918,109.00	507,155	375,303	11,501,861	52.65	218,459
2006	6,309,443.89	244,175	180,693	9,283,473	53.58	173,264
2007	7,136,846.33	90,995	67,338	10,637,931	54.53	195,084
	122,548,256.49	29,733,563	22,003,309	161,819,077		3,520,864
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					46.0	2.87

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 474.00 DS METERS/REGUALTORS INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2						
NET SALVAGE PERCENT.. 0						
1990	742,537.09	353,225	323,658	418,879	15.73	26,629
1991	751,187.52	339,537	311,116	440,072	16.44	26,768
1992	1,574,688.05	673,494	617,119	957,569	17.17	55,770
1993	1,525,841.74	614,914	563,442	962,400	17.91	53,735
1994	1,521,656.27	575,186	527,040	994,616	18.66	53,302
1995	1,277,332.35	450,004	412,336	864,996	19.43	44,519
1996	781,484.51	254,998	233,653	547,832	20.21	27,107
1997	75,742.91	22,723	20,821	54,922	21.00	2,615
1998	25,082.57	6,848	6,275	18,808	21.81	862
1999	973,144.55	239,102	219,088	754,057	22.63	33,321
2000	780,692.15	170,191	155,945	624,747	23.46	26,630
2001	443,981.75	84,357	77,296	366,686	24.30	15,090
2002	553,059.91	89,430	81,944	471,116	25.15	18,732
2003	1,543,512.88	205,287	188,104	1,355,409	26.01	52,111
2005	1,164,127.00	86,960	79,681	1,084,446	27.76	39,065
2006	470,507.13	21,173	19,401	451,106	28.65	15,745
2007	1,365,147.92	20,477	18,763	1,346,385	29.55	45,563
	15,569,726.30	4,207,906	3,855,682	11,714,046		537,564
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.8	3.45

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 475.00 DS MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -20						
1990	13,732,535.87	4,602,597	5,248,011	11,231,032	43.24	259,737
1991	20,915,301.69	6,625,968	7,555,116	17,543,246	44.16	397,266
1992	3,779,397.75	1,127,923	1,286,090	3,249,187	45.08	72,076
1993	19,091,048.54	5,337,857	6,086,375	16,822,883	46.02	365,556
1994	21,151,335.63	5,515,422	6,288,840	19,092,763	46.96	406,575
1995	16,148,455.92	3,908,572	4,456,664	14,921,483	47.90	311,513
1996	13,717,022.46	3,058,347	3,487,214	12,973,213	48.85	265,572
1997	15,691,304.76	3,201,026	3,649,900	15,179,666	49.80	304,813
1998	11,684,546.65	2,162,109	2,465,298	11,556,158	50.75	227,708
1999	12,458,692.32	2,066,150	2,355,883	12,594,548	51.71	243,561
2000	10,454,969.92	1,530,608	1,745,242	10,800,722	52.68	205,025
2001	7,865,916.30	998,657	1,138,697	8,300,403	53.65	154,714
2002	4,073,751.43	438,499	499,989	4,388,513	54.62	80,346
2003	11,016,780.14	971,680	1,107,937	12,112,199	55.59	217,884
2005	5,530,109.59	272,081	310,235	6,325,897	57.54	109,939
2006	4,854,591.30	143,890	164,067	5,661,443	58.52	96,744
2007	8,901,636.55	87,592	99,875	10,582,089	59.51	177,820
	201,067,396.82	42,048,978	47,945,433	193,335,445		3,896,849
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					49.6	1.94

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1991	1,083,016.84	571,833	468,874	614,143	11.80	52,046
1992	1,563,640.09	783,696	642,591	921,049	12.47	73,861
1993	217,116.81	102,740	84,241	132,876	13.17	10,089
1994	816,689.55	363,264	297,858	518,832	13.88	37,380
1995	234,980.23	97,658	80,075	154,905	14.61	10,603
1996	215,709.30	83,178	68,202	147,507	15.36	9,603
1997	77,814.96	27,609	22,638	55,177	16.13	3,421
1998	24,023.94	7,774	6,374	17,650	16.91	1,044
1999	344,964.17	100,730	82,593	262,371	17.70	14,823
2000	26,150.94	6,789	5,567	20,584	18.51	1,112
2001	20,730.26	4,693	3,848	16,882	19.34	873
2003	37,986.51	6,032	4,946	33,041	21.03	1,571
2006	179,424.98	9,689	7,944	171,481	23.65	7,251
2007	173,041.57	3,115	2,554	170,488	24.55	6,945
	5,015,290.15	2,168,800	1,778,305	3,236,986		230,622
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.0	4.60

TERASEN GAS - (VANCOUVER ISLAND) INC.

ACCOUNT 478.10 DS METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1990	212,403.92	117,757	97,550	114,854	11.14	10,310
1991	259,968.27	137,263	113,709	146,259	11.80	12,395
1992	1,005,894.76	504,154	417,641	588,254	12.47	47,174
1993	979,710.77	463,599	384,045	595,666	13.17	45,229
1994	1,468,672.98	653,266	541,165	927,508	13.88	66,823
1995	85,057.15	35,350	29,284	55,773	14.61	3,817
1996	897,465.05	346,063	286,678	610,787	15.36	39,765
1997	869,282.84	308,422	255,496	613,787	16.13	38,053
1998	24,282.56	7,858	6,510	17,773	16.91	1,051
1999	818,787.19	239,086	198,059	620,728	17.70	35,069
2000	431,647.90	112,056	92,827	338,821	18.51	18,305
2001	389,419.12	88,164	73,035	316,384	19.34	16,359
2002	415,059.06	80,023	66,291	348,768	20.18	17,283
2003	1,239,465.03	196,827	163,051	1,076,414	21.03	51,185
2005	726,790.00	65,120	53,945	672,845	22.76	29,563
2006	690,854.56	37,306	30,904	659,951	23.65	27,905
2007	366,954.40	6,605	5,472	361,482	24.55	14,724
	10,881,715.56	3,398,919	2,815,662	8,066,054		475,010
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					17.0	4.37

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 401.00 FRANCHISES AND CONSENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1987	8,238.78	4,222	1,643	6,596	19.50	338
	8,238.78	4,222	1,643	6,596		338
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.5	4.10

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 431.00 MFG. GAS LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1990	2,430.15	565	468	1,962	57.58	34
1993	225.00	43	36	189	60.55	3
1995	970.00	161	133	837	62.53	13
	3,625.15	769	637	2,988		50
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					59.8	1.38

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 432.00 MFG. GAS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	156,868.22	68,630	68,881	87,987	22.50	3,911
1991	225,697.77	93,100	93,440	132,258	23.50	5,628
1992	1,335,708.59	517,587	519,477	816,232	24.50	33,316
1993	299,848.93	108,695	109,092	190,757	25.50	7,481
1994	93,944.72	31,706	31,822	62,123	26.50	2,344
1995	4,460.68	1,394	1,399	3,062	27.50	111
1996	3,629.77	1,044	1,048	2,582	28.50	91
1998	7,884.48	1,873	1,880	6,004	30.50	197
1999	6,879.79	1,462	1,467	5,413	31.50	172
2000	249,020.93	46,691	46,861	202,160	32.50	6,220
2001	66,855.76	10,864	10,904	55,952	33.50	1,670
2002	209,513.35	28,808	28,913	180,600	34.50	5,235
2003	4,162.94	468	470	3,693	35.50	104
2005	31,963.00	1,998	2,005	29,958	37.50	799
2006	182,499.15	6,844	6,869	175,630	38.50	4,562
	2,878,938.08	921,164	924,528	1,954,411		71,841
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					27.2	2.50

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 433.00 MFG. GAS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE NET SALVAGE PERCENT.. 0						
1990	86,712.76	75,874	31,045	55,668	2.50	22,267
1991	3,696.12	3,049	1,248	2,448	3.50	699
1992	893,830.60	692,719	283,439	610,392	4.50	135,643
1993	575,777.34	417,439	170,803	404,974	5.50	73,632
1994	21,264.78	14,354	5,873	15,392	6.50	2,368
1995	4,353.30	2,721	1,113	3,240	7.50	432
1997	61,117.84	32,087	13,129	47,989	9.50	5,051
1998	266.08	126	52	214	10.50	20
2001	47,515.08	15,442	6,318	41,197	13.50	3,052
2006	514.00	39	16	498	18.50	27
	1,695,047.90	1,253,850	513,036	1,182,012		243,191
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.9	14.35

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 434.00 MFG. GAS HOLDERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	133,013.22	58,193	40,267	92,746	22.50	4,122
1992	309,975.11	120,115	83,114	226,861	24.50	9,260
1993	46,294.72	16,782	11,612	34,683	25.50	1,360
1994	4,590.00	1,549	1,072	3,518	26.50	133
1998	39,582.73	9,401	6,505	33,078	30.50	1,085
1999	110.19	23	16	94	31.50	3
2000	667,258.16	125,111	86,572	580,686	32.50	17,867
2001	517,587.18	84,108	58,199	459,388	33.50	13,713
2002	389,763.85	53,593	37,084	352,680	34.50	10,223
	2,108,175.16	468,875	324,441	1,783,734		57,766

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 30.9 2.74

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 436.00 MFG. GAS COMPRESSOR EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	250.80	176	116	135	7.50	18
1996	34,428.08	15,837	10,415	24,013	13.50	1,779
1997	3,216.68	1,351	889	2,328	14.50	161
	37,895.56	17,364	11,420	26,476		1,958
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.5	5.17

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 437.00 MFG. GAS MEASURING REGULATING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	60,363.69	52,818	4,032	56,332	2.50	22,533
1992	2,822.83	2,188	167	2,656	4.50	590
1993	4,433.73	3,214	245	4,189	5.50	762
1994	15,127.59	10,211	779	14,349	6.50	2,208
1995	7,001.96	4,376	334	6,668	7.50	889
1996	24,492.15	14,083	1,075	23,417	8.50	2,755
1997	115.18	60	5	110	9.50	12
2000	46,432.12	17,412	1,329	45,103	12.50	3,608
2001	91,605.36	29,772	2,273	89,332	13.50	6,617
2003	7,540.22	1,697	129	7,411	15.50	478
2004	13,873.92	2,428	185	13,689	16.50	830
2005	63,170.00	7,896	603	62,567	17.50	3,575
2006	6,612.27	496	38	6,574	18.50	355
	343,591.02	146,651	11,194	332,397		45,212
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.4	13.16

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 471.00 DS LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1990	8,806.35	2,046	1,480	7,326	57.58	127
1991	2,017.06	442	320	1,697	58.57	29
1992	2,324.25	479	346	1,978	59.56	33
1993	10,026.94	1,932	1,397	8,630	60.55	143
1994	17,669.36	3,172	2,295	15,374	61.54	250
1995	4,753.00	790	571	4,182	62.53	67
1996	3,570.01	546	395	3,175	63.53	50
1997	3,965.63	554	401	3,565	64.52	55
1998	3,351.70	424	307	3,045	65.52	46
1999	4,369.67	494	357	4,013	66.52	60
2000	8,879.74	887	642	8,238	67.51	122
2001	3,282.33	284	205	3,077	68.51	45
2002	6,532.32	478	346	6,186	69.51	89
2003	3,402.48	204	147	3,255	70.51	46
2004	1,151.29	54	39	1,112	71.50	16
2005	2,592.00	86	63	2,529	72.50	35
2006	293.20	6	4	289	73.50	4
	86,987.33	12,878	9,315	77,671		1,217
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					63.8	1.40

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 472.00 DS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 28-L1						
NET SALVAGE PERCENT.. -5						
1991	167.58	68	79	97	17.16	6
1992	37.57	15	18	21	17.56	1
	205.15	83	97	118		7
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					16.9	3.41

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 473.00 DS SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R2.5						
NET SALVAGE PERCENT.. -50						
1990	366,514.63	159,049	109,229	440,543	39.09	11,270
1991	29,452.88	12,083	8,298	35,881	39.96	898
1992	87,832.22	33,938	23,307	108,441	40.83	2,656
1993	200,435.31	72,638	49,885	250,768	41.71	6,012
1994	138,362.07	46,822	32,156	175,387	42.59	4,118
1995	242,546.16	76,220	52,345	311,474	43.48	7,164
1996	210,226.02	60,892	41,818	273,521	44.38	6,163
1997	266,737.15	70,699	48,553	351,553	45.28	7,764
1998	158,619.90	38,164	26,210	211,720	46.18	4,585
1999	181,476.04	39,144	26,883	245,331	47.09	5,210
2000	170,417.75	32,490	22,313	233,314	48.01	4,860
2001	120,007.41	19,873	13,648	166,363	48.93	3,400
2002	145,592.44	20,441	14,038	204,351	49.85	4,099
2003	180,352.60	20,750	14,250	256,279	50.78	5,047
2004	51,368.23	4,608	3,165	73,887	51.71	1,429
2005	59,993.00	3,843	2,639	87,351	52.65	1,659
2006	190,925.43	7,389	5,074	281,314	53.58	5,250
2007	89,976.66	1,147	788	134,177	54.53	2,461
	2,890,835.90	720,190	494,599	3,841,655		84,045
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					45.7	2.91

