SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: http://www.bcuc.com

BRITISH COLUMBIA UTILITIES COMMISSION

ORDER NUMBER G-140-09

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Gas (Vancouver Island) Inc.
for Approval of 2010 and 2011 Revenue Requirements, Rates, Cost of Service, Rate Design and Revenue Deficiency Deferral Account Balance as at December 31, 2008

BEFORE:

A.W.K. Anderson, Panel Chair/Commissioner
D.A. Cote, Commissioner
M.R. Harle, Commissioner

November 26, 2009

O R D E R

WHEREAS:

A. On June 29, 2009, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed an application for approval of interim and permanent delivery rates effective January 1, 2010 (the "Application") pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (the "Act") and section 2.1 of the Special Direction to the British Columbia Utilities Commission ("Commission") issued pursuant to Order in Council 1510 ("Special Direction"), requesting (a) no change in 2009 sales service rates and (b) a reduction in rates for firm transportation service, other than for those customers who have specified rates in their transportation service agreements, in the amount of 4.75 percent; and

B. TGVI proposed that the rates established for 2010 should also remain in place for 2011; and

C. TGVI also applied pursuant to sections 59 to 61 of the Act and section 2.10(a)(i) of the Special Direction for interim and permanent approval of TGVI's forecast cost of service for 2010 and 2011, subject to the need to recover any Accumulated Revenue Deficiency in the Revenue Deficiency Deferral Account after December 31, 2009 and any changes in TGVI's return on equity; and

D. TGVI also applied pursuant to section 2.10(f) of the Special Direction for approval of the December 31, 2008 year-end balance in the Revenue Deficiency Deferral Account in the amount of $7,149,210, and for approval of other items identified in the Special Direction; and

E. TGVI sought other approvals in the Application, including orders pursuant to sections 59 to 61 of the Act, approving Tariff changes effective January 1, 2010 for Compression and Refueling and Transportation Services for Natural Gas Vehicles, and economic models for evaluating biogas projects and alternative energy extensions for geo-exchange, solar thermal and district energy systems to complement its core natural gas business; and

F. TGVI proposed a written hearing process to address the Application but was open to a negotiated settlement process ("NSP"); and

…/2

G. On July 2, 2009, the Commission Panel issued Order G-84-09, which provided for a Workshop on July 13, 2009 and a first Procedural Conference on July 15, 2009 to hear submissions on the appropriate regulatory process and TGVI's proposed preliminary regulatory timetable attached to that order; and

H. In accordance with Order G-84-09, TGVI held a Workshop to review the Application on Monday, July 13, 2009; and

I. Procedural Conference No. 1 was held on Wednesday, July 15, 2009 at which the Commission Panel heard submissions regarding the Application process and inclusion of Alternative Energy Solution proposals within the process; and

J. The Commission Panel considered the Submissions received at Procedural Conference No. 1, and concluded that a Regulatory Timetable establishing a second Procedural Conference following TGVI's responses to the second round of Information Requests was required. It was also determined that proposed Alternative Energy Solutions included in TGVI's Applications would be reviewed as part of the Revenue Requirements proceedings, that information requests consistent with TGI would be cross referenced to those requests, and that interim rates and the Revenue Surplus Deferral Account were not approved at that time and would be reviewed at the second procedural conference; and

K. Procedural Conference No. 2 was held on Friday, September 25, 2009 at which the Commission Panel heard further submissions regarding the process of the Application, location of the proceedings and other matters that would assist the Commission's efficient review of the Application. Primary issues raised were whether a separate Certificate of Public Convenience and Necessity ("CPCN") review was required for the Alternative Energy Solutions proposed in the Application and whether the regulatory process should be in the form of an oral or written hearing or NSP; and

L. Intervenors did not request a separate CPCN process for the Alternative Energy Solutions and all Intervenors supported an NSP for the review of the Application. The Interveners submitted that in the event the NSP does not successfully resolve all issues, an Oral Public Hearing should be subsequently ordered by the Commission Panel. TGVI requested that if an Oral Public Hearing is established that it be limited in scope; and

M. TGVI proposed a delay in its application for interim rate approval until the end of November. If a Commission decision has been issued on the Terasen Gas allowed return on equity and capital structure and this Application (the "Applications") by the end of November, then it will apply for approval of permanent rates effective January 1, 2010. If a Commission decision has not been issued on the Applications by the end of November, then TGVI will apply for interim rates effective January 1, 2010; and

N. By Order G-120-09 the Commission Panel established a negotiated settlement process for the review of the Application commencing on October 29, 2009; and

O. On November 13, 2009, the Negotiated Settlement Agreement ("NSA"), together with the Letters of Support received from the participants in the NSP ("Settlement Package"), was made public and circulated to the Commission Panel; and

P. The Settlement Package was also distributed to Registered Intervenors who did not participate in the NSP ("Other Intervenors"). The Other Intervenors were requested to provide their comments on the Settlement Package to the Commission by November 20, 2009. The Commission Panel received no comments from Other Intervenors regarding the Settlement Package; and

Q. The Commission Panel, having reviewed the proposed NSA and the comments related thereto and noting the support of all parties to the Proposed Settlement, in which only sections 7.1 (a) and (b) are severable, subject to the provisions of section 7.2, considers that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the Act and the Special Direction issued pursuant to Order in Council 1510 the Commission orders as follows:

1. The Negotiated Settlement Agreement attached as Appendix A to this Order is approved.

2. TGVI is to file an amended Summary of Rates and Bill Comparison schedules based on the Negotiated Settlement Agreement.

3. The Commission will accept, subject to timely filing by TGVI, amended permanent Gas Tariff Rate Schedules in accordance with the terms of this Order. TGVI is to provide notice of the permanent rates to customers via a bill message, to be reviewed in advance by Commission Staff to confirm compliance with this Order.

DATED at the City of Vancouver, In the Province of British Columbia, this 26th day of November 2009.

BY ORDER

Original signed by:

A.W.K. Anderson
Panel Chair/Commissioner

Attachment

BRITISH COLUMBIA UTILITIES COMMISSION

ERICA HAMILTON
COMMISSION SECRETARY
Commission. Secretary@bcuc.com
web site: http://www.bcuc.com

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 29924

VIA EMAIL

November 13, 2009

Registered Intervenors
(*TGVI-2010-11RR-RI*)

Dear Registered Intervenors:

Re: Terasen Gas (Vancouver Island) Inc.
2010-2011 Revenue Requirements and Rate Design Application
Negotiated Settlement

Enclosed with this letter is the proposed settlement package for Terasen Gas (Vancouver Island) Inc.'s 2010-2011 Revenue Requirements and Rate Design Application.

This settlement package is now public and is being submitted to the Commission and all Intervenors. Also enclosed are Letters of Comment received to date from the participants in the negotiated settlement process.

Prior to consideration by the Commission, Intervenors who did not participate in the settlement negotiations are requested to provide to the Commission with their comments on the settlement package by Friday, November 20, 2009. Thereafter, the Commission will consider the settlement package. A public hearing may not be required unless there is significant opposition to the proposed settlement.

Yours truly,

for: N. Lapierre
Erica M. Hamilton

PWN/yl
Attachments
cc: Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
(Via Email: *regulatory.affairs@terasengas.com*)

Terasen Gas

Tom A. Loski
Chief Regulatory Officer

16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 592-7464
Cell: (604) 250-2722
Fax: (604) 576-7074
Email: tom.loski@terasengas.com
www.terasengas.com

Regulatory Affairs Correspondence
Email: regulatory.affairs@terasengas.com

November 13, 2009

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

Attention: Mr. Philip Nakoneshny, Director, Rates and Finance

Dear Mr. Nakoneshny:

Re: Terasen Gas (Vancouver Island) Inc. ("TGVI")
2010 and 2011 Revenue Requirements and Rate Design Application

Negotiated Settlement Agreement

On June 29, 2009, TGVI filed its 2010 and 2011 Revenue Requirements Application, Rates, Cost of Service, Rate Design and Revenue Deficiency Deferral Account Balance as at December 31, 2008 which was amended by filings on July 23 and September 22, 2009 (the "Application").

In accordance with Commission Order No. G-84-09 issued on July 2, 2009, a Workshop was held on July 13, 2009 for a review of the Application, a Procedural Conference was held on July 15, 2009, and TGVI responded to two rounds of Information Requests. In accordance with Commission Order No. G-90-09 issued on July 20, 2009, a second Procedural Conference was held on September 25, 2009 and on October 2, 2009, the Commission issued Order G-120-09 establishing a Negotiated Settlement Process ("NSP") for the Application. In accordance with Order No. G-120-09, the NSP commenced on Tuesday, November 3, 2009 and concluded on Thursday, November 5, 2009.

TGVI has reviewed the attached settlement documents, including the Negotiated Settlement Agreement and associated financial schedules (collectively the "Negotiated Settlement") arising from the NSP. TGVI recognizes the Negotiated Settlement as being the product of good faith compromises among parties with diverse interests of the issues raised by the Application. In fulfilling their role pursuant to the Commissions NSP Guidelines, Commission Staff made additional information available to the parties which they believed was in the public interest. The parties considered all such information in reaching the compromise Settlement Agreement and Terasen Gas considers the resulting Negotiated Settlement to be fair, just and reasonable. As the Negotiated Settlement represents compromises among the parties and an overall balance of interests, TGVI stresses that the Negotiated Settlement

Terasen Gas

should be considered as a package, with no part being severed unless otherwise stated in the Agreement. On that basis, TGVI accepts the Negotiated Settlement.

TGVI would like to express sincere thanks to Commission Staff and Intervenor representatives for their active participation in achieving this Negotiated Settlement Agreement on the Application. TGVI also wishes to thank the NSP facilitator, Mr. Paul Cassidy, for his leadership, guidance and assistance to all parties throughout the NSP process.

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

Yours very truly,

TERASEN GAS (VANCOUVER ISLAND) INC.

Tom A. Loski

Attachment

cc (e-mail only): Parties to the NSP

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NEGOTIATED SETTLEMENT AGREEMENT
TERASEN GAS (VANCOUVER ISLAND) INC.
DATED THURSDAY, NOVEMBER 5

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Gas (Vancouver Island) Inc.
for Approval of 2010 and 2011 Revenue Requirements, Rates, Cost of Service, Rate Design and Revenue Deficiency Deferral Account Balance as at December 31, 2008
Negotiated Settlement Process

WHEREAS:

A. On June 29, 2009, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed its 2010 and 2011 Revenue Requirements Application, Rates, Cost of Service, Rate Design and Revenue Deficiency Deferral Account Balance as at December 31, 2008 which was amended by filings on July 23 and September 22, 2009 (the "Application"); and

B. Amongst other things, the Application sought:

1. An order pursuant to sections 59 to 61 of the *Utilities Commission Act* (the "Act"), section 2.1 of the Vancouver Island Natural Gas Pipeline Special Direction ("Special Direction"), approving permanent rates for Core Market customers, effective January 1, 2010. As set out in Part III, Section B, Tab 3 of the Application, compared to 2009 rates, the service rates for which TGVI seeks approval are the same as 2009 sales service rates; and

2. An order pursuant to sections 59 to 61 of the Act and section 2.1 of the Special Direction, approving permanent rates for transportation customers, other than those transportation customers who have specified rates in their transportation service agreements. As set out in Part III, Section B, Tab 3 of the Application, the rates for which TGVI seeks approval are:

   a. A reduction in rates for firm transportation service in the amount of 5.18% (as compared to 2009), effective January 1, 2010; and

   b. A reduction in rates for summer interruptible transportation service in the amount of 5.18% (as compared to 2009), effective January 1, 2010; and

   c. Winter interruptible rates of $1.384/GJ effective January 1, 2010 and of $1.401/GJ effective January 1, 2011; and

3. These rates are subject to (a) the need to recover any Accumulated Revenue Deficiency in the RDDA after December 31, 2009 as explained in Part III, Section B, Tab 2 and (b) changes in TGVI's allowed return on equity as described in Part III, Section C, Tab 10; and

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TERASEN GAS (VANCOUVER ISLAND) INC.
DATED THURSDAY, NOVEMBER 5

4. An order pursuant to section 2.10(a)(i) of the Special Direction approving TGVI's forecast Cost of Service for 2010 and 2011, as set out in Part III, Section C, Tab 2 of the Application, but subject to (a) the need to recover any Accumulated Revenue Deficiency in the RDDA after December 31, 2009 as explained in Part III, Section B, Tab 2 and (b) changes in TGVI's allowed return on equity as described in Part III, Section C, Tab 10; and

5. An order pursuant to sections 59 to 61 of the Act approving the schedule of demand and commodity charges as set out in Schedule A of Tariff Supplement No. 4 (Storage and Delivery Agreement between TGI and TGVI), as set out in Part III, Section B, Tab 3 of the Application.

6. An order pursuant to sections 59 to 61 of the Act approving the creation of the Rate Stabilization Deferral Account ("RSDA"), effective January 1, 2010, for the purposes of capturing any annual revenue surplus in 2010 and 2011, with any balance at the end of 2011 to be returned to Core Market customers beginning January 1, 2012 in the manner described in Part III, Section D, Tab 1.

7. An order pursuant to sections 59 to 61 of the Act approving the creation of the 2009 Revenue Surplus Account for the purposes of capturing any 2009 revenue surplus in excess of the amount needed to eliminate the debit balance in the RDDA, and its proposed allocation to customers and amortization as set out in Part III, Section D, Tab 1 of the Application.

8. An order pursuant to section 2.10(a)(i) of the Special Direction approving its forecast capital expenditures for 2010 and 2011, as set out in Part III, Section C, Tab 9 of the Application.

9. An order pursuant to section 2.10(a)(ii) of the Special Direction approving its forecast Revenue for 2010 and 2011, based on its proposed rates, as set out in Part III, Section D, Tab 1 of the Application.

10. An order approving the forecast gross O&M expenditures for the forecast period 2010 and 2011, as determined through and supported by Part III, Section C, Tab 6 of the Application of $32,104,700 and $33,650,000 respectively, and to fix those amounts for the purposes of determination of RDDA and/or RSDA balances at the end of each year.

11. An order pursuant to section 2.10 (f) of the Special Direction approving the December 31, 2008 year end balance in the RDDA of $7,149,210, as set out in Part III, Section B, Tab 2 of the Application.

12. An order pursuant to section 44.2 of the Act approving an expenditure schedule for the continuation in 2011 of TGVI's residential and commercial Energy Efficiency and Conservation ("EEC") funding, as well as new EEC funding for 2010 and 2011 for innovative technologies; and

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NEGOTIATED SETTLEMENT AGREEMENT
TERASEN GAS (VANCOUVER ISLAND) INC.
DATED THURSDAY, NOVEMBER 5

13. New tariff offerings and economic tests for Compression and Refuelling and Transportation Services for Natural Gas Vehicles ("NGV"), geo-exchange, solar thermal and district energy systems and a pilot program for Biogas; and

C. A complete listing of the relief sought by TGVI in the Application was included in Section E (pages 436-443)[1] of the Application; and

D. In accordance with Commission Order No. G-84-09 issued on July 2, 2009, a Workshop was held on July 13, 2009 for a review of the Application, a procedural conference was held on July 15, 2009, and TGVI responded to two rounds of Information Requests; and

E. In accordance with Commission Order No. G-90-09 issued on July 20, 2009, a second procedural conference was held on September 25, 2009; and

F. On October 2, 2009, the Commission issued Order G-120-09 establishing a Negotiated Settlement Process (“NSP”) for the Application; and

G. The Parties to the NSP were TGVI, British Columbia Old Age Pensioners et al. (“BCOAPO”), Commercial Energy Consumers Association of British Columbia (“CEC”) and British Columbia Hydro and Power Authority (“BC Hydro”) (collectively referred to in this Agreement as the “Parties”); and

H. At the outset of the NSP on November 3, 2009, Commission Staff provided the Parties with a document prepared by the Commission Panel titled “Issues of Particular Concern to the Commission Panel”, a copy of which is appended as Appendix 1 to this Agreement; and

I. The NSP was held on November 3-5, 2009; and

J. The Parties have negotiated in good faith to achieve a compromise settlement, reflected in this Agreement, of the issues raised by the Application, and further consider the Agreement reached to be fair, just and reasonable; and

K. This Agreement consists of four sections:

Part I includes general provisions;

Part II includes the items agreed to that differ from what was requested in the Application;

Part III includes the items agreed to that remain as proposed by TGVI in the Application; and

Part IV includes revised financial schedules reflecting all items set out in the Agreement.

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[1] Pages 436 and 437 of the Application were amended on July 23, 2009 and pages 438 to 443 were amended on September 22, 2009.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS

PART I – GENERAL

1. Agreement a Product of Compromise

The Parties recognize and emphasize that this Agreement is the product of compromise on the part of all Parties, yielding an overall package that the Parties consider to be fair, just and reasonable. The Parties agree that any compromises resulting from this Agreement are without prejudice to the Parties' ability to take different positions after 2011 and without prejudice to the Parties right to intervene in any applications contemplated in or resulting from this Agreement.

2. Whole Agreement

The Parties agree that, unless otherwise stated in this Agreement, portions of this Agreement cannot be removed or changed by the Commission without nullifying the whole Agreement.

3. TGVI to Manage Business

The Parties agree that TGVI will have the discretion to manage its business and determine how best to allocate the overall O&M and Capital expenditures stipulated in this Agreement.

4. Final IFRS Rate-regulated Activity Standard

The Parties acknowledge that this Agreement is predicated on the Final IFRS Rate-regulated Activity Standard permitting the financial accounting treatment contemplated in this Agreement in the manner outlined in the current Exposure Draft on Rate-regulated Activities. The Parties agree that if, in TGVI's opinion, the Final IFRS Rate-regulated Activity Standard differs from the current Exposure Draft on Rate-regulated Activities so as not to permit the financial accounting treatment contemplated in this Negotiated Settlement Agreement, which among other things anticipates the recognition of regulatory assets and liabilities for external reporting purposes, then TGVI is at liberty to apply to the Commission during the period of this Agreement for a determination of that issue, and to seek changes in the regulatory treatment contemplated in this Agreement to accord with the Final IFRS Rate-regulated Activity Standard, with the resulting impacts flowed through into rates commencing in 2011.

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TERASEN GAS (VANCOUVER ISLAND) INC.
DATED THURSDAY, NOVEMBER 5

PART II – AGREED CHANGES FROM THE APPLICATION

5. Use Per Customer Rates

The Parties agree that the use per customer rates will be as set out in the Application.

6. Energy Efficiency and Conservation ("EEC") Funding for 2010

The Parties agree as follows in respect of the EEC funding sought by TGVI for 2010:

(a) TGVI will reallocate from residential and commercial EEC programs an additional $0.4 million from the amount approved for 2010 in the EEC Decision[2] to low income and rental housing programs. This brings the total for low income and rental housing programs to $0.6 million for 2010 (currently at $0.2 million).

(b) EEC funding for innovative technologies will be $0.478 million for 2010, which is the amount requested by TGVI in the Application.

(c) All agreed to EEC expenditures will be considered and evaluated within the existing portfolio, and be subject to the same financial treatment, as per the Commission's EEC Decision dated April 16, 2009 (Application, page 438, Item 15). However, Innovative Technology programs will be managed by TGVI as a separate segment of the overall portfolio to have a weighted average Total Resource Cost ("TRC") of 1.0 or more. TGVI will consult with stakeholders on the practical application of the weighted average TRC through the EEC Advisory Committee.

7. EEC Funding for 2011

7.1 The Parties agree as follows in respect of the EEC funding sought by TGVI for 2011:

(a) EEC funding for residential and commercial programs for 2011 will be $4.726 million, which is the amount requested by TGVI in the Application.

(b) TGVI will reallocate from 2011 residential and commercial EEC funding ($4.726 million for 2011) an additional $0.4 million to low income and rental housing programs. This brings the total for low income and rental housing programs to $0.6 million for 2011.

(c) EEC funding for innovative technologies will be $0.956 million for 2011, which is the amount requested by TGVI in the Application.

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[2] Decision and Order No. G-36-09 dated April 16, 2009 in the TGI-TGVI Energy Efficiency and Conservation Application.

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DATED THURSDAY, NOVEMBER 5

(d) All agreed to EEC expenditures will be considered and evaluated within the existing portfolio, and be subject to the same financial treatment, as per the Commission's EEC Decision dated April 16, 2009 (Application, page 438, Item 15). However, Innovative Technology programs will be managed by TGVI as a separate segment of the overall portfolio to have a weighted average TRC of 1.0 or more. TGVI will consult with stakeholders on the practical application of the weighted average TRC through the EEC Advisory Committee.

(e) TGVI will report to the Commission on innovative technology programs as part of TGVI's annual report on EEC activities required under the EEC Decision.

The Parties offer the following rationale for the agreed upon 2011 EEC funding.

All Parties agree that it is important to maintain EEC funding levels in 2011 to allow customers to have continued access to EEC programs and incentives. The residential and commercial EEC programs relating to the $4.726 million funding in 2011 on a portfolio basis in aggregate have a TRC of one or more. This means that, from a resource perspective and on a portfolio basis, these programs are expected to yield favourable results for customers. The predictability and continuity of these programs on a sustained basis is critical to their overall success.

Issue No. 1 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "EEC Program – TGVI is to provide results of programs approved by the EEC Decision and expectations for new programs before the Commission Panel will approve additional EEC program funding."

There are practical difficulties associated with the approach identified by the Commission Panel. They include the following:

- As per the EEC Decision (Order No. G-36-09), TGVI will be reporting 2009 activities and results by no later than March 31, 2010. This report will also outline the forecasted activities and programs for 2010. Recognizing the timing of the recent EEC Decision and its current implementation in the Fall of 2009, the EEC Report for 2009 results will give the Commission and stakeholders another check point to validate the level of spend for 2011. However, there is expected to be very little additional information on the results of programs available in March 2010 than exists presently and is included in the evidentiary record of this proceeding. TGVI's EEC programs only completed start up phase in the Fall of 2009. It typically takes longer than 6-8 months to achieve momentum with EEC programs. There will be no information available in March 2010 on results for programs relating to innovative technologies initiated in 2010 as a result of this Agreement. The information that the Commission Panel appears to desire will be more likely included in TGVI's 2010 results report to be filed in March 2011.

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DATED THURSDAY, NOVEMBER 5

- Employees responsible for the programs at TGVI, whose salaries are funded from EEC funding, will face the prospect of losing their jobs in 2011. This could lead to employee retention issues. Employee turnover issues may disrupt the program implementation progress and potentially be more costly if EEC activity is ceased and later resumed.

- Programs will need to begin winding down in advance of 2011 if the 2011 funding is not approved. For example, programs will need to have an end date of December 31, 2010 which may not yield positive results since programs will be winding up in the middle of the heating season.

7.2 The Parties agree that the Commission may sever Section 7.1 (a) and (b) above from this Agreement, with the remainder of this Agreement remaining in force and effect. If the Commission severs Section 7.1 (a) and (b), then the Parties agree that the following provisions take effect:

(a) The Residential and Commercial EEC programs totaling $4.726 million in 2011 will be removed from the EEC expenditure forecast and the revenue requirements for 2011. (If 7.2 takes effect, the financial schedules in Part IV of this Agreement and the cost of service/revenue requirements resulting from this Agreement will be revised to reflect this).

(b) The Parties agree that the first annual report on EEC Activities, which was due to be filed on March 31, 2010 pursuant to Order No. G-36-09, will instead be filed on or before June 30, 2010. Concurrent with that report, TGVI will file an application with the anticipation of a decision within 120 days after filing. The application will include requests for:

i. approval of the above EEC funding for 2011;

ii. approval of the same financial treatment approved in the EEC Decision; and

iii. approval for the continuation of the portfolio approach and assessment methodology as approved in the EEC Decision.

8. <u>Alternative Energy Solutions</u>

Alternative Energy Solutions ("AES") means Geo-exchange, Solar-thermal and District Energy Systems as those terms are described in the Application.

The forecast costs of pursuing AES projects in the TGVI service area were included in the Shared Services cost pool, which is allocated pursuant to the Shared Services Agreement among TGI, TGVI and TGW. The costs related to AES projects that would otherwise have been allocated to TGVI have been allocated to TGI's New Energy Solutions Deferral Account pursuant to the Settlement Agreement for the TGI 2010 and 2011 Revenue Requirements. Accordingly, TGVI withdraws its requests for relief in the Application relating to AES. The Parties acknowledge that TGI will be pursuing AES projects within the TGVI service area and agree that the costs incurred by TGI to provide AES will not be recovered in TGVI's natural gas service rates. Any direct costs, sales and marketing O&M and other development costs incurred by TGVI in assisting TGI in pursuit of AES will be directly charged to the TGI New Energy Solutions Deferral Account of TGI by timesheets or other direct charge.

9. <u>Natural Gas for Vehicles ("NGV")</u>

The Commission Issue No. 2 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "Natural Gas Vehicles ("NGV") – if NGV is to proceed why should the natural gas ratepayer fund this initiative rather than Terasen's non-regulated businesses or the competitive market?"

