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September 24, 2009

British Columbia Public Interest Advocacy Centre  
Suite 209 – 1090 West Pender Street  
Vancouver, BC  
V6E 2N7

Attention: Mr. James L. Quail, Executive Director

Dear Mr. Quail:

**Re: Terasen Gas Inc. (“Terasen Gas”)  
2010 and 2011 Revenue Requirements and Delivery Rates Application**

**Response to the British Columbia Public Interest Advocacy Centre on behalf of  
the British Columbia Old Age Pensioners Organization et al (“BCOAPO”)  
Information Request (“IR”) No. 1 (Exhibit B-5)**

**Erratum to BCOAPO IR 1.21.1**

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On June 15, 2009, Terasen Gas filed the Application as referenced above. In accordance with Commission Order No. G-89-09 setting out the Regulatory Timetable for the Application, Terasen Gas submitted the response to BCOAPO IR No. 1 (Exhibit B-5) in Binder Volume 5.

Terasen Gas has discovered an inadvertent omission from the response to BCOAPO IR 1.21.1.

Terasen Gas respectfully submit the attached erratum to the response to BCOAPO IR 1.21.1 (Exhibit B-5, page 56) in black-lined to identify the revision and a clean version replacement insertion into Binder Volume 5. Note that the hardcopy clean version is double-sided and includes page 55 which remains unchanged, to facilitate binder insertion.

If there are any questions regarding the attached, please contact the undersigned.

Yours very truly,

**TERASEN GAS INC.**

***Original signed:***

Tom A. Loski

Attachment

cc (e-mail only): BCUC and Registered Parties



Terasen Gas Inc. ("TGI", "Terasen Gas" or the "Company") 2010-2011 Revenue Requirements Application	<b>Submission Revised</b> Date: August 14 <del>September 24</del> , 2009
Response to British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Old Age Pensioners Organization et al ("BCOAPO") Information Request ("IR") No. 1	Page 56

## 21.0 Reference: Part III, Section B, p. 156, M&E Employees

21.1 Please explain (i) the choice of a defined benefit pension plan as opposed to a defined contribution plan and (ii) details regarding the other benefits changes made in 2007.

### Response:

#### Pension Plan

##### For M&E employees:

The new DB plan replaced the 100% company paid DB and DC pension plans. The significant change introduced was the 50/50 cost share component and adding a \$250,000 earnings cap.

When Kinder Morgan purchased the Terasen group of companies their objective was to have one benefit platform for all companies. With the assistance of Towers Perrin, several pension arrangements were considered including a defined contribution plan. Kinder Morgan determined that by providing one new, standardized defined benefit pension plan that was not based on any of the legacy pension plans kept things simple, equitable and consistent for all employees. The new pension plan delivers on the business goals of providing long-term funding predictability and sustainability and supports the need to attract and retain employees for the long term. Kinder Morgan believed that defined benefit pension plans recognized and rewarded employees for staying with the company over the long term.

##### Other Benefit Changes:

Short Term Disability eligibility for 100% salary for 26 weeks was changed to require 10 years service, a change from the previous 5 year requirement.

Employee Savings plan was introduced. The Company will contribute an amount equal to 3% of the employee's basic monthly salary.

Part time regular employees' changes to eligibility were introduced. Previously part time regular employees received the same benefits as full time regular. With the change, employees must work a minimum of 18.75 hours per week in order to be eligible for a reduced level of flex credits, as well as savings plan and employee stock purchase plan. Part Time Regular employees are no longer eligible for post retirement benefits.

For all employee groups:

#### Employee Share Purchase Plan (ESPP)

Fortis provided Terasen Gas employees the opportunity to purchase Fortis Shares through the Employee Share Purchase Plan which rolled out September 1, 2007. The purchase of shares is open to all groups of employees who meet the eligibility criteria. Employees are eligible to purchase up to a maximum of 10% of their annual salary per calendar year; purchases can be made by way of interest free loan or payment. The price to the participant under the plan is 90% of the average market price.



Terasen Gas Inc. ("TGI", "Terasen Gas" or the "Company") 2010-2011 Revenue Requirements Application	<b>Revised Date:</b> <b>September 24, 2009</b>
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