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 474.00 DS METERS / REGULATORS INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2						
NET SALVAGE PERCENT.. 0						
1990	153,353.90	72,950	72,879	80,475	15.73	5,116
1991	16,941.71	7,658	7,651	9,291	16.44	565
1992	31,063.77	13,286	13,273	17,791	17.17	1,036
1993	43,452.24	17,511	17,494	25,958	17.91	1,449
1994	38,808.20	14,669	14,655	24,153	18.66	1,294
1995	46,380.66	16,340	16,324	30,057	19.43	1,547
1996	45,095.62	14,715	14,700	30,396	20.21	1,504
1997	62,955.92	18,887	18,868	44,088	21.00	2,099
1998	66,159.06	18,061	18,043	48,116	21.81	2,206
1999	54,627.05	13,422	13,409	41,218	22.63	1,821
2000	41,971.77	9,150	9,141	32,831	23.46	1,399
2001	28,803.36	5,473	5,468	23,335	24.30	960
2002	30,673.05	4,960	4,955	25,718	25.15	1,023
2003	76,840.80	10,220	10,210	66,631	26.01	2,562
2004	24,149.87	2,512	2,510	21,640	26.88	805
2005	7,407.00	553	552	6,855	27.76	247
2006	20,146.73	907	906	19,241	28.65	672
2007	20,006.39	300	300	19,706	29.55	667
	808,837.10	241,574	241,338	567,500		26,972
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					21.0	3.33

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 475.00 DS MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R3						
NET SALVAGE PERCENT.. -20						
1990	1,481,548.46	496,556	509,605	1,268,253	43.24	29,331
1991	95,296.76	30,190	30,983	83,373	44.16	1,888
1992	367,215.48	109,592	112,472	328,187	45.08	7,280
1993	87,449.42	24,451	25,094	79,845	46.02	1,735
1994	182,140.82	47,495	48,743	169,826	46.96	3,616
1995	415,392.63	100,542	103,184	395,287	47.90	8,252
1996	223,213.77	49,768	51,076	216,781	48.85	4,438
1997	186,645.53	38,076	39,077	184,898	49.80	3,713
1998	330,836.75	61,218	62,827	334,177	50.75	6,585
1999	30,965.42	5,135	5,270	31,889	51.71	617
2000	850,303.39	124,484	127,755	892,609	52.68	16,944
2001	2,031,117.51	257,871	264,648	2,172,693	53.65	40,498
2002	317,258.04	34,150	35,048	345,662	54.62	6,328
2003	95,175.93	8,395	8,616	105,595	55.59	1,900
2004	58,793.57	4,043	4,149	66,403	56.56	1,174
2005	57,901.00	2,849	2,924	66,557	57.54	1,157
2006	24,971.74	740	759	29,207	58.52	499
	6,836,226.22	1,395,555	1,432,230	6,771,242		135,955
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					49.8	1.99

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 477.10 DS MEAS/REG ADDITIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1990	13,644.21	7,564	6,653	6,991	11.14	628
1996	73.00	28	25	48	15.36	3
	13,717.21	7,592	6,678	7,039		631
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.2	4.60

TERASEN GAS - MAINLAND SYSTEM

ACCOUNT 401.00 FRANCHISES AND CONSENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 40-SQUARE						
NET SALVAGE PERCENT.. 0						
1959	2,931.00	2,931	2,931			
1960	88,488.00	88,488	88,488			
1962	4,804.00	4,804	4,804			
1963	230.00	230	230			
1964	50.00	50	50			
1969	848.00	816	16,434-	17,282	1.50	11,521
1970	452.00	424	8,539-	8,991	2.50	3,596
1971	260.00	237	4,773-	5,033	3.50	1,438
1972	300.00	266	5,358-	5,658	4.50	1,257
1973	50.00	43	866-	916	5.50	167
1976	823.00	648	13,051-	13,874	8.50	1,632
	99,236.00	98,937	47,482	51,754		19,611
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.6	19.76

TERASEN GAS - (WHISTLER) INC.

ACCOUNT 478.10 DS METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2007

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2						
NET SALVAGE PERCENT.. 0						
1990	55,769.39	30,919	21,437	34,332	11.14	3,082
1991	9,071.74	4,790	3,321	5,751	11.80	487
1992	21,032.62	10,542	7,309	13,724	12.47	1,101
1993	16,940.55	8,016	5,558	11,383	13.17	864
1994	19,837.86	8,824	6,118	13,720	13.88	988
1995	35,839.01	14,895	10,327	25,512	14.61	1,746
1996	30,796.86	11,875	8,233	22,564	15.36	1,469
1997	52,366.75	18,580	12,882	39,485	16.13	2,448
1998	30,235.35	9,784	6,784	23,451	16.91	1,387
1999	33,880.58	9,893	6,859	27,022	17.70	1,527
2000	29,972.13	7,781	5,395	24,577	18.51	1,328
2001	21,111.96	4,780	3,314	17,798	19.34	920
2002	14,189.36	2,736	1,897	12,292	20.18	609
2003	37,333.67	5,929	4,111	33,223	21.03	1,580
2005	59,413.00	5,323	3,691	55,722	22.76	2,448
2006	5,726.30	309	214	5,512	23.65	233
2007	26,710.30	481	334	26,376	24.55	1,074
	500,227.43	155,457	107,784	392,444		23,291
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					16.8	4.66



***Terasen Gas Inc. and
Terasen Gas (Vancouver Island) Inc.
Corporate Services Cost Allocation Review***

June 22, 2009

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1.0 Summary of Findings

Terasen Gas Inc. (TGI) retained KPMG to perform an independent review of the corporate services cost allocation methodologies used and the reasonability of the costs of the services provided by Fortis Inc. (FI) and Terasen Inc. (TI) to Terasen Gas Inc. (TGI) and Terasen Gas Vancouver Island Inc. (TGVI) in preparation for TGI and TGVI's 2010/11 Revenue Requirements Application (RRA).

KPMG completed its review based on draft versions of the 2009 SLAs. KPMG did not have access to the finalized 2009 SLAs prior to completing this review, as such our comments are limited to the draft versions we reviewed.

In conducting this review KPMG assessed: whether the services provided by FI and TI to TGI and TGVI are operationally necessary, if the methodology used to allocate costs is reasonable; and if the costs allocated are reasonable as compared to market alternatives.

KPMG assessed the reasonability of the methodology and the costs allocated to TI, TGI and TGVI against the criteria in section 6.2 of this report, which are summarized in the following groups: Services, Allocation Methodology, Costs, and Benefits.

In completing the assessment of the corporate services cost allocation methodology and resulting costs, KPMG found the following:

Organizational Structure

- FI is traded on the TSX and is principally an international distribution utility holding company. Its business operations are different than those of its operating subsidiaries and are primarily focused on providing a market return to its widely held shareholder base, as well as providing equity to its subsidiaries including TI.
- TI is a utility holding company which provides oversight functions to TGI and TGVI as well as its other regulated and non-regulated affiliates. TGI and TGVI operate under a shared management structure;
- Leadership for the Terasen group of companies resides primarily in TGI, with additional leadership from TI, which provides governance and oversight to all entities in the Terasen group including TI, TGI and TGVI;
- It is common in the utility industry to have a parent company provide services to subsidiaries for a number of reasons such as sharing overhead costs, sharing of specific expertise, and obtaining economies of scale. In this case, FI and TI have different and complimentary responsibilities of providing access to capital and fiduciary oversight to TGI and TGVI. The current structure is the result of the changes in ownership of TI which occurred from 2005 to 2007. The services provided by each entity are necessary to maintain their corporate structures and public company status;



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- KPMG has researched two other comparable Canadian utility holding companies with similar consolidated revenues, but with only one oversight body, and found the costs allocated by those companies to be comparable to the total costs allocated by FI and TI to TGI and TGV. KPMG has not conducted additional research to determine the impact on costs allocated to TGI and TGV if a different organizational structure were in place but note that the current structure was known to the BCUC when the indirect acquisition of the Terasen Utilities by FI was approved in 2007; and
- The unusual nature of the dual corporate oversight bodies inherently requires diligence to ensure no service overlap. TI's annual review of the SLA between FI and TI is designed to mitigate this issue.

KPMG finds that a corporate services provisioning structure, such as this one among FI, TI, TGI and TGV represents a reasonable governance structure.

Necessity of the Services

- There are Service Level Agreements (SLAs) which define the services rendered between each of the entities as follows:
 - FI and TI – provision of various corporate services
 - FortisBC and TI – the VP and General Counsel is shared between FortisBC and TI
 - TI and TGI – provision of corporate services
 - TI and TGV – provision of corporate services
- KPMG confirmed that services provided by FI to TI and from TI to TGI and TGV are not duplicated in TGI or TGV or by any other source; and
- All services provided by FI and TI to TGI and TGV are commonly found in gas utility companies.

KPMG finds that the allocated services are all operationally necessary for TGI and TGV.

Reasonability of the Methodology

- FI and TI each have their own methodologies for allocating corporate service costs. Those methodologies use different cost allocation drivers to allocate corporate service costs:
 - FI uses management estimate of time and total assets; and
 - TI uses management estimate of time and a financial composite (a variation of the Massachusetts Formula).
- FI uses management estimate of time for determining the portion of executive labour costs to include in the cost allocation pool. Management's assessment is based on an estimate that has not been confirmed through detailed analysis by FI; however, KPMG finds that management estimate of time is an efficient method for allocating costs, and it is reasonable to expect that executives of a utility holding company would devote a portion of their time to running the existing business;



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- A portion of the efforts of FI's Board of Directors is focused on shareholder related activities (i.e. business development), and although not as significant as those executives tasked with shareholder related activities, it is managements estimate that approximately 10% of the Board of Director's time would be focused on this activity. These efforts were not reflected in the FI cost allocation model; however, KPMG was provided with an estimate of 10%; which represents approximately \$64,092 that should not have been included in the allocation to TI;
- Once the FI cost allocation pool has been determined, FI uses proportionate total assets in order to allocate the pool of corporate services costs to its subsidiaries. Although the use of total assets is not as commonly used as a financial composite, KPMG finds FI's use of total assets as a driver to be reasonable as it is representative of FI's primary function of raising capital in support of its subsidiaries;
- FI uses forecast total asset figures in its allocation. FI's forecast takes into account actual previous year end asset balances and expected changes in the asset levels over the year.
- TI and Fortis BC (FBC) share the VP and General Counsel. FBC uses management estimate of time to estimate the portion of the VP and General Counsel costs to allocate to TI. The estimated time is billed each month in accordance with the SLA between FBC and TI. TI's portion of the cost of this resource is then allocated using TI's financial composite driver; and
- Once the TI cost allocation pool has been determined, TI uses a financial composite, based on the Massachusetts Formula, to allocate the pool of corporate services costs. The Massachusetts Formula is commonly used in North American utilities for the services being allocated. It is not uncommon for utilities that use the Massachusetts Formula to modify it slightly to suit each specific situation, similar to what TI has done.

KPMG finds both FI and TI's methods of allocating corporate service costs to be reasonable and KPMG finds both FI and TI's allocation drivers to be reasonable, with the following comments:

- KPMG recommends that in the future FI consider conducting a detailed analysis of all labour time, including the Board of Directors to validate the accuracy of management's estimate of time;
- In order to simplify the allocation methodologies in use FI may want to consider adopting a more generally accepted approach, such as the financial composite allocator used by TI; and
- KPMG was provided with an estimate of 10% of the FI Board's time is spent on shareholder related activities; which represents approximately \$64,000 that should not have been included in the allocation to TGII/VI.

Reasonability of the Allocated Costs

- KPMG reviewed the labour and non-labour costs associated with each service against market data for comparable companies and finds the cost of these services to be reasonable;



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- Both FI and TI engage third parties to conduct external reviews of labour cost for executive and management positions. Compensation is compared to a broad reference group of approx 200 Canadian commercial industrial companies. Both companies abide by internal compensation policies;
- KPMG evaluated services at FI and TI which are currently obtained externally (including third party and outsourced services such as external audit services, various consulting services and insurance services, and finds that it would not be more cost effective (or legally permitted in some cases) for TGI and TGVI to provide these services internally; and
- KPMG evaluated both FI and TI's corporate services in terms of having them provided by an external source; however KPMG notes that several of these services would be impractical to outsource or valuable business insight may be lost (i.e. Board of Directors, Executive, Investor Relations); and
- Although the dual corporate oversight bodies (FI and TI) are unusual the costs required to maintain the corporate structures of FI and TI appear to be reasonable and not duplicative.
- .Prior to this review TI had already forecasted its fee to be allocated to TGI of \$9,022,813 for inclusion in their RRA. Since that time TI has updated the input figures in its financial composite driver from trial balance to financial statement figures in order to be more supportable and objective over time. This change resulted in slightly higher allocations to TGI and TGVI. As the revenue requirement schedules have been finalized, TI does not intend to adjust its forecasted management fee to TGI, but rather intends to absorb the difference, \$195,717, which would otherwise be charged to TGI under the updated model. While KPMG finds the methodology used to allocate costs reasonable, TI's decision not to increase the allocated costs to TGI based on the updated version of the allocation model is not consistent with TI's cost allocation methodology but is to the benefit of TGI customers.

Based on the review conducted, KPMG finds the costs allocated by FI and TI to TGI and TGVI to be reasonable.

Benefit to the Ratepayer

- Ratepayers benefit from the efficiencies realized (i.e. overhead for these services is shared by FI subsidiaries) by FI providing centralized access to capital, and from TI providing centralized corporate services and operational oversight for TGI and TGVI; and
- TGI and TGVI also benefit from the depth of expertise at FI and TI which is possible given this structure.

KPMG finds that the provision of corporate services by FI to TI and TI to TGI and TGVI provides benefits of improved expertise and enhanced efficiency to ratepayers.



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2.0 Purpose of Report

Terasen Gas Inc. (TGI) retained KPMG to perform an independent review of the corporate services cost allocation methodologies used and the reasonability of the costs of the services provided by Fortis Inc. (FI) and Terasen Inc. (TI) to Terasen Gas Inc. (TGI) and Terasen Gas Vancouver Island Inc. (TGVI) in preparation for TGI and TGVI's 2010/11 Revenue Requirements Application (RRA).

