



September 20, 2006

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

Scott A. Thomson
VP, Finance & Regulatory Affairs and
Chief Financial Officer

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Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas Inc.
Westbank First Nations Operating Agreement**

In October, 2003 the Westbank First Nation ("WFN") was granted self government status by the Government of Canada. In July, 2004, WFN and Terasen Gas Inc. ("Terasen Gas") signed a memorandum of understanding and began to negotiate the terms of an operating agreement. The operating agreement, similar to Terasen Gas' operating agreements with municipalities, (the "Operating Agreement") was agreed to and executed by both Terasen Gas and WFN at a signing ceremony on August 8, 2006. Terasen Gas is seeking British Columbia Utilities Commission ("BCUC" or the "Commission") approval of the Operating Agreement under Section 60 of the *Utilities Commission Act*. Additionally, in order for Terasen Gas to levy operating fees to customers residing on WFN lands, changes to the Terasen Gas Tariff are required. Approval of the Operating Agreement is contingent upon approval of the changes required to the Terasen Gas Tariff. As such, Terasen Gas is seeking approval of changes to the Terasen Gas Tariff. Specifics of the Operating Agreement and the Tariff changes are outlined below.

Operating Agreement

The WFN lands lie on the west side of Okanagan Lake opposite Kelowna. Terasen Gas currently serves approximately 2,900 customers who live on WFN lands. Terasen Gas has both distribution and transmission pipe on WFN lands. Prior to the execution of the Operating Agreement, Terasen Gas did not have an operating agreement with WFN in respect of its distribution facilities within the WFN lands. However, Terasen Gas did have a transmission pipeline agreement.

As noted above, in October, 2003, WFN was granted self government status by the federal government. This status gave the WFN complete authority, jurisdiction and control over WFN lands. For Terasen Gas this change in status meant that there was a potentially significant risk for continued operations on WFN lands. Terasen Gas and WFN therefore entered into negotiations to ensure that Terasen Gas would be able to continue to serve its customers on WFN lands. The Operating Agreement details the operating relationship between the two parties, and as part of the Operating Agreement, WFN would receive operating fees of 3% of Terasen Gas' revenues within the WFN territory. The agreement is substantially similar to the approved agreements between Terasen Gas and Salmon Arm and Penticton. Specifics of the Operating Agreement include:

- Section 5 – All company facilities on WFN land existing at the time of the Operating Agreement are deemed approved.
- Section 7 – Both parties agree to meet annually to coordinate construction and maintenance activities.
- Section 9 (c) – WFN recognizes Terasen Gas' right to operating, install, maintain and construct existing and future transmission pipelines.
- Section 11 – If any fees are levied against Terasen Gas for approvals, permits or licenses, Terasen Gas may reduce the operating fee payments by an equivalent amount.
- Section 12 – WFN acknowledges that Terasen Gas facilities already installed prior to execution of the Operating Agreement are owned by Terasen Gas and that Terasen Gas has the right to access and maintain the facilities.
- Section 13 – Conditional upon BCUC approval, Terasen Gas will pay WFN an operating fee of 3% of revenues. Note: Terasen Gas will no longer have to pay WFN for transmission rights under the transmission pipeline agreement as payments under the latter will be deducted from the operating fees payable under the Operating Agreement.
- Section 21 – Pavement restoration is limited to 1.5 metres.
- Section 23 – Disputes to be resolved by (a) good faith discussions (b) a mutually agreed upon mediator, or failing mediation (c) through arbitration
- Section 30 – The term of the Operating Agreement is for a period of 15 years.

A copy of the Operating Agreement has been enclosed for Commission's approval.

Tariff Changes

To accommodate an operating agreement with First Nations which would have as a component of that agreement the levying of an operating fee, the Terasen Gas Tariff must be changed in the following respects:

| | |
|------------------|--|
| Definitions Page | - inclusion of definition of "First Nations" - addition of the term "First Nations" to "Franchise Fee" definition |
| Rate Schedules | - addition of term "First Nations" to all rate schedules as part of the Franchise Fee language |

A redlined version of the changes to the tariff pages have been enclosed for Commission's review.