The Parties agree:

(a) The new NGV Service Rate Schedule (as set out in the Application Appendix J-4) – the NGV Service Rate Schedule should be approved as filed; and

(b) NGV Grants will be accounted for on a net-of-tax basis in a deferral account and amortized over a five year term (the same treatment as under TGI Rate Schedule 6 (as set out in the Application, Part III, Section C, Tab 3, page 224); and

(c) The marketing costs in support of NGV that are included in the Application are appropriately included in the 2010 and 2011 cost of service.

(d) Upon acceptance of this Agreement by the Commission, TGVI withdraws its request in the Application for the following:

i. Compression and Refueling Service Rate Schedule; and

ii. the Compression Service ("CS") Test; and

iii. NGV non-rate base deferral account for Compression Equipment Costs and Expenses.

The Parties acknowledge that these requests are being withdrawn by TGVI to facilitate a settlement on other issues presented in the Application. The Parties agree that TGVI's withdrawal of its requests regarding NGV is without prejudice to TGVI's right to bring forward similar requests in 2010 or 2011 or otherwise in the future. The Parties acknowledge that TGVI intends to develop this area of business and that TGVI anticipates it will bring forward applications on NGV projects to the Commission on a case-by-case basis during the term of this Agreement and in future years. The Parties agree that TGVI is at liberty to do so.

10. Biogas

Issue No. 3 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "Biogas – could be reviewed by a CPCN which demonstrates market uptake of customers that are willing to pay the full cost."

The Parties agree that, upon acceptance of this Agreement by the Commission, TGVI withdraws its requests in this Application related to Biogas. The Parties acknowledge that these requests are being withdrawn to facilitate a settlement on other issues presented in this Application. The Parties agree that TGVI will bring forward an application (the "Biogas Application") during the test period that will:

(a) Address the economic assessment model; and

(b) Provide Biogas rates (including green rate, transportation rate, etc.); and

(c) Provide for recovery of costs associated with providing Biogas service.

TGVI may include in the Biogas Application any Biogas Projects under development at that time. TGVI is, however, not precluded from applying for Commission approval in respect of individual Biogas Projects at any time, either prior to the Biogas Application or afterwards.

11. CPCN Threshold

Issue No. 6 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "CPCN threshold – why should the threshold increase from $5 million."

The Parties accordingly agree that the CPCN threshold will be $5 million for 2010 and 2011. TGVI's Category C Capital Expenditures forecast for the forecast period will be revised to reflect this change (please see item 13 below).

12. Category A Capital

TGVI had utilized an incorrect inflation rate in the Application when calculating the forecast capital expenditures for Distribution Mains (BCUC IR 1.120.5). The Parties agree to use the correct inflation rate, resulting in a decrease to the Category A Capital Expenditures of $188 thousand in 2010 and $154 thousand in 2011, and an associated decrease in the Revenue Requirement in each of those years, from the amounts set out in the Application.

13. Category C Capital

As a consequence of the CPCN threshold being established at $5 million for 2010 and 2011 (see item 11 above), TGVI will file a CPCN application for the Victoria Regional Office project identified in TGVI's Application. The Category C Capital will consequently be reduced by $5.2 million in 2010 and a further $3.3 million (totaling $8.5 million) in 2011. TGVI will seek deferral treatment for 2011 of the capital costs associated with those projects at the time of filing the CPCN Applications.

The Parties agree that Category C Capital will additionally be reduced by a total of $0.5 million in each of 2010 and 2011. The revised Category C Capital Expenditures, reflecting the removal of the Victoria Regional Office capital expenditures and the $0.5 million IT Capital reduction, are now $4.4 million in 2010 and $4.1 million in 2011.

14. Gross O&M (to be recovered from gas customers)

The Parties agree that the proposed gross O&M recoverable from gas customers is reduced by $0.874 million in 2010 and $0.947 million in 2011, resulting in gross O&M in 2010 of $31.231 million and gross O&M of 2011 of $ 32.702 million. The Parties agree to fix the Gross O&M amounts for the purposes of determination of RDDA and/or RSDA balances at the end of each year. The changes as compared to the Application include the following three components:

1. Reduced Shared Services costs from TGI in the amount of $0.339 million in 2010 and $0.491 million in 2011 as discussed in Item 15 below; and

2. Reduced Corporate Services cost from Terasen Inc. in the amount of $0.535 million in 2010 and $0.540 million in 2011, as discussed in Item 15 below.

3. TGVI inadvertently omitted to include the fixed costs associated with electric Demand charges for general operations of the LNG facility including liquefaction, vapourization, and boil-off compression. The Parties agree that these incremental costs, totalling $83 thousand ($37 thousand for additional electricity and $46 thousand for additional fuel), will be included in the 2011 gross O&M amounts (BCUC IR 1.101.9).

15. Shared Services/Corporate Services

The Parties agree that the amount of Shared Services costs allocated to TGVI from TGI should be reduced by $0.339 million in 2010 and $0.491 million in 2011 as a result of the outcome of the concurrent TGI RRA.

The Parties agree that the amount of Corporate Services costs allocated to TGVI from Terasen Inc. should be reduced by $0.535 million in 2010 and $0.540 million in 2011. As a result of these Corporate Services reductions, and as contemplated in the TGI 2010-2011 RRA Settlement Agreement, the amount of Corporate Services allocated to TGI from Terasen Inc. will increase by a corresponding amount in each year to ensure recovery of all of the combined Corporate Services.

The Parties agree that the current Shared Services Agreement between TGVI and TGW will be discontinued, and acknowledge that TGI will be providing shared services to TGW.

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16. Depreciation Study

The Parties agree that the depreciation rates specified in the Gannett Fleming study included the Application under Appendix H-2 for Parts I-III, and in the Supplemental filing dated July 8, 2009 for Parts IV and V, will be implemented effective January 1, 2010, with the exception of:

(a) incorporating the correct updated rates from the depreciation study results in a change in the rate for asset class 475 from 1.62 per cent to 1.94 per cent, and a change in the rate for asset class 477 from 4.92 per cent to 4.60 per cent (BCUC IR 1.146.3); and

(b) the component of those rates that represent recovery of negative salvage (see item 17 below).

Adjusting for the Distribution Asset Classes, negative salvage, and overheads capitalized and capital expenditures changes yields total depreciation expense of $21.8 million in 2010 and $26.0 million in 2011, of which approximately $1.2 million results from the updated Gannett Fleming depreciation study.

The Parties agree that TGVI will undertake an updated depreciation study to be included as part of TGVI’s next Revenue Requirements Application. This study will address the methodology and rates for net negative salvage to be included in cost of service for future periods. TGVI will work with Commission staff and a depreciation rate specialist in determining the requirements of the study.

17. Negative Salvage Values

On an annual basis, TGVI includes a provision for estimated net negative salvage value (removal costs less proceeds) in its depreciation rates. This treatment, which was approved as recently as 2004, along with an estimate of the salvage amount to be included in depreciation rates recognizes that net negative salvage value is a cost of providing service using the asset and should be recovered from customers over the useful life of the asset. An alternative treatment is to recover the net negative salvage values at the time they are incurred resulting in future customers paying for the removal costs, which TGVI views as inappropriate. The inclusion of a provision for estimated net negative salvage value in depreciation rates is a practice that has been followed by TGVI historically, and with this RRA TGVI had proposed continuation of this treatment. This treatment is consistent with the BCUC Uniform System of Accounts and is generally followed by other investor-owned utilities in British Columbia and across Canada.

The Parties agree that for the purposes of the two year period covered by this Agreement, the provision for net negative salvage (net removal costs) will be removed from the depreciation estimates. Instead, an estimate of the amount of net removal costs to be incurred in each of the years 2010 and 2011 ($0.343 million and $0.344 million) will be included in the cost of service and recovered from customers in each of those years. Any variances between the actual amount of net removal costs realized and the estimated amounts included in cost of service will be recorded in a new deferral account created for this purpose that will be called the “Removal Cost Deferral Account”. The amount accumulated in the Removal Cost Deferral Account over the two year period of this Agreement will be recovered from (or returned to) customers in 2012.

TGVI continues to be of the position that removal costs should be recovered over the service life of the asset and not at the time the removal costs are actually incurred. TGVI will work with Commission staff and a depreciation rate specialist in determining both the methodology and estimates for the removal costs and include the documentation to support the rates in its next depreciation study filed as part of its next Revenue Requirement Application.

The Parties agree that TGVI will update its financial schedules to increase the opening balance of the Accumulated Amortization of Contributions in Aid of Construction and correspondingly decrease the opening balance of Accumulated Depreciation by $13.275 million (BCUC IR 2.37.1.1) with no effect on rate base or cost of service.

18. Unrecovered Losses

Issue No. 7 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "Unrealized losses in rate base – should some of these losses be to the shareholder? Parties should present a separate settlement package."

Unrealized (unrecovered) losses relate to Unrecovered Depreciation on assets used 100 per cent for the provision of utility service to ratepayers (BCUC IR 1.112.1).

The Parties agree that the treatment for unrecovered losses as proposed in the Application is acceptable for the 2010 and 2011 period covered by this Agreement. TGVI will work with Commission staff and a depreciation rate specialist in determining both the methodology and estimates for the unrecovered losses and include the documentation to support the rates in its next depreciation study filed as part of its next Revenue Requirement Application.

19. Overheads Capitalized

The Parties agree to a change in the overheads capitalized rate to 14 per cent of Gross O&M for 2010 and 2011.

20. International Financial Reporting Standards ("IFRS") 2010 Impact

Issue No. 4 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "International Financial Reporting Standards ("IFRS") – could have no IFRS impact in 2010."

The Parties agree to defer the 2010 revenue requirement impact of IFRS, resulting from Items 25 (b), (c), (d) and (e) in this Agreement, to be reflected in revenue requirements in 2011 up to a maximum of $2.0 million. Amounts, if any, over $2.0 million would be deferred and reflected in revenue requirements after 2011 based on the amortization approved by the Commission at that time.

21. Allocation of 2009 Revenue Surplus Account ("RSA") Balance (Application page 322 Item (7)(b))

The Commission approved the creation of a 2009 Revenue Surplus Account in Order No. G-84-09. TGVI currently forecasts that the RDDA balance will reach zero in 2009 and that a surplus will be recorded in the 2009 RSA. The actual balance in the 2009 RSA will not be known until the Commission approves the 2009 year end balance in the RDDA, pursuant to section 2.10(f) of the Special Direction.

Issue No. 8 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "Rate Design – should BC Hydro receive any refund for the expected 2009 RDDA surplus?"

The Parties have considered the issue raised by the Commission Panel. The Parties agree, for the purposes of achieving overall Agreement, that the answer to Commission Panel Issue No. 8 is, "Yes", and that the forecast balance in the 2009 RSA of $2.962 million will be amortized equally over the forecast years 2010 and 2011 to all customers, other than the VIGJV and TGI Squamish Service Area (TGI Squamish), as follows:

(a) $2.677 million to Core Market

(b) $0.246 million to BC Hydro

(c) $0.039 million to TGW

Any variance between the forecast and actual 2009 RSA balance will be captured in the RSDA described below.

22. Rate Stabilization Deferral Account ("RSDA") (Application page 323 Item (7)(c))

Variances between forecast cost of service and actual cost of service, other than O&M, are items that will be "trued up to actual" as per the Special Direction. Gross O&M will be as stated in Item 14, and not "trued up to actual" (i.e. variances from forecast O&M specified in Item 14 will be an at-risk item for the shareholder). The allowed rate of return on Equity will be adjusted to that approved by the Commission during the period of the settlement and will not be trued up to actual. For clarity, this means that approved rate of return on equity percentage will apply to the actual rate base consistent with the methodology employed since 2003 for TGVI.

The Parties agree that TGVI will establish a RSDA to capture:

(a) differences in 2010 and 2011 between:

i. the net revenues received; and

ii. the actual, "trued-up", cost of service, excluding O&M variances from forecast stated in Item 14; and

(b) any Accumulated Revenue Deficiency in the RDDA after December 31, 2009.

The Parties agree that any balance in the RSDA will be amortized into the cost of service after 2011. However, the Parties agree that the following issues will be deferred to a future proceeding:

(a) how any balance in the RSDA will be allocated among customer classes; and

(b) the period over which any balance in the RSDA will be amortized into the cost of service.

RATE DESIGN

23. Rate Design

The Vancouver Island Natural Gas Pipeline Agreement contemplates the Provincial Government Royalty Revenues to TGVI ceasing at the end of 2011. The Parties agree that given the pending loss of Royalty Revenues from the Provincial Government and the strategies to deal with the potential rate shock associated with that circumstance, including potential amalgamation, that it would be appropriate to defer a full scale rate design at this time.

The Parties have differing views on the appropriate rate design. The Parties did not agree on an appropriate rate design, and did not agree on:

(a) Various cost allocation principles;

(b) Revenue to cost ratios; and

(c) The treatment of interruptible transportation revenues.

Instead, the Parties agree that this Negotiated Settlement Agreement is without prejudice to any position Parties may take in the future. The Parties agree that no precedent is set by this Agreement.

24. Rate Proposals

The Parties agree that the proposed core market rate freeze for the two year test period is accepted. The Parties agree to the rates for each customer class is set out in Schedule 1 under Part IV of this Agreement.

Issue No. 5 in the Commission Panel's "Issues of Particular Concern to the Commission Panel" stated:

> "2010 Rate Changes – in the event that a 2010 rate reduction were to occur as a result of negotiations, the current rates should remain unchanged and place the revenue surplus into a deferral account to apply against 2011 and future rate increases with a phase in amortization that strives for rate stability."

The Parties agree that Commission Panel Issue No. 5 is addressed for core market customers.

The Parties agree that the rates for transportation customers, effective January 1, 2010, other than those that have specified rates set out in their contract (VIGJV and TGI Squamish), are as set out below.

(a) BC Hydro

i. Firm Transportation Rate $0.830 per GJ

ii. Summer Interruptible Rate $0.830 per GJ

iii. Winter Interruptible $1.330 per GJ

(b) TG Whistler

i. Firm Transportation Rate $0.930 per GJ

These transport rates are based on TGVI's current allowed return on equity ("ROE") of 9.17 per cent and subject to changes flowing from the Commission's decision in TGVI's concurrent ROE and Capital Structure Application[3], or as adjusted from time to time by the Commission. Nothing in this Agreement precludes TGVI from applying to the Commission in 2010 or 2011 for changes to its allowed ROE and capital structure.

The Parties agree to the following formula to reflect changes in the allowed ROE in the transportation rates, other than those that have specified rates set out in their contract (VIGJV and TGI Squamish). Every 1 basis points difference in the approved ROE as compared to the current ROE of 9.17 per cent will cause the firm and interruptible rates to change in the same direction by 0.034 cents per GJ rounded to the nearest tenth of a cent.

PART III – REQUESTS UNCHANGED FROM THE APPLICATION

The Parties agree to the following items set out in this section, which are consistent with the proposals in TGVI's Application.

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[3] Filed jointly by the Terasen Utilities [TGI, TGVI. and Terasen Gas (Whistler) Inc.] on May 15, 2009.

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25. Accounting Policy Changes as per Application Part III, Section E - Approvals Sought - to be effective January 1, 2010

The Parties agree to the following accounting policy changes, as set out in TGVI's Application:

(a) Training and Feasibility Study Costs to be treated as O&M expense, rather than capital (Application Page 438 and 439, Item 18).

(b) Capitalization of Major Inspection and Overhaul Costs, including the creation of new Asset Classes (Application Page 438 and 439, Item 18).

(c) Capitalization of the Current Service portion of Pensions and OPEBs expense that is applicable to capital projects (Application Page 438 and 439, Item 18).

(d) Capitalization of Depreciation on Assets used in Construction (Application Page 438 and 439, Item 18).

(e) All capital expenditures, including CPCNs, to be included in plant in service (and rate base) in the month following the available-for-use date, with depreciation starting at that time (Application Page 438 and 439, Item 18).

(f) Adoption of the effective interest method for calculating interest expense on long-term debt (Application Page 438 and 439, Item 18).

26. Various Accounting Related Proposals as per Application Part III, Section E - Approvals Sought effective January 1, 2010

The Parties agree to the following accounting related changes, as set out in TGVI's Application:

(a) Adoption of the Cash Working Capital Lead/Lag Days as set out in the Lead/Lag study (Application page 438, Item 16d).

(b) The treatment of Customer Security Deposits as part of the unfunded debt, instead of as a component of working capital (Application Page 438 and 439 Item 18).

(c) The inclusion of the reserve for bad debts as a component of working capital (Application Page 438 and 439 Item 18).

(d) Consolidated Core Market Administration Expenses (for TGI, TGVI and TGW), including allocation percentages (Application page 438, Item 16e).

27. Tariff Change Proposals as per Application Part III, Section E - Approvals Sought, Item 19

The Parties agree to the following Tariff changes, as set out in TGVI's Application:

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(a) Revised Fee New Customer Application fee from $85 to $25

(b) Revised dishonoured cheque charge from $10 to $20

(c) Revised Fee Meter Testing fee from $50 to $60

(d) Removed special meter reading charge

(e) Removed move meter from inside to outside premises at consumer's request charge

(f) Removed resetting of meter and regulator charge

(g) Removed where services performed at cost charge

(h) Changes to the Standard Terms and Conditions as set out in Part III, Section C, Tab 12 and Appendix J-2 of the Application.

28. <u>Deferral Account Proposals as per Application Part III, Section E - Approvals Sought, Item 17</u>

The Parties agree to the continuation, modification or adoption of the following deferral accounts as set out in TGVI's Application:

(a) Deferral Accounts - No Change:

i. Gas Cost Variance Account (Application page 316, Item (1)).

ii. Insurance variance (Application page 318, Item (3) (a)).

iii. Pension & OPEB variance (Application page 318, Item (3) (b)).

iv. Olympic Security costs (Application page 318, Item (3) (d)).

v. IFRS conversion costs (Application page 318, Item (3) (e)).

vi. PCEC Start Up Costs (Application page 319 Item (5)(a)).

vii. Accounts Amortized in 2010 (Application page 321, Item (6) (c)).

viii. RDDA (Application Page 322 Item (7)(a)).

(b) Deferral Accounts - New:

i. BCUC Levies variance (Application page 318, Item (3) (c)).

ii. Costs of applications (CCE, ROE, RRA) (Application page 319, Item (4)).

iii. IFRS Transitional Deferral Account (Application page 319, Item (5) (b)).

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iv. Pension and OPEB funding differences (Application page 320, Item (5) (c)).

v. Gains and Losses on Asset Disposition (Application page 320, Item (5) (d)).

29. RDDA Balance as at December 31, 2008

The Parties agree pursuant to section 2.10 (f) of the Special Direction that the December 31, 2008 year end balance in the RDDA is $7,149,210, as set out in Part III, Section B, Tab 2 of the Application. (Application page 437, Item 12)

30. Cost of Service

The Parties agree pursuant to section 2.10(a)(i) of the Special Direction that TGVI's forecast Cost of Service for 2010 and 2011 will be as set out in Schedule 14, in Part IV of this Agreement, but subject to (a) the need to recover any Accumulated Revenue Deficiency in the RDDA after December 31, 2009 as explained in Part III, Section B, Tab 2 and (b) changes in TGVI's allowed return on equity. (Application page 436, Item 4).

31. Capital

The Parties agree pursuant to section 2.10(a)(i) of the Special Direction that TGVI's forecast capital expenditures for 2010 and 2011 will be as set out in Schedule 42, in Part IV of this Agreement. (Application page 437, Item 9)

32. Revenue

The Parties agree pursuant to section 2.10(a)(i) of the Special Direction that TGVI's revenues will be as per Schedule 14, in Part IV of this Agreement.

33. Customer Segmentation

The Parties agree to accept the customer segmentation as filed in the Application.

34. Mt. Hayes LNG Storage – Storage and Delivery Agreement

The Parties agree to accept Schedule A of Tariff Supplement No. 4 (Storage and Delivery Agreement between TGI and TGVI), as set out in Part III, Section B, Tab 3 of the Application.

PART IV – REVISED FINANCIAL SCHEDULES

The revised Financial Schedules follow.

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TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
CORE MARKET AND TRANSPORTATION RATES Schedule 1
EFFECTIVE JANUARY 1, 2010
In $/GJ

Core Market Rate Class	Approved Rate (in $/GJ) 2009		Approved Rate (in $/GJ) 2010		Approved Rate (in $/GJ) 2011	
	Basic Charge	Variable Charge	Basic Charge	Variable Charge	Basic Charge	Variable Charge
RGS	$ 10.500	$ 14.325	$ 10.500	$ 14.325	$ 10.500	$ 14.325
AGS	$ 40.000	$ 12.373	$ 40.000	$ 12.373	$ 40.000	$ 12.373
SCS-1	$ 9.450	$ 16.940	$ 9.450	$ 16.940	$ 9.450	$ 16.940
SCS-2	$ 33.530	$ 16.455	$ 33.530	$ 16.455	$ 33.530	$ 16.455
LCS-1	$ 61.000	$ 13.353	$ 61.000	$ 13.353	$ 61.000	$ 13.353
LCS-2	$ 97.820	$ 12.311	$ 97.820	$ 12.311	$ 97.820	$ 12.311
LCS-3	$ 201.510	$ 12.015	$ 201.510	$ 12.015	$ 201.510	$ 12.015
HLF	$ 250.000	$ 8.697	$ 250.000	$ 8.697	$ 250.000	$ 8.697
ILF	$ 250.000	$ 10.097	$ 250.000	$ 10.097	$ 250.000	$ 10.097

Transportation Customers	Approved Rate (in $/GJ) 2009	Approved Rate (in $/GJ) 2010	Approved Rate (in $/GJ) 2011
BC Hydro - Firm Rate	$ 0.912	$ 0.830	$ 0.830
BC Hydro - Winter IT Rate	$ 1.557	$ 1.330	$ 1.330
TGW	$ 1.026	$ 0.930	$ 0.930

Note:
1. The rates for Vancouver Island Gas Joint Venture ("VIGJV") and TGI Squamish are set as per their respective transporation service agreements.