2.1 Report Structure

The structure of this report is as follows:

Table 2.1 – Report Structure

Section	Description
<i>1.0: Summary of Findings</i>	Includes the summary of KPMG's findings.
<i>2.0: Purpose of Report</i>	Outlines the structure of the report, a brief explanation of each section and scope limitations.
<i>3.0: Background</i>	Provides an overview of the cost allocation methodology including the current organizational structure.
<i>4.0: FI Management Fees</i>	Provides an overview of the methodology, activities, drivers and related costs allocated by FI to TI.
<i>5.0: TI Management Fees</i>	Provides an overview of the methodology, activities, drivers and related costs allocated by TI to TGI and TGVI.
<i>6.0: Approach and Methodology</i>	Provides an explanation of KPMG's approach to reviewing FI and TI's corporate services cost allocation methodology and resulting allocated costs including the assumptions and criteria against which KPMG performed its analysis.
<i>7.0: KPMG Research</i>	Provides a summary of the publicly available information KPMG used to perform its analysis of the 2010/11 allocation model and costs to determine its findings.



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2.2 Scope Limitations

KPMG's assessment of the corporate services cost allocation methodology and related costs relied on data and information provided to KPMG by FI and TI. The data provided by FI and TI was analyzed by KPMG in carrying out the assessment of the necessity of the services, the reasonability of the allocation methodology and the reasonability of the resulting costs. KPMG has considered the reasonableness of the information provided by FI and TI however KPMG did not conduct an audit. KPMG has assumed the completeness, accuracy and fair presentation of the information, data and representations provided by FI and TI during this review.

KPMG conducted the review of FI and TI's 2010/11 cost allocation models using 2009 budget figures as 2010/11 budget figures were not yet available. Our findings and conclusions are therefore limited accordingly. Both the FI and TI budgets have been reviewed and approved by their respective executive leadership teams.

KPMG completed its review based on draft versions of the 2009 SLAs. KPMG did not have access to the finalized 2009 SLAs prior to completing this review, as such our comments are limited to the draft versions we reviewed.



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3.0 Background

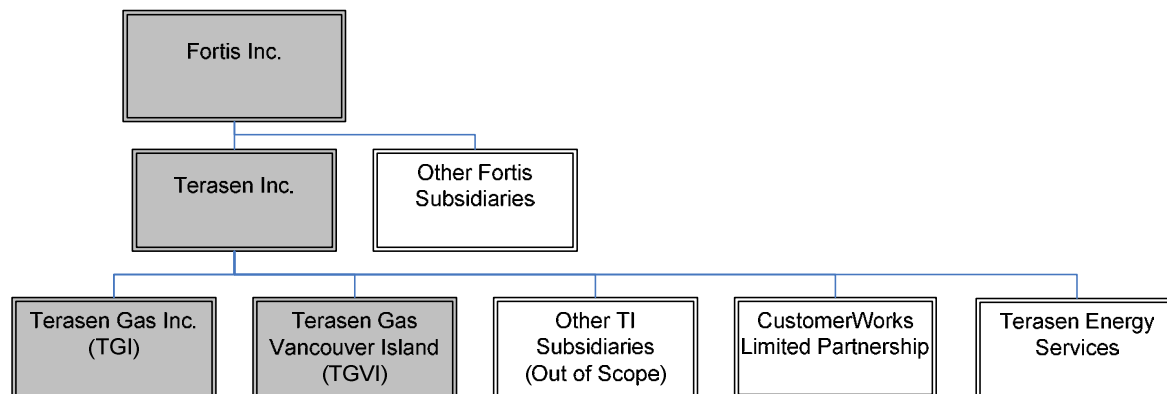
3.1 Organizational Structure

FI is traded on the TSX and is principally an international transmission and distribution utility holding company. Its business operations are different than those of its operating subsidiaries and are primarily focused on providing a market return to its widely held shareholder base as well as providing equity to its operating utilities. FI's core distribution utility businesses, which are mostly regulated, make up approximately 92 percent of its assets.

TI is a non-regulated gas utility holding company in British Columbia (BC) and the parent company of TGI, TGVI and other companies (including: Terasen Gas (Whistler), Terasen Energy Services, Terasen International, Customer Works LP and several other smaller holding companies) that comprise the principal natural gas distributor in the province of BC. TI is a direct wholly owned subsidiary of FI.

While TI owns TGI and TGVI, TGI has operating responsibility for TGVI. The President and certain Vice Presidents (VP) of TI are also the President and VP's for TGI and TGVI. The following organization chart illustrates TI's relationships to regulated and affiliate companies.

Figure 3.1 – Organization Chart



3.2 Management Fees

FI and TI utilize a cost allocation model to attribute a portion of their corporate service operating costs to their respective subsidiaries. FI allocates its corporate service costs to TI and other subsidiaries in the Fortis Group; TI in turn allocates FI's management fee as well as its own corporate service operating costs to TGI and TGVI and a number of other subsidiaries including Terasen Gas (Whistler), Terasen Energy Services, Terasen International, Customer Works LP and several other smaller companies.



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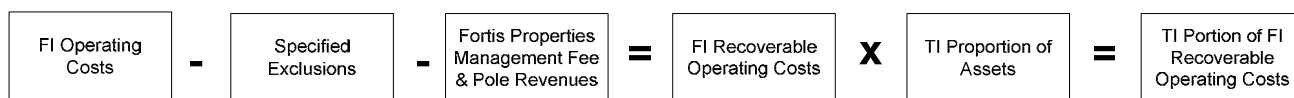
4.0 Fortis Inc. (FI) Management Fees

4.1 FI Cost Allocation Model

Costs for corporate services are calculated at the cost centre level (i.e. Treasury, Internal Audit) and combined into a cost pool for allocation. This cost pool is then allocated to FI's subsidiaries, including, TI using the relative total asset base of each subsidiary.

The graphic below summarizes the steps taken by FI to calculate the portion of its recoverable operating costs to allocate to TI. The sections below describe the components in the model.

Figure 4.1 – FI Cost Allocation Model



4.2 FI Management Services

FI provides management services to TI that enables TI to take advantage of the benefits that arise through economies of scale by providing access to capital markets as a corporate shared service. The services provided are outlined in an SLA between FI and TI.

FI's activities are broad and focused on meeting regulatory requirements as an issuer of equity in Canada. Table 4.2 outlines the primary activities provided by FI (note this is not an exhaustive list).



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Table 4.2 – FI Management Services Description

Function	Activities Include
Executive	<ul style="list-style-type: none"> Provide strategic direction, leadership and management for FI, manage the organizational structure, financial planning, maintaining controls and internal systems, employee relations, external communication, board relations, regulatory compliance, provision of legal services, maintain internal and external audit activities, corporate financing and budgeting
Treasury	<ul style="list-style-type: none"> Perform FI Treasury services and provides oversight to subsidiary companies for debt and equity financings, maintaining the capital structure, corporate cash management and forecasting, management of hedging activities, preparation of corporate tax returns, tax planning, coordinating corporate tax audits, rating agency process, and corporate credit facilities
Investor Relations	<ul style="list-style-type: none"> Manage analyst, investor and shareholder communications, coordinate FI annual general meeting, preparation of quarterly investor relations reports, manage public and media relations, maintain FI website, manage dividend reinvestment and share purchase plans and provide oversight over the Annual Report preparation process.
Financial Reporting	<ul style="list-style-type: none"> Preparation of monthly, quarterly and annual consolidated and non-consolidated FI financial statements, coordination with external auditors, analysis of financial information, preparation of the Annual Information Form for FI, Annual Report for FI, quarterly and annual Management Discussion and Analysis for FI and other continuous disclosure documents for FI, coordinate consistent accounting policy treatment across the Fortis group, oversight and coordination of the company-wide conversion to International Financial Reporting Standards, preparation of the company-wide quarterly forecasted consolidated earnings for FI and EPS and maintaining internal controls over financial reporting for FI.
Internal Audit	<ul style="list-style-type: none"> Performs FI internal audit activities, provides oversight over the internal audit function at the Fortis subsidiary companies, administers and monitors reports of allegations of suspected improper conduct or wrong doing, development of a company-wide Enterprise Risk Management program approach
Board of Directors	<ul style="list-style-type: none"> Annual strategic planning and risk management activities, selecting and evaluating the CEO, appoint officers, review and approve all material transactions, evaluate FI's internal controls relating to financial and management information systems, establish and maintain policies regarding communication and disclosure with stakeholders, develop and maintain governance procedures



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4.3 FI Cost Drivers

Two cost drivers are utilized by FI in determining the percentage of operating costs to be allocated to the utilities.

4.3.1 Management Estimate of Time

In order to calculate the portion of labour costs associated with shareholder-related (business development) activities, and therefore, to be excluded from the recoverable operating costs, management estimates the approximate time spent by the three senior executives (President & CEO, VP Finance & CFO, and Manager Treasury) on shareholder related activity. 50% of the role of these executives is estimated to be supporting business development activities; therefore 50% of the labour cost associated with them has been excluded from the operating costs charged to TI.

4.3.2 Total Assets

Once the cost allocation pool has been determined, FI uses proportionate total assets as the driver to allocate its recoverable operating costs to its subsidiaries based on the rationale that total assets are most closely related to the net investment required of FI in each subsidiary.

Based on December 31, 2009 forecast asset values in FI's 2009-2013 Business Plan, TI represents approximately 46.24% of the utility asset base to which costs will be allocated. (Note: Caribbean Utilities is excluded from the cost allocation as it is a public utility and therefore has access to its own equity capital. Caribbean Utilities' assets; therefore, are excluded from the total asset pool for the purpose of the cost allocation.)



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4.4 FI Costs

4.4.1 Overview

FI incurs costs in support of the utilities; however some operating costs are unique to the public holding company whereas others are eligible for inclusion in customer rates and are passed on to the utilities in the form of a management fee.

Specified Exclusions

The costs are excluded from the calculation of the FI management fee include:

- Debt financing costs (i.e. interest on debt and dividends associated with preference equity);
- All identifiable business development costs related to potential and completed acquisitions; and
- 50% of all compensation related to the President & CEO, VP Finance & CFO, and Manager Treasury, as approximately 50% of their responsibilities is estimated to relate to business development activities.

Fortis Properties Management Fee and Pole Revenue

FI charges an annual management fee to Fortis Properties (FP), a non-regulated subsidiary of FI for the shared services provided by FI. The management fee received from FP is used to partially offset FI's operating costs and reduces the amount to be allocated to the utilities.

Non-regulated, non-joint use pole rental revenue from a market outside of BC serves to offset the FI management fee cost pool to be allocated to the electric utilities. The pole revenue offset is shown in table 4.4.1a to reflect the reduction in the overall FI cost pool but allocated only to the Fortis electric distribution businesses.



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FI Recoverable Operating Costs

After exclusions and the application of the revenues stated above, the net costs to be allocated to the utilities include the following categories as shown in table 4.4.1a below.

Table 4.4.1a – 2009 FI Management Fee Allocation

	TI	Other*	Total
Service	46.24%	53.76%	100%
Executive	2,039,280	2,370,757	4,410,037
Treasury	226,921	263,807	490,728
Investor Relations	583,194	677,991	1,261,185
Financial Reporting	783,761	911,159	1,694,920
Internal Audit	66,505	77,316	143,821
Board of Directors	640,920	745,100	1,386,020
Other**	1,368,414	1,590,844	2,959,258
Subtotal	5,708,995	6,636,974	12,345,969
Less: Fortis Properties Management Fee Revenue	(693,627)	(806,373)	(1,500,000)
Less: FI Non-Regulated Pole Revenue		(1,253,000)	(1,253,000)
Total	5,015,369	4,577,600	9,592,969

*"Other" entities include: Belize Electricity, Belize Electric Company Limited, Fortis Turks and Caicos, FortisAlberta, FortisBC, Newfoundland Power, Maritime Electric, FortisOntario (regulated and non-regulated).

** Other costs include: External consulting & legal, travel, meals and vehicle costs, insurance and office expenses

Of the net total \$9,592,969, a portion is allocated on a pro rata basis to the utilities based on the proportionate total asset base of each subsidiary. Based on December 31, 2009 forecast asset values in FI's 2009-2013 Business Plan, TI represents approximately 46.24% of the utility asset base to which FI costs are being allocated. This totals \$5,015,369 based on the gross total of \$12,345,969 before FP Management Fee Revenue and Pole Revenue.



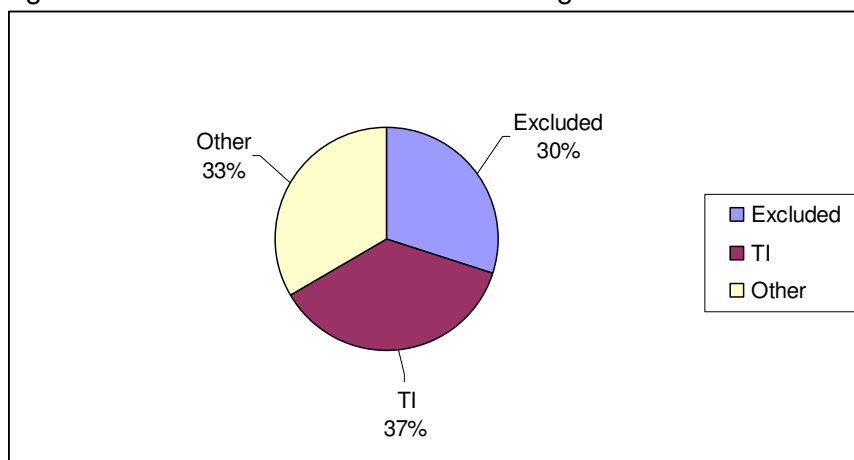
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The following graphic shows the allocation of the total recoverable operating costs for FI between TI and the other utilities.