The effect of these changes to the Tariff means that those First Nations that have attained legally recognized self government status pursuant to self-government agreements entered into with the Federal Government and validly enacted self-government legislation in Canada will be treated in a similar fashion as municipalities and as such Terasen Gas will be able to charge, collect and remit operating fees, subject to BCUC approval of the proposed operating agreements.

Communications

As noted above, this is the first time that Terasen Gas has entered into an operating agreement with First Nations that have been granted self government status. Further, Terasen Gas customers on WFN lands have not been charged operating fees as part of their gas service to date. As such, Terasen Gas has developed a communications plan intended to address these issues. Key aspects of the plan include:

- News Release
- Direct Mail to all affected customers
- Updates to the Terasen Gas website
- Additional scripting for the customer contact centres

Key messages include:

- Operating Agreement provides security for Terasen Gas to continue to provide reliable and safe distribution service to its customers on WFN lands; and
- The proposed operating fee is the same as all other interior municipal franchise fees.

Terasen Gas respectfully requests approval of the Operating Agreement with WFN and the changes to the Terasen Gas Tariff as detailed above. Assuming that the Commission finds this application in order, Terasen Gas requests Commission endorsement of these tariff pages, and that one set be returned to the Company for its records.

Third Revision of Page D-1
Second Revision of Page D-2
Sixth Revision of Page R-1.3
Fourth Revision of Page R-1S.3
Sixth Revision of Page R-2.3
Fourth Revision of Page R-2U.3
Sixth Revision of Page R-3.3
Fourth Revision of Page R-3U.3
Sixth Revision of Page R-4.18
Sixth Revision of Page R-5.18
First Revision of Page R-6.12
Seventh Revision of Page R-7.19
First Revision of Page R-10.6
Third Revision of Page SA-14A.4
Fifth Revision of Page R-22.29
Fifth Revision of Page R-22A.12
Fifth Revision of Page R-22B.6
Fifth Revision of Page R-23.31
Fifth Revision of Page R-25.31
Fifth Revision of Page R-27.25

If there are any questions regarding this filing or the enclosed tariff pages, please contact Jason Wolfe at 604-592-7516.

Yours very truly,

TERASEN GAS INC.

Original signed by Tom Loski

For: Scott A. Thomson

Enclosures

| | |
|--|--|
| Day | Means any period of 24 consecutive Hours beginning and ending at 7:00 a.m. Pacific Standard Time or as otherwise specified in the Service Agreement. |
| Delivery Point | Means the outlet of the Meter Set unless otherwise specified in the Service Agreement. |
| Delivery Pressure | Means the pressure of the Gas at the Delivery Point. |
| Early Termination Fee | Means the charge described in Rate Schedule 1S for Stable Commodity Rate Residential Service. |
| First Nations | Means those First Nations that have attained legally recognized self-government status pursuant to self-government agreements entered into with the Federal Government and validly enacted self-government legislation in Canada. |
| Franchise Fees | <p>Means the aggregate of all monies payable by Terasen Gas to a municipality or First Nations</p> <ul style="list-style-type: none">(i) for the use of the municipality's streets and other property to construct and operate the utility business of Terasen Gas within a municipality or First Nations lands (formerly, reserves within the Indian Act),(ii) relating to the revenues received by Terasen Gas for Gas consumed within the municipality or First Nations lands (formerly, reserves within the Indian Act), and(iii) relating, if applicable, to the value of Gas transported by Terasen Gas through the municipality or First Nations lands (formerly, reserves within the Indian Act). |
| Gas | Means natural gas (including odorant added by Terasen Gas) and propane. |
| Gas Service | Means the delivery of Gas through a Meter Set. |
| General Terms & Conditions of Terasen Gas | Means these general terms and conditions of Terasen Gas from time to time approved by the British Columbia Utilities Commission. |
| Gigajoule | Means a measure of energy equal to one billion joules used for billing purposes. |
| Heat Content | Means the quantity of energy per unit volume of Gas measured under standardized conditions and expressed in megajoules per |

Commodity Related Riders

Rider 1 Propane Surcharge - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Related Riders

Rider 6 Recovery of Deferred Gas Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 9 Recovery of Stable Commodity Rate Residential Service Deferred Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

* **Option A** - Where a Customer's primary space heating equipment utilized on the Premises was purchased and installed with the assistance of a promotional incentive, the following surcharge applies in the