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
Schedule 2

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

Line No.	Particulars	2009 APPROVED	2009 Approved Rates	2009 Surplus	2009 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ENERGY VOLUMES (TJ)						
2	Sales	12,636	12,264	-	12,264	(372)	Schedule 15
3	Transportation	21,692	22,946	-	22,946	1,254	Schedule 15
		34,328	35,210	-	35,210	882	
4	UTILITY REVENUE						
5	Sales - Existing Rates	$ 184,795	$ 179,501	$ -	$ 179,501	$ (5,294)	Schedule 18
6	- Increase / (Decrease)		-	(14,443)	(14,443)	(14,443)	
7	Transportation - Existing Rates	20,126	22,194	-	22,194	2,069	Schedule 18
8	- Increase / (Decrease)			-	-	-	
9	**Total Revenue**	204,921	201,695	(14,443)	187,252	(17,668)	
10	Royalty Credit	(48,701)	(28,095)	-	(28,095)	20,606	
11	GCVA Amortization	3,045	4,162		4,162	1,117	Schedule 58
12	GCVA Additions	-	5,781	-	5,781	5,781	
13	Cost of Gas	129,512	99,314	-	99,314	(30,198)	Schedule 21
14	RACOG Including GCVA Impacts	83,856	81,162		81,162	(2,694)	
15	**Gross Margin**	121,064	120,533	(14,443)	106,090	(14,975)	
16	Operation and Maintenance (allowed)	26,178	26,178	-	26,178	(0)	
17	Transportation Expenses	4,374	3,977	-	3,977	(397)	
18	Operating Leases	828	828	-	828	-	
19	Property Taxes	8,362	8,449	-	8,449	87	Schedule 26
20	Depreciation and Amortization	$32,230	23,017	-	23,017	(9,213)	Schedule 27
21	Removal Costs (Depreciation)	-	-	-	-	-	
22	IFRS Transitional Deferral	-	-	-	-	-	
23	Other Operating Revenue	(1,062)	(893)	-	(893)	169	Schedule 22
24		70,911	61,556	-	61,556	(9,355)	
25	Utility Income Before Income Taxes	50,153	58,977	(14,443)	44,534	(5,619)	
26	Income Taxes	11,905	13,178	(4,331)	8,847	(3,058)	Schedule 30
27	**EARNED RETURN**	$ 40,115	$ 47,666	$ (10,112)	$ 37,554	$ (2,561)	
28	VINGPA Grind	(1,867)	(1,867)	-	(1,867)	-	Schedule 30
27	**EARNED RETURN After VINGPA Adjustment**	$ 38,248	$ 45,799	$ (10,112)	$ 35,687	$ (2,561)	
28	**UTILITY RATE BASE**	$ 539,525	$ 540,195	$ (407)	$ 539,788	$ 264	Schedule 8
29	**RATE OF RETURN ON UTILITY RATE BASE**						
30	Before VINGPA Adjustment	7.11%	8.82%		6.96%	-0.15%	
31	After VINGPA Adjustment	7.09%	8.48%		6.61%	-0.48%	
32	**EARNED RETURN**	$ 40,115	$ 47,666	$ (10,112)	$ 37,554	$ (2,561)	Schedule 68
33	VINGPA Adjustment	(1,867)	(1,867)	-	(1,867)	-	
34	**EARNED RETURN After VINGPA Adjustment**	$ 38,248	$ 45,799	$ (10,112)	$ 35,687	$ (2,561)	x-ref Schedule 5

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
UTILITY INCOME AND EARNED RETURN Schedule 3
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Approved Rates	2010 Surplus	2010 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ENERGY VOLUMES (TJ)						
2	Sales	12,264	12,241	-	12,241	(23)	Schedule 16
3	Transportation	22,946	22,309	-	22,309	(637)	Schedule 16
		35,210	34,550	-	34,550	(660)	
4	UTILITY REVENUE						
5	Sales - Existing Rates	$ 179,501	$ 179,445	$ -	$ 179,445	$ (56)	Schedule 19
6	- Increase / (Decrease)	(14,443)	-	(42,605)	(42,605)	(28,162)	
7	Transportation - Existing Rates	22,194	20,669	-	20,669	(1,525)	Schedule 19
8	- Increase / (Decrease)	-		-	-	-	
9	**Total Revenue**	187,252	200,114	(42,605)	157,509	(29,743)	
10	Royalty Credit	(28,095)	(35,832)	-	(35,832)	(7,737)	
11	GCVA Amortization	4,162	(4,047)		(4,047)		Schedule 59
12	GCVA Additions	5,781	-	-	-	(5,781)	
13	Cost of Gas Sold	99,314	98,628	-	98,628	(686)	Schedule 21
14	RACOG Including GCVA Impacts	81,162	58,750		58,750	(22,413)	
15	**Gross Margin**	106,090	141,364	(42,605)	98,759	(29,057)	
16	Operation and Maintenance	26,178	26,858	-	26,858	680	Schedule 23
17	Transportation Expenses	3,977	4,015	-	4,015	38	
18	Operating Leases	828	-	-	-	(828)	
19	Property Taxes	8,449	9,119	-	9,119	670	Schedule 26
20	Depreciation and Amortization	23,017	19,202	-	19,202	(3,815)	Schedule 28
21	Removal Costs (Depreciation)	-	343	-	343	343	
22	IFRS Transitional Deferral	-	1,400	-	1,400	1,400	
23	Other Operating Revenue	(893)	(717)	-	(717)	176	Schedule 22
24		61,556	60,220	-	60,220	(1,336)	
25	Utility Income Before Income Taxes	44,534	81,144	(42,606)	38,538	(5,996)	
26	Income Taxes	8,847	13,661	(12,140)	1,521	(7,326)	Schedule 31
27	**EARNED RETURN**	$ 37,554	$ 69,350	$ (30,466)	$ 38,884	$ 1,330	
28	VINGPA Grind	(1,867)	(1,867)	-	(1,867)	-	Schedule 31
27	**EARNED RETURN After VINGPA Adjustment**	$ 35,687	$ 67,483	$ (30,466)	$ 37,017	$ 1,330	
28	**UTILITY RATE BASE**	$ 539,788	$ 554,763	$ (750)	$ 554,013	$ 14,224	Schedule 9
29	**RATE OF RETURN ON UTILITY RATE BASE**						
30	Before VINGPA Adjustment	6.96%	12.50%		7.02%	0.06%	
31	After VINGPA Adjustment	6.61%	12.16%		6.68%	0.07%	
32	**EARNED RETURN**	$ 37,554	$ 69,350	$ (30,466)	$ 38,884	$ 1,330	Schedule 69
33	VINGPA Adjustment	(1,867)	(1,867)	-	(1,867)	-	
34	**EARNED RETURN After VINGPA Adjustment**	$ 35,687	$ 67,483	$ (30,466)	$ 37,017	$ 1,330	x-ref Schedule 6

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 4

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars (1)	2010 FORECAST (2)	2011 Approved Rates (3)	2011 Surplus (4)	2011 Cost of Service Rates (5)	Change (6)	Reference (7)
1	ENERGY VOLUMES (TJ)						
2	Sales	12,241	12,433	-	12,433	192	Schedule 17
3	Transportation	22,309	22,017	-	22,017	(292)	Schedule 17
		34,550	34,450	-	34,450	(100)	
4	UTILITY REVENUE						
5	Sales - Existing Rates	$ 179,445	$ 182,402	$ -	$ 182,402	$ 2,957	Schedule 20
6	- Increase / (Decrease)	(42,605)	-	(24,603)	(24,603)	18,002	
7	Transportation - Existing Rates	20,669	20,500	-	20,500	(169)	Schedule 20
8	- Increase / (Decrease)	-		-	-	-	
9	**Total Revenue**	157,509	202,902	(24,603)	178,299	20,790	
10	Royalty Credit	(35,832)	(40,091)	-	(40,091)	(4,260)	
11	GCVA Amortization	(4,047)	-	-	-		Schedule 60
12	GCVA Additions	-	-	-	-	-	
13	Cost of Gas Sold (Including Gas Loss)	98,628	107,311	-	107,311	8,683	Schedule 21
14	RACOG Including GCVA Impacts	58,750	67,220		67,220	8,470	
15	**Gross Margin**	98,759	135,682	(24,603)	111,079	12,107	
16	Operation and Maintenance	26,858	28,136	-	28,136	1,277	Schedule 23
17	Transportation Expenses	4,015	4,122	-	4,122	107	
18	Operating Leases	-	-	-	-	-	
19	Property Taxes	9,119	9,564	-	9,564	445	Schedule 26
20	Depreciation and Amortization	19,202	25,232	-	25,232	6,030	Schedule 29
21	Removal Costs (Depreciation)	343	344	-	344	1	
22	IFRS Transitional Deferral	1,400	(1,400)	-	(1,400)	(2,800)	
23	Other Operating Revenue	(717)	(9,752)	-	(9,752)	(9,035)	Schedule 22
24		60,220	56,246	-	56,246	(3,975)	
25	Utility Income Before Income Taxes	38,538	79,437	(24,604)	54,833	16,295	
26	Income Taxes	1,521	10,352	(6,518)	3,834	2,313	Schedule 32
27	**EARNED RETURN**	$ 38,884	$ 70,952	$ (18,086)	$ 52,866	$ 13,982	
28	VINGPA Grind	(1,867)	(1,867)	-	(1,867)	-	Schedule 32
27	**EARNED RETURN After VINGPA Adjustment**	$ 37,017	$ 69,085	$ (18,086)	$ 50,999	$ 13,982	
28	**UTILITY RATE BASE**	$ 554,013	$ 729,375	$ (381)	$ 728,994	$ 174,982	Schedule 10
29	**RATE OF RETURN ON UTILITY RATE BASE**						
30	Before VINGPA Adjustment	7.02%	9.73%		7.25%	0.23%	
31	After VINGPA Adjustment	6.68%	9.47%		7.00%	0.31%	
32	**EARNED RETURN**	$ 38,884	$ 70,952	$ (18,086)	$ 52,866	$ 13,982	Schedule 70
33	VINGPA Adjustment	(1,867)	(1,867)	-	(1,867)	-	
34	**EARNED RETURN After VINGPA Adjustment**	$ 37,017	$ 69,085	$ (18,086)	$ 50,999	$ 13,982	x-ref Schedule 7

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 5

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	2009 APPROVED	2009 Cost of Service Rates Approved Rates	2009 Cost of Service Rates Required Revenue	2009 Cost of Service Rates Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$36,756	$45,799	($10,112)	$35,687	($1,069)	Schedule 2
3	Deduct - Interest on Debt	(20,325)	(17,759)	4	(17,755)	2,570	
4	Add - O&M Savings	2,127	2,435	-	2,435	308	
5	Add- Non-Tax Ded. Expense (Net)	15,609	6,015	-	6,015	(9,595)	Schedule 33
6	Accounting Income After Tax	34,167	36,489	(10,108)	26,382	(7,786)	
7	Add (Deduct) - Timing Differences	(6,388)	(5,740)	-	(5,740)	648	Schedule 33
8	Taxable Income After Tax	$27,779	$30,750	($10,108)	$20,642	($7,137)	
9		30.000%	30.000%	30.000%	30.000%	0.000%	
10	1 - Current Income Tax Rate	70.000%	70.000%	70.000%	70.000%	0.000%	
11	Taxable Income	$39,685	$43,928	($14,439)	$29,489	($10,196)	
12	**Total Income Tax**	$ 11,905	$ 13,178	$ (4,332)	$ 8,847	$ (3,058)	x-ref Schedule 2

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 6

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 ----Cost of Service Rates----- Approved Rates	Required Revenue	Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$35,687	$67,484	($30,467)	$37,017	$1,330	Schedule 3
3	Deduct - Interest on Debt	(17,755)	(18,574)	11	(18,563)	(808)	Schedule 12
4	Add - O&M Savings	2,435	-	-	-	(2,435)	
5	Add- Non-Tax Ded. Expense (Net)	6,015	(6,593)	-	(6,593)	(12,608)	Schedule 34
6	Accounting Income After Tax	26,382	42,316	(30,455)	11,860	(14,521)	
7	Add (Deduct) - Timing Differences	(5,740)	(8,044)	-	(8,044)	(2,304)	Schedule 34
8	Taxable Income After Tax	$20,642	$34,272	($30,455)	$3,816	($16,826)	
9		30.000%	28.500%	28.500%	28.500%	-1.500%	
10	1 - Current Income Tax Rate	70.000%	71.500%	71.500%	71.500%	1.500%	
11	Taxable Income	$29,489	$47,933	($42,595)	$5,338	($24,151)	
12	**Total Income Tax**	$ 8,847	$ 13,661	$ (12,140)	$ 1,521	$ (7,326)	x-ref Schedule 3

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 7

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 ----Cost of Service Rates----- Approved Rates	Required Revenue	Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$37,017	$69,086	($18,087)	$50,999	$13,982	Schedule 4
3	Deduct - Interest on Debt	(18,563)	(26,136)	10	(26,126)	(7,563)	Schedule 13
4	Add - O&M Savings	-	-	-	-	-	
5	Add- Non-Tax Ded. Expense (Net)	(6,593)	(686)	-	(686)	5,908	Schedule 35
6	Accounting Income After Tax	11,860	42,264	(18,077)	24,187	12,327	
7	Add (Deduct) - Timing Differences	(8,044)	(13,552)	-	(13,552)	(5,509)	Schedule 35
8	Taxable Income After Tax	$3,816	$28,712	($18,077)	$10,635	$6,818	
9		28.500%	26.500%	26.500%	26.500%	-2.000%	
10	1 - Current Income Tax Rate	71.500%	73.500%	73.500%	73.500%	2.000%	
11	Taxable Income	$5,338	$39,064	($24,595)	$14,469	$340,924	
12	**Total Income Tax**	$ 1,521	$ 10,352	$ (6,518)	$ 3,834	$ 2,313	x-ref Schedule 4

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 8

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

Line No.	Particulars	2009 APPROVED	2009 Approved Rates	2009 Adjustments	2009 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$ 737,301	$ 733,157	$ -	$ 733,157	$ (4,144)	Schedule 44
2	Opening Balance Adjustment*	-	208,237	-	208,237	208,237	
3	Gas Plant in Service, Ending	785,862	1,012,319	-	1,012,319	226,458	Schedule 44
4	Accumulated Depreciation Beginning - Plant	(178,559)	(178,029)	-	(178,029)	530	Schedule 50
5	Opening Balance Adjustment*	-	(45,847)	-	(45,847)	(45,847)	
6	Accumulated Depreciation Ending - Plant	(196,352)	(245,154)	-	(245,154)	(48,802)	Schedule 50
7	CIAC, Beginning	(60,835)	(60,835)	-	(60,835)	(0)	Schedule 55
8	Opening Balance Adjustment*		(208,237)	-	(208,237)	(208,237)	
9	CIAC, Ending	(53,475)	(278,861)	-	(278,861)	(225,386)	Schedule 55
10	Accumulated Amortization Beginning - CIAC	1,990	1,990	-	1,990	(0)	Schedule 55
11	Opening Balance Adjustment*		45,847	-	45,847	45,847	
12	Accumulated Amortization Ending - CIAC	-	50,380	-	50,380	50,380	Schedule 55
13	Net Plant in Service, Mid-Year	$ 517,966	$ 517,483	$ -	$ 517,483	$ (482)	
14	Adjustment to 13-Month Average	817	6,489	-	6,489	5,672	
15	Allocated Common Plant to TGW, Mid-Year	(104)	(104)	-	(104)	0	
16	Work in Progress, No AFUDC	1,812	3,652	-	3,652	1,840	
17	Unamortized Deferred Charges	6,246	3,689	-	3,689	(2,557)	Schedule 58
18	Cash Working Capital	(2,100)	(2,589)	(407)	(2,996)	(895)	Schedule 61
19	Other Working Capital (incl. Construction Advances)	14,889	11,575	-	11,575	(3,313)	Schedule 61
20	Future Income Taxes Regulatory Asset	-	58,802	-	58,802	58,802	Schedule 67
21	Future Income Taxes Liability	-	(58,802)	-	(58,802)	(58,802)	Schedule 67
22	**Utility Rate Base**	$ 539,525	$ 540,195	$ (407)	$ 539,788	$ 264	

*Adjustment to remove CIAC from Gas Plant in Service, and Accumulated Amortization of CIAC from Accumulated Depreciaton

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
Schedule 9

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Approved Rates	2010 Adjustments	2010 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$ 733,157	$ 1,012,319	$ -	$ 1,012,319	$ 279,162	Schedule 46
2	Opening Balance Adjustment	208,237	-	-	-	(208,237)	
3	Gas Plant in Service, Ending	1,012,319	1,036,234	-	1,036,234	23,915	Schedule 46
4	Accumulated Depreciation Beginning - Plant	(178,029)	(245,154)	-	(245,154)	(67,125)	Schedule 52
5	Opening Balance Adjustment*	(45,847)	(1,379)	-	(1,379)	44,468	
6	Accumulated Depreciation Ending - Plant	(245,154)	(270,987)	-	(270,987)	(25,833)	Schedule 52
7	CIAC, Beginning	(60,835)	(278,861)	-	(278,861)	(218,026)	Schedule 56
8	Opening Balance Adjustment	(208,237)	-	-	-	208,237	
9	CIAC, Ending	(278,861)	(275,728)	-	(275,728)	3,133	Schedule 56
10	Accumulated Amortization Beginning - CIAC	1,990	50,380	-	50,380	48,390	Schedule 56
11	Opening Balance Adjustment	45,847	-	-	-	(45,847)	
12	Accumulated Amortization Ending - CIAC	50,380	54,795	-	54,795	4,415	Schedule 56
13	Net Plant in Service, Mid-Year	$ 517,483	$ 540,809	$ -	$ 540,809	$ 23,326	
14	Adjustment to 13-Month Average	6,489	-	-	-	(6,489)	
15	Allocated Common Plant to TGW, Mid-Year	(104)	-	-	-	104	
16	Work in Progress, No AFUDC	3,652	3,608	-	3,608	(44)	
17	Unamortized Deferred Charges	3,689	495	-	495	(3,194)	Schedule 59
18	Cash Working Capital	(2,996)	318	(750)	(432)	2,563	Schedule 62
19	Other Working Capital (incl. Construction Advances)	11,575	9,533	-	9,533	(2,043)	Schedule 62
20	Future Income Taxes Regulatory Asset	58,802	60,101	-	60,101	1,298	Schedule 67
21	Future Income Taxes Liability	(58,802)	(60,101)	-	(60,101)	(1,298)	Schedule 67
22	**Utility Rate Base**	$ 539,788	$ 554,763	$ (750)	$ 554,013	$ 14,224	

*Adjustment relates to transfer of accumulated loss on General Plant to IFRS Transitional Adjustments deferral account

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
UTILITY RATE BASE Schedule 10
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

			2011				
Line No.	Particulars	2010 FORECAST	Approved Rates	Adjustments	Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$ 1,012,319	$ 1,036,234	$ -	$ 1,036,234	$ 23,915	Schedule 48
2	Opening Balance Adjustment	-	-	-	-	-	
3	Gas Plant in Service, Ending	1,036,234	1,274,815	-	1,274,815	238,581	Schedule 48
4	Accumulated Depreciation Beginning - Plant	(245,154)	(270,987)	-	(270,987)	(25,833)	Schedule 54
5	Opening Balance Adjustment	(1,379)	-	-	-	1,379	
6	Accumulated Depreciation Ending - Plant	(270,987)	(299,264)	-	(299,264)	(28,277)	Schedule 54
7	CIAC, Beginning	(278,861)	(275,728)	-	(275,728)	3,133	Schedule 57
8	Opening Balance Adjustment	-	-	-	-	-	
9	CIAC, Ending	(275,728)	(276,176)	-	(276,176)	(448)	Schedule 57
10	Accumulated Amortization Beginning - CIAC	50,380	54,795	-	54,795	4,415	Schedule 57
11	Opening Balance Adjustment	-	-	-	-	-	
12	Accumulated Amortization Ending - CIAC	54,795	59,218	-	59,218	4,423	Schedule 57
13	Net Plant in Service, Mid-Year	$ 540,809	$ 651,454	$ -	$ 651,454	$ 110,644	
						0	
14	Adjustment to 13-Month Average	-	56,712	-	56,712	56,712	
15	Allocated Common Plant to TGW, Mid-Year	-	-	-	-	-	
16	Work in Progress, No AFUDC	3,608	3,608	-	3,608	-	
17	Unamortized Deferred Charges	495	4,908	-	4,908	4,413	Schedule 60
18	Cash Working Capital	(432)	516	(381)	135	567	Schedule 63
19	Other Working Capital (incl. Construction Advances)	9,533	12,178	-	12,178	2,645	Schedule 63
20	Future Income Taxes Regulatory Asset	60,101	63,889	-	63,889	3,788	Schedule 67
21	Future Income Taxes Liability	(60,101)	(63,889)	-	(63,889)	(3,788)	Schedule 67
22	**Utility Rate Base**	$ 554,013	$ 729,375	$ (381)	$ 728,994	$ 174,982	

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 11

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

Line No.	Particulars	Reference	Capitalization Amount		%	Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt			$260,940	48.300%	5.956%	2.880%	15,541	x-ref Schedule 5
3	Unfunded Debt			63,177	11.700%	1.500%	0.180%	948	x-ref Schedule 5
4	Common Equity			216,078	40.000%	13.841%	5.536%	29,907	
5	Before Sub Debt Interest	Schedule 39		$540,195	100.000%		8.596%	$46,396	
6	Sub Debt Interest							1,270	x-ref Schedule 5
7	Total						8.824%	$47,666	
8	2009 COST OF SERVICE RATES - PROJECTION								
9	Long-Term Debt			$260,940	48.340%	5.956%	2.880%	15,541	x-ref Schedule 5
10	Unfunded Debt		$63,177						
11	Adjustment, Revised Rates		(244)	62,933	11.660%	1.500%	0.170%	944	x-ref Schedule 5
13	Common Equity			215,915	40.000%	9.170%	3.670%	19,799	
14	Before Sub Debt Interest	Schedule 39		$539,788	100.000%		6.720%	36,284	x-ref Schedule 5
15	Sub Debt Interest							1,270	
16							6.957%	37,554	x-ref Schedule 2, 5, 14

TERASEN GAS (VANCOUVER ISLAND) INC.

Nov. 5 2009 NSP Agreement

Section C
Tab 13
Schedule 12

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Reference	Capitalization Amount		%	Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt			$289,659	52.210%	5.950%	3.110%	17,233	x-ref Schedule 6
3	Unfunded Debt			43,199	7.790%	2.500%	0.190%	1,080	x-ref Schedule 6
4	Common Equity			221,905	40.000%	22.882%	9.153%	50,776	
5		Schedule 40		$554,763	100.000%		12.453%	$69,089	
6								261	x-ref Schedule 6
7							12.501%	$69,350	
8	2010 COST OF SERVICE RATES								
9	Long-Term Debt			$289,659	52.280%	5.950%	3.110%	17,233	x-ref Schedule 6
10	Unfunded Debt		$43,199						
11	Adjustment, Revised Rates		(450)	42,749	7.720%	2.500%	0.190%	1,069	x-ref Schedule 6
13	Common Equity			221,605	40.000%	9.170%	3.670%	20,321	
14		Schedule 40		$554,013	100.000%		6.970%	38,623	x-ref Schedule 6
15								261	
16							7.019%	38,884	x-ref Schedule 3, 6, 14

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 13

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Reference	Capitalization Amount		%	Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt			$390,731	53.570%	6.119%	3.278%	23,909	x-ref Schedule 7
3	Unfunded Debt			46,894	6.430%	4.750%	0.305%	2,227	x-ref Schedule 7
4	Common Equity			291,750	40.000%	15.361%	6.145%	44,816	
5		Schedule 41							
6									
7				$729,375	100.000%		9.728%	$70,953	
8	2011 COST OF SERVICE RATES								
9	Long-Term Debt			$390,731	53.600%	6.119%	3.280%	23,909	x-ref Schedule 7
10	Unfunded Debt		$46,894						
11	Adjustment, Revised Rates		(229)	46,665	6.400%	4.750%	0.304%	2,217	x-ref Schedule 7
13	Common Equity			291,598	40.000%	9.170%	3.668%	26,740	
14		Schedule 41							
15									
16				$728,994	100.000%		7.252%	52,866	x-ref Schedule 4, 7, 14

APPENDIX A
to Order G-140-09

UTILITY INCOME AND EARNED RETURN
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009 Approved Rates	2009 Surplus	2009 Cost of Service Rates	2010 Approved Rates	2010 Surplus	2010 Cost of Service Rates	2011 Approved Rates	2011 Surplus	2011 Cost of Service Rates	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	ENERGY VOLUMES (TJ)										
2	Sales	12,264	-	12,264	12,241	-	12,241	12,433	-	12,433	Schedules 15, 16, 17
3	Transportation	22,946	-	22,946	22,309	-	22,309	22,017	-	22,017	Schedules 15, 16, 17
4		35,210	-	35,210	34,550	-	34,550	34,450	-	34,450	
5	Average Rate per GJ										
6	Sales	$14.636		$13.459	$14.659		$11.179	$14.671		$12.692	
7	Transportation	$0.967		$0.967	$0.926		$0.926	$0.931		$0.931	
8	Average	$5.728		$5.318	$5.792		$4.559	$5.890		$5.176	
9	Sales - Present Rates	$179,501	$0	$179,501	$179,445	$0	$179,445	$182,402	$0	$182,402	Schedules 18, 19, 20
10	- Increase / (Decrease)	-	(14,443)	(14,443)	-	(42,605)	(42,605)	-	(24,603)	(24,603)	
11	Transportation - Present Rates	22,194	-	22,194	20,669	-	20,669	20,500	-	20,500	Schedules 18, 19, 20
12	- Increase / (Decrease)	-	-	-	-	-	-	-	-	-	
13	Total Revenue	201,695	(14,443)	187,252	200,114	(42,606)	157,508	202,902	(24,603)	178,299	
14	Royalty Credit	(28,095)	-	(28,095)	(35,832)	-	(35,832)	(40,091)	-	(40,091)	
15	GCVA Amortization	4,162		4,162	(4,047)		(4,047)	-	-	-	
16	GCVA Additions	5,781	-	5,781	-	-	-	-	-	-	
17	Cost of Gas	99,314	-	99,314	98,628	-	98,628	107,311	-	107,311	Schedule 21
18	RACOG Including GCVA Impacts	81,162	-	81,162	58,750	-	58,750	67,220	-	67,220	
19	Gross Margin	120,533	(14,443)	106,090	141,364	(42,606)	98,758	135,682	(24,603)	111,079	
20	Operation and Maintenance	26,178	-	26,178	26,858	-	26,858	28,136	-	28,136	
21	Transportation Expenses	3,977	-	3,977	4,015	-	4,015	4,122	-	4,122	
22	Operating Leases	828	-	828	-	-	-	-	-	-	
23	Property and Sundry Taxes	8,449	-	8,449	9,119	-	9,119	9,564	-	9,564	Schedule 26
24	Depreciation and Amortization	23,017	-	23,017	19,202	-	19,202	25,232	-	25,232	Schedules 27, 28, 29
25	Removal Costs (Depreciation)	-	-	-	343	-	343	344	-	344	
26	IFRS Transitional Deferral	-	-	-	1,400	-	1,400	(1,400)	-	(1,400)	
27	Other Operating Revenue	(893)	-	(893)	(717)	-	(717)	(9,752)	-	(9,752)	Schedule 22
28		61,556	-	61,556	60,220	0	60,220	56,246	-	56,246	
29	Utility Income Before Income Taxes	58,977	(14,443)	44,534	81,144	(42,606)	38,538	79,437	(24,604)	54,833	
30	Income Taxes	13,178	(4,331)	8,847	13,661	(12,140)	1,521	10,352	(6,518)	3,834	Schedules 30, 31, 32
33	EARNED RETURN after VINGPA Adjustment	45,799	($10,112)	$35,687	$67,483	($30,466)	$37,017	$69,085	($18,086)	$50,999	
34	UTILITY RATE BASE	$540,195	($407)	$539,788	$554,763	($750)	$554,013	$729,375	($381)	$728,994	Schedules 39, 40, 41
35	RATE OF RETURN ON UTILITY RATE BASE										
36	Before VINGPA Adjustment	8.82%		6.96%	12.50%		7.02%	9.73%		7.25%	
37	AFter VINGPA Adjustment	8.48%		6.61%	12.16%		6.68%	9.47%		7.00%	
38	EARNED RETURN	47,666	(10,112)	37,554	69,350	(30,466)	38,884	70,952	(18,086)	52,866	
39	VINGPA Adjustment	(1,867)	-	(1,867)	(1,867)	-	(1,867)	(1,867)	-	(1,867)	
40	EARNED RETURN after VINGPA Adjustment	45,799	(10,112)	35,687	67,483	(30,466)	37,017	69,085	(18,086)	50,999	