Figure 4.4.1 – 2009 FI Total Cost Percentage Allocation



Operating costs allocated from FI to TI include two components: labour and non-labour costs. The following table details the Full Time Equivalents (FTEs) associated with the costs allocated by service and shows the split between labour and non-labour cost components.

Table 4.4.1b – 2009 FI FTEs, Labour and Non-labour Costs Allocated

Service	FTEs	Labour	Non Labour*	Total
Executive	5.0	4,410,037	0	4,410,037
Treasury	2.0	290,228	200,500	490,728
Investor Relations	2.0	286,518	974,667	1,261,185
Financial Reporting	6.0	749,950	944,970	1,694,920
Internal Audit	1.0	143,821	0	143,821
Board of Directors (12 Directors)	-	1,244,020	142,000	1,386,020
Other	-	178,500	2,780,758	2,959,258
Less: Fortis Properties Management Fee Revenue	-		-1,500,000	-1,500,000
Less: FI Non-Regulated Pole Revenue	-		-1,253,000	-1,253,000
Total	16.0	7,303,074	2,289,895	9,592,969

* Certain non-labour costs such as consulting, legal, travel, accommodation and meals are captured in the "Other" category rather than separately identified within the following functions: Executive, Treasury, Investor Relations, Financial Reporting and Internal Audit.



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4.4.2 FI Labour Costs

The labour costs include the following:

- Executives
- Management
- Support staff
- Board of Directors

The labour costs include the following cost components:

- Base salary
- Bonus
- Employee benefits
- Board compensation

4.4.3 FI Non-Labour Costs

The non-labour costs include the following key components:

- Various external consulting services
- Travel, accommodation and meals
- Insurance
- Legal
- Annual reporting
- Annual meeting
- External audit fee
- Public company filing and listing fees
- Transfer agent and trustee fees
- Bloomberg terminal fees and media release and monitoring fees, website maintenance costs
- Office supplies and expenses (including rent)
- Professional membership fees

KPMG compared each labour cost component as well as significant non-labour cost components to publicly available market data as described in sections 6.0 and 7.0 of this report.



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5.0 Terasen Inc. (TI) Management Fees

5.1 TI Cost Allocation Model

Costs for corporate services allocated from TI to TGI and TGV are calculated at the cost center level (i.e. Legal, Internal Audit). These cost pools are then allocated to TGI and TGV using a financial composite cost driver commonly known as the Massachusetts Formula, described in section 5.3.2 below. The following graphic provides a high level summary of how costs are allocated from TI to TGI and TGV.

Figure 5.1 – TI Cost Allocation Model

$$\left\{ \left\{ \begin{array}{c} \text{TI Portion of FI} \\ \text{Recoverable} \\ \text{Operating Costs} \end{array} \right\} - \begin{array}{c} \text{FI Ineligible} \\ \text{Expenses} \end{array} \right\} + \left\{ \begin{array}{c} \text{TI Operating} \\ \text{Costs} \end{array} \right\} - \begin{array}{c} \text{TI Ineligible} \\ \text{Expenses} \end{array} \right\} \times \begin{array}{c} \text{Financial} \\ \text{Composite Cost} \\ \text{Driver} \end{array} = \begin{array}{c} \text{TGI and TGV} \\ \text{portion of TI} \\ \text{Management Fee} \end{array}$$

5.2 TI Management Services

TI provides management services to TGI and TGV that enable both companies to take advantage of the benefits that arise through economies of scale by providing certain services centrally. The services provided are outlined in the respective SLAs between FortisBC and TI, TI and TGI and TI and TGV.

TI's activities are focused on providing fiduciary services to TGI and TGV including the following primary activities in Table 5.2. (Note: this is not an exhaustive list).



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Table 5.2 – TI Management Services Description

Function	Activities Include
Board of Directors	<ul style="list-style-type: none"> Ensure all continuous disclosure and governance activities required by external regulators and stakeholders and third parties are appropriately carried out, manage the relationship and corporate activities of the TI Board of Directors, and develop and maintain governance procedures and policies.
External Reporting and Consolidation	<ul style="list-style-type: none"> Preparation of monthly, quarterly and annual consolidated and non-consolidated Terasen (TI, TGI, TGVI) financial statements, coordination with external auditors, analysis of financial information, preparation of the Annual Information Form, quarterly and annual Management Discussion and Analysis and other continuous disclosure documents, coordinate consistent accounting policy treatment across the Terasen group, preparation for and implementation of conversion to International Financial Reporting Standards, preparation of quarterly forecasted consolidated earnings and maintaining internal controls over financial reporting
HR Compensation and Planning	<ul style="list-style-type: none"> Consult with management on the maintenance, development and governance of employees and retirees, provide assistance on annual wage and salary increases, ensure that employment practices are in compliance with applicable regulations and legislation
Internal Audit	<ul style="list-style-type: none"> Develop, plan and conduct audits/reviews, conduct annual risks assessment process, monitor and evaluate the effectiveness and efficiency of controls
Legal	<ul style="list-style-type: none"> Provide all legal services to TGI and TGVI other than those outsourced to outside legal counsel, provide legal counsel on regulatory, environmental, marketing, employment, and intellectual property
Risk Management & Insurance	<ul style="list-style-type: none"> Ensure compliance with the TSX requirements on risk management, arrange for coverage based on assessed potential risk, provide a single insurance program
Taxation	<ul style="list-style-type: none"> Prepare year-end and quarterly tax provisions, prepare tax returns and tax compliance work, tax planning, monitor GST and PST, coordinate tax audits
Treasury, Cash Management & Investor Relations	<ul style="list-style-type: none"> Execute short and long term financings, cash management and forecasting, arrange operating credit facilities, negotiate bank-service fees for all Terasen entities, treasury related controls and compliance, compliance reporting, hedging of interest rate and foreign exchange risks, manage the Rating Agency Process, maintain investment banker and debt investor relationships, investor and shareholder communication, preparation of annual/quarterly disclosure documents; and preparation of the annual report, prepare regulatory submissions in support of ROE, capital structure and financing related matters, provide credit and counter-party credit risk management to Gas Supply, assessment and monitoring of physical and financial counterparties, development of appropriate derivative and counterparty policies, and assistance in negotiating both physical commodity and commodity derivative contracts for Gas Supply.
Facilities & Support	<ul style="list-style-type: none"> Providing building space, shared services, computer software, office supplies and stationery, admin, computer outsourcing
Other Compensation & Benefits	<ul style="list-style-type: none"> Provision of compensation and benefit programs for all eligible current and former employees

In addition to the services listed in the table above, TI allocates the recoverable portion of the FI management fee (total FI management fee less additional exclusions) to TGI and TGVI.



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5.3 TI Cost Drivers

TI uses a variation of the Massachusetts Formula, a financial composite cost driver, to determine the percentage of operating costs to be allocated to TGI and TGVI.

5.3.1 Management Estimate of Time

Fortis BC and TI share the VP and General Counsel and have an SLA in place to split the cost of this resource. Management estimate of time is used to determine the 50% split of this resources costs for budgeting purposes. The VP and General Counsel oversees all of the legal function that TI provides to TGI and TGVI. The percentage is an estimate based on actual time expended each month and billed on a monthly basis in accordance with the SLA.

5.3.2 Financial Composite

TI uses a financial composite to allocate corporate costs to its subsidiaries. This is a more suitable driver for TI than total asset driver used by FI as it better represents the operational oversight role TI provides to TGI and TGVI.

The Massachusetts Formula is a widely used and accepted financial composite cost driver in the utility industry in North America as a method of allocating costs. It is calculated as the arithmetical average of:

- Revenues;
- Payroll; and
- Average NBV of tangible capital assets plus inventories.

TI uses Gross Margin (revenue less the cost of gas) in place of Revenue in its application of the Massachusetts Formula for the following reasons:

- TGI and TGVI do not earn their income based on the commodity (gas) price therefore gross margin is used to compare the same elements in each utility;
- TGI and TGVI do not earn their income on the sale of gas but rather on the distribution of gas so a reasonable and more stable measure of revenue is the margin; and
- Changes in consumption levels and changes in the commodity cost of natural gas do not materially impact earnings as a result of regulatory deferral accounts (i.e. the companies would absorb any fluctuation in the cost of gas in a deferral account).

While KPMG was not able to find precedence for any Canadian utility substituting gross margin for revenue (other than TI in its previous RRA), it is not uncommon for utilities that use the Massachusetts Formula to modify it slightly to suit each specific situation, similar to what TI has done.



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Using this formula results in the following allocation percentages for each entity:

Table 5.3.2 – Financial Composite Formula Calculations

Dec 31, 2008	TGI	TGVI	Other*	Total
Gross Margin	512,475,000	115,506,000	25,755,000	653,736,000
	78.39%	17.67%	3.94%	100%
Payroll	84,597,889	7,933,827	2,695,349	95,227,065
	88.84%	8.33%	2.83%	100%
Average NBV of PP&E + Inventories	2,595,965,000	571,118,000	1,549,000	3,168,632,000
	81.93%	18.02%	0.05%	100%
Average	83.05%	14.67%	2.27%	100%

* "Other" entities include: Terasen Gas Whistler, Terasen Energy Services, Terasen International, Customer Works LP and several other smaller holding companies.

5.4 TI Costs

5.4.1 Overview

While TI incurs costs in support of the utilities; some operating costs are unique to the holding company and are not passed on to its subsidiaries. Certain operating costs incurred in support of the utilities are eligible for inclusion in customer rates and are passed on to the utilities in the form of a management fee. Other costs are not eligible and have been excluded from the calculation of the TI management fee. These excluded costs are:

- All identifiable Corporate Development and Capital Management (shareholder related) cost;
- Legal fees incurred for non-regulated entities;
- Pension bonus amounts for supplemental pension plans;
- All fees associated with Terasen International;
- Ineligible components of the FI management fee including Defined Benefit Pension, Defined Contribution Supplemental Employee Retirement Plan and stock option costs which were not already excluded by FI.

TI management estimates a lower amount for the 2009 FI management fee than FI forecasts. TI's estimate, shown in table 5.4.1a below, is \$49,857 (0.9%) less than the allocation amount forecasted by FI, shown in table 4.4.1a. TI has excluded \$987,000 from FI's management fee which represents the ineligible Defined Benefit Pension, Defined Contribution Supplemental Employee Retirement Plan and stock option costs. The analysis KPMG undertook on the costs allocated to TGI and TGVI uses TI's revised estimate of FI's management fee.



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The allocations (net of the exclusions noted above) to TGI and TGVI are summarized in Table 5.4.1a below.

Table 5.4.1a – 2009 TI Management Fee Allocation

Service	TGI	TGVI	Other*	Total
	83.05%	14.67%	2.27%	100%**
Board of Directors	479,295	84,688	13,117	577,100
External Reporting and Consolidation	677,104	119,639	18,531	815,275
HR Compensation and Planning	220,089	38,888	6,023	265,000
Internal Audit	308,459	54,502	8,442	371,403
Legal	1,021,757	180,537	27,964	1,230,258
Risk Management & Insurance	221,002	39,049	6,048	266,100
Taxation	520,696	92,003	14,251	626,950
Treasury, Cash Management & Investor Relations	646,047	114,152	17,681	777,880
Facilities & Support	809,594	143,049	22,157	974,800
Other Compensation & Benefits	1,006,516	177,844	27,547	1,211,907
Fortis Inc Management Fee	3,307,972	584,495	90,534	3,983,000
Total	9,218,530	1,628,848	252,295	11,099,673

* "Other" entities include Terasen Gas Whistler, Terasen Energy Services, Terasen International, Customer Works LP and several other smaller holding companies.

** Individual percentages do not add to 100% due to rounding

Prior to this review TI had already forecasted its fee to be allocated to TGI of \$9,022,813 for inclusion in their RRA. Since that time TI has updated the input figures in its financial composite driver from trial balance to financial statement figures in order to be more supportable and objective over time. This change resulted in slightly higher allocations to TGI and TGVI. As the revenue requirement schedules have been finalized, TI does not intend to adjust its forecasted management fee to TGI, but rather intends to absorb the difference, \$195,717, which would otherwise be charged to TGI under the updated model. TI management have acknowledge KPMG's observation that FI should not be allocating 100% of the FI Board cost to TGI/TGVI, and suggested that the cost that KPMG estimates to be approximately \$64,000 would be an offset to the difference outlined above; the net result is that TI will actually absorb \$131,717, which would otherwise be charged to TGI.