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
Schedule 15

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

Line No.	Particulars	2009 APPROVED	2009 Terajoules Core and Non-Core	Special Rates	Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Core						
2	RGS	5,116.8	4,859.0	0.0	4,859.0	(257.8)	
3	AGS	1,150.8	1,129.6		1,129.6	(21.2)	
4	SCS1	361.1	446.5		446.5	85.4	
5	SCS2	548.9	501.4		501.4	(47.5)	
6	LCS1	1,362.4	1,344.4		1,344.4	(18.0)	
7	LCS2	1,265.1	1,314.9		1,314.9	49.8	
8	LCS3	2,535.6	2,421.9		2,421.9	(113.7)	
9	Residential & Commercial sub-total	12,340.7	12,017.7	0.0	12,017.7	(323.0)	
10	HLF	175.5	129.2		129.2	(46.3)	
11	ILF	119.7	117.1		117.1	(2.6)	
12	Total Core	12,635.9	12,264.0	0.0	12,264.0	(371.9)	x-ref Schedule 2, 14
13	Transportation Service						
14	BCH	16,425.0	16,567.9	0.0	16,567.9	142.9	
15	TGW	1,919.6	1,875.5	0.0	1,875.5	(44.1)	
16	VIGJV	2,920.0	0.0	4,098.0	4,098.0	1,178.0	
17	TG Squamish	427.8	0.0	404.7	404.7	(23.1)	
18	Total Transportation Service	21,692.4	18,443.4	4,502.7	22,946.1	1,253.7	x-ref Schedule 2, 14
19	**TOTAL SALES AND TRANSPORTATION SERVICES**	34,328.2	30,707.4	4,502.7	35,210.1	881.9	

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 16

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2010

Line No.	Particulars	2009 PROJECTION	2010 Terajoules: Core and Non-Core	2010 Terajoules: Special Rates	2010 Terajoules: Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Core						
2	RGS	4,859.0	4,891.8	0.0	4,891.8	32.8	
3	AGS	1,129.6	1,110.3		1,110.3	(19.3)	
4	SCS1	446.5	406.2		406.2	(40.3)	
5	SCS2	501.4	483.7		483.7	(17.7)	
6	LCS1	1,344.4	1,329.4		1,329.4	(15.0)	
7	LCS2	1,314.9	1,383.5		1,383.5	68.6	
8	LCS3	2,421.9	2,383.5		2,383.5	(38.4)	
9	Residential & Commercial sub-total	12,017.7	11,988.4	0.0	11,988.4	(29.3)	
10	HLF	129.2	132.4		132.4	3.2	
11	ILF	117.1	120.5		120.5	3.4	
12	Total Core	12,264.0	12,241.3	0.0	12,241.3	(22.7)	x-ref Schedule 3, 14
13	Transportation Service						
14	BCH	16,567.9	18,250.0	0.0	18,250.0	1,682.1	
15	TGW	1,875.5	725.2	0.0	725.2	(1,150.3)	
16	VIGJV	4,098.0	0.0	2,920.0	2,920.0	(1,178.0)	
17	TG Squamish	404.7	0.0	413.4	413.4	8.7	
18	Total Transportation Service	22,946.1	18,975.2	3,333.4	22,308.6	(637.5)	x-ref Schedule 3, 14
19	**TOTAL SALES AND TRANSPORTATION SERVICES**	35,210.1	31,216.5	3,333.4	34,549.9	(660.2)	

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 17

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2011

Line No.	Particulars	2010 FORECAST	2011 Terajoules Core and Non-Core	2011 Terajoules Special Rates	2011 Terajoules Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Core						
2	RGS	4,891.8	5,015.3	0.0	5,015.3	123.5	
3	AGS	1,110.3	1,116.6		1,116.6	6.3	
4	SCS1	406.2	414.4		414.4	8.2	
5	SCS2	483.7	485.2		485.2	1.5	
6	LCS1	1,329.4	1,334.2		1,334.2	4.8	
7	LCS2	1,383.5	1,396.8		1,396.8	13.3	
8	LCS3	2,383.5	2,417.2		2,417.2	33.7	
9	Residential & Commercial sub-total	11,988.4	12,179.7	0.0	12,179.7	191.3	
10	HLF	132.4	132.4		132.4	0.0	
11	ILF	120.5	120.5		120.5	0.0	
12	Total Core	12,241.3	12,432.6	0.0	12,432.6	191.3	x-ref Schedule 4, 14
13	Transportation Service						
14	BCH	18,250.0	17,945.0	0.0	17,945.0	(305.0)	
15	TGW	725.2	729.9	0.0	729.9	4.7	
16	VIGJV	2,920.0	0.0	2,920.0	2,920.0	0.0	
17	TG Squamish	413.4	0.0	422.3	422.3	8.9	
18	Total Transportation Service	22,308.6	18,674.9	3,342.3	22,017.2	(291.4)	x-ref Schedule 4, 14
19	**TOTAL SALES AND TRANSPORTATION SERVICES**	34,549.9	31,107.5	3,342.3	34,449.8	(100.1)	

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
Schedule 18

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

Line No.	Particulars	2009 APPROVED	2009 Gas Sales Revenue At Approved Rates: Core and Transportation	Special Rates	Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	**Core Sales**						
2	RGS	$84,300	$80,487	$0	$80,487	($3,813)	
3	AGS	14,644	14,399		14,399	(245)	
4	SCS1	6,627	8,113		8,113	1,486	
5	SCS2	9,738	8,826		8,826	(912)	
6	LCS1	19,264	18,902		18,902	(362)	
7	LCS2	16,203	16,740		16,740	537	
8	LCS3	30,811	29,410		29,410	(1,401)	
9	Residential & Commercial sub-total	181,588	176,878	-	176,878	(4,710)	
10	HLF	1,975	1,417	-	1,417	(557)	
11	ILF	1,233	1,206		1,206	(26)	
		3,207	2,624	-	2,624	(584)	
12	Total Core Sales	184,795	179,501	-	179,501	(5,294)	x-ref Schedules 2, 14
13	Transportation Service						
14	BCH	$14,980	16,189	-	16,189	1,209	
15	TGW	1,970	1,739	-	1,739	(230)	
16	VIGJV	2,727	-	3,841	3,841	1,114	
17	TG Squamish	449	-	425	425	(24)	
18	Total Core and Transportation Service	20,126	17,928	4,266	22,194	2,069	x-ref Schedules 2, 14
19	TOTAL SALES AND TRANSPORTATION SERVICE	$204,921	$197,430	$4,266	$201,696	($3,225)	x-ref Schedules 65

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 19

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Gas Sales Revenue At Approved Rates: Core and Transportation	Special Rates	Total	Change	Reference	$'s per GJ (effective rates)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**Core Sales**							
2	RGS	$80,487	$81,286	$0	$81,286	$799		$16.617
3	AGS	14,399	14,160		14,160	(239)		12.753
4	SCS1	8,113	7,461		7,461	(651)		18.369
5	SCS2	8,826	8,518		8,518	(307)		17.611
6	LCS1	18,902	18,744		18,744	(159)		14.099
7	LCS2	16,740	17,646		17,646	905		12.754
8	LCS3	29,410	28,931		28,931	(479)		12.138
9	Residential & Commercial sub-total	176,878	176,746	-	176,746	(132)		
10	HLF	1,417	1,459	-	1,459	41		11.018
11	ILF	1,206	1,241		1,241	34		10.296
		2,624	2,699	-	2,699	76		
12	Total Core Sales	179,501	179,445	-	179,445	(56)	x-ref Schedules 3, 14	
13	Transportation Service							
14	BCH	16,189	15,148	-	15,148	(1,041)		0.830
15	TGW	1,739	2,359	-	2,359	620		3.253
16	VIGJV	3,841	-	2,728	2,728	(1,113)		0.934
17	TG Squamish	425	-	434	434	9		1.050
18	Total Core and Transportation Service	22,194	17,507	3,162	20,669	(1,525)	x-ref Schedules 3, 14	
19	TOTAL SALES AND TRANSPORTATION SERVICE	$201,696	$196,952	$3,162	$200,114	($1,581)	x-ref Schedules 65	

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
REVENUE Schedule 20
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Gas Sales Revenue At Approved Rates: Core and Transportation	Special Rates	Total	Change	Reference	$'s per GJ (effective rates)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**Core Sales**							
2	RGS	$81,286	$83,340	$0	$83,340	$2,053		$16.617
3	AGS	14,160	14,240		14,240	80		12.753
4	SCS1	7,461	7,612		7,612	151		18.370
5	SCS2	8,518	8,546		8,546	28		17.614
6	LCS1	18,744	18,812		18,812	68		14.100
7	LCS2	17,646	17,814		17,814	169		12.754
8	LCS3	28,931	29,337		29,337	407		12.137
9	Residential & Commercial sub-total	176,746	179,703	-	179,703	2,957		
10	HLF	1,459	1,459	-	1,459	-		11.018
11	ILF	1,241	1,241		1,241	-		10.296
		2,699	2,699	-	2,699	-		
12	Total Core Sales	179,445	182,402	-	182,402	2,957	x-ref Schedules 4, 14	
13	Transportation Service							
14	BCH	15,148	14,894	-	14,894	(253)		0.830
15	TGW	2,359	2,386	-	2,386	27		3.269
16	VIGJV	2,728	-	2,776	2,776	48		0.951
17	TG Squamish	434	-	443	443	9		1.050
18	Total Core and Transportation Service	20,669	17,281	3,219	20,500	(169)	x-ref Schedules 4, 14	
19	TOTAL SALES AND TRANSPORTATION SERVICE	$200,114	$199,683	$3,219	$202,902	$2,788	x-ref Schedules 65	

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 21

COST OF GAS
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009 Gas Costs Core and Non-Core	2009 Special Rates	2009 Total	2010 Gas Costs Core and Non-Core	2010 Special Rates	2010 Total	2011 Gas Costs Core and Non-Core	2011 Special Rates	2011 Total	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	**Core**										
2	RGS	39,348	$0	$39,348	$39,414	$0	$39,414	43,289	$0	$43,289	
3	AGS	9,147		9,147	8,946		8,946	9,638		9,638	
4	SCS1	3,616		3,616	3,272		3,272	3,577		3,577	
5	SCS2	4,061		4,061	3,897		3,897	4,188		4,188	
6	LCS1	10,887		10,887	10,711		10,711	11,516		11,516	
7	LCS2	10,648		10,648	11,147		11,147	12,056		12,056	
8	LCS3	19,613		19,613	19,204		19,204	20,864		20,864	
9	Residential & Commercial sub-total	97,320	-	97,320	96,591	-	96,591	105,128	-	105,128	
10	HLF	1,046		1,046	1,066		1,066	1,143		1,143	
11	ILF	948		948	971		971	1,040		1,040	
12	Industrial Subtotal	1,994	-	1,994	2,037	-	2,037	2,183	-	2,183	
13	Total Core	99,314	-	99,314	98,628	-	98,628	107,311	-	107,311	x-ref Schedules 2, 3, 4, 14
14	Unit Cost of Gas before Royalty Credit and GCVA	$8.098		$8.098	$8.057		$8.057	$8.631		$8.631	

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 22

OTHER OPERATING REVENUE
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009	2010	2011	Reference
	(1)	(2)	(3)	(4)	(5)
1	**Other Operating Revenue**				
2	Late Payment Charge	$368	$340	$345	
3	Connection Charge	519	370	380	
4	NSF Returned Cheque Charges	4	5	5	
5	Other Recoveries	2	2	2	
6	LNG Mitigation Revenue	0	0	9,020	
7	Total Other Operating Revenue	$893	$717	$9,752	x-ref Schedules 2, 3, 4, 14, 65

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
OPERATION & MAINTENANCE EXPENSES - RESOURCE VIEW Schedule 23
($000)

Line No.	Particulars	PROJECTION 2009	FORECAST 2010	FORECAST 2011	
	(1)	(3)	(4)	(5)	
1	M&E Costs	$ 3,996	$ 4,225	$ 3,868	
2	COPE Costs	63	109	110	
3	IBEW Costs	4,425	4,486	5,451	
4	**Labour Costs**	**8,484**	**8,819**	**9,429**	
5	Vehicle Costs	610	667	722	
6	Employee Expenses	522	567	587	
7	Materials and Supplies	956	1,338	1,395	
8	Computer Costs	379	302	231	
9	Fees and Administration Costs	8,868	11,387	11,911	
10	Contractor Costs	8,049	7,076	7,125	
11	Facilities	2,114	2,169	2,416	
12	Recoveries & Revenue	(962)	(1,093)	(1,115)	
13	**Non-Labour Costs**	**20,537**	**22,412**	**23,273**	
14	**Total Gross O&M Expenses**	**29,021**	**31,231**	**32,702**	
15	Allocation to Terasen Gas Whistler	(245)	-	-	
16	**Total Gross O&M Expenses net of allocation to TGW**	**28,776**	**31,231**	**32,702**	
17	Less: Capitalized Overhead	(5,033)	(4,372)	(4,567)	
18	**Total O&M Expenses**	**$ 23,743**	**$ 26,858**	**$ 28,136**	x-ref Schedules 3, 4, 14

Note: 2009 numbers are projected actual as opposed to approved

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW Schedule 24
($000s)

Line No.	Particulars	Reference	PROJECTION 2009	FORECAST 2010	FORECAST 2011
	(1)	(2)	(3)	(4)	(5)
1	*Operating*				
2	Distribution Supervision	100-11	$ 1,741	$ 1,909	$ 1,951
3	Distribution Supervision Total	100-10	1,741	1,909	1,951
4	Operation Centre - Distribution	100-21	(0)	507	526
5	Preventative Maintenance - Distribution	100-23	228	222	172
6	Distribution Operations - General	100-24	868	766	795
7	Meter Exchange	100-25	(0)	-	-
8	Emergency Management	100-26	1,285	1,217	1,266
9	Distribution Operations Total	100-20	2,380	2,712	2,759
10	Distribution Corrective - Meters	100-31	286	161	169
11	Distribution Corrective - Propane	100-32	-	-	-
12	Distribution Corrective - Leak Repair	100-33	151	135	139
13	Distribution Corrective - Stations	100-34	36	42	40
14	Distribution Corrective - General	100-35	124	72	75
15	Distribution Maintenance Total	100-30	597	409	422
16	**Distribution Total**	**100**	**4,719**	**5,030**	**5,132**
17	Pipeline Operation - Operations	200-21	2,013	1,439	1,346
18	Right of Way	200-22	157	172	175
19	Compression - Operations	200-23	942	1,074	1,004
20	Gas Control	200-24	-	-	-
21	Transmission - Operation	200-20	3,112	2,685	2,525
22	Pipeline Operation - Maintenance	200-31	511	589	610
23	Compression - Maintenance	200-33	1,322	614	671
24	Transmission - Maintenance	200-30	1,833	1,202	1,281
25	**Transmission Total**	**200**	**4,945**	**3,887**	**3,806**
26	**Mt. Hayes**	300-11	**-**	**395**	**1,685**
27	**LNG Total**	**300**	**-**	**395**	**1,685**
26	Measurement Operations	400-11	461	468	527
27	Measurement - Operation	400-10	461	468	527
28	Measurement Maintenance	400-21	591	603	603
29	Measurement - Maintenance	400-20	591	603	603
30	**Measurement**	**400**	**1,053**	**1,071**	**1,130**
31	Facilities Management	500-10	1,487	1,521	1,596
32	Operations Engineering	500-30	270	305	310
33	System Integrity	500-50	154	206	210
34	**General Operations Total**	**500**	**1,912**	**2,031**	**2,116**
35	**Total Operating**		**12,628**	**12,414**	**13,869**

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C Tab 13 Schedule 25

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (CONT'D)
($000s)

Line No.	Particulars	Reference	PROJECTION 2009	FORECAST 2010	FORECAST 2011	
	(1)	(2)	(3)	(4)	(5)	
1	*General & Administration*					
2	Corporate & Marketing Communications	600-30	497	0	0	
3	**Marketing Total**	**600**	**497**	**0**	**0**	
4	Customer Care - Supervision	700-10	-	-	-	
5	Customer Contact - ABSU contract	700-20	5,133	5,277	5,480	
6	Bad Debt Management and Administration	700-30	482	259	276	
7	Customer Management & Sales	700-40	1,087	1,140	1,168	
8	**Customer Care Total**	**700**	**6,702**	**6,676**	**6,923**	
9	Application Management	800-20	584	433	438	
10	**Business & IT Services Total**	**800**	**584**	**433**	**438**	
11	Corporate Administration	900-10	7,310	10,076	10,345	
12	Public Affairs	900-30	177	270	270	
13	Human Resource	900-50	-	-	-	
14	Other Post Employment Benefit	900-60	1,123	1,362	858	
15	**Administration & General Total**	**900**	**8,610**	**11,708**	**11,473**	
16	**Total General & Administration**		**16,393**	**18,817**	**18,834**	
17	**Total Gross O&M Expenses**		**29,021**	**31,231**	**32,702**	
18	Allocation to Terasen Gas Whistler		(245)	-	-	
19	**Total Gross O&M Expenses net of allocation to TGW**		**28,776**	**31,231**	**32,702**	
20	Less: Capitalized Overhead		(5,033)	(4,372)	(4,567)	
21	**Total O&M Expenses**		**$ 23,743**	**$ 26,858**	**$ 28,136**	x-ref Schedules 3, 4, 14

Note: 2009 numbers are projected actual as opposed to approved

PROPERTY AND SUNDRY TAXES
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars (1)	2009 Expenses (3)	2010 Expenses (4)	2011 Expenses (5)	
1	Property Taxes				
2	1% in Lieu of General Municipal Tax	$1,522	$1,652	$1,655	
3	General, School and Other	6,927	7,468	7,909	
4	Total	$8,449	$9,119	$9,564	x-ref Schedules 2, 3, 4, 14

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
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Schedule 27

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

Line No.	Particulars	2009 APPROVED	2009 Projection	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**Depreciation Provision**				
2	Total Depreciation Expense	$19,242	$23,798	$4,556	Schedule 50
4	Less: Depreciation Expense Allocated to TGW	(22)	(22)	-	
5	Less: Amortization of Contributions in Aid of Construction	1,990	(2,545)	(4,535)	Schedule 55
6		21,210	21,231	21	
7	**Amortization Expense**				
8	Amortization of Deferred Charges	$4,790	$5,949	$1,158	Schedule 58
9	Amortization of RDDA	9,275	-	(9,275)	
10	Amortization Expense Including GCVA	14,065	5,949	(8,117)	
11	Less: GCVA (Cost of Gas Item)	(3,045)	(4,162)	($1,117)	Schedule 58
12	Adjusted Total Amoritzation Expense	11,020	1,787	(9,234)	
13	TOTAL	$32,230	$23,017	($9,213)	x-ref Schedules 2, 14. 33

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
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DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Schedule 28

Line No.	Particulars	2009 PROJECTION	2010 Forecast	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**Depreciation Provision**				
2	Total Depreciation Expense	$23,798	$26,231	$2,432	Schedule 52
4	Less: Depreciation Expense Allocated to TGW	(22)	-	(22)	
5	Less: Amortization of Contributions in Aid of Construction	(2,545)	(4,415)	(1,870)	Schedule 56
6		21,231	21,816	562	
7	**Amortization Expense**				
8	Amortization of Deferred Charges	$5,949	($5,179)	($11,128)	Schedule 59
9	Amortization of 2009 Revenue Surplus	-	(1,481)	(1,481)	Schedule 59
10		5,949	(6,660)	(12,609)	
11	Less: GCVA (Cost of Gas Item)	(4,162)	4,047	8,209	Schedule 59
12	Adjusted Total Amoritzation Expense	1,787	(2,614)	(4,400)	
13	TOTAL	$23,017	$19,202	($3,816)	x-ref Schedules 3, 14, 34

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Schedule 29

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Forecast	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**Depreciation Provision**				
2	Total Depreciation Expense	$26,231	$30,409	$4,179	Schedule 54
4	Less: Depreciation Expense Allocated to TGW	-	-	-	
5	Less: Amortization of Contributions in Aid of Construction	(4,415)	(4,423)	(8)	Schedule 57
6		21,816	25,986	4,171	
7	**Amortization Expense**				
8	Amortization of Deferred Charges	($5,179)	$727	$5,907	Schedule 60
9	Amortization of 2009 Revenue Surplus	(1,481)	(1,481)	-	Schedule 60
10		(6,660)	(754)	5,907	
11	Less: GCVA (Cost of Gas Item)	4,047	-	(4,047)	Schedule 60
12	Adjusted Total Amoritzation Expense	(2,614)	(754)	1,860	
13	TOTAL	$19,202	$25,232	6,030	x-ref Schedules 4, 14, 35

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 30

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	2009 APPROVED	2009 Approved Rates	2009 Cost of Service Rates	2009 Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$36,756	$45,799	($10,112)	$35,687	($1,069)	Schedule 2
3	Deduct - Interest on Debt	(20,325)	(17,759)	4	(17,755)	2,570	
4	Add - O&M Savings	2,127	2,435	-	2,435	308	
5	Add- Non-Tax Ded. Expense (Net)	15,609	6,015	-	6,015	(9,595)	Schedule 33
6	Accounting Income After Tax	34,167	36,489	(10,108)	26,382	(7,786)	
7	Add (Deduct) - Timing Differences	(6,388)	(5,740)	-	(5,740)	648	Schedule 33
8	Taxable Income After Tax	$27,779	$30,750	($10,108)	20,642	($7,137)	
9		30.000%	30.000%	30.000%	30.000%	0.000%	
10	1 - Current Income Tax Rate	70.000%	70.000%	70.000%	70.000%	0.000%	
11	Taxable Income	$39,685	$43,928	($14,439)	$29,489	($10,196)	
12	Income Tax - Current	$11,905	$13,178	($4,331)	$8,847	($3,058)	
13	Income Tax - Deferred	-	-	-		-	
12	**Total Income Tax**	$11,905	$13,178	($4,331)	$8,847	$26,331	x-ref Schedules 2, 14

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 31

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Approved Rates	2010 Cost of Service Rates	2010 Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$35,687	$67,483	($30,466)	$37,017	$1,330	Schedule 3
3	Deduct - Interest on Debt	(17,755)	(18,574)	11	(18,563)	(808)	
4	Add - O&M Savings	2,435	-	-	-	(2,435)	
5	Add- Non-Tax Ded. Expense (Net)	6,015	(6,593)	-	(6,593)	(12,608)	Schedule 34
6	Accounting Income After Tax	26,382	42,316	(30,455)	11,860	(14,521)	
7	Add (Deduct) - Timing Differences	(5,740)	(8,044)	-	(8,044)	(2,304)	Schedule 34
8	Taxable Income After Tax	$20,642	$34,272	($30,455)	3,816	($16,826)	
9		30.000%	28.500%	28.500%	28.500%	-1.500%	
10	1 - Current Income Tax Rate	70.000%	71.500%	71.500%	71.500%	1.500%	
11	Taxable Income	$29,489	$47,933	($42,595)	$5,338	($24,151)	
12	Income Tax - Current	$8,847	$13,661	($12,140)	$1,521	($7,326)	
13	Income Tax - Deferred	-	-	-		-	
12	**Total Income Tax**	$8,847	$13,661	($12,140)	$1,521	($7,326)	x-ref Schedules 3, 14

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Schedule 32

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Approved Rates	2011 Cost of Service Rates	2011 Total	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	Earned Return After VINGPA Adjustment	$37,017	$69,085	($18,086)	$50,999	$13,982	Schedule 4
3	Deduct - Interest on Debt	(18,563)	(26,136)	10	(26,126)	(7,563)	
4	Add - O&M Savings	-	-	-	-	-	
5	Add- Non-Tax Ded. Expense (Net)	(6,593)	(686)	-	(686)	5,908	Schedule 35
6	Accounting Income After Tax	11,860	42,263	(18,076)	24,187	12,327	
7	Add (Deduct) - Timing Differences	(8,044)	(13,552)	-	(13,552)	(5,509)	Schedule 35
8	Taxable Income After Tax	$3,816	$28,711	($18,076)	$10,635	$6,818	
9		28.500%	26.500%	26.500%	26.500%	-2.000%	
10	1 - Current Income Tax Rate	71.500%	73.500%	73.500%	73.500%	2.000%	
11	Taxable Income	$5,338	$39,062	($24,593)	$14,469	$340,924	
12	Income Tax - Current	$1,521	$10,351	($6,517)	$3,834	$2,313	
13	Income Tax - Deferred	-	-	-		-	
12	**Total Income Tax**	$1,521	$10,351	($6,517)	$3,834	$2,313	x-ref Schedules 4, 14