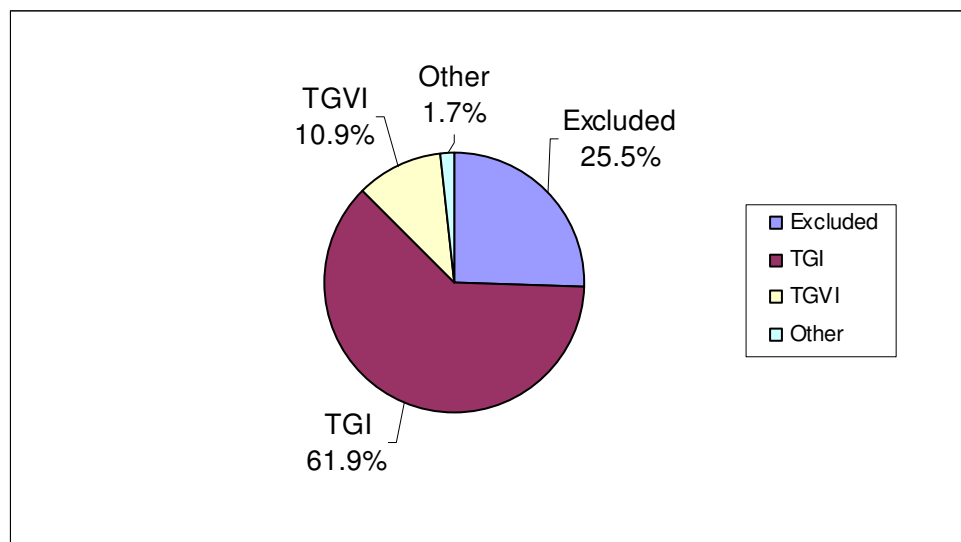


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The following graphic shows the total recoverable operating costs for TI and the portion of costs allocated to TGI and TGVI (including FI's management fee).

Figure 5.4.1 – 2009 TI Total Cost Percentage Allocation



Operating costs allocated from TI to TGI and TGVI include two components: labour and non-labour costs. The following table details the FTEs associated with the costs allocated by service and shows the split between labour and non-labour cost components.

Table 5.4.1b – 2009 TI FTEs, Labour and Non-labour Costs Allocated

Service	FTEs	Labour	Non Labour	Total
Board of Directors (8 Directors)	-	484,000	93,100	577,100
External Reporting and Consolidation	5.0	507,275	308,000	815,275
HR Compensation and Planning	-	0	265,000	265,000
Internal Audit	4.0	311,303	60,100	371,403
Legal	7.5	733,000	497,258	1,230,258
Risk Management & Insurance	2.0	195,700	70,400	266,100
Taxation	2.8	465,000	161,950	626,950
Treasury, Cash Management & Investor Relations	4.5	469,680	308,200	777,880
Facilities & Support	-	0	974,800	974,800
Other Compensation & Benefits	-	1,211,907	0	1,211,907
Fortis Inc Management Fee	-	0	3,983,000	3,983,000
Total	25.8	4,377,865	6,721,808	11,099,673



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5.4.2 TI Labour Costs

The labour costs include the following:

- Executives
- Management
- Support staff
- Canadian Office and Professional Employees (COPE) Union Local 378 employees
- Board of Directors

The labour costs include the following cost components:

- Base salary
- Bonus
- Employee benefits
- Board compensation

5.4.3 TI Non-Labour Costs

The non-labour costs include the following key components:

- Various external consulting services
- External audit
- Board expenses and Directors fees and expenses
- Shared services
- Employee training
- Travel, accommodation and meals
- Office supplies
- Professional membership fees
- Legal library
- Computer software and hardware support

KPMG compared each labour cost component as well as significant non-labour cost components to publicly available market data as described in sections 6.0 and 7.0 of this report.



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6.0 Approach and Methodology

6.1 Approach

KPMG's approach to reviewing FI and TI's corporate service cost allocation methodologies involved assessing the necessity of the services provided, the reasonability of the allocation methodologies, the reasonability of the costs allocated, and the benefit to rate payers.

KPMG's assessment is founded on a detailed understanding and analysis of the work performed by FI and TI and the services received by TGI and TGVI. KPMG's review of FI and TI's cost allocation methodologies involved the following:

- Holding discussions with FI and TI finance management and staff;
- Reviewing policies, procedures and other relevant organizational documentation (such as SLAs, organizational charts, compensation policies, budget documentation, Codes of Conduct, COPE union agreement);
- Reviewing historical regulatory submissions and cost allocation models;
- Reviewing the FI cost allocation methodology and model;
- Reviewing the TI cost allocation methodology and model;
- Validating the accuracy of the data used by FI and TI against internal financial management information.
- Conducting market research;
- Conducting analysis; and
- Producing this report containing our findings.

To perform the analysis KPMG consulted publicly available information as set out in section 7.0 of this report.

6.2 Methodology and Criteria

KPMG acknowledges the interest that regulators of utilities in Canada have shown in cost allocation methodologies and the resulting costs to ensure they are reasonable. KPMG applies a set of criteria to assess each service that is reflective of the examination regulators have used to make informed decisions. The review criteria are described in the following groups: Services, Allocation Methodology, Costs, and Benefits.



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Services

In assessing the reasonableness of services provided by FI and TI to TGI and TGVI, KPMG applied the following criteria:

Table 6.2a – Services Review Criteria

Review Criteria	Description
Operationally Necessary	Confirm that the service is necessary to operate a gas utility distribution business.
Redundancy	Confirm that the services provided to the receiving entity are not already provided internally by that entity or provided to that entity by another party.
Services Level Agreement (SLA)	Confirm that a SLA exists for the services provided by the service provider to the receiving entities.

Allocation Methodology

In assessing the reasonableness of the allocation methodology for attributing the costs from FI and TI to TGI and TGVI, KPMG applied the following criteria:

Table 6.2b – Allocation Methodology Review Criteria

Review Criteria	Description
Regulatory Precedence	The cost allocation methodology has been tested and approved (i.e. an acceptance of reasonability has been previously established) through regulatory reviews of TGI or other regulated utilities.
Reflective of Service or Investment	The allocation methodology is reflective of the work required to perform the service for TGI/TGVI or reflective of the investment value in TGI/TGVI (i.e. time, assets, and revenue).
Supportable Methodology	The allocation approach is supported by a defined and documented methodology, model, and other supporting documentation. The allocation drivers are also linked to SLAs that are updated and reviewed on a consistent basis.
Cost Effective	The allocation driver is calculated and maintained from readily available information resulting in minimal time and expense.
Stable Over Time	The allocation methodology can accommodate changes to the size of the allocation driver from test period to test period and is scaleable given changes in the amount of cost and types of services being allocated.
Objective Results	The use of the allocation driver results in an objective allocation amount that is reasonable for a company of that size for the services being rendered.



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Costs

In assessing the reasonableness of the forecast costs for the services provided by FI and TI to TGI and TGVI, KPMG applied the following criteria:

Table 6.2c – Cost Review Criteria

Review Criteria	Description
Supportable Cost	Independent research conducted supports the reasonableness of the cost for the services provided.
Internal Provision of Service Alternative	Independent research conducted confirms that internal provision of the service would not result in a lower cost.
Outsourcing / Third Party Alternative	Independent research conducted confirms that an outsourcing or third party alternative to provide the service would not result in a more reasonable cost.

Benefits

In assessing the reasonableness of the allocation KPMG also considered the benefit or value that arises from the organizational structure, the nature of the services provided and the nature of the allocation methodology and the resulting cost to the regulated utility customers.



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7.0 KPMG Research

To determine the reasonability of the management services provided by FI and TI to TGI and TGV as budgeted in 2009, KPMG gathered publicly available information from which to perform its comparative analysis. KPMG found this body of research to be sufficient in determining and supporting the reasonability of the allocation methodology and the resulting costs. Section 7.5 provides a summary of the information reviewed.

KPMG's research focused on the nature of the management services, the cost allocation methodologies, and the costs of these services.

7.1 Service Research

KPMG assessed the reasonableness of the nature of corporate services provided by FI and TI by comparing them to similar gas utilities, other comparable companies and KPMG's knowledge of the utility industry.

7.2 Cost Allocation Methodology Research

KPMG's assessment involved comparing the management services cost allocation methodologies used by FI and TI to methodologies used by other similar utility companies. KPMG also reviewed relevant regulatory applications and decisions for precedence which could be used to assess FI and TI's management services cost allocation methodologies. This assessment also involved assessing the cost drivers used in the methodologies against criteria for effective drivers.

7.3 Cost Driver Research

KPMG's detailed review of the drivers used in the model included reviewing drivers used by other North American utilities to allocate similar costs. Drivers investigated included:

- Management Estimate of Time
- Massachusetts Formula
- Total Assets
- Number of customers
- Number of employees



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7.4 Cost Research

KPMG's detailed review of the costs allocated in the model included:

- **Labour costs** – KPMG assessed the reasonableness of labour costs for Management and Exempt (M&E) employees against internal compensation policies, salary bands and market rates for similar positions. KPMG conducted a more detailed review of executive labour costs by individual against market rates for reasonableness. KPMG did not review the labour costs related to union positions in detail as these agreements are negotiated and hence are assumed to represent market rates.
- **Non-labour costs** – KPMG assessed the reasonableness of non-labour costs by reviewing the nature and the amount of costs given the size of the cost center, the scope of services, KPMG's knowledge of the utility industry, and comparable market information.

7.5 Summary of Public Information Reviewed

The following list highlights the key research components and how KPMG used them to determine its findings:

Table 7.5 – Research Sources

Source	KPMG Analysis
<ul style="list-style-type: none">• System for Electronic Documentation and Analysis Retrieval (SEDAR) Company Profiles• Confidential Sources	Executive compensation for similar sized public companies as FI and TI.
<ul style="list-style-type: none">• Monster 2009 Salary Centre• Payscale Salary Survey Reports April 2009• Hays 2009 Salary Guides• KPMG internal knowledge from client contacts and experience	Compensation information for positions similar to those of FI and TI.
<ul style="list-style-type: none">• Commercial Listing Service (CLS) Link Real Estate Board of Greater Vancouver• REMAX Newfoundland and Labrador Real Estate• ICX Commercial Real Estate	Market rental rates for office space
<ul style="list-style-type: none">• Being the Best: Insights from Leading Finance Functions• KPMG internal knowledge from client contacts and experience• Confidential Sources	Trends towards outsourcing corporate shared services functions and the cost of outsourcing services.



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Source	KPMG Analysis
<ul style="list-style-type: none">Independent Evaluation of Enbridge Gas Distribution Inc.'s Regulatory Corporate Cost Allocation Methodology, Meyers Norris Penny, 2005BC Hydro, Revenue Requirements Application, 2004/05, 2007/08, and 2009/10Pacific Northern Gas, Revenue Requirements Application to the BC Utilities Commission – 2008 and 2009EPCOR, Corporate Services Review, Bearing Point, 2005Union Gas, Cost Allocation Methodology Review, PriceWaterhouseCoopers, 2005Union Gas, EB-2005-0520 - 2007 RatesAltaGas Utilities Inc, 2008/09 Cost Allocation Review, KPMG, 2008ATCO Gas, 2005-2007 General Rate Application, Volume 3, Tab 4.4 ATCO Head Office CostsENMAX 2005/06 Distribution Tariff Shared Services Cost Study, Bearing Point LP, April 4, 2005BC Gas Inc. Revenue Requirements Application to the BC Utilities Commission – 1992, 2003	Regulatory filings and decisions to determine regulatory precedence regarding allocation drivers and compensation-related approvals.

7.6 Summary of FI and TI Information Reviewed

The following tables list the key FI and TI information sources and how KPMG used them to develop findings:

Table 7.6a – FI Key Information Sources

Source	KPMG Analysis
<ul style="list-style-type: none">FI methodology and model	Reviewed methodology and services being allocated for reasonableness, reviewed model for accuracy, validated content against source budget data, validated driver calculations, reviewed costs for reasonableness.
<ul style="list-style-type: none">FI Executive Compensation Policy	Used to validate labour costs.
<ul style="list-style-type: none">2007 external executive salary review	Used to validate labour costs.
<ul style="list-style-type: none">Detailed cost information	Used to validate inputs to the model.
<ul style="list-style-type: none">2009 forecast asset base	Used to validate inputs to the model.
<ul style="list-style-type: none">FI to TI Draft SLA	Used to validate services allocated in the model.



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Table 7.6b – TI Key Information Sources

Source	KPMG Analysis
<ul style="list-style-type: none"> Terasen Code of Conduct Terasen Code of Business Conduct 	Codes of conduct governing relations and activity of TI.
<ul style="list-style-type: none"> TI's methodology review and update process documentation 	Reviewed to understand the process TI undertook to review and update their cost allocation model
<ul style="list-style-type: none"> TI methodology and model 	Reviewed methodology for reasonableness, reviewed services being allocated for reasonableness, reviewed model for accuracy, validated content against budget, validated driver calculations, reviewed costs for reasonableness.
<ul style="list-style-type: none"> TI Benefits and Concessions Rates 	Used to validate loaded labour costs.
<ul style="list-style-type: none"> FI/TI internal analysis of service redundancy 	Review performed by TI finance management of the possibility of service redundancy between FI and TI.
<ul style="list-style-type: none"> TI, TGI, TGVI Financial Statements 	Used to validate inputs to the model.
<ul style="list-style-type: none"> Actual 2008 and forecast 2009 detailed cost information from TI financial systems 	Used to validate inputs to the model.
<ul style="list-style-type: none"> TI Compensation Policy 	Used to validate loaded labour costs.
<ul style="list-style-type: none"> COPE Union Local 378 Collective Agreement 	Collective agreement between COPE Local 378 employees and TGI used to validate labour costs in the model.
<ul style="list-style-type: none"> TI to TGI Draft SLA 	Used to validate services allocated in the model.
<ul style="list-style-type: none"> TI to TGVI Draft SLA 	Used to validate services allocated in the model.
<ul style="list-style-type: none"> FortisBC to TI Draft SLA 	Used to validate services allocated in the model.

THIS AGREEMENT is made effective January 1, 2010.