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NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	2009 APPROVED	2009 Projection	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**ITEMS OF A PERMANENT NATURE**				
2	Amortization of Deferred Charges	$15,557	5,949	($9,609)	Schedule 27
3	Non-tax Deductible Expenses	52	66	14	
4	Total Permanent Differences	$15,609	6,015	($9,595)	x-ref Schedule 5, 30
5	**TIMING DIFFERENCE ADJUSTMENTS**				
6	Depreciation	$19,242	$23,798	$4,556	Schedule 27
7	Amortization of Debt Issue Expenses	2,161	26	($2,135)	
8	Transmission Pipeline Inspection Costs	-	-	$0	
9	Debt Issue Costs	(606)	(548)	58	
10	Capital Cost Allowance	(22,805)	(23,741)	(936)	Schedule 36
11	Cumulative Eligible Capital Allowance	(375)	(398)	(23)	
12	Taxable Capital Gain	-	2,859	2,859	
13	Pension & OPEB Expense Booked	2,237	2,237	-	
14	Pension & OPEB Contributions	(1,579)	(1,888)	(309)	
15	Overheads Capitalized Expensed for Tax Purposes	(1,887)	(3,460)	(1,573)	
16	Capitalized Interest	(4,766)	-	4,766	
17	Amortization/Re-amortization of Contributions in Aid of Construction	1,990	(2,545)	(4,535)	Schedule 55
18	CCA Rate Change of 2007 & 2008	-	(624)	(624)	
19	2008 Overheads Capitalized Rate Change	-	(1,455)	(1,455)	
20	Total Timing Differences	($6,388)	($5,740)	$648	x-ref Schedule 5, 30

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NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Forecast	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**ITEMS OF A PERMANENT NATURE INCREASING TAXABLE INCOME**				
2	Amortization of Deferred Charges	$5,949	(6,660)	($12,609)	Schedule 28
3	Non-tax Deductible Expenses	66	67	1	
4	Total Permanent Differences	$6,015	($6,593)	($12,608)	x-ref Schedule 6, 31
5	**TIMING DIFFERENCE ADJUSTMENTS**				
6	Depreciation	$23,798	$26,231	$2,433	Schedule 28
7	Amortization of Debt Issue Expenses	26	36	10	
8	Transmission Pipeline Inspection Costs	-	(590)	(590)	
9	Debt Issue Costs	(548)	(534)	14	
10	Capital Cost Allowance	(23,741)	(29,986)	(6,245)	Schedule 37
11	Cumulative Eligible Capital Allowance	(398)	(375)	23	
12	Taxable Capital Gain	2,859	856	(2,003)	
13	Pension & OPEB Expense Booked	2,237	2,345	109	
14	Pension & OPEB Contributions	(1,888)	(1,612)	276	
15	Overheads Capitalized Expensed for Tax Purposes	(3,460)	-	3,460	
16	Capitalized Interest	-	-	-	
17	Amortization of Contributions in Aid of Construction	(2,545)	(4,415)	(1,870)	Schedule 56
18	CCA Rate Change of 2007 & 2008	(624)	-	624	
19	2008 Overheads Capitalized Rate Change	(1,455)	-	1,455	
20	Total Timing Differences	($5,740)	($8,044)	($2,304)	x-ref Schedule 6, 31

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NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS Schedule 35
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Forecast	Change	Reference
	(1)	(2)	(3)	(4)	(5)
1	**ITEMS OF A PERMANENT NATURE INCREASING TAXABLE INCOME**				
2	Amortization of Deferred Charges	($6,660)	(754)	$5,907	Schedule 29
3	Non-tax Deductible Expenses	67	68	1	
4	Total Permanent Differences	($6,593)	($686)	$5,908	x-ref Schedule 7, 32
5	**TIMING DIFFERENCE ADJUSTMENTS**				
6	Depreciation	$26,231	$30,409	4178	Schedule 29
7	Amortization of Debt Issue Expenses	36	42	6	
8	Transmission Pipeline Inspection Costs	(590)	(460)	130	
9	Debt Issue Costs	(534)	(862)	(328)	
10	Capital Cost Allowance	(29,986)	(38,743)	(8,757)	Schedule 38
11	Cumulative Eligible Capital Allowance	(375)	(352)	23	
12	Taxable Capital Gain	856	60	(797)	
13	Pension & OPEB Expense Booked	2,345	2,438	93	
14	Pension & OPEB Contributions	(1,612)	(1,661)	(49)	
15	Overheads Capitalized Expensed for Tax Purposes	-	-	-	
16	Capitalized Interest	-	-	-	
17	Amortization of Contributions in Aid of Construction	(4,415)	(4,423)	(8)	Schedule 57
18	CCA Rate Change of 2007 & 2008	-	-	-	
19	2008 Overheads Capitalized Rate Change	-	-	-	
20	Total Timing Differences	($8,044)	($13,552)	($5,509)	x-ref Schedule 7, 32

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Schedule 36

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

Line No.	Class	CCA Rate %	12/31/2008 UCC Balance	Adjustments	2009 Net Additions	2009 CCA	12/31/2009 UCC Balance	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	1	4%	$307,018	$0	$0	($12,281)	$294,737	
2	1.3	6%	$4,728	(70)	269	(288)	4,639	
3	2	6%	$7,570	-	-	(454)	7,116	
4	3	5%	$150	-	-	(8)	142	
5	6	10%	$7	-	-	(1)	6	
6	7	15%	$15,874	235	3,752	(2,698)	17,163	
7	8	20%	$8,153	(19)	683	(1,695)	7,122	
8	9	25%	$0	-	-	-	-	
9	10	30%	$2,034	(25)	630	(697)	1,942	
10	12	100%	$520	(20)	1,988	(1,494)	994	
11	13	17%	$137	-	40	(39)	138	
12	14	5%	$350	-	-	(25)	325	
13	14	20%	($0)	-	-	-	-	
14	38	30%	$246	(3)	148	(95)	296	
15	45	45%	$235	-	-	(106)	129	
16	47	8%	$0	-	-	-	-	
17	49	8%	$5,888	89	28,207	(1,606)	32,578	
18	50	55%	$418	(58)	-	(198)	162	
19	51	6%	$26,529	1,205	13,052	(2,056)	38,730	
20		Total	$379,857	$1,334	$48,769	($23,741)	$406,219	x-ref Schedule 33

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CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Class	CCA Rate %	12/31/2009 UCC Balance	Adjustments	2010 Net Additions	2010 CCA	12/31/2010 UCC Balance	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	1	4%	$294,737	$0	$0	($11,789)	$282,948	
2	1.3	6%	4,639	1	210	(285)	4,565	
3	2	6%	7,116	-	-	(427)	6,689	
4	3	5%	142	1	-	(7)	136	
5	6	10%	6	-	-	(1)	5	
6	7	15%	17,163	1	1,984	(2,723)	16,425	
7	8	20%	7,122	-	893	(1,514)	6,501	
8	10	25%	-	-	-	-	-	
9	12	30%	1,942	(1)	630	(677)	1,894	
10	13	100%	994	-	1,500	(1,744)	750	
11	14	17%	138	-	30	(28)	140	
12	17	5%	325	-	-	(25)	300	
13	38	20%	-	-	-	-	-	
14	39	30%	296	-	186	(117)	365	
15	45	45%	129	-	-	(58)	71	
16	47	8%	-	-	79,145	(4,957)	74,188	
17	49	8%	32,578	-	3,639	(2,752)	33,465	
18	50	55%	162	-	-	(89)	73	
19	51	6%	38,730	-	15,649	(2,793)	51,586	
20		Total	$406,219	$2	$103,866	($29,986)	$480,101	x-ref Schedule 34

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CAPITAL COST ALLOWANCE Schedule 38
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Class	CCA Rate %	12/31/2010 UCC Balance	Adjustments	2011 Net Additions	2011 CCA	12/31/2011 UCC Balance	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	1	4%	$282,948	$0	$0	($11,318)	$271,630	
2	1.3	6%	4,565	-	4,980	(423)	9,122	
3	2	6%	6,689	-	-	(401)	6,288	
4	3	5%	136	-	-	(7)	129	
5	6	10%	5	1	-	(1)	5	
6	7	15%	16,425	(1)	10,449	(3,247)	23,626	
7	8	20%	6,501	-	888	(1,389)	6,000	
8	10	25%	-	-	-	-	-	
9	12	30%	1,894	1	560	(652)	1,803	
10	13	100%	750	-	1,500	(1,500)	750	
11	14	17%	140	(1)	40	(31)	148	
12	17	5%	300	-	-	(25)	275	
13	38	20%	-	-	-	-	-	
14	39	30%	365	-	154	(133)	386	
15	45	45%	71	-	-	(32)	39	
16	47	8%	74,188	1	97,626	(12,599)	159,216	
17	49	8%	33,465	-	16,565	(3,340)	46,690	
18	50	55%	73	-	-	(40)	33	
19	51	6%	51,586	(1)	17,007	(3,605)	64,987	
20		Total	$480,101	$0	$149,769	($38,743)	$591,127	x-ref Schedule 35

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
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Schedule 39

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

Line No.	Particulars	2009 APPROVED	2009 Approved Rates	2009 Adjustments	2009 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$737,301	$733,157	$0	$733,157	($4,144)	Schedule 44
2	Adjustment*		208,237	0	208,237	208,237	
3	Gas Plant in Service, Ending	785,862	1,012,319	0	1,012,319	226,458	Schedule 44
4	Accumulated Depreciation Beginning - Plant	(178,559)	(178,029)	0	(178,029)	530	Schedule 50
5	Adjustment*		(45,847)	0	(45,847)	(45,847)	
6	Accumulated Depreciation Ending - Plant	(196,352)	(245,154)	0	(245,154)	(48,802)	Schedule 50
					0		
7	CIAC, Beginning	(60,835)	(60,835)	0	(60,835)	(0)	Schedule 55
8	Adjustment*		(208,237)	0	(208,237)	(208,237)	
9	CIAC, Ending	(53,475)	(278,861)	0	(278,861)	(225,386)	Schedule 55
10	Accumulated Amortization Beginning - CIAC	1,990	1,990	0	1,990	(0)	Schedule 55
11	Adjustment*		45,847	0	45,847	45,847	
12	Accumulated Amortization Ending - CIAC	0	50,380	0	50,380	50,380	Schedule 55
13	Net Plant in Service, Mid-Year	$517,966	$517,483	$0	$517,483	($482)	
14	Adjustment to 13-Month Average	817	6,489	0	6,489	5,672	
15	Allocated Common Plant to TGW, Mid-Year	(104)	(104)	0	(104)	0	
16	Work in Progress, No AFUDC	1,812	3,652	0	3,652	1,840	
17	Unamortized Deferred Charges	6,246	3,689	0	3,689	(2,557)	Schedule 58
18	Cash Working Capital	(2,100)	(2,589)	(407)	(2,996)	(895)	Schedule 61
19	Other Working Capital (incl. Construction Advances)	14,889	11,575	0	11,575	(3,313)	Schedule 61
20	Future Income Taxes Regulatory Asset		58,802	0	58,802	58,802	Schedule 67
21	Future Income Taxes Liability		(58,802)	0	(58,802)	(58,802)	Schedule 67
22	**Utility Rate Base**	$539,525	$540,195	($407)	$539,788	$264	x-ref Schedule 68

*Adjustment to remove CIAC from Gas Plant in Service, and Accumulated Amortization of CIAC from Accumulated Depreciaton

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UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Approved Rates	2010 Adjustments	2010 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$733,157	$1,012,319	$0	$1,012,319	$279,162	Schedule 46
2	Adjustment	208,237					
3	Gas Plant in Service, Ending	1,012,319	1,036,234	0	1,036,234	23,915	
4	Accumulated Depreciation Beginning - Plant	(178,029)	(245,154)	0	(245,154)	(67,125)	Schedule 52
5	Adjustment*	(45,847)	(1,379)		(1,379)		
6	Accumulated Depreciation Ending - Plant	(245,154)	(270,987)	0	(270,987)	(25,833)	
7	CIAC, Beginning	(60,835)	(278,861)	0	(278,861)	(218,026)	Schedule 56
8	Adjustment	(208,237)					
9	CIAC, Ending	(278,861)	(275,728)	0	(275,728)	3,133	
10	Accumulated Amortization Beginning - CIAC	1,990	50,380	0	50,380	48,390	Schedule 56
11	Adjustment	45,847					
12	Accumulated Amortization Ending - CIAC	50,380	54,795	0	54,795	4,415	
13	Net Plant in Service, Mid-Year	$517,483	$540,809	$0	$540,809	$24,016	
14	Adjustment to 13-Month Average	6,489	0	0	0	(6,489)	
15	Allocated Common Plant to TGW, Mid-Year	(104)	0	0	0	104	
16	Work in Progress, No AFUDC	3,652	3,608	0	3,608	(44)	
17	Unamortized Deferred Charges	3,689	495	0	495	(3,194)	Schedule 59
18	Cash Working Capital	(2,996)	318	(750)	(432)	2,563	Schedule 62
19	Other Working Capital (incl. Construction Advances)	11,575	9,533	0	9,533	(2,043)	Schedule 62
20	Future Income Taxes Regulatory Asset	58,802	60,101	0	60,101	1,298	Schedule 67
21	Future Income Taxes Liability	(58,802)	(60,101)	0	(60,101)	(1,298)	Schedule 67
22	**Utility Rate Base**	$539,788	$554,763	($750)	$554,013	$14,914	x-ref Schedule 69

*Adjustment relates to transfer of accumulated loss on General Plant to IFRS Transitional Adjustments deferral account

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 41

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Approved Rates	2011 Adjustments	2011 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gas Plant in Service, Beginning	$1,012,319	$1,036,234	$0	$1,036,234	$23,915	Schedule 48
2	Adjustment	0					
3	Gas Plant in Service, Ending	1,036,234	1,274,815	0	1,274,815	238,581	
4	Accumulated Depreciation Beginning - Plant	(245,154)	(270,987)	0	(270,987)	(25,833)	Schedule 54
5	Adjustment	(1,379)					
6	Accumulated Depreciation Ending - Plant	(270,987)	(299,264)	0	(299,264)	(28,277)	
7	CIAC, Beginning	(278,861)	(275,728)	0	(275,728)	3,133	Schedule 57
8	Adjustment	0					
9	CIAC, Ending	(275,728)	(276,176)	0	(276,176)	(448)	
10	Accumulated Amortization Beginning - CIAC	50,380	54,795	0	54,795	4,415	Schedule 57
11	Adjustment	0					
12	Accumulated Amortization Ending - CIAC	54,795	59,218	0	59,218	4,423	
13	Net Plant in Service, Mid-Year	$540,809	$651,454	$0	$651,454	$109,955	
14	Adjustment to 13-Month Average	0	56,712	0	56,712	56,712	
15	Allocated Common Plant to TGW, Mid-Year	0	0	0	0	0	
16	Work in Progress, No AFUDC	3,608	3,608	0	3,608	0	
17	Unamortized Deferred Charges	495	4,908	0	4,908	4,413	Schedule 60
18	Cash Working Capital	(432)	516	(381)	135	567	Schedule 63
19	Other Working Capital (incl. Construction Advances)	9,533	12,178	0	12,178	2,645	Schedule 63
20	Future Income Taxes Regulatory Asset	60,101	63,889	0	63,889	3,788	Schedule 67
21	Future Income Taxes Liability	(60,101)	(63,889)	0	(63,889)	(3,788)	Schedule 67
22	**Utility Rate Base**	$554,013	$729,375	($381)	$728,994	$174,292	x-ref Schedule 70

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 42

CAPITAL EXPENDITURES AND PLANT ADDITIONS
FOR THE YEARS ENDING DECEMBER 31, 2009 - 2011
($000)

Line No.	Particulars	Projected 2009	Forecast 2010	Forecast 2011
	(1)	(3)	(4)	(5)
1	**CAPITAL EXPENDITURES**			
2	Regular Capital Expenditures	$24,036	$21,669	$25,827
3	Special Projects - CPCN's			
4	Squamish to Whistler Natural Gas Pipeline	$ 5,386	$ -	$ -
5	Mt. Hayes LNG Facility	62,986	57,216	26,709
6	CIS CCE	840	5,580	6,490
7	Garbaly	-	5,200	3,300
8	Total CPCN's	$ 69,212	$ 67,996	$ 36,499
9	TOTAL CAPITAL EXPENDITURES	$ 93,247	$ 89,665	$ 62,326
10	**RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS**			
11	Regular Capital			
12	Base Capital Expenditures	$ 24,036	$ 21,669	$ 25,827
13	Add - Opening WIP	6,305	6,305	6,305
14	Less - Closing WIP	(6,305)	(6,305)	(6,305)
15	Add - AFUDC	68	52	69
16	Add - Overhead Capitalized	5,033	4,372	4,567
		Schedule 44	Schedule 46	Schedule 48
17	TOTAL REGULAR CAPITAL ADDITIONS TO GAS PLANT IN SERVICE	$ 29,136	$ 26,093	$ 30,463
18	Special Projects - CPCN's			
19	CPCN Expenditures	$ 69,212	$ 67,996	$ 36,499
20	Add - Opening WIP	84,881	115,759	192,949
21	Less - Closing WIP	(115,759)	(192,949)	(22,868)
22	Add - AFUDC	5,633	9,194	4,068
23	TOTAL CPCN ADDITIONS TO GAS PLANT IN SERVICE	$ 43,966	$ 0	$ 210,648
		Schedule 44	Schedule 46	Schedule 48

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
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Schedule 43

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	Balance 12/31/2008	Opening Adjustments	CPCN'S	2009 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**INTANGIBLE PLANT**							
2	401-00 Franchise and Consents	$190	$0	$0	$0	$0	$0	$190
3	402-00 Utility Plant Acquisition Adjustment	-	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	-	-	-	-	-	1,194
5	441-00 Land Rights	-	-	-	-	-	-	-
6	461-00 Land Rights - Transmission	-	6,802	-	75	-	-	6,877
7	471-00 Land Rights - Distribution	-	1,830	-	85	-	-	1,915
8	461-00 Land Rights - Whistler	-	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	-	14,947	-	2,000	(47)	-	16,900
10	402-00 Application Software - 5 year life	-	1,654	-	-	-	-	1,654
11	TOTAL INTANGIBLE PLANT	1,384	25,233	-	2,160	(47)	-	28,730
12	**MANUFACTURED GAS / LOCAL STORAGE**							
13	430 Manufact'd Gas - Land	-	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	-	-	-	-	-	-	-
20	442 Structures & Improvements	-	-	-	-	-	-	-
21	443 Gas Holders - Storage	-	-	-	-	-	-	-
22	446 Compressor Equipment	-	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	-	-	-	-	-	-
24	448 Purification Equipment	-	-	-	-	-	-	-
25	- Piping	-	-	-	-	-	-	-
26	- Pre-treatment	-	-	-	-	-	-	-
27	- Liquefaction Equipment	-	-	-	-	-	-	-
28	- Send out Equipment	-	-	-	-	-	-	-
29	- Sub-station and Electric	-	-	-	-	-	-	-
30	- Control Room	-	-	-	-	-	-	-
31	449 Local Storage Equipment	-	-	-	-	-	-	-
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	-	-	-	-	-	-	-
33	**TRANSMISSION PLANT**							
34	460-00 Land in Fee Simple	2,842	-	-	-	-	-	2,842
35	461-00 Land Rights	6,802	(6,802)	-	-	-	-	-
36	462-00 Compressor Structures	10,446	819	-	-	-	-	11,265
37	463-00 Measuring Structures	6,449	1,257	-	-	-	-	7,706
38	464-00 Other Structures & Improvements	130	-	-	-	-	-	130
39	465-00 Mains	223,423	99,338	43,669	4,018	-	-	370,448
40	465-00 Mains - Inspection	-	-	-	-	-	-	-
41	466-00 Compressor Equipment	50,252	6,947	-	4,589	-	-	61,788
42	466-00 Compressor Equipment - Compressor Overhaul	-	-	-	-	-	-	-
43	466-00 Compressor Equipment - Gas Turbine Overhaul	-	-	-	-	-	-	-
44	467-00 Measuring & Regulating Equipment	10,735	3,698	297	127	-	-	14,857
45	467-10 Telemetering	-	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	2,376	890	-	-	-	-	3,266
47	469-00 Other Transmission Equipment	-	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	313,455	106,147	43,966	8,734	-	-	472,302

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
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Schedule 44

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	Balance 12/31/2008	Opening Adjustments	CPCN'S	2009 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**DISTRIBUTION PLANT**							
2	470-00 Land in Fee Simple	$799	$0	$0	$83	$0	$0	$882
3	471-00 Land Rights	$1,830	($1,830)	$0	$0	$0	$0	$0
4	472-00 Structures & Improvements	1,465	666	-	-	-	-	2,131
5	473-00 Services	131,548	26,273	-	8,330	(417)	-	165,734
6	474-00 House Regulators & Meter Installations	16,970	2,809	-	994	(50)	-	20,723
7	475-00 Mains	208,940	61,534	-	5,773	(289)	-	275,958
8	476-00 Compressor Equipment	-	-	-	-	-	-	-
9	477-00 Measuring & Regulating Equipment	5,000	2,146	-	513	-	-	7,659
10	477-00 Telemetering	-	-	-	-	-	-	-
12	478-00 Meters	11,122	1,861	-	788	(39)	-	13,732
13	479-00 Other Distribution Equipment	-	-	-	-	-	-	-
14	TOTAL DISTRIBUTION PLANT	377,674	93,459	-	16,481	(795)	-	486,819
15	**GENERAL PLANT & EQUIPMENT**							
16	480-00 Land in Fee Simple	1,065	-	-	-	-	-	1,065
17	481-00 Land Rights	-	-	-	-	-	-	-
18	482-00 Structures & Improvements	-	-	-	-	-	-	-
19	- Frame Buildings	4,343	-	-	260	-	-	4,603
20	- Masonry Buildings	-	-	-	-	-	-	-
21	- Leasehold Improvement	1,344	-	-	40	(964)	-	420
22	483-00 Office Furniture and Equipment	-	-	-	-	-	-	-
23	- Furniture & Equipment	2,424	-	-	97	-	-	2,521
24	- Computer Hardware	2,265	-	-	-	-	-	2,265
25	- Computer Software (Infrastructure)	15,907	(15,907)	-	-	-	-	-
26	- Computer Software (Non-Infrastructure)	906	(695)	-	-	-	-	211
27	484-00 Transportation Equipment	4,593	-	-	630	-	-	5,223
28	485-00 Heavy Work Equipment	786	-	-	148	-	-	934
29	486-00 Small Tools & Equipment	5,888	-	-	506	-	-	6,394
30	487-00 Equipment on Customer's Premises	-	-	-	-	-	-	-
31	- VRA Compressor Installation Costs	-	-	-	-	-	-	-
32	488-00 Communications Equipment	-	-	-	-	-	-	-
33	- Telephone	1,123	-	-	80	(371)	-	832
34	- Radio	-	-	-	-	-	-	-
35	489-00 Other General Equipment	-	-	-	-	-	-	-
36	TOTAL GENERAL PLANT	40,644	(16,602)	-	1,761	(1,335)	-	24,468
37	**UNCLASSIFIED PLANT**							
38	499 Plant Suspense	-	-	-	-	-	-	-
39	TOTAL UNCLASSIFIED PLANT	-	-	-	-	-	-	-
40	TOTAL	$733,157	$208,237	$43,966	$29,136	($2,177)	$0	$1,012,319 x-ref Schedules 8, 39, 42

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Schedule 45

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Balance 12/31/2009	CPCN'S	2010 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	**INTANGIBLE PLANT**						
2	401-00 Franchise and Consents	$190	$0	$0	$0	$0	$190
3	402-00 Utility Plant Acquisition Adjustment	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	-	-	-	-	1,194
5	441-00 Land Rights	-	-	-	-	-	-
6	461-00 Land Rights - Transmission	6,877	-	77	-	-	6,954
7	471-00 Land Rights - Distribution	1,915	-	-	-	-	1,915
8	461-00 Land Rights - Whistler	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	16,900	-	1,509	(91)	-	18,318
10	402-00 Application Software - 5 year life	1,654	-	-	-	-	1,654
11	TOTAL INTANGIBLE PLANT	28,730	-	1,586	(91)	-	30,225
12	**MANUFACTURED GAS / LOCAL STORAGE**						
13	430 Manufact'd Gas - Land	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	-	-	-	-	-	-
20	442 Structures & Improvements	-	-	-	-	-	-
21	443 Gas Holders - Storage	-	-	-	-	-	-
22	446 Compressor Equipment	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	-	-	-	-	-
24	448 Purification Equipment	-	-	-	-	-	-
25	- Piping	-	-	-	-	-	-
26	- Pre-treatment	-	-	-	-	-	-
27	- Liquefaction Equipment	-	-	-	-	-	-
28	- Send out Equipment	-	-	-	-	-	-
29	- Sub-station and Electric	-	-	-	-	-	-
30	- Control Room	-	-	-	-	-	-
31	449 Local Storage Equipment	-	-	-	-	-	-
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	-	-	-	-	-	-
33	**TRANSMISSION PLANT**						
34	460-00 Land in Fee Simple	2,842	-	-	-	-	2,842
35	461-00 Land Rights	-	-	-	-	-	-
36	462-00 Compressor Structures	11,265	-	-	-	-	11,265
37	463-00 Measuring Structures	7,706	-	-	-	-	7,706
38	464-00 Other Structures & Improvements	130	-	-	-	-	130
39	465-00 Mains	370,448	-	3,527	-	(1,630)	372,345
40	465-00 Mains - Inspection	-	-	744	-	1,630	2,374
41	466-00 Compressor Equipment	61,788	-	731	-	(3,882)	58,637
42	466-00 Compressor Equipment - Compressor Overhaul	-	-	-	-	933	933
43	466-00 Compressor Equipment - Gas Turbine Overhaul	-	-	1,261	-	2,949	4,210
44	467-00 Measuring & Regulating Equipment	14,857	-	126	-	-	14,983
45	467-10 Telemetering	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	3,266	-	-	-	-	3,266
47	469-00 Other Transmission Equipment	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	472,302	-	6,389	-	-	478,691

TERASEN GAS (VANCOUVER ISLAND) INC.

Nov. 5 2009 NSP Agreement

Section C
Tab 13
Schedule 46

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Balance 12/31/2009	CPCN'S	2010 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2010	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	**DISTRIBUTION PLANT**							
2	470-00 Land in Fee Simple	$882	$0	$0	$0	$0	$882	
3	471-00 Land Rights	-	-	-	-	-	-	
4	472-00 Structures & Improvements	2,131	-	-	-	-	2,131	
5	473-00 Services	165,734	-	8,168	(408)	-	173,494	
6	474-00 House Regulators & Meter Installations	20,723	-	1,275	(64)	-	21,934	
7	475-00 Mains	275,958	-	5,247	(262)	-	280,943	
8	476-00 Compressor Equipment	-	-	-	-	-	-	
9	477-00 Measuring & Regulating Equipment	7,659	-	504	-	-	8,163	
10	477-00 Telemetering	-	-	-	-	-	-	
12	478-00 Meters	13,732	-	1,016	(51)	-	14,697	
13	479-00 Other Distribution Equipment	-	-	-	-	-	-	
14	TOTAL DISTRIBUTION PLANT	486,819	-	16,210	(785)	-	502,244	
15	**GENERAL PLANT & EQUIPMENT**							
16	480-00 Land in Fee Simple	1,065	-	-	-	-	1,065	
17	481-00 Land Rights	-	-	-	-	-	-	
18	482-00 Structures & Improvements	-	-	-	-	-	-	
19	- Frame Buildings	4,603	-	167	-	-	4,770	
20	- Masonry Buildings	-	-	-	-	-	-	
21	- Leasehold Improvement	420	-	30	-	-	450	
22	483-00 Office Furniture and Equipment	-	-	-	-	-	-	
23	- Furniture & Equipment	2,521	-	94	(897)	-	1,718	
24	- Computer Hardware	2,265	-	-	(192)	-	2,073	
25	- Computer Software (Infrastructure)	-	-	-	-	-	-	
26	- Computer Software (Non-Infrastructure)	211	-	-	-	-	211	
27	484-00 Transportation Equipment	5,223	-	630	(52)	-	5,801	
28	485-00 Heavy Work Equipment	934	-	186	-	-	1,120	
29	486-00 Small Tools & Equipment	6,394	-	516	-	-	6,910	
30	487-00 Equipment on Customer's Premises	-	-	-	-	-	-	
31	- VRA Compressor Installation Costs	-	-	-	-	-	-	
32	488-00 Communications Equipment	-	-	-	-	-	-	
33	- Telephone	832	-	80	(160)	-	752	
34	- Radio	-	-	204	-	-	204	
35	489-00 Other General Equipment	-	-	-	-	-	-	
36	TOTAL GENERAL PLANT	24,468	-	1,907	(1,301)	-	25,074	
37	**UNCLASSIFIED PLANT**							
38	499 Plant Suspense	-	-	-	-	-	-	
39	TOTAL UNCLASSIFIED PLANT	-	-	-	-	-	-	
40	TOTAL	$1,012,319	$0	$26,092	($2,177)	$0	$1,036,234	x-ref Schedules 9, 40, 42

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GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Balance 12/31/2010	CPCN'S	2011 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	**INTANGIBLE PLANT**						
2	401-00 Franchise and Consents	$190	$0	$0	$0	$0	$190
3	402-00 Utility Plant Acquisition Adjustment	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	-	-	-	-	1,194
5	441-00 Land Rights	-	140	-	-	-	140
6	461-00 Land Rights - Transmission	6,954	-	78	-	-	7,032
7	471-00 Land Rights - Distribution	1,915	-	-	-	-	1,915
8	461-00 Land Rights - Whistler	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	18,318	-	1,509	(340)	-	19,487
10	402-00 Application Software - 5 year life	1,654	-	-	-	-	1,654
11	TOTAL INTANGIBLE PLANT	30,225	140	1,587	(340)	-	31,612
12	**MANUFACTURED GAS / LOCAL STORAGE**						
13	430 Manufact'd Gas - Land	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	-	849	-	-	-	849
20	442 Structures & Improvements	-	24,479	-	-	-	24,479
21	443 Gas Holders - Storage	-	55,956	-	-	-	55,956
22	446 Compressor Equipment	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	-	-	-	-	-
24	448 Purification Equipment	-	-	-	-	-	-
25	- Piping	-	16,635	-	-	-	16,635
26	- Pre-treatment	-	7,461	-	-	-	7,461
27	- Liquefaction Equipment	-	26,113	-	-	-	26,113
28	- Send out Equipment	-	39,169	-	-	-	39,169
29	- Sub-station and Electric	-	12,564	-	-	-	12,564
30	- Control Room	-	9,326	-	-	-	9,326
31	449 Local Storage Equipment	-	13,056	-	-	-	13,056
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	-	205,608	-	-	-	205,608
33	**TRANSMISSION PLANT**						
34	460-00 Land in Fee Simple	2,842	-	-	-	-	2,842
35	461-00 Land Rights	-	-	-	-	-	-
36	462-00 Compressor Structures	11,265	-	-	-	-	11,265
37	463-00 Measuring Structures	7,706	-	-	-	-	7,706
38	464-00 Other Structures & Improvements	130	-	-	-	-	130
39	465-00 Mains	372,345	-	6,022	-	-	378,367
40	465-00 Mains - Inspection	2,374	-	560	-	-	2,934
41	466-00 Compressor Equipment	58,637	453	956	-	-	60,046
42	466-00 Compressor Equipment - Compressor Overhaul	933	-	731	-	-	1,664
43	466-00 Compressor Equipment - Gas Turbine Overhaul	4,210	-	1,218	-	-	5,428
44	467-00 Measuring & Regulating Equipment	14,983	4,447	122	-	-	19,552
45	467-10 Telemetering	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	3,266	-	-	-	-	3,266
47	469-00 Other Transmission Equipment	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	478,691	4,900	9,609	-	-	493,200

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 48

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Balance 12/31/2010	CPCN'S	2011 Additions	Retirements	Transfers/ Recovery	Balance 12/31/2011	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	**DISTRIBUTION PLANT**							
2	470-00 Land in Fee Simple	$882	$0	$0	$0	$0	$882	
3	471-00 Land Rights	-	-	-	-	-	-	
4	472-00 Structures & Improvements	2,131	-	-	-	-	2,131	
5	473-00 Services	173,494	-	8,517	(426)	-	181,585	
6	474-00 House Regulators & Meter Installations	21,934	-	1,259	(63)	-	23,130	
7	475-00 Mains	280,943	-	6,422	(321)	-	287,044	
8	476-00 Compressor Equipment	-	-	-	-	-	-	
9	477-00 Measuring & Regulating Equipment	8,163	-	390	-	-	8,553	
10	477-00 Telemetering	-	-	-	-	-	-	
12	478-00 Meters	14,697	-	1,039	(52)	-	15,684	
13	479-00 Other Distribution Equipment	-	-	-	-	-	-	
14	TOTAL DISTRIBUTION PLANT	502,244	-	17,627	(862)	-	519,009	
15	**GENERAL PLANT & EQUIPMENT**							
16	480-00 Land in Fee Simple	1,065	-	-	-	-	1,065	
17	481-00 Land Rights	-	-	-	-	-	-	
18	482-00 Structures & Improvements	-	-	-	-	-	-	
19	- Frame Buildings	4,770	-	-	-	-	4,770	
20	- Masonry Buildings	-	-	-	-	-	-	
21	- Leasehold Improvement	450	-	40	-	-	490	
22	483-00 Office Furniture and Equipment	-	-	-	-	-	-	
23	- Furniture & Equipment	1,718	-	101	(729)	-	1,090	
24	- Computer Hardware	2,073	-	-	(175)	-	1,898	
25	- Computer Software (Infrastructure)	-	-	-	-	-	-	
26	- Computer Software (Non-Infrastructure)	211	-	-	-	-	211	
27	484-00 Transportation Equipment	5,801	-	560	(162)	-	6,199	
28	485-00 Heavy Work Equipment	1,120	-	154	(32)	-	1,242	
29	486-00 Small Tools & Equipment	6,910	-	457	(210)	-	7,157	
30	487-00 Equipment on Customer's Premises	-	-	-	-	-	-	
31	- VRA Compressor Installation Costs	-	-	-	-	-	-	
32	488-00 Communications Equipment	-	-	-	-	-	-	
33	- Telephone	752	-	80	(22)	-	810	
34	- Radio	204	-	250	-	-	454	
35	489-00 Other General Equipment	-	-	-	-	-	-	
36	TOTAL GENERAL PLANT	25,074	-	1,642	(1,330)	-	25,386	
37	**UNCLASSIFIED PLANT**							
38	499 Plant Suspense	-	-	-	-	-	-	
39	TOTAL UNCLASSIFIED PLANT	-	-	-	-	-	-	
40	TOTAL	$1,036,234	$210,648	$30,465	($2,532)	$0	$1,274,815	x-ref Schedules 10, 40, 42

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

Line No.	Account	Jan.1 GPIS for Depreciation	Annual Depreciation Rate %	Provision 2009 (Cr.)	Provision Adjust-ments	Provision Retirements	Provision Retirement Costs	Provision Proceeds on Disposal	Accumulated 12/31/2008	Accumulated Opening Adjustment	Accumulated 12/31/2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	**INTANGIBLE PLANT**										
2	401-00 Franchise and Consents	190	3.04%	$6	$0	$0	$0	$0	$56	$0	$62
3	402-00 Utility Plant Acquisition Adjustment	-	0.00%	-	-	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	6.21%	74	-	-	-	-	490	-	564
4	441-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
5	461-00 Land Rights - Transmission	6,802	1.33%	90	-	-	-	-	-	1,100	1,190
6	471-00 Land Rights - Distribution	1,830	1.36%	25	-	-	-	-	-	236	261
8	461-00 Land Rights - Whistler	-	0.00%	-	-	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	14,947	12.50%	1,868	-	(47)	-	-	-	4,449	6,270
10	402-00 Application Software - 5 year life	1,654	20.00%	331	-	-	-	-	-	213	544
11	TOTAL INTANGIBLE PLANT	26,617		2,394	-	(47)	-	-	546	5,998	8,891
12	**MANUFACTURED GAS / LOCAL STORAGE**										
13	430 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	0.00%	-	-	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	0.00%	-	-	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	0.00%	-	-	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	0.00%	-	-	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	-	0.00%	-	-	-	-	-	-	-	-
20	442 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-	-
21	443 Gas Holders - Storage	-	0.00%	-	-	-	-	-	-	-	-
22	446 Compressor Equipment	-	0.00%	-	-	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-	-
24	448 Purification Equipment	-	0.00%	-	-	-	-	-	-	-	-
25	- Piping	-	0.00%	-	-	-	-	-	-	-	-
26	- Pre-treatment	-	0.00%	-	-	-	-	-	-	-	-
27	- Liquefaction Equipment	-	0.00%	-	-	-	-	-	-	-	-
28	- Send out Equipment	-	0.00%	-	-	-	-	-	-	-	-
29	- Sub-station and Electric	-	0.00%	-	-	-	-	-	-	-	-
30	- Control Room	-	0.00%	-	-	-	-	-	-	-	-
31	449 Local Storage Equipment	-	0.00%	-	-	-	-	-	-	-	-
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	-		-	-	-	-	-	-	-	-
33	**TRANSMISSION PLANT**										
34	460-00 Land in Fee Simple	2,842	0.00%	-	-	-	-	-	-	-	-
35	461-00 Land Rights	-	0.00%	-	-	-	-	-	1,100	(1,100)	-
36	462-00 Compressor Structures	11,265	3.77%	425	-	-	-	-	2,727	283	3,435
37	463-00 Measuring Structures	7,706	3.75%	289	-	-	-	-	2,058	234	2,581
38	464-00 Other Structures & Improvements	130	3.00%	4	-	-	-	-	13	-	17
39	465-00 Mains	322,761	1.97%	6,358	-	-	-	-	59,317	21,490	87,165
40	465-00 Mains - Inspection	-	0.00%	-	-	-	-	-	-	-	-
41	466-00 Compressor Equipment	57,199	3.50%	2,002	-	-	-	-	10,897	2,293	15,192
42	Compressor Equipment - Compressor Overhaul	-	0.00%	-	-	-	-	-	-	-	-
43	Compressor Equipment - Gas Turbine Overhaul	-	0.00%	-	-	-	-	-	-	-	-
44	467-00 Measuring & Regulating Equipment	14,433	3.11%	449	-	-	-	-	1,947	1,134	3,530
45	467-10 Telemetering	-	0.00%	-	-	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	3,266	6.45%	211	-	-	-	-	1,006	523	1,740
47	469-00 Other Transmission Equipment	-	0.00%	-	-	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	419,602		9,738	-	-	-	-	79,065	24,857	113,660

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

Line No.	Account	CPCN + Jan.1 GPIS for Depreciation	Annual Depreciation Rate %	Provision: 2009 (Cr.)	Provision: Adjust-ments	Provision: Retirements	Provision: Retirement Costs	Provision: Proceeds on Disposal	Accumulated: 12/31/2008	Accumulated: Opening Adjustment	Accumulated: 12/31/2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	**DISTRIBUTION PLANT**										
2	470 Land	$799	0.00%	$0	$0	$0	$0	$0	$0	$0	$0
3	481-00 Land Rights	-	0.00%	-	-	-	-	-	236	(236)	-
4	-Frame Buildings	2,131	2.31%	49	-	-	-	-	634	189	872
5	473-00 Services	157,821	2.62%	4,135	-	(417)	(268)	-	24,334	6,109	33,893
6	474-00 House Regulator & Meter Installation	19,779	2.88%	570	-	(50)	(25)	-	4,154	807	5,456
7	475-00 Mains	270,474	1.89%	5,112	-	(289)	(50)	-	51,015	11,538	67,326
8	-All Other	-	0.00%	-	-	-	-	-	-	-	-
9	477-00 Measuring & Regulating	7,146	3.66%	262	-	-	-	-	1,881	680	2,823
10	477-10 Telemetering	-	0.00%	-	-	-	-	-	-	-	-
11	478 Meters	12,983	3.08%	400	-	(39)	-	-	3,030	567	3,958
12	479 Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	-	-
13	TOTAL DISTRIBUTION PLANT	471,133		10,528	-	(795)	(343)	-	85,284	19,654	114,328
14	**GENERAL PLANT & EQUIPMENT**										
15	480-00 Land in Fee Simple	1,065	0.00%	-	-	-	-	-	-	-	-
16	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
17	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-	-
18	- Frame Buildings	4,343	2.44%	106	-	-	-	-	926	-	1,032
19	- Masonry Buildings	-	0.00%	-	-	-	-	-	-	-	-
20	- Leasehold Improvement	1,344	6.07%	82	-	(964)	-	-	(194)	-	(1,076)
21	483-00 Office Furniture and Equipment	-	0.00%	-	-	-	-	-	-	-	-
22	- Furniture & Equipment	2,424	5.00%	121	-	-	-	-	1,742	-	1,863
23	- Computer Hardware	2,265	5.99%	136	-	-	-	-	782	-	918
24	- Computer Software (Infrastructure)	-	12.50%	-	-	-	-	-	4,661	(4,661)	-
25	- Computer Software (Non-Infrastructure)	211	20.00%	42	-	-	-	-	24	(1)	65
26	484-00 Transportation Equipment	4,593	5.03%	231	-	-	-	-	1,413	-	1,644
27	485-00 Heavy Work Equipment	786	5.34%	42	-	-	-	-	136	-	178
28	486-00 Small Tools & Equipment	5,888	4.85%	286	-	-	-	-	2,862	-	3,148
29	487-00 Equipment on Customer's Premises	-	0.00%	-	-	-	-	-	-	-	-
30	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-	-	-	-
31	488-00 Communications Equipment	-	0.00%	-	-	-	-	-	-	-	-
32	- Telephone	1,123	8.21%	92	-	(371)	-	-	782	-	503
33	- Radio	-	0.00%	-	-	-	-	-	-	-	-
34	489-00 Other General Equipment	-	0.00%	-	-	-	-	-	-	-	-
35	TOTAL GENERAL PLANT	24,042		1,138	-	(1,335)	-	-	13,134	(4,662)	8,275
36	**UNCLASSIFIED PLANT**										
37	499 Plant Suspense	-	0.00%	-	-	-	-	-	-	-	-
38	TOTAL UNCLASSIFIED PLANT	-		-	-	-	-	-	-	-	-
39	TOTAL	941,394		23,798	-	(2,177)	(343)	-	178,029	45,847	245,154
										x-ref Schedules 8, 39	
40	Less: Vehicle Depreciation allocated to Capital Projects			-							
41	Net Depreciation Expense			$23,798	x-ref Schedule 27					100%	

TERASEN GAS (VANCOUVER ISLAND) INC.

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Account	13 mo. Avg 2010 GPIS Balance for Depreciation	Annual Depreciation Rate %	Provision 2010 (Cr.)	Provision Adjust-ments	Provision Retirements	Provision Retirement Costs	Provision Proceeds on Disposal	Accumulated 12/31/2009	Accumulated Opening Adjustment	Accumulated 12/31/2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)
1	**INTANGIBLE PLANT**										
2	401-00 Franchise and Consents	190	3.13%	$6	$0	$0	$0	$0	$62	$0	68
3	402-00 Utility Plant Acquisition Adjustment	-	0.00%	-	-	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	2.30%	27	-	-	-	-	564	-	591
4	441-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
5	461-00 Land Rights - Transmission	6,916	0.00%	-	-	-	-	-	1,190	-	1,190
6	471-00 Land Rights - Distribution	1,915	0.00%	-	-	-	-	-	261	-	261
8	461-00 Land Rights - Whistler	-	0.00%	-	-	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	17,609	12.50%	2,201	-	(91)	-	-	6,270	-	8,380
10	402-00 Application Software - 5 year life	1,654	20.00%	331	-	-	-	-	544	-	875
11	TOTAL INTANGIBLE PLANT	29,478		2,565	-	(91)	-	-	8,891	-	11,365
12	**MANUFACTURED GAS / LOCAL STORAGE**										
13	430 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	0.00%	-	-	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	0.00%	-	-	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	0.00%	-	-	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	0.00%	-	-	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	-	0.00%	-	-	-	-	-	-	-	-
20	442 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-	-
21	443 Gas Holders - Storage	-	0.00%	-	-	-	-	-	-	-	-
22	446 Compressor Equipment	-	0.00%	-	-	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-	-
24	448 Purification Equipment	-	0.00%	-	-	-	-	-	-	-	-
25	- Piping	-	0.00%	-	-	-	-	-	-	-	-
26	- Pre-treatment	-	0.00%	-	-	-	-	-	-	-	-
27	- Liquefaction Equipment	-	0.00%	-	-	-	-	-	-	-	-
28	- Send out Equipment	-	0.00%	-	-	-	-	-	-	-	-
29	- Sub-station and Electric	-	0.00%	-	-	-	-	-	-	-	-
30	- Control Room	-	0.00%	-	-	-	-	-	-	-	-
31	449 Local Storage Equipment	-	0.00%	-	-	-	-	-	-	-	-
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	-		-	-	-	-	-	-	-	-
33	**TRANSMISSION PLANT**										
34	460-00 Land in Fee Simple	2,842	0.00%	-	-	-	-	-	-	-	-
35	461-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
36	462-00 Compressor Structures	11,265	3.72%	419	-	-	-	-	3,435	-	3,854
37	463-00 Measuring Structures	7,706	2.87%	221	-	-	-	-	2,581	-	2,802
38	464-00 Other Structures & Improvements	130	2.87%	4	-	-	-	-	17	-	21
39	465-00 Mains	371,397	1.73%	6,425	-	-	-	-	87,165	-	93,591
40	465-00 Mains - Inspection	1,187	0.00%	316	-	-	-	-	-	-	316
41	466-00 Compressor Equipment	60,213	3.19%	1,921	-	-	-	-	15,192	-	17,113
42	Compressor Equipment - Compressor Overhaul	467	0.00%	613	-	-	-	-	-	-	613
43	Compressor Equipment - Gas Turbine Overhaul	2,105	0.00%	1,095	-	-	-	-	-	-	1,095
44	467-00 Measuring & Regulating Equipment	14,920	5.59%	834	-	-	-	-	3,530	-	4,364
45	467-10 Telemetering	-	5.59%	-	-	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	3,266	10.07%	329	-	-	-	-	1,740	-	2,069
47	469-00 Other Transmission Equipment	-	0.00%	-	-	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	475,498		12,178	-	-	-	-	113,660	-	125,838

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Account	13 mo. Avg 2010 GPIS Balance for Depreciation	Annual Depreciation Rate %	Provision: 2010 (Cr.)	Provision: Adjust-ments	Provision: Retirements	Provision: Retirement Costs	Provision: Proceeds on Disposal	Accumulated: 12/31/2009	Accumulated: Opening Adjustment	Accumulated: 12/31/2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)
1	**DISTRIBUTION PLANT**										
2	470 Land	$882	0.00%	$0	$0	$0	$0	$0	$0	$0	-
3	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
4	-Frame Buildings	2,131	3.21%	68	-	-	-	-	872	-	940
5	473-00 Services	169,614	1.91%	3,240	-	(408)	-	-	33,893	-	36,725
6	474-00 House Regulator & Meter Installation	21,329	3.45%	736	-	(64)	-	-	5,456	-	6,128
7	475-00 Mains	278,451	1.62%	4,511	-	(262)	-	-	67,326	-	71,575
8	-All Other	-	0.00%	-	-	-	-	-	-	-	-
9	477-00 Measuring & Regulating	7,911	4.60%	364	-	-	-	-	2,823	-	3,187
10	477-10 Telemetering	-	0.00%	-	-	-	-	-	-	-	-
11	478 Meters	14,215	4.37%	621	-	(51)	-	-	3,958	-	4,528
12	479 Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	-	-
13		494,533		9,540	-	(785)	-	-	114,328	-	123,083
14	**GENERAL PLANT & EQUIPMENT**										
15	480-00 Land in Fee Simple	1,065	0.00%	-	-	-	-	-	-	-	-
16	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-	-
17	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-	-
18	- Frame Buildings	4,687	4.36%	204	-	-	-	-	1,032	(381)	855
19	- Masonry Buildings	-	0.00%	-	-	-	-	-	-	-	-
20	- Leasehold Improvement	435	17.86%	78	-	-	-	-	(1,076)	1,224	226
21	483-00 Office Furniture and Equipment	-	0.00%	-	-	-	-	-	-	-	-
22	- Furniture & Equipment	2,120	6.55%	139	-	(897)	-	-	1,863	427	1,532
23	- Computer Hardware	2,169	20.00%	434	-	(192)	-	-	918	385	1,545
24	- Computer Software (Infrastructure)	-	12.50%	-	-	-	-	-	-	-	-
25	- Computer Software (Non-Infrastructure)	211	20.00%	42	-	-	-	-	65	-	107
26	484-00 Transportation Equipment	5,512	17.88%	986	-	(52)	-	-	1,644	(362)	2,216
27	485-00 Heavy Work Equipment	1,027	7.03%	72	-	-	-	-	178	70	320
28	486-00 Small Tools & Equipment	6,652	5.00%	333	-	-	-	-	3,148	16	3,497
29	487-00 Equipment on Customer's Premises	-	0.00%	-	-	-	-	-	-	-	-
30	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-	-	-	-
31	488-00 Communications Equipment	-	0.00%	-	-	-	-	-	-	-	-
32	- Telephone	792	6.67%	53	-	(160)	-	-	503	-	396
33	- Radio	102	6.67%	7	-	-	-	-	-	-	7
34	489-00 Other General Equipment	-	0.00%	-	-	-	-	-	-	-	-
35	TOTAL GENERAL PLANT	24,772		2,348	-	(1,301)	-	-	8,275	1,379	10,701
0											
36	**UNCLASSIFIED PLANT**										
37	499 Plant Suspense	-	0.00%	-	-	-	-	-	-	-	-
38	TOTAL UNCLASSIFIED PLANT	-		-	-	-	-	-	-	-	-
39	TOTAL	1,024,281		26,631	-	(2,177)	-	-	245,154	1,379	270,987
									x-ref Schedules 9, 40		
40	Less: Vehicle Depreciation allocated to Capital Projects			(400)							
41	Net Depreciation Expense			$26,231	x-ref Schedule 28						

TERASEN GAS (VANCOUVER ISLAND) INC.