BETWEEN:

TERASEN GAS INC., a corporation formed under the laws of British Columbia having an office at 16705 Fraser Highway, Surrey, British Columbia

("TGI")

AND:

TERASEN INC., a corporation formed under the laws of British Columbia, having an office at 10th Floor, 1111 West Georgia Street, Vancouver, British Columbia

("Terasen")

WHEREAS

- A. TGI is the owner and operator of the natural gas transmission and distribution facilities in British Columbia serving the communities of the Lower Mainland and the Interior;
- B. TGI maintains its administrative offices in the City of Surrey; and
- C. TGI wishes to retain Terasen to provide certain professional and management services to it in respect to the ownership and operations of its transmission pipeline and distribution business on the terms and conditions set out herein.

WITNESSES THAT, in consideration of the covenants and agreements herein contained, the parties covenant and agree as follows:

**PART 1
INTERPRETATION**

1.1 Definitions

In and for the purpose of this Agreement

- (a) "**Applicable Laws**" means any and all Laws in force and effect from time to time and applicable to the Facilities and the performance of the Services hereunder;
- (b) "**Force Majeure**" has the meaning assigned to such term in Section 9.1;
- (c) "**Governmental Authority**" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or body and any division, agent, commission, board, or authority of any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign, international,

judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing;

- (d) **"Laws"** means all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, any judgements, orders, writs, injunctions, decision, rulings, decrees, and awards of any Governmental Authority, and any published policies or guidelines of any Governmental Authority and including, without limitation, any principles of common law and equity,
- (e) **"Person"** includes any individual, corporation, body corporate, partnership, joint venture, association, trust, estate, incorporated or unincorporated association, any government or governmental authority however designated or constituted or any other entity of whatever nature,
- (f) **"Services"** means the professional and management services to be provided to TGI by Terasen as more particularly described in Section 2.1.

1.2 Schedules

Schedule "A" is attached to, and is incorporated by reference into, this Agreement.

1.3 Interpretation

In and for the purpose of this Agreement

- 1) this "Agreement" means this agreement as the same may from time to time be modified, supplemented or amended in effect,
- 2) any reference in this Agreement to a designated "Article", "section" or other subdivision is to the designated Article, section or other subdivision of this Agreement,
- 3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, section or other subdivision,
- 4) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement,
- 5) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, a corporation, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto), and
- 6) each word and phrase used herein and not otherwise defined herein, but which has an accepted meaning in the custom and usage of the Western Canadian oil and gas transportation industry, shall have such accepted meaning.

1.4 Governing Law

Subject to Section 9.1, this Agreement will be interpreted and the rights and remedies of the parties hereto will be determined in accordance with the laws of the Province of British Columbia.

1.5 Prior Agreements

The parties agree that any prior agreements between the parties pertaining to the subject matter hereof, including the agreement effective January 1, 2004 and any amendments, including the amending agreement effective December 31, 2006, are hereby cancelled and of no further effect.

PART 2 SERVICES

2.1 Services

Terasen hereby agrees to provide to TGI those professional and management services described in Schedule "A" which Services shall include certain professional and management services provided to Terasen by its parent company, Fortis Inc which professional and management services also benefit TGI.

2.2 No Obligation to Provide Additional Services

Terasen shall not perform, and Terasen shall have no obligation to perform, any services on behalf of TGI other than as set out in this Agreement or any similar agreement.

2.3 Consultation with TGI

Terasen will consult with TGI as required in connection with the performance of the Services.

2.4 Independent Contractor

Nothing in this Agreement shall be construed to create or constitute a partnership or relationship of joint venture between Terasen and TGI. In performing the Services, Terasen shall be an independent contractor. Terasen employees shall not be considered employees of TGI for any purpose.

2.5 Compliance

In performing the Services, Terasen will comply with all Applicable Laws.

PART 3

COMPENSATION

3.1 Compensation for Services and Shared Costs

TGI agrees to pay to Terasen for the Services to be provided and for a proportionate share of the common expenses incurred by Terasen such as shareholder expenses and director compensation the amount of \$9,022,000 per annum on a take-or-pay basis.

3.2 Amendment to Costs

The amounts set out in Section 3.1 may be amended annually by agreement between the parties to reflect any material change in the cost of providing the services or in the business operations of TGI and to reflect annual inflationary adjustments. Any services to be provided that are not contemplated under this Agreement will be subject to additional compensation as agreed between the parties and form an amendment to this agreement in accordance with Section 10.3 below.

3.3 Invoicing

Terasen will invoice TGI in respect of the Services no later than the 25th day following the end of the month in which such Services are provided or in such other manner as the parties may agree.

3.4 Payment

TGI will, within thirty (30) days of receipt of an invoice from Terasen, pay to Terasen the amount specified in such invoice. Any amount to be remitted by TGI to Terasen and not remitted on or before the date on which it is due shall thereafter bear interest. A late payment charge of 1.5% per month (18% per annum) shall be payable to Terasen on any unpaid balance after thirty (30) days of the date of invoice.

3.5 Taxes

Notwithstanding any other provision of this Agreement, the amounts paid or payable by one party to the other in accordance with this Agreement are exclusive of any value added taxes or sales taxes, which are now, or may become during the term of this Agreement, applicable to the provision of the Services. Each party shall pay to the other party any value added taxes or sales tax which one party is obligated to collect from the other at the time such taxes are due and payable.

PART 4

INDEMNIFICATION AND LIMITATION OF LIABILITY

4.1 Indemnity by TGI

Subject to Section 4.4, TGI will indemnify, defend and hold harmless Terasen and its directors, officers, employees, agents and contractors, from and against any claim, demand, loss, liability, action, lawsuit or other proceeding, judgement or award, and cost or expense (including

reasonable legal fees and disbursements) which they may suffer or incur arising directly or indirectly, in whole or in part, in connection with this Agreement or with Terasen's provision of the Services, except and to the extent, if any, that the same results from or arises out of the wilful misconduct or gross negligence of Terasen.

4.2 Limitation of Liability of Terasen

Neither Terasen nor any of its directors, officers, employees, agents or contractors will be liable to TGI for any claim, demand, loss, liability, action, lawsuit or other proceeding, judgement or award, or cost or expense (including reasonable legal fees and disbursements) which TGI may suffer or incur arising directly or indirectly, in whole or in part, in connection with this Agreement or with Terasen's provision of the Services, except and to the extent, if any, that the same results from or arises out of the wilful misconduct or gross negligence of Terasen.

4.3 Indemnity by Terasen

Subject to Section 4.4, Terasen will indemnify, defend and hold harmless TGI from and against any claim, demand, loss, liability, action, lawsuit or other proceeding, judgement or award and cost or expense (including reasonable legal fees and disbursements) which TGI may suffer or incur as a result of any act or omission or error of judgement as a result of which Terasen is adjudged to have been guilty of wilful misconduct or gross negligence.

4.4 Consequential Losses

Neither party hereto will be liable to the other, whether based in contract, tort (including negligence and strict liability), under warranty or otherwise for special indirect, incidental or consequential loss or damage whatsoever, including without limitation, loss of use of equipment or facilities and loss of profits or revenues.

PART 5 COVENANTS OF TGI

5.1 Covenants by TGI

TGI covenants and agrees to:

- (a) fully co-operate with Terasen in respect of all matters contemplated by or within the scope of this Agreement; and
- (b) pay on or before the due date thereof all amounts payable by TGI to Terasen or any other Person pursuant to or as contemplated by this Agreement.

PART 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of Terasen

Terasen hereby represents and warrants to TGI as representations and warranties which are true as at the date hereof and which will be true during the term of Terasen's appointment hereunder:

- (a) Terasen is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and Terasen has full power and authority to perform its obligations hereunder;
- (b) this Agreement constitutes a valid and binding obligation of Terasen enforceable in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights, and (ii) the remedy of specific performance and injunctive or other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefore may be brought; and
- (c) Terasen possesses all of the skills and personnel required to provide the Services.

6.2 Representations and Warranties of TGI

TGI hereby represents and warrants to Terasen as representations and warranties which are true as at the date hereof and which will be true during the term of Terasen's appointment hereunder

- (a) TGI is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and TGI has full power and authority to perform its obligations hereunder; and
- (b) this Agreement constitutes a valid and binding obligation of TGI enforceable in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights, and (ii) the remedy of specific performance and injunctive or other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefore may be brought.

PART 7

DURATION, TERMINATION AND DEFAULT

7.1 Effective Date and Term

This Agreement will be effective from January 1, 2010 and will end on December 31, 2010, unless earlier terminated pursuant to the provisions hereof. Thereafter this Agreement will automatically be renewed for further one (1) year terms subject to Section 7.2 below.

7.2 Termination

Terasen's appointment hereunder may be terminated at any time:

- (a) by Terasen giving TGI six (6) months' written notice of such termination:

- (i) if TGI becomes insolvent, admits in writing its inability to pay its debts as they become due or commits or threatens to commit an act of bankruptcy or if TGI makes a general assignment for the benefit of creditors, or any proceeding is instituted by or against TGI seeking to adjudicate it a bankrupt or an insolvent or seeking the dissolution, winding-up or liquidation of TGI or a reorganization, arrangement, moratorium, adjustment, compromise, readjustment of debt or composition of it or its debts under any law relating to bankruptcy, insolvency, moratorium, reorganization or relief of debtors or seeking the appointment of a receiver, receiver-manager, interim receiver, trustee, custodian, liquidator or other similar official or Person for it, or TGI consents by answer, acquiescence or otherwise to the institution of any such proceeding against it; or
 - (ii) in the event TGI breaches this Agreement and fails to cure such breach within thirty (30) days after receipt by TGI of written notice thereof from Terasen or, if such breach is not capable of being cured within such thirty (30) day period, fails to commence in good faith the curing of such breach forthwith upon receipt of written notice thereof from Terasen and to continue to diligently pursue the curing of such breach thereafter until cured and, in either case, the allegation of Terasen that TGI is in breach is conceded to be correct by TGI or found to be correct by an arbitrator pursuant to section 8.1;
- (b) by TGI giving Terasen six (6) months' written notice of such termination:
 - (i) if Terasen becomes insolvent, admits in writing its inability to pay its debts as they become due or commits or threatens to commit an act of bankruptcy or if Terasen makes a general assignment for the benefit of creditors, or any proceeding is instituted by or against Terasen seeking to adjudicate it a bankrupt or an insolvent or seeking the dissolution, winding-up or liquidation of Terasen or a reorganization, arrangement, moratorium, adjustment, compromise, readjustment of debt or composition of it or its debts under any law relating to bankruptcy, insolvency, moratorium, reorganization or relief of debtors or seeking the appointment of a receiver, receiver-manager, interim receiver, trustee, custodian, liquidator or other similar official or Person for it, or Terasen consents by answer, acquiescence or otherwise to the institution of any such proceeding against it; or
 - (ii) in the event Terasen breaches this Agreement and fails to cure such breach within thirty (30) days after receipt by Terasen of written notice thereof from TGI or, if such breach is not capable of being cured within such thirty (30) day period, fails to commence in good faith the curing of such breach forthwith upon receipt of written notice thereof from TGI and to continue to diligently pursue the curing of such breach thereafter until cured and, in either case, the allegation of TGI that Terasen is in breach is conceded to be correct by Terasen or found to be correct by an arbitrator pursuant to Section 8.1.

7.3 Duties Upon Termination

Upon expiry or termination of this Agreement for any reason, Terasen will have no further obligations under Article 2 and will promptly deliver to TGI any material documents in the possession of Terasen pertaining to the business of TGI.

7.4 Compensation of Terasen on Expiry or Termination

Within one (1) month after the expiry or termination of this Agreement, TGI will pay to Terasen all amounts owing to Terasen hereunder (including any amount owing on account of the fees provided for in Article 3 calculated up to the date of expiry or termination); provided that for the purposes of this section, the fees provided for in Article 3 which are payable to Terasen on a monthly, annual or other periodic basis will be deemed to accrue due and be payable on a daily basis.

PART 8 ARBITRATION

8.1 Arbitration

For purposes of Section 7.2, any dispute between Terasen and TGI regarding any allegation that TGI or Terasen is in breach of this Agreement, may be submitted to and settled by arbitration in accordance with the provisions of this Section 8.1. Arbitration proceedings may be commenced by the party desiring arbitration giving notice to the other party specifying the matter to be arbitrated and requesting arbitration thereof. Such arbitration will be carried out by a single arbitrator and in accordance with the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution from time to time in force and effect. If the parties are unable to agree upon an arbitrator within ten (10) days after delivery of such notice, either of them may make application to court for appointment of an arbitrator. In the event of the failure, refusal or inability of an arbitrator to act, or continue to act, a new arbitrator will be appointed, which appointment will be made in the same manner as provided above. The decision of an arbitrator appointed as under this Section 8.1 will be final and binding upon the parties and not subject to appeal. The arbitrator will have the authority to assess the costs of the arbitration against either or both of the parties, provided that each party will bear its own witness and counsel fees. The parties will fully co-operate with the arbitrator and provide all information reasonably requested by the arbitrator. Judgement on the award of the arbitrator may be entered in any court having jurisdiction over the party against which enforcement of the award is being sought. Each party hereby irrevocably submits and consents to the jurisdiction of any such court for the purpose of rendering a judgement of any such award.

PART 9

FORCE MAJEURE

9.1 Force Majeure

In and for the purposes of this Agreement, "Force Majeure" shall mean anyone or more of the following events:

- (a) an act of God;
- (b) a war, revolution, insurrection, riot, blockade, or any other unlawful act against public order or authority;
- (c) a strike, lockout or other industrial disturbance;
- (d) a storm, fire, flood, explosion, earthquake or lightning;
- (e) a governmental restraint; or
- (f) any other event (whether or not of the kind enumerated in 9.1(a) to (e) above) which is not reasonably within the control of the party hereto claiming suspension of its obligations hereunder due to Force Majeure.

9.2 Performance Prevented by Force Majeure

If either party hereto is prevented by Force Majeure from carrying out any of its obligations hereunder, the obligations of such party, insofar as its obligations are affected by Force Majeure, shall be suspended while (but only so long as) Force Majeure continues to prevent the performance of such obligations. Any party prevented from carrying out any obligation by Force Majeure shall promptly give the other party hereto notice of Force Majeure including reasonably full particulars thereof.

9.3 Remedy of Force Majeure

A party claiming suspension of its obligations by reason of Force Majeure shall promptly remedy the cause and effect of Force Majeure described in the notice given pursuant to Section 9.2 insofar as such party is reasonably able so to do, provided that the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party hereby claiming suspension of its obligations hereunder by reason thereof; and that such party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly Force Majeure thereby constituted.

9.4 Lack of Funds Not Force Majeure

Notwithstanding anything contained in this Article 9, lack of finances shall not be considered Force Majeure nor shall Force Majeure suspend any obligation for the payment of money due hereunder.

PART 10
MISCELLANEOUS

10.1 Notice

Any notice, direction or other communication required or permitted to be given hereunder must be in writing and will be sufficiently given if delivered or sent by facsimile to the party from whom it is intended at the address of such party set out below. Any notice, direction or other communication so given will be deemed to have been given and to have been received on the day of delivery, if delivered, or on the day of sending if sent by facsimile (provided such day of delivery or sending is a Business Day and, if not, then on the first Business Day thereafter). Each party hereto may change its address for notice by notice given in the manner aforesaid.

10.2 Assignment

Neither party hereto may assign this Agreement or any of its rights hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld.

10.3 Amendments

Any amendment or modification of this Agreement must be in writing and signed by the party against which such amendment or modification is sought to be enforced.

10.4 Severability

If any term or condition of this Agreement or the application hereof is determined judicially or otherwise to be invalid or unenforceable, the remainder of this Agreement and the application thereof shall not be affected and shall remain in full force and effect.

[Execution page follows]

10.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof. There are no representations, warranties, covenants or agreements between the parties in connection with such subject matter except as specifically set forth or referred to in this Agreement.

10.6 Counterparts, Facsimile

This Agreement may be executed by the execution of one or more counterparts of the execution page, which will be taken together and constitute the execution page, and one or more of such counterparts may be delivered by facsimile transmission.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on June 24, 2009.

TERASEN GAS INC.

By: _____



Scott A. Thomson
VP, Regulatory Affairs & CFO

Title: _____

TERASEN INC.

By: _____



Roger Dall'Antonia
VP, Corporate Development & Treasurer

Title: _____

Schedule “A”

Description of Services

SERVICES PROVIDED BY TERASEN

General Governance & Oversight Services

In addition to the specific services described below, TGI receives the benefit of the expert advice and experience of Terasen executives, who spend their time working on various committees including the Executive Committee (comprised of the CEO and senior vice presidents of Terasen as well as the heads of each operating company and the General Counsel), the Risk Management Committee and the Operating Committee.

Treasury and Cash Management

- (1) Execute Financings
 - a. Develop financing plans
 - i. Provide assessments of financing alternatives
 - ii. Determine timing, term, rate, structure
 - b. Obtain BCUC approvals
 - c. Execute financings
 - i. Negotiation, preparation of legal documentation
 - ii. Prepare disclosure documentation
 - iii. Investor presentations
 - iv. Due diligence process
 - v. Deal execution
- (2) Cash Management
 - a. Prepare and maintain short-term cash forecasting
 - b. Execute short-term borrowing
 - i. Commercial paper issuance
 - ii. Bank borrowing
 - c. Execute short-term investing of excess funds
 - d. Negotiation of letters of credit
 - e. Execution of manual wire transfers
 - f. Establish and maintain internet based banking platform for cp issuance, fund transfers and reporting

- g. Payment of interest, principal and fees on outstanding debt
- (3) Arrange operating credit facilities
 - a. Negotiate credit agreements
 - i. Determine terms and conditions
 - ii. Negotiate pricing and term
 - b. Manage syndication process
 - c. Obtain BCUC approval
- (4) Negotiate bank-service fees
- (5) Treasury-related controls and compliance
 - a. Develop and monitor control and compliance procedures for key Treasury procedures
- (6) Compliance reporting
 - a. Prepare and file required compliance reports with third parties
 - i. Lenders, securities commissions, BCUC
- (7) Hedging of interest rate and foreign exchange risks
 - a. Develop financial hedging plans as required
 - b. Negotiation of required documentation
 - c. Execution of derivative transaction
- (8) Prepare Derivatives Policies and Procedures;
- (9) Counterparty Credit Risk Management;
 - a. Review credit worthiness of counterparties
 - b. Determine appropriate credit limits for counterparties
 - c. Determine requirement for credit support
 - d. Negotiate appropriate credit support documentation
- (10) Interest rate and foreign exchange rate forecasting;
- (11) Regulatory submissions with respect to ROE, capital structure and financing matters;
- (12) Capital structure review and maintenance; and
- (13) Provide education and related materials from training courses and seminars attended by Treasury staff.

Investor Relations

- (1) Manage the Rating Agency Process;
- (2) Maintain investment banker and debt investor relationships;
- (3) Maintain banking and money market dealer relationships;
- (4) Investor and Shareholder communication;
- (5) Assist in preparation of annual/quarterly disclosure documents; and
- (6) Prepare annual report.

Corporate Development and Capital Management

- (1) Manage the annual strategic planning cycle;
- (2) Preparation and maintenance of the five year forecasting model used for strategic planning process and in the annual budgeting process;
- (3) Provide financial analysis and evaluation of new projects and new initiatives;
- (4) Manage the acquisition and divestiture activity;
- (5) Provide project management and/or due diligence support where required; and
- (6) Contract negotiation in support of business development initiatives.

External Reporting and Consolidation

- (1) Consolidation and preparation of monthly financial statements for TGI and preparation of quarterly interim reports and annual audited financial statements;
- (2) Preparation of monthly reporting journal entries (consolidation, tax, accruals, etc), analytical reviews of accounts and monthly financial review package
- (3) Preparation of analysis required from prospectus and other security filing documents as requested by Treasury Department and senior management;
- (4) Preparation of quarterly and annual report to the Audit Committee;
- (5) Compilation of information in response to a variety of enquiries from operations, senior management and external bodies, such as the BCUC, external auditors and government agencies;
- (6) Research current and emerging accounting policies in Canada, the US and under International Financial Reporting (“IFRS”);

- (7) Direct response to accounting authorities in both Canada, the US and IFRS with respect to exposure drafts and pronouncements;
- (8) Project lead for Terasen on the implementation of IFRS;
- (9) Provide accounting policy advice for such issues as consistency of presentation, alternative treatments and resolution of complicated accounting policies and ensure compliance with General Accepted Accounting Principles;
- (10) Accounting advice and assistance as required.

Taxation Services

- (1) Prepare year-end and quarterly tax provisions including preparing tax calculations and working papers for current tax expense, providing information for the calculation of FIT expense and reviewing FIT calculations, preparing or reviewing the necessary journal entries, assisting auditors with external audit review, preparing tax disclosures to the financial statements and analyzing Balance Sheet tax accounts;
- (2) Prepare tax returns and all tax compliance work for TGI, including identification and research of technical issues, filing necessary elections, agreements and information returns, requesting post filing adjustments, and reviewing assessments and interest calculations;
- (3) Calculate corporate tax instalments and arrange payment;
- (4) Prepare or review tax information and calculations in support of rate cases, annual reviews and annual reports to the BCUC; participate in regulatory working groups to provide information and guidance on tax issues;
- (5) Provide tax support for planning and forecasting groups; provide a strategic tax perspective into planning processes to optimize tax advantages for the Gas companies;
- (6) Provide leadership, guidance and consultation to finance and operations leaders on income tax and commodity tax issues; find tax solutions to complex business issues;
- (7) Monitor, identify and research tax issues resulting from tax law changes, accounting changes (such as IFRS) or business opportunities to make sound recommendations to management;
- (8) Interpret impact of industry issues on tax; participate in industry group tax committees such as Canadian Gas Association and make submissions to government bodies on issues relevant to the industry;
- (9) Monitor GST and PST (including Social Services Tax, Carbon Tax, ICE levy), including identifying issues and researching technical enquiries, coordinating filing of necessary elections, responding to queries on the application of GST or PST to particular transactions, training employees on the application of commodity taxes to revenues,

disbursements and transactions, advising employees of commodity tax changes; advising in the implementation of new taxes;

(10) Monitor tax implications of payroll and employee benefits including advising on taxable benefits and related calculations, payroll tax issues, and pension plan tax issues;

(11) Coordinate tax audits (federal income tax, LCT, GST , various PST), provide auditors access to data, research and provide answers to auditor's requests and negotiable beneficial resolution of proposed adjustments;

(12) Prepare and file Notices of Objection and Appeal letters and coordinate legal appeals with internal and external counsel; negotiate with tax authorities with a view to minimizing ultimate liabilities;

(13) Establish and monitor tax department controls and ensure adherence to tax policies;

(14) Provide ongoing training, guidance and support to tax group employees to enhance their performance levels and career development.

Internal Audit

(1) Develop, plan and conduct audits/reviews of areas or processes of particular interest or of identified risk and prepare internal audit reports;

(2) Conduct annual risks assessment process in conjunction with the Enterprise Risk Management group;

(3) Monitor and evaluate the effectiveness and efficiency of controls throughout the year and summarize results to the Audit Committee of the Board of Directors;

(4) Ensure that the TGI Code of Business Conduct compliance management is effective by conducting the annual compliance reviews and acting as a resource when issues arise with respect to the Code of Business Conduct;

(5) Monitor the Whistle Blower Ethics line and address issues as they arise;

(6) Participate on various committees in the capacity of ex-officio to provide oversight and value add;

(7) Undertake work at the request of the BC Utilities Commission regarding the activities and operations of TGI.

(8) Provide annual reports summarizing Internal Audit activities and findings to the BCUC as well as other reports of regulatory compliance;

(9) Conduct post implementation reviews of major capital projects and acquisitions and report results to the Audit Committee;

(10) Provide assistance to the external auditors in completing their external financial audits; and

- (11) Coordinate activities of various internal and external assurance providers to ensure proper coverage and minimize duplication of efforts.

Risk Management and Insurance Services

- (1) Ensure compliance with the TSX requirements on risk management by ensuring that the Board of Directors understand the principal risks of all aspects of business that TGI is engaged in, and ensuring that there are systems in place that effectively manage and monitor those risks with a view to the long term viability of the TGI;
- (2) Arrange for coverage based on assessed potential risk of damage or loss in asset values, disruptions in operations or potential legal liabilities;
- (3) Advise dollar value of coverage required, most appropriate coverage and proper services required;
- (4) Provide a single insurance program to achieve economies of scales and cost reductions;
- (5) Work with broker in negotiating renewals and adequacy of coverage;
- (6) Ensure competitive terms and consider all available options;
- (7) Establish procedures and provide assistance and guidance in the reporting, handling, compiling, negotiating and settlement of claims;
- (8) Provide mechanism for appropriate and timely local resolution of third party damage claims below a given threshold and payment of same;
- (9) Conduct of review of contractual agreements to protect TGI from unnecessary assumption of risks;
- (10) Coordinate Risk Management's group participating in industry associations and education seminars;
- (11) Establish loss control standards to help ensure consistent and high degree of loss; prevention in all operating units and minimize impact when they do occur;
- (12) Ensure familiarity with policies and wordings;
- (13) Encourage and establish procedures for loss control;
- (14) Administer Certificates of Insurance;
- (15) Preparation of management reports;
- (16) Provide additional insurance for individual construction projects, as required; and
- (17) Provide bonding as required.

Corporate Secretary's Office

- (1) Ensure all continuous disclosure and governance activities required by external regulators and third parties are appropriately carried out, including Securities filings and BC Business Corporations Act requirements; and
- (2) Manage the relationship and corporate activities of the Board of Directors.
- (3) Prepare materials for Board of Directors and minutes.
- (4) Track and maintain corporate records.
- (5) Assist in preparation of corporate documentation and providing corporate information to internal and external parties.

Legal Department

- (1) Provide all legal services to TGI other than those outsourced to outside legal counsel;
- (2) Direct the provision and management of outside legal services, primarily litigation, to TGI;
- (3) Provide management of all litigation;
- (4) Provide legal counsel on regulatory, environmental, marketing, employment, and intellectual property;
- (5) Ensure legal compliance for press release, financial reports and other disclosure documents;
- (6) Advise TGI on legal issues that may arise including claims, actions, real estate and other property transactions, and contracts, including the purchase of goods and services by TGI; and
- (7) Provide general miscellaneous legal support and advice to management.

Human Resources Compensation and Planning

- (1) Consult with management on the maintenance, development and governance of employees and retiree benefit programs, pension plans, employee savings plans and employee assistance programs;
- (2) Provide assistance on annual wage and salary increases, providing labour market comparisons, establishing and implementing ad hoc increases for long term disability and pension recipients;

- (3) Ensure that employment practices are in compliance with applicable regulations and legislation through development and administration of appropriate corporate policies and procedures;
- (4) Consulting and direction on disability management guidelines and policy;
- (5) Oversee the annual preparation of the executive succession plan and present the plan to the Management Resources Committee and to the Board of Directors;
- (6) Corporate governance and direction regarding benefits carriers, benefits and pension consultants, financial services providers;
- (7) Corporate reporting to legislative bodies, CCRA, Statistics Canada, Pension Standards, as required; and
- (8) Corporate governance of salary and benefit administration, including executive and management compensation.