Nov. 5 2009 NSP Agreement

Section C
Tab 13
Schedule 53

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Account	13 mo. Avg 2011 GPIS Balance for Depreciation	Annual Depreciation Rate %	Provision 2011 (Cr.)	Provision Adjust-ments	Provision Retirements	Provision Retirement Costs	Provision Proceeds on Disposal	Accumulated 12/31/2010	Accumulated 12/31/2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	**INTANGIBLE PLANT**									
2	401-00 Franchise and Consents	190	3.13%	$6	$0	$0	$0	$0	$68	$74
3	402-00 Utility Plant Acquisition Adjustment	-	0.00%	-	-	-	-	-	-	-
4	402-00 Other Intangible Plant	1,194	2.30%	27	-	-	-	-	591	618
4	441-00 Land Rights	70	0.00%	-	-	-	-	-	-	-
5	461-00 Land Rights - Transmission	6,993	0.00%	-	-	-	-	-	1,190	1,190
6	471-00 Land Rights - Distribution	1,915	0.00%	-	-	-	-	-	261	261
8	461-00 Land Rights - Whistler	-	0.00%	-	-	-	-	-	-	-
9	402-00 Application Software - 8 year life	18,903	12.50%	2,363	-	(340)	-	-	8,380	10,403
10	402-00 Application Software - 5 year life	1,654	20.00%	331	-	-	-	-	875	1,206
11	TOTAL INTANGIBLE PLANT	30,919		2,727	-	(340)	-	-	11,365	13,752
12	**MANUFACTURED GAS / LOCAL STORAGE**									
13	430 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-	-	-
14	432 Manufact'd Gas - Struct. & Improvements	-	0.00%	-	-	-	-	-	-	-
15	433 Manufact'd Gas - Equipment	-	0.00%	-	-	-	-	-	-	-
16	434 Manufact'd Gas - Gas Holders	-	0.00%	-	-	-	-	-	-	-
17	436 Manufact'd Gas - Compressor Equipment	-	0.00%	-	-	-	-	-	-	-
18	437 Manufact'd Gas - Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-
19	440/441 Land in Fee Simple and Land Rights	659	0.00%	-	-	-	-	-	-	-
20	442 Structures & Improvements	18,992	6.00%	734	-	-	-	-	-	734
21	443 Gas Holders - Storage	43,412	2.51%	701	-	-	-	-	-	701
22	446 Compressor Equipment	-	0.00%	-	-	-	-	-	-	-
23	447 Measuring & Regulating Equipment	-	0.00%	-	-	-	-	-	-	-
24	448 Purification Equipment	-	0.00%	-	-	-	-	-	-	-
25	- Piping	12,906	3.75%	312	-	-	-	-	-	312
26	- Pre-treatment	5,789	6.00%	224	-	-	-	-	-	224
27	- Liquefaction Equipment	20,260	3.75%	490	-	-	-	-	-	490
28	- Send out Equipment	30,389	3.75%	734	-	-	-	-	-	734
29	- Sub-station and Electric	9,747	3.75%	236	-	-	-	-	-	236
30	- Control Room	7,235	10.01%	467	-	-	-	-	-	467
31	449 Local Storage Equipment	10,129	4.29%	280	-	-	-	-	-	280
32	TOTAL MANUFACTURED GAS / LOCAL STORAGE	159,519		4,177	-	-	-	-	-	4,177
33	**TRANSMISSION PLANT**									
34	460-00 Land in Fee Simple	2,842	0.00%	-	-	-	-	-	-	-
35	461-00 Land Rights	-	0.00%	-	-	-	-	-	-	-
36	462-00 Compressor Structures	11,265	3.72%	419	-	-	-	-	3,854	4,273
37	463-00 Measuring Structures	7,706	2.87%	221	-	-	-	-	2,802	3,023
38	464-00 Other Structures & Improvements	130	2.87%	4	-	-	-	-	21	25
39	465-00 Mains	375,356	1.73%	6,494	-	-	-	-	93,591	100,085
40	465-00 Mains - Inspection	2,654	9.70%	257	-	-	-	-	316	573
41	466-00 Compressor Equipment	59,342	3.20%	1,899	-	-	-	-	17,113	19,012
42	Compressor Equipment - Compressor Overhaul	1,299	12.03%	156	-	-	-	-	613	769
43	Compressor Equipment - Gas Turbine Overhaul	4,819	16.91%	815	-	-	-	-	1,095	1,910
44	467-00 Measuring & Regulating Equipment	17,268	5.95%	1,027	-	-	-	-	4,364	5,391
45	467-10 Telemetering	-	0.00%	-	-	-	-	-	-	-
46	468-00 Communication Structures & Equipment	3,266	10.07%	329	-	-	-	-	2,069	2,398
47	469-00 Other Transmission Equipment	-	0.00%	-	-	-	-	-	-	-
48	TOTAL TRANSMISSION PLANT	485,947		11,621	-	-	-	-	125,838	137,459

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C, Tab 13, Schedule 54

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Account	13 mo. Avg 2011 GPIS Balance for Depreciation	Annual Depreciation Rate %	Provision: 2011 (Cr.)	Provision: Adjust-ments	Provision: Retirements	Provision: Retirement Costs	Provision: Proceeds on Disposal	Accumulated 12/31/2010	Accumulated 12/31/2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	**DISTRIBUTION PLANT**									
2	470 Land	$882	0.00%	$0	$0	$0	$0	$0	$0	$0
3	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-
4	-Frame Buildings	2,131	3.21%	68	-	-	-	-	940	1,008
5	473-00 Services	177,540	1.91%	3,391	-	(426)	-	-	36,725	39,690
6	474-00 House Regulator & Meter Installation	22,532	3.45%	777	-	(63)	-	-	6,128	6,842
7	475-00 Mains	283,994	1.62%	4,601	-	(321)	-	-	71,575	75,855
8	-All Other	-	0.00%	-	-	-	-	-	-	-
9	477-00 Measuring & Regulating	8,358	4.60%	384	-	-	-	-	3,187	3,571
10	477-10 Telemetering	-	0.00%	-	-	-	-	-	-	-
11	478 Meters	15,191	4.37%	664	-	(52)	-	-	4,528	5,140
12	479 Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	-
13		510,628		9,885	-	(862)	-	-	123,083	132,106
14	**GENERAL PLANT & EQUIPMENT**									
15	480-00 Land in Fee Simple	1,065	0.00%	-	-	-	-	-	-	-
16	481-00 Land Rights	-	0.00%	-	-	-	-	-	-	-
17	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-	-	-
18	- Frame Buildings	4,770	4.36%	208	-	-	-	-	855	1,063
19	- Masonry Buildings	-	0.00%	-	-	-	-	-	-	-
20	- Leasehold Improvement	470	16.53%	78	-	-	-	-	226	304
21	483-00 Office Furniture and Equipment	-	0.00%	-	-	-	-	-	-	-
22	- Furniture & Equipment	1,404	6.48%	91	-	(729)	-	-	1,532	894
23	- Computer Hardware	1,986	20.00%	397	-	(175)	-	-	1,545	1,767
24	- Computer Software (Infrastructure)	-	12.50%	-	-	-	-	-	-	-
25	- Computer Software (Non-Infrastructure)	211	20.00%	42	-	-	-	-	107	149
26	484-00 Transportation Equipment	6,000	17.88%	1,073	-	(162)	-	-	2,216	3,127
27	485-00 Heavy Work Equipment	1,181	7.09%	84	-	(32)	-	-	320	372
28	486-00 Small Tools & Equipment	7,034	5.00%	352	-	(210)	-	-	3,497	3,639
29	487-00 Equipment on Customer's Premises	-	0.00%	-	-	-	-	-	-	-
30	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-	-	-
31	488-00 Communications Equipment	-	0.00%	-	-	-	-	-	-	-
32	- Telephone	781	6.67%	52	-	(22)	-	-	396	426
33	- Radio	329	6.67%	22	-	-	-	-	7	29
34	489-00 Other General Equipment	-	0.00%	-	-	-	-	-	-	-
35	TOTAL GENERAL PLANT	25,231		2,399	-	(1,330)	-	-	10,701	11,770
36	**UNCLASSIFIED PLANT**									
37	499 Plant Suspense	-	0.00%	-	-	-	-	-	-	-
38	TOTAL UNCLASSIFIED PLANT	-		-	-	-	-	-	-	-
39	TOTAL	1,212,244		30,809	-	(2,532)	-	-	270,987	299,264
									x-ref Schedules 10, 41	
40	Less: Vehicle Depreciation allocated to Capital Projects			(400)						
41	Net Depreciation Expense			$30,409	x-ref Schedule 29					

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	Balance 12/31/2008	CPCN / Jan.1 Bal Adjustment	2009 Additions / Reamortization	2009 Additions	2009 Retirements / Repayment	Balance 12/31/2009	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	**CIAC**							
2								
3	Distribution Contributions	$0	$95,288	$0	$892	$0	$96,180	
4								
5	Transmission Contributions	-	112,949	-	-	-	112,949	
6								
7	Others	-	-	-	-	-	-	
8								
9	TGW Contribution for Whistler Pipeline	-	17,034	-	-	-	17,034	
10	Government Loans Contribution	60,835	-	-	-	(8,137)	52,698	
11								
12	TOTAL Contributions	60,835	225,271	-	892	(8,137)	278,861	x-ref Schedule 8, 39
13								
14								
15								
16	**Amortization**							
17								
18	Distribution Contributions	-	(19,525)	(2,084)	-	-	(21,609)	
19								
20	Transmission Contributions	-	(26,320)	(2,451)	-	-	(28,771)	
21								
22	Others	-	-	-	-	-	-	
23								
24	TGW Contribution for Whistler Pipeline	-	-	-	-	-	-	
25	Government Loans Contribution	(1,990)	-	1,990	-	-	-	
26								
27	TOTAL Amortization	(1,990)	(45,845)	(2,545)	-	-	(50,380)	x-ref Schedule 8, 39
28								
29	**NET CONTRIBUTIONS**	$58,845	179,426	($2,545)	$892	($8,137)	$228,481	

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Balance 12/31/2009	CPCN / Jan.1 Bal Adjustment	2010 Additions / Reamortization	2010 Additions	2010 Retirements / Repayment	Balance 12/31/2010	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	**CIAC**							
2								
3	Distribution Contributions	$96,180	$0	$0	$442	$0	$96,622	
4								
5	Transmission Contributions	112,949	-	-	-	-	112,949	
6								
7	Others	-	-	-	-	-	-	
8								
9	TGW Contribution for Whistler Pipeline	17,034	-	-	-	-	17,034	
10	Government Loans Contribution	52,698	-	-	-	(3,575)	49,123	
11								
12	TOTAL Contributions	278,861	-	-	442	(3,575)	275,728	x-ref Schedule 9, 40
13								
14								
15								
16	**Amortization**							
17								
18	Distribution Contributions	(21,609)	-	(1,817)	-	-	(23,426)	
19								
20	Transmission Contributions	(28,771)	-	(2,303)	-	-	(31,074)	
21								
22	Others	-	-	-	-	-	-	
23								
24	TGW Contribution for Whistler Pipeline	-	-	(295)	-	-	(295)	
25	Government Loans Contribution	-	-	-	-	-	-	
26								
27	TOTAL Amortization	(50,380)	-	(4,415)	-	-	(54,795)	x-ref Schedule 9, 40
28								
29	**NET CONTRIBUTIONS**	$228,481	$0	($4,415)	$442	($3,575)	$220,933	

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Balance 12/31/2010	CPCN / Jan.1 Bal Adjustment	2011 Additions / Reamortization	2011 Additions	2011 Retirements / Repayment	Balance 12/31/2011	
	(1)	(2)	(3)	(4)	(5)	(5)	(6)	
1	**CIAC**							
2								
3	Distribution Contributions	$96,622	$0	$0	$448	$0	$97,070	
4								
5	Transmission Contributions	112,949	-	-	-	-	112,949	
6								
7	Others	-	-	-	-	-	-	
8								
9	TGW Contribution for Whistler Pipeline	17,034	-	-	-	-	17,034	
10	Government Loans Contribution	49,123	-	-	-	-	49,123	
11								
12	TOTAL Contributions	275,728	-	-	448	-	276,176	x-ref Schedule 10, 41
13								
14								
15								
16	**Amortization**							
17								
18	Distribution Contributions	(23,426)	-	(1,825)	-	-	(25,251)	
19								
20	Transmission Contributions	(31,074)	-	(2,303)	-	-	(33,377)	
21								
22	Others	-	-	-	-	-	-	
23								
24	TGW Contribution for Whistler Pipeline	(295)	-	(295)	-	-	(590)	
25	Government Loans Contribution	-	-	-	-	-	-	
26								
27	TOTAL Amortization	(54,795)	-	(4,423)	-	-	(59,218)	x-ref Schedule 10, 41
28								
29	**NET CONTRIBUTIONS**	$220,933	$0	($4,423)	$448	$0	$216,958	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	Balance 12/31/2008	Gross Additions	Less- Taxes*	Net Additions	Amortization Expense	Balance 12/31/2009	Mid-Year Average 2009	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Gas Cost Variance Account (GCVA)	$4,162	($5,781)	$1,734	($4,047)	($4,162)	($4,047)	$58	x-ref Schedules 2, 14, 27
2	Energy Policy Related								
3	Energy Efficiency & Conservation (EEC)	-	1,379	(414)	965	-	965	483	
4	NGV Conversion Grants	-	-	-	-	-	-	-	
5	Non-Controllable Items								
6	Insurance Variance	-	51	(15)	36	(36)	(0)	-	
7	Pension Expense	-	299	-	299	(299)	-	-	
8	Olympic Security Costs	-	84	(25)	59	-	59	29	
9	IFRS Conversion Costs	11	56	(17)	39	-	50	31	
10	Cost of Current Applications								
11	2010-2011 Revenue Requirement Application	40	118	(35)	82	-	122	81	
12	2009 ROE & Cost of Capital Application	-	70	(21)	49	-	49	25	
13	CCE CPCN Application	-	30	(9)	21	-	21	11	
14	2009 Rate Design Application	-	69	(21)	48	-	48	24	
15	Other								
16	PCEC Start Up Costs	1,184	-	-	-	(44)	1,140	1,162	
17	IFRS Transitional Adjustments	-	-	-	-	-	-	-	
18	Pension & OPEB funding	-	-	-	-	-	-	-	
19	Residual Deferred Charges								
20	Compressor Fired Hours	(1,288)	(770)	231	(539)	-	(1,827)	(1,557)	
21	LNG	826	-	-	-	(415)	411	619	
22	VIGP	15	-	-	-	(7)	7	11	
23	OSC - Compliance Certification Costs	-	12	(4)	9	(9)	0	-	
24	Financing Costs	2,429	-	-	-	(240)	2,189	2,309	
25	Preliminary Survey & Investigation costs	36	0	-	0	-	36	36	
26	BC Capital Tax Assessment & Appeal Cost	737	-	-	-	(737)	-	369	
30	Total Deferred Charges for Rate Base	$8,152	($4,383)	$1,405	($2,979)	($5,949)	($775)	$3,689	x-ref Schedules 8, 39
31	Non-Rate Base Deferral Accounts								
32	RDDA	7,149	(10,211)	3,062	(7,149)	-	(0)	3,575	
33	2009 Revenue Surplus	-	(4,231)	1,269	(2,962)	-	(2,962)	(1,481)	
34	Rate Stabilization Deferral Account	-	-	-	-	-	-	-	
35	Interest Accumulated on RSDA	-	-	-	-	-	-	-	
36	Financing Costs	-	-	-	-	-	-	-	
37	Total Deferred Charges for Non-Rate Base	$7,149	($14,443)	$4,331	($10,112)	$0	($2,962)	$2,093	

38 Notes:
39 *Taxes= 30% x Gross Addition

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C Tab 13 Schedule 59

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Forecast Balance 12/31/2009	Opening Adjustment	Gross Additions	Less-Taxes*	Net Additions	Amortization Expense	Balance 12/31/2010	Mid-Year Average 2010	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	Gas Cost Variance Account (GCVA)	($4,047)		$0	$0	$0	$4,047	$0	($2,023)	x-ref Schedules 3, 14, 28
2	Energy Policy Related									
3	Energy Efficiency & Conservation (EEC)	965		5,204	(1,483)	3,721	(97)	4,590	2,778	
4	NGV Conversion Grants	-		100	-	100	-	100	50	
5	Non-Controllable Items									
6	Insurance Variance	(0)		-	-	-	-	(0)	-	
7	Pension Expense	-		-	-	-	-	-	-	
8	Olympic Security Costs	59		298	(85)	213	-	272	165	
9	IFRS Conversion Costs	50		34	(10)	25	-	75	63	
10	Cost of Current Applications									
11	2010-2011 Revenue Requirement Application	122		-	-	-	(61)	61	92	
12	2009 ROE & Cost of Capital Application	49		-	-	-	(10)	39	44	
13	CCE CPCN Application	21		-	-	-	(4)	17	19	
14	2009 Rate Design Application	48		-	-	-	(24)	24	36	
15	Other									
16	PCEC Start Up Costs	1,140		-	-	-	(44)	1,096	1,118	
17	IFRS Transitional Adjustments	-	1,379	-	-	1,379	-	1,379	1,379	
18	Pension & OPEB funding	-		(5,076)	-	(5,076)	-	(5,076)	(2,538)	
19	Residual Deferred Charges									
20	Compressor Fired Hours	(1,827)		-	-	-	1,827	(0)	(913)	
21	LNG	411		-	-	-	(411)	(0)	206	
22	VIGP	7		-	-	-	(7)	-	4	
23	OSC - Compliance Certification Costs	0		-	-	-	-	0	-	
24	Financing Costs	2,189	(2,189)	-	-	(2,189)	-	-	-	
25	Preliminary Survey & Investigation costs	36		-	-	-	(36)	-	18	
26	BC Capital Tax Assessment & Appeal Cost	-		-	-	-	-	-	-	
30	Total Deferred Charges for Rate Base	($775)	($811)	$560	($1,578)	($1,828)	$5,179	$2,576	$495	x-ref Schedules 9, 40
31	Non-Rate Base Deferral Accounts									
32	RDDA	-		-	-	-	-	-	-	
33	2009 Revenue Surplus	(2,962)		-	-	-	1,481	(1,481)	(2,222)	x-ref Schedule 28
34	Rate Stabilization Deferral Account	-		(44,473)	12,140	(32,333)	-	(32,333)	(16,167)	
35	Interest Accumulated on RSDA	-		(404)	115	(289)	-	(289)	(145)	
36	Financing Costs	-	2,189	1,000	-	1,000	(250)	2,940	2,564	
37	Total Deferred Charges for Non-Rate Base	($2,962)	$2,189	($43,878)	$12,255	($31,622)	$1,231	($31,164)	($15,969)	

38 Notes:
39 *Taxes = 28.5% x Gross Addition

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Forecast Balance 12/31/2010	Gross Additions	Less- Taxes*	Net Additions	Amortization Expense	Balance 12/31/2011	Mid-Year Average 2011	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Gas Cost Variance Account (GCVA)	0	0	0	0	0	0	0	x-ref Schedules 4, 14, 29
2	Energy Policy Related								
3	Energy Efficiency & Conservation (EEC)	4,590	5,683	(1,506)	4,177	(469)	8,298	6,444	
4	NGV Conversion Grants	100	100	0	100	0	200	150	
5	Non-Controllable Items								
6	Insurance Variance	(0)	0	0	0	0	(0)	0	
7	Pension Expense	0	0	0	0	0	0	0	
8	Olympic Security Costs	272	0	0	0	(91)	181	226	
9	IFRS Conversion Costs	75	18	(5)	14	(25)	63	69	
10	Cost of Current Applications								
11	2010-2011 Revenue Requirement Application	61	0	0	0	(61)	0	31	
12	2009 ROE & Cost of Capital Application	39	0	0	0	(10)	29	34	
13	CCE CPCN Application	17	0	0	0	(4)	13	15	
14	2009 Rate Design Application	24	0	0	0	(24)	(0)	12	
15	Other								
16	PCEC Start Up Costs	1,096	0	0	0	(44)	1,052	1,074	
17	IFRS Transitional Adjustments	1,379	11,790	0	11,790	0	13,169	7,274	
18	Pension & OPEB funding	(5,076)	(10,689)	0	(10,689)	0	(15,765)	(10,421)	
19	Residual Deferred Charges								
20	Compressor Fired Hours	(0)	0	0	0	0	(0)	0	
21	LNG	(0)	0	0	0	0	(0)	0	
22	VIGP	0	0	0	0	0	0	0	
23	OSC - Compliance Certification Costs	0	0	0	0	0	0	0	
24	Financing Costs	0	0	0	0	0	0	0	
25	Preliminary Survey & Investigation costs	0	0	0	0	0	0	0	
26	BC Capital Tax Assessment & Appeal Cost	0	0	0	0	0	0	0	
30	Total Deferred Charges for Rate Base	$2,576	$6,902	($1,511)	$5,392	($727)	$7,240	$4,908	x-ref Schedules 10, 41
31	Non-Rate Base Deferral Accounts								
32	RDDA	0	0	0	0	0	0	0	
33	2009 Revenue Surplus	(1,481)	0	0	0	1,481	0	(741)	x-ref Schedule 29
34	Rate Stabilization Deferral Account	(32,333)	(26,471)	6,517	(18,087)	0	(50,420)	(41,377)	
35	Interest Accumulated on RSDA	(289)	(1,972)	523	(1,450)	0	(1,739)	(1,014)	
36	Financing Costs	2,940	1,000	0	1,000	(50)	3,889	3,414	
37	Total Deferred Charges for Non-Rate Base	($31,049)	($27,443)	$7,040	($18,536)	$1,431	($48,270)	($39,717)	

38 Notes:
39 *Taxes = 26.5% x Gross Addition

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

Line No.	Particulars	2009 APPROVED	2009 Approved Rates	2009 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	**Cash Working Capital**					
2	Cash Required for					
3	Operating Expenses	$5,293	$4,738	$4,331	($962)	Schedule 64
4	Customer Deposits	(2,215)	(2,191)	(2,191)	24	
6	Less - Funds Available:					
7	Reserve for Bad Debts		0	-	-	
8	Withholdings From Employees	(5,178)	(5,136)	(5,136)	42	
9	Subtotal	(2,100)	(2,589)	(2,996)	(895)	x-ref Schedules 8, 39
10	**Other Working Capital Items**					
11	Refundable Contribution	(289)	(290)	(290)	(1)	
12	Gas in Storage	14,943	11,865	11,865	(3,079)	
13	Inventory - Materials & Supplies	234	0	-	(234)	
14	Other Working Capital Items		0	0	0	
15	Subtotal	14,889	11,575	11,575	(3,313)	x-ref Schedules 8, 39
16	Total	$12,788	$8,986	$8,579	($4,209)	

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	2009 PROJECTION	2010 Approved Rates	2010 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	**Cash Working Capital**					
2	Cash Required for					
3	Operating Expenses	$4,331	$2,345	$1,595	($2,736)	Schedule 64
4	Customer Deposits	(2,191)	0	-	2,191	
6	Less - Funds Available:					
7	Reserve for Bad Debts	0	(1,008)	(1,008)	(1,008)	
8	Withholdings From Employees	(5,136)	(1,019)	(1,019)	4,117	
9	Subtotal	(2,996)	318	(432)	2,563	x-ref Schedules 9, 40
10	**Other Working Capital Items**					
11	Refundable Contribution	(290)	(290)	(290)	(0)	
12	Gas in Storage	11,865	9,822	9,822	(2,043)	
13	Inventory - Materials & Supplies	0	0	-	-	
14	Other Working Capital Items	0	0	0	0	
15	Subtotal	11,575	9,533	9,533	(2,043)	x-ref Schedules 9, 40
16	Total	$8,579	$9,850	$9,100	$521	

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	2010 FORECAST	2011 Approved Rates	2011 Cost of Service Rates	Change	Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	**Cash Working Capital**					
2	Cash Required for					
3	Operating Expenses	$1,595	$2,291	$1,910	$315	Schedule 64
4	Customer Deposits	0	0	-	0	
6	Less - Funds Available:					
7	Reserve for Bad Debts	(1,008)	(1,045)	(1,045)	(37)	
8	Withholdings From Employees	(1,019)	(730)	(730)	289	
9	Subtotal	(432)	516	135	567	x-ref Schedules 10, 41
10	**Other Working Capital Items**					
11	Refundable Contribution	(290)	(290)	(290)	0	
12	Gas in Storage	9,822	12,467	12,467	2,645	
13	Inventory - Materials & Supplies	0	0	0	0	
14	Other Working Capital Items	0	0	0	0	
15	Subtotal	9,533	12,178	12,178	2,645	x-ref Schedules 10, 41
16	Total	$9,100	$12,694	$12,313	$3,213	

CASH WORKING CAPITAL
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

		2009			2010			2011			
Line No.	Particulars	Days	Expenses	Cash Working Capital	Days	Expenses	Cash Working Capital	Days	Expenses	Cash Working Capital	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	**CASH WORKING CAPITAL**										
2	Revenue Lag Days	43.8			39.7			39.8			Schedule 65
3	Expense Lead Days	33.5			34.7			35.2			Schedule 66
4	Net Lead/(Lag) Days	10.3	$167,909	$4,738	5.0	171,216	$2,345	4.6	$181,768	$2,291	
5	**CASH WORKING CAPITAL, COST OF SERVICE RATES**										
6	Revenue Lag Days	43.8			39.9			39.9			Schedule 65
7	Expense Lead Days	34.1			36.2			35.9			Schedule 66
8	Net Lead/(Lag) Days	9.7	$162,980	$4,331	3.7	$157,325	$1,595	4.0	$174,258	$1,910	Schedule 62
9	**CASH WORKING CAPITAL CHANGE**			($407)			($750)			($381)	

\# Cash working capital = Col. 2 x Col. 3 / 365 days

CASH WORKING CAPITAL
LEAD TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009 Revenue At Approved Rates	2009 Lag Days Service to Collection	2009 Dollar Days	2010 Revenue At Approved Rates	2010 Lag Days Service to Collection	2010 Dollar Days	2011 Revenue At Approved Rates	2011 Lag Days Service to Collection	2011 Dollar Days	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	**REVENUE**										
2	Gas Sales and Transportation Service Revenue										
3	Residential and Commercial	$176,878	43.8	$7,747,242	$176,746	38.7	$6,842,760	$179,702	38.7	$6,957,438	Schedules 18, 19, 20
4	Industrial (ILF & HLF)	2,624	43.8	114,918	2,699	38.4	103,658	2,699	38.4	103,658	
5	NGV Fuel - Stations	0	0.0	0	0	0.0	0	0	0.0	0	
6	T-Service	22,194	43.8	972,108	20,669	38.4	793,684	20,501	38.4	787,197	
7	Total Gas Sales	201,696	43.8	8,834,268	200,114	38.7	7,740,102	202,902	38.7	7,848,293	
8	Other Revenues										
9	Late Payment Charges	368	43.8	16,110	340	38.9	13,226	345	38.9	13,436	Schedule 22
10	Returned Cheque Charges	4	43.8	158	5	38.9	191	5	38.9	195	
11	Connection Charges	519	43.8	22,741	370	38.9	14,385	380	38.9	14,790	
12	Other Utility Income	2	43.8	105	2	38.9	93	732	38.9	28,514	
13	Royalty Revenue - For CWC Reasons	28,095	43.8	1,281,118	35,832	45.6	1,633,921	40,091	45.6	1,828,168	
14	LNG Mitigation	0	0.0	0	0	0.0	0	9,020	38.9	350,878	
15	Total Revenue	$230,684	43.8	$10,154,500	$236,663	39.7	$9,401,918	$253,475	39.8	$10,084,274	
16	**REVENUE, COST OF SERVICE RATES**										
17	Gas Sales and Transportation Service Revenue										
18	Residential and Commercial	$162,549	43.8	$7,119,633	$134,490	38.7	$5,205,395	$155,269	38.7	$6,010,520	Schedules 18, 19, 20
19	Industrial (ILF & HLF)	2,510	43.8	109,925	2,350	38.4	90,256	2,529	38.4	97,129	
20	NGV Fuel - Stations	0	0.0	0	0	0.0	0	0	0.0	0	
21	T-Service	22,194	43.8	972,108	20,669	38.4	793,684	20,501	38.4	787,197	
22	Total Gas Sales	187,253	43.8	8,201,666	157,509	38.7	6,089,335	178,299	38.7	6,894,846	
23	Other Revenues										
24	Late Payment Charges	368	43.8	16,110	340	38.9	13,226	345	38.9	13,436	Schedule 22
25	Returned Cheque Charges	4	43.8	158	5	38.9	191	5	38.9	195	
26	Connection Charges	519	43.8	22,741	370	38.9	14,385	380	38.9	14,790	
27	Other Utility Income	2	43.8	105	2	38.9	93	2	38.9	93	
28	Royalty Revenue - For CWC Reasons	28,095	43.8	1,281,118	35,832	45.6	1,633,921	40,091	45.6	1,828,168	
29	LNG Mitigation	0	0.0	0	0	0.0	0	9,020	38.9	350,878	
30	Total Revenue	$216,241	43.8	$9,521,898	$194,058	39.9	$7,751,151	$228,142	39.9	$9,102,406	

CASH WORKING CAPITAL
LAG TIME IN PAYMENT OF EXPENSES
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009 Amount	2009 Lead Days Expense to Payment	2009 Dollar Days	2010 Amount	2010 Lead Days Expense to Payment	2010 Dollar Days	2011 Amount	2011 Lead Days Expense to Payment	2011 Dollar Days	Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	**EXPENSES**										
2	O&M Expenses	$27,006	22.5	$607,635	$26,858	35.8	$961,516	$28,136	35.8	$1,007,255	
3	Transportation Costs	3,977	62.7	249,358	$4,015	40.2	161,403	$4,122	40.2	165,704	
4	Gas Purchases	99,314	40.5	4,022,217	98,628	40.2	3,964,846	107,311	40.2	4,313,902	
5	Taxes Other Than Income										
6	Property Taxes	8,449	3.5	29,572	9,119	2.6	23,709	9,564	2.6	24,867	
7	Carbon Tax	7,613	33.3	253,513	10,638	29.5	313,821	13,892	29.5	409,814	
8	GST - Net	2,413	50.3	121,375	2,392	39.8	95,221	2,426	39.8	96,570	
9	PST	5,959	33.3	198,435	5,905	37.1	219,076	5,965	37.1	221,302	
#	Income Tax	13,178	10.7	141,005	13,661	15.2	207,647	10,351	15.2	157,335	
#	Total	167,909	33.5	5,623,109	171,216	34.7	5,947,239	181,767	35.2	6,396,749	
#	**EXPENSES, COST OF SERVICE RATES**										
#	O&M Expenses	$27,006	22.5	$607,635	$26,858	35.8	$961,516	$28,136	35.8	$1,007,269	
#	Transportation Costs	3,977	62.7	249,358	$4,015	40.2	161,403	$4,122	40.2	165,704	
#	Gas Purchases	99,314	40.5	4,022,217	98,628	40.2	3,964,846	107,311	40.2	4,313,902	
#	Taxes Other Than Income										
#	Property Taxes	8,449	3.5	29,572	9,119	2.6	23,709	9,564	2.6	24,866	
#	Carbon Tax	7,613	33.3	253,513	10,638	29.5	313,821	13,892	29.5	409,814	
#	GST - Net	2,241	50.3	112,718	1,884	39.8	74,995	2,133	39.8	84,885	
#	PST	5,533	33.3	184,249	4,662	37.1	172,960	5,266	37.1	195,369	
#	Income Tax	8,847	10.7	94,663	1,521	15.2	23,119	3,834	15.2	58,277	
#	Total	162,980	34.1	5,553,924	157,325	36.2	5,696,370	174,258	35.9	6,260,086	

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 67

FUTURE INCOME TAX LIABILITY / ASSET
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2011
($000s)

Line No.	Particulars	2009	2010	2011
	(1)	(2)	(3)	(4)
1	Property Plant & Equipment			
2	Net Book Value *	($710,651)	($776,930)	($813,945)
3	Less: Undepreciated Capital Cost	(529,801)	(587,921)	(610,463)
4		(180,850)	(189,009)	(203,482)
5	Weighted Average Future Tax Rate	25%	25%	25%
6		(45,153)	(47,255)	(50,836)
7				
8	Total FIT Liability- After Tax (PP&E)	(45,153)	(47,255)	(50,836)
9	Total FIT Liability- After Tax (Non-PP&E)	1,031	1,206	1,040
10	Total FIT Liability- After Tax	(44,121)	(46,048)	(49,795)
11				
12	Tax Gross Up	(14,681)	(15,351)	(16,583)
13				
14	FIT Liability/Asset - End of Year	(58,802)	(61,399)	(66,379)
15				
16	FIT Liability/Asset - Opening Balance	(58,802)	(58,802)	(61,399)
17				
18	FIT Liability/Asset - Mid Year	(58,802)	(60,101)	(63,889)
19		x-ref Schedules 8, 39	x-ref Schedules 9, 40	x-ref Schedules 10, 41
20				
21	Note: * Excludes Land			

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C
RETURN ON CAPITAL — Tab 13
FOR THE YEAR ENDING DECEMBER 31, 2009 — Schedule 68
($000s)

Line No.	Particulars	Reference	-------- Capitalization --------	Amount	%	Average Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt	Schedule 71		$260,940	48.300%	5.956%	2.880%	15,541	x-ref Schedule 5
3	Unfunded Debt			63,177	11.700%	1.500%	0.180%	948	x-ref Schedule 5
4	Common Equity			216,078	40.000%	13.841%	5.536%	29,907	
5	Before Sub Debt Interest	Schedule 39		$540,195	100.000%		8.596%	$46,396	
6	Sub Debt Interest							1,270	x-ref Schedule 5
7	Total						8.824%	$47,666	
8	2009 COST OF SERVICE RATES - PROJECTION								
9	Long-Term Debt			$260,940	48.340%	5.956%	2.880%	15,541	x-ref Schedule 5
10	Unfunded Debt		$63,177						
11	Adjustment, Revised Rates		(244)	62,933	11.660%	1.500%	0.170%	944	x-ref Schedule 5
12	Common Equity			215,915	40.000%	9.170%	3.670%	19,799	
13	Before Sub Debt Interest	Schedule 39		$539,788	100.000%		6.720%	$36,284	
14	Sub Debt Interest							1,270	x-ref Schedule 5
15	Total						6.957%	37,554	x-ref Schedule 2, 5, 14

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C
RETURN ON CAPITAL — Tab 13
FOR THE YEAR ENDING DECEMBER 31, 2010 — Schedule 69
($000s)

Line No.	Particulars	Reference	Capitalization Amount		%	Average Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt	Schedule 72		$289,659	52.210%	5.950%	3.110%	17,233	x-ref Schedule 6
3	Unfunded Debt			43,199	7.790%	2.500%	0.190%	1,080	x-ref Schedule 6
4	Common Equity			221,905	40.000%	22.882%	9.153%	50,776	
5	Before Sub Debt Interest	Schedule 40		$554,763	100.000%		12.453%	$69,089	
6	Sub Debt Interest							261	x-ref Schedule 6
7	Total						12.501%	$69,350	
8	2010 COST OF SERVICE RATES - FORECAST								
9	Long-Term Debt			$289,659	52.280%	5.950%	3.110%	17,233	x-ref Schedule 6
10	Unfunded Debt		$43,199						
11	Adjustment, Revised Rates		(450)	42,749	7.720%	2.500%	0.190%	1,069	x-ref Schedule 6
12	Common Equity			221,605	40.000%	9.170%	3.670%	20,321	
13	Before Sub Debt Interest	Schedule 40		$554,013	100.000%		6.970%	$38,623	
14	Sub Debt Interest							261	x-ref Schedule 6
15	Total						7.019%	$38,884	x-ref Schedule 3, 6, 14

TERASEN GAS (VANCOUVER ISLAND) INC. — Nov. 5 2009 NSP Agreement — Section C
RETURN ON CAPITAL — Tab 13
FOR THE YEAR ENDING DECEMBER 31, 2011 — Schedule 70
($000s)

Line No.	Particulars	Reference	-------- Capitalization --------	Amount	%	Average Embedded Cost	Cost Component	Earned Return	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	APPROVED RATES								
2	Long-Term Debt	Schedule 73		$390,731	53.570%	6.119%	3.278%	23,909	x-ref Schedule 7
3	Unfunded Debt			46,894	6.430%	4.750%	0.305%	2,227	x-ref Schedule 7
4	Common Equity			291,750	40.000%	15.361%	6.145%	44,816	
5	Total	Schedule 41		$729,375	100.000%		9.728%	$70,953	
6	2011 COST OF SERVICE RATES - FORECAST								
7	Long-Term Debt			$390,731	53.600%	6.119%	3.280%	23,909	x-ref Schedule 7
8	Unfunded Debt		$46,894						
9	Adjustment, Revised Rates		(229)	46,665	6.400%	4.750%	0.304%	2,217	x-ref Schedule 7
10	Common Equity			291,598	40.000%	9.170%	3.668%	26,740	
11	Total	Schedule 41		$728,994	100.000%		7.252%	52,866	x-ref Schedule 4, 7, 14

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 71

EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2009
($000s)

Line No.	Particulars	Issue Date	Maturity Date	Coupon Rate	Principal Amount of Issue	Issue Expense	Net Proceeds of Issue	Effective Interest Cost	Average Principal Outstanding	Annual Cost	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Long Term Debt	16-Feb-2006	15-Feb-2038	6.050%	$250,000	2,014	$247,986	6.108%	$250,000	$15,270	
2											
3											
4	PCEPA Repayment Loan	1-Jan-2008	1-Jan-2013	1.630%	13,381	-	13,381	2.473%	10,940	271	
5	Long Term (Rate Base) Debt				263,381	2,014	261,367		260,940	15,541	
6	Series 1 RDDA Sub Debt	1-Jun-2006	11-Jan-2011	7.280%				7.280%	-	631	
7	Series 2 RDDA Sub Debt	1-Jun-2002	31-Jul-2012	7.370%				7.370%	3,729	275	
8	Series 4 RDDA Sub Debt	1-Jun-2004	14-May-2009	6.820%				6.820%	-	-	
9	Series 5 RDDA Sub Debt	1-Jun-2005	6-Jul-2010	5.950%				5.950%	(0)	33	
10	Series 7 RDDA Sub Debt	1-Jun-2007	26-Jun-2012	7.370%				7.370%	3,420	331	
11	Series 8 RDDA Sub Debt	1-Jun-2003	31-Jul-2008	6.300%				6.300%	-	-	
12	RDDA Subtotal								7,149	1,270	
13								Total with Sub Debt	$268,089	$16,811	x-ref Schedule 68
14								Average Embedded Cost before Sub Debt		5.956%	

TERASEN GAS (VANCOUVER ISLAND) INC. | Nov. 5 2009 NSP Agreement | Section C
Tab 13
Schedule 72

EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2010
($000s)

Line No.	Particulars	Issue Date	Maturity Date	Coupon Rate	Principal Amount of Issue	Issue Expense	Net Proceeds of Issue	Effective Interest Cost	Average Principal Outstanding	Annual Cost	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Long Term Debt 1	16-Feb-2006	15-Feb-2038	6.050%	$250,000	2,014	$247,986	6.108%	250,000	$15,270	
2	Long Term Debt 2	1-Oct-2010	1-Oct-2039	6.004%	100,000	1,000	99,000	6.078%	25,205	1,532	
3											
4	PCEPA Repayment Loan	1-Jan-2008	1-Jan-2013	2.630%	15,526	-	15,526	2.984%	14,454	431	
5	Long Term (Rate Base) Debt				365,526	3,014	362,512		289,659	17,233	
6	Series 1 RDDA Sub Debt	1-Jun-2006	11-Jan-2011	7.280%				7.280%	-	-	
7	Series 2 RDDA Sub Debt	1-Jun-2002	31-Jul-2012	7.370%				7.370%	-	136	
8	Series 4 RDDA Sub Debt	1-Jun-2004	14-May-2009	6.820%				6.820%	-	-	
9	Series 5 RDDA Sub Debt	1-Jun-2005	6-Jul-2010	5.950%				5.950%	-	-	
10	Series 7 RDDA Sub Debt	1-Jun-2007	26-Jun-2012	7.370%				7.370%	-	125	
11									-	-	
12	Less: RDDA Sub Debt Adjustment								-	261	
13								Total with Sub Debt	$289,659	$17,495	x-ref Schedule 69
14								Average Embedded Cost before Sub Debt		5.950%	

TERASEN GAS (VANCOUVER ISLAND) INC. Nov. 5 2009 NSP Agreement Section C
Tab 13
EMBEDDED COST OF LONG-TERM DEBT Schedule 73
FOR THE YEAR ENDING DECEMBER 31, 2011
($000s)

Line No.	Particulars	Issue Date	Maturity Date	Coupon Rate	Principal Amount of Issue	Issue Expense	Net Proceeds of Issue	Effective Interest Cost	Average Principal Outstanding	Annual Cost	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Long Term Debt 1	16-Feb-2006	15-Feb-2038	6.050%	$250,000	2,014	$247,986	6.108%	$250,000	$15,270	
2	Long Term Debt 2	1-Oct-2010	1-Oct-2039	6.004%	100,000	1,000	99,000	6.078%	100,000	6,078	
3	Long Term Debt 3	1-Oct-2011	1-Oct-2041	6.892%	100,000	1,000	99,000	6.972%	25,205	1,757	
4	PCEPA Repayment Loan	1-Jan-2008	1-Jan-2013	4.880%	15,526	-	15,526	5.181%	15,526	804	
5	Long Term (Rate Base) Debt				465,526	4,014	461,512		390,731	23,909	
6	Series 1 RDDA Sub Debt	1-Jun-2006	11-Jan-2011	7.280%				7.280%	-	-	
7	Series 2 RDDA Sub Debt	1-Jun-2002	31-Jul-2012	7.370%				7.370%	-	-	
8	Series 4 RDDA Sub Debt	1-Jun-2004	14-May-2009	6.820%				6.820%	-	-	
9	Series 5 RDDA Sub Debt	1-Jun-2005	6-Jul-2010	5.950%				5.950%	-	-	
10	Series 7 RDDA Sub Debt	1-Jun-2007	26-Jun-2012	7.370%				7.370%	-	-	
11									-	-	
12	RDDA Subtotal								-	-	
13								Total with Sub Debt	$390,731	$23,909	x-ref Schedule 69
14								Average Embedded Cost before Sub Debt		6.119%	

TERASEN GAS (VANCOUVER ISLAND) INC.

Nov. 5 2009 NSP Agreement Section C
Tab 13
Schedule 74

RDDA CONTINUITY
FOR THE YEARS ENDING DECEMBER 31, 2007 - 2009
In Dollars

Line No.	Particulars	Approved 2007	Actual 2008	Projected 2009	Reference
	(1)	(2)	(3)	(5)	(6)
1	**Opening Balance**	$41,626,420	$ 27,907,609	$ 7,149,120	
2	Deemed Interest on Subordinated Debt	$ 3,207,564	$ 2,481,026	$ 1,269,953	
3	Annual Revenue Surplus Allocated to Sub Debt Interest Payment	(3,207,564)	(2,481,026)	(1,269,953)	
4	Annual Revenue Surplus Allocated to RDDA Amortization	(13,718,811)	(20,758,489)	(7,149,120)	*See Note
5	**Closing Balance**	$ 27,907,609	$ 7,149,120	$ -	

*2009 is projected to be the first year where the Annual Revenue Surplus is greater than the sum of the Opening Balance and the Subt Debt Interest. The remainer of the surplus not shown as allocated to either Sub Debt Interest Payment or RDDA Amortization has been allocated to the 2009 Revenue Surplus Deferral Account.

Terasen Gas (Vancouver Island) Inc. 2010-2011 Revenue Requirements Application
Negotiated Settlement Process
Issues of Particular Concern to the Commission Panel

In accordance with sections 3 and 9 of the Negotiated Settlement Process-Policy, Procedures and Guidelines, the Commission Panel has identified the following issues of particular concern that parties should be aware of during the negotiations:

1. EEC Program-TGVI is to provide results of the programs approved by the EEC Decision and expectations for new programs before the Commission Panel will approve additional EEC program funding.

2. Natural Gas for Vehicles ("NGV")-if NGV is to proceed why should the natural gas ratepayer fund this initiative rather than Terasen's non-regulated businesses or the competitive market?

3. Biogas-could be reviewed by a CPCN which demonstrates market uptake of customers that are willing to pay the full cost.

4. International Financial Reporting Standards ("IFRS")-could have no IFRS impact in 2010.

5. 2010 Rate Changes-in the event that a 2010 rate reduction were to occur as a result of the negotiations, the current rates should remain unchanged and place the revenue surplus into a deferral account to apply against 2011 and future rate increases with a phase in amortization that strives for rate stability.

6. CPCN threshold-why should the threshold increase from $5 million.

7. Unrealized losses in rate base-should some of these losses be to the shareholder? Parties should present a separate settlement package.

8. Rate Design-should BC Hydro receive any refund for the expected 2009 RDDA surplus?

The
British Columbia
Public Interest
Advocacy Centre

208–1090 West Pender Street
Vancouver, BC V6E 2N7
Coast Salish Territory
Tel: (604) 687-3063 Fax: (604) 682-7896
email: bcpiac@bcpiac.com
http://www.bcpiac.com

Valerie Conrad	687-3017
Sarah Khan	687-4134
Eugene Kung	687-3006
James L. Quail	687-3034
Ros Salvador	488-1315
Leigha Worth	687-3044

Barristers & Solicitors

Peggy Lee
Article Student

Our file: 7430

November 12, 2009

VIA EMAIL

Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Re: Terasen Gas Vancouver Island Inc. Revenue Requirements 2010-2011 Negotiated Settlement

This is to confirm, that we are satisfied that the draft Settlement Agreement circulated by Mr. Thompson and Mr. Loski on November 5, 2009 accurately captures the consensus reached by the parties to the Negotiated Settlement Process in this proceeding, and that we have been instructed by our clients, BCOAPO et al., to endorse it.

Accordingly, we ask that the Commission incorporate it into a consent Order for the resolution of all issues in the Application.

Our only further comments, made here only "for the record" and in no way detracting from our clients' endorsement of the Settlement, concern the “Alternative Energy Solutions" addressed under heading 8 of the document. While we believe that the ultimately appropriate corporate and regulatory formats for these lines of business are subject-matters which may require eventual determination by the Commission, our clients are content with the treatment of these issues in the Settlement Agreement over its term, in that it provides a “firewall” to ensure that the utility’s natural gas distribution customers do not subsidize or otherwise contribute to these nascent programs through their rates.

Yours truly,

BC PUBLIC INTEREST ADVOCACY CENTRE

Original in filed signed by:

Jim Quail
Executive Director

cc: parties of record

OWEN · BIRD
LAW CORPORATION

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
Vancouver, BC
Canada V7X 1J5

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7557
Direct Fax: 604 632-4482
E-mail: cweafer@owenbird.com
Our File: 23841/0040

November 13, 2009

VIA ELECTRONIC MAIL

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

Attention: Erica M. Hamilton,
Commission Secretary

Dear Sirs/Mesdames:

Re: Terasen Gas (Vancouver Island) Inc. ("TGVI") 2010 and 2011 Revenue Requirements and Rate Design Application, Project No. 3698563

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). We confirm that the CEC accepts the terms of the final version of the Negotiated Settlement Agreement on the above-noted Application circulated by TGVI on November 5, 2009 and have no comments on that draft.

The CEC thanks the Commission staff and facilitator, TGVI and the other customer representatives for their efforts during these negotiations.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION

Christopher P. Weafer
CPW/jlb
cc: CEC
cc: TGVI
cc: Registered Intervenors

BC hydro
FOR GENERATIONS

Leon Cender
Manager, Power Acquisitions
Phone: (604) 623-4436
Fax: (604) 623-4335
Email: leon.cender@bchydro.com

November 13, 2009

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

RE: Project No. 3698563
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Terasen Gas (Vancouver Island) Inc. 2010 and 2011 Revenue Requirements and Rate Design Application - Negotiated Settlement Agreement

BC Hydro acknowledges receipt of the final version of the Negotiated Settlement Agreement from Terasen Gas (Vancouver Island) Inc. (TGVI) and that the company has reviewed the document.

BC Hydro accepts the Negotiated Settlement Agreement and confirms that it has taken no position with respect to matters reflected in the Negotiated Settlement Agreement other than matters related to the Rate Design and those referred to in items 21 and 22 of the Negotiated Settlement Agreement.

Yours sincerely,

Leon Cender

Leon Cender
Manager, Power Acquisitions

cc. BCUC: Philip Nakoneshny
TGVI – Tom Loski
BCOAPO et al. – Jim Quail
CEC – Chris Weafer