SERVICES PROVIDED BY FORTIS INC. ("FORTIS")

Executive Function

President & CEO

A. Strategic Direction

1. Present annually to the Board of Directors of Fortis (the "Board") a strategic plan and a business plan which must (a) be designed to achieve the corporate objectives together with an appropriate set of performance measures, (b) identify the principal strategic and operational risks of the business, and (c) include appropriate methods to manage the risks;
2. Obtain Board approval for the strategic plan and the business plans of Fortis as a precondition to the implementation of such plans;
3. Obtain Board approval for the procurement, allocation, and disposition of corporate resources for Fortis as a precondition to such procurement, allocation or disposition of such resources either;
 - a. in the approved Business Plan; or
 - b. by specific authorization of an asset transaction consistent with current business activities in an amount in excess of \$XX [insert amount] million (\$XX [insert amount] million annual aggregate) and for any share transaction (other than increased investment in an existing affiliate within the transaction size parameters noted above); and
4. Communicate the principal objectives and strategic plan for Fortis throughout Fortis.

B. Leadership and Management of Fortis

1. Lead Fortis with vision and values that are well understood, widely supported and consistently followed;
2. Foster a corporate culture which promotes ethical practices, personal integrity and the fulfilment of social responsibilities;
3. Create the appropriate environment to stimulate employee morale and productivity;
4. Manage change proactively;
5. Ensure continuous improvement in the quality and value of the products and services provided by Fortis;
6. Ensure that Fortis achieves and maintains satisfactory competitive positions within its industries; and

7. Serve as a director of Fortis.

C. Management and Organization Structure

1. Provide advice to the Board on the appointment of all officers of Fortis;
2. Assist the Board in establishing the limits of delegated authority and responsibility in conducting Fortis's business;
3. Provide annually to the Board, an evaluation of the performance of each senior manager who reports to the CEO;
4. Present for approval to the Board, an annual plan which will provide for the development and succession of senior managers of Fortis in a timely fashion;
5. Generally develop, attract, and retain a highly motivated, effective management team; and
6. Obtain Board approval for any proposed significant or material change in the organizational structure of Fortis as a precondition to the implementation of such changes.

D. Finances, Controls and Internal Systems

1. Consistently strive to achieve Fortis's annual and long-term financial goals and objectives;
2. Assist the Board in establishing an appropriate capital structure for Fortis;
3. Ensure that Fortis has systems in place to effectively monitor and manage the principal risks related to the operation of the business(es);
4. Establish and maintain the integrity of Fortis's financial controls and reporting systems and compliance of the financial information with appropriate accounting principles;
5. Establish and monitor processes and systems designed to ensure compliance with all applicable laws by Fortis, its officers and employees; and
6. Provide certification of financial matters, including the completeness and accuracy of Fortis's financial statements and, where necessary, matters relating to internal controls over financial reporting.

E. Employee Relations

1. Ensure that a process is in place to monitor compliance with the ethical standards to be observed by all officers and employees of Fortis, and ensure that a process is in place to monitor divergence from the ethical standards to be observed by all employees; and
2. Establish and maintain effective communications with employees of Fortis.

F. External Communication

1. Assist the Board in establishing and maintaining an effective communications policy with shareholders, the financial community, the media, the community at large and other stakeholders;
2. Ensure that Fortis contributes, and is perceived to contribute, to the well-being of the communities it serves; and
3. Serve as the principal representative and spokesperson of Fortis.

G. Board Relations

1. Keep the Board adequately informed, on a timely basis, with respect to all events and information which the CEO believes might materially affect Fortis, its performance, prospects, and image;
2. Provide the assistance necessary for the Chair of the Board and committees of the Board to carry out their duties;
3. Be entitled to attend all meetings of Board committees and provide Board committees the assistance necessary to carry out their mandates;
4. Assist the Board in reviewing and maintaining an up-to-date position description for the President and CEO of Fortis; and
5. Report to the Board on material use of outside consultants.

VP Finance and CFO

1. Advise and assist the Chairman of the Board and President and CEO in the development of strategies and goals in the financial planning and structure of the Group and in the control of the Company's business operations.
2. Keep the CEO informed of all relevant financial information and report on the financial status and performance of all companies in the group to the Board of Directors of Fortis Inc.
3. Responsible for all aspects of investor relations program, including shareholder communications and shareholder meetings.
4. Liaison with the investment community and market surveillance.
5. Ensure that procedures and systems necessary to maintain proper records and to afford adequate accounting controls and services are implemented throughout the organization.
6. Ensure that uniform financial policies and procedures are adhered to throughout the organization.
7. Ensure the development and maintenance of timely financial information systems.

8. Develop and maintain effective internal and external audit activities and recommend proper financial controls.
9. Develop and maintain suitable budgeting procedures and reviews.
10. Direct the planning and control of corporate cash requirements and major banking relationships.
11. Review capital expenditure plans and budgeting.
12. Plan and direct corporate financing.
13. Recommend guidelines for financial transactions between companies in the Fortis Group.
14. Ensure that adequate financial personnel resources are retained and appropriately assigned throughout the group.
15. Appraise and implement the necessary financial analysis of acquisition and/or divestiture decisions. As demanded, manage external financial consulting resources.
16. Maintain an awareness of changes in practice and procedure within the professional accounting field.
17. Act as CFO of subsidiary organizations when required.

General Counsel & Corporate Secretary

1. Prepare schedules, notices, agendas, resolutions, and minutes for the Boards of Directors of Fortis Inc. and selected subsidiaries and affiliates.
2. Coordination of all communications to Board of Directors.
3. Operation of share purchase plans.
4. Preparation of security documents including Management Information Circulars, Annual Information Forms and prospectuses.
5. Responsible for regulatory compliance, including annual returns to the registries of companies, dividend disclosure, filing of annual and quarterly reports, reports to stock exchanges, notices of Material Change, and Insider Reports.
6. Provide legal services to all corporations in the Fortis Group including, when necessary, engagement of outside legal services.

Treasury and Taxation Function

1. Manage equity financing, including both common and preference shares, and related prospectuses

2. Manage debt financing, including long-term debt and credit facility borrowings as well as borrowing rates
3. Maintaining the capital structure
4. Assist the VP finance and CFO appraise and implement the necessary financial analysis of acquisition and/or divestiture decisions
5. Cash management and forecasting activities – including dividend and interest payments and equity injections required by subsidiaries
6. Managing cash requirements of subsidiaries, as required, as it relates to intercompany loans and required equity injections
7. Debt covenant calculations and monitoring
8. Managing hedging activities related to US dollar debt
9. Preparation of annual corporate tax returns and related foreign affiliate corporate tax returns
10. Calculation of quarterly and annual Fortis Inc. corporate tax provision
11. Responsibility for utilization of non-capital and capital loss carryforwards of Fortis Inc. and coordination of tax utilization plans with applicable subsidiaries
12. Managing corporate reorganizations and tax planning
13. Manage tax implications of payroll and employee benefits including researching and advising on taxable benefits, CPP, EI and payroll tax issues
14. Preparing Fortis Inc. employee T4's, including preparing taxable benefit calculations
15. Coordination of Fortis Inc. corporate income tax or HST audits
16. Tax research associated with tax issues and changes in tax laws

Investor Relations Function

1. Manage analyst communications – including review of analysts' commentaries/research reports, conduct quarterly conference calls and respond to general analyst research inquiries.
2. Manage investor communications – including the preparation and delivery of investor presentations, road shows, web casts, teleconferences and one-on-one meetings with existing and prospective shareholders
3. Manage shareholder communications – including responding to general shareholder inquiries and the preparation, delivery and filing of documentation for quarterly and annual mailings (i.e., quarterly reports, annual report, proxy, management information circular and annual information form).

4. Coordination and preparation of Fortis's Annual Meeting including preparation of the Executive's presentation to shareholders.
5. Coordination of solicitation of proxies.
6. Preparation of Quarterly Investor Relations Reports to the Board of Directors.
7. Preparation, coordination and dissemination of media releases to newswire agencies, websites and distribution lists.
8. Monitor and maintain Fortis's media coverage.
9. Develop, host and maintain the Fortis Inc. website.
10. Monitor the websites of the Fortis Group of Companies.
11. Monitor and research the market and investment community through Bloomberg, ThomsonOne, TSX, etc.
12. Manage and maintain the Fortis Inc. dividend reinvestment and share purchase plans (i.e., Dividend Reinvestment and Share Purchase Plan, Consumer Share Purchase Plan and Employee Share Purchase Plan)
13. Coordination and preparation of Fortis's consolidated Strategic Issues document and presentation to the Board of Directors.
14. Preparation of Fortis's consolidated Business Plan presentation to the Board of Directors.
15. Manage public relations – including conference participation, the preparation of Executive speeches and responding to media inquiries.

Financial Reporting Function

1. Preparation of quarterly and annual consolidated financial statements and notes to the financial statements and the related management discussion and analysis
2. Preparation of monthly internal consolidated and non-consolidated financial statements of Fortis Inc.
3. Coordination with external auditors of the annual audit of the consolidated financial statements and quarterly review of consolidated financial statements.
4. Preparation and analysis of financial information required for prospectus and other security filing documents
5. Preparation of the Annual Information Form and providing assistance in the preparation of the Management Information Circular
6. Assisting in responding to reviews and queries of securities regulators related to continuous disclosure reporting

7. Research current and emerging accounting policies in Canada, US and that related to IFRS
8. Coordinate consistent accounting policy treatment across the Fortis group of companies related to presentation, alternative treatments and resolution of complex accounting policies to ensure compliance with GAAP
9. Oversight and coordination of conversion to International Financial Reporting Standards across the Fortis Group of companies – including coordinating research, organizing working group and steering committee sessions to discuss and resolve ongoing issues and progress, monitoring and directing progress of the overall conversion and coordination with the external auditors
10. Coordination and preparation of consolidated Business Plan document and reporting to the Board of Directors
11. Preparation of quarterly forecasted consolidated earnings and EPS
12. Responsibility for maintaining internal controls over financial reporting at Fortis Inc.

Internal Audit Function

1. Performs internal audit activities at Fortis Inc including:
 - a. coordinating the Fortis Inc. CEO and CFO internal controls certification process through maintenance of financial process documentation and annual evaluation of internal controls over financial reporting and disclosure controls. Involves ensuring that all Fortis subsidiaries are fully compliant in order to support certification by the parent company;
 - b. performing quality assurance reviews of Fortis Inc. continuous disclosures documents prior to public filing;
 - c. performing annual reviews of Fortis Inc. statutory obligations and executive expenditures;
 - d. reporting internal audit activities to the Fortis Inc. Audit Committee on a regular basis; and
 - e. coordinating compliance with corporate governance requirements
2. Provides oversight over the internal audit function at the Fortis subsidiary companies to:
 - a. ensure corporate-wide consistency in the application of internal audit methodologies and practices and in the reporting of audit results to management and audit committees;

- b. coordinate annual audit program planning to ensure critical risk areas are addressed;
 - c. coordinate corporate-wide audit projects;
 - d. identify opportunities for audit resource and information sharing between the subsidiary internal audit groups;
 - e. oversees audit program planning and reviews internal audit reports to management and Audit Committees for these subsidiaries with limited internal audit resources;
- 3. Administers and monitors reports of allegations of suspected improper conduct or wrong doing via Fortis's ethics reporting system
- 4. Development of a company-wide Enterprise Risk Management program approach

Board of Directors

The Board of Directors of Fortis Inc. is responsible for the stewardship of Fortis. The Board will supervise the management of the business and affairs of Fortis and, in particular, will:

A. Strategic Planning and Risk Management

- 1. Adopt a strategic planning process and approve, on an annual basis, a strategic plan for Fortis which considers, among other things, the opportunities and risks of the business;
- 2. Monitor the implementation and effectiveness of the approved strategic and business plan;
- 3. Assist the CEO in identifying the principal risks of Fortis's business and the implementation of appropriate systems to manage such risks;

B. Management and Human Resources

- 1. Select, appoint and evaluate the CEO, and determine the terms of the CEO's employment with Fortis;
- 2. In consultation with the CEO, appoint all officers of Fortis and determine the terms of employment, training, development and succession of senior management (including the processes for appointing, training and evaluating senior management);
- 3. To the extent feasible, satisfy itself as to the integrity of the CEO and other officers and the creation of a culture of integrity throughout Fortis;

C. Finances, Controls and Internal Systems

1. Review and approve all material transactions including acquisitions, divestitures, dividends, capital allocations, expenditures and other transactions which exceed threshold amounts set by the Board (including equity contributions to subsidiaries to support the investment in rate base to serve customers;
2. Evaluate Fortis's internal controls relating to financial and management information systems;

D. Communications

1. Adopt a communication policy that seeks to ensure that effective communications, including statutory communication and disclosure, are established and maintained with employees, shareholders, the financial community, the media, the community at large and other security holders of Fortis;
2. Establish procedures to receive feedback from stakeholders of Fortis and communications to the independent directors as a group;

E. Governance

1. Develop Fortis's approach to corporate governance issues, principles practices and disclosure;
2. Establish appropriate procedures to evaluate director independence standards and allow the Board to function independently of management;
3. Appoint from among the directors an audit committee and such other committees of the Board as deemed appropriate and delegate responsibilities thereto in accordance with their mandates;
4. Develop and monitor policies governing the operation of subsidiaries through exercise of Fortis's shareholder positions in such subsidiaries;
5. Develop and monitor compliance with Fortis's code of conduct;
6. Set expectations and responsibilities of directors, including attendance at, preparation for and participation in meetings; and
7. Evaluate and review the performance of the Board, each of its committees and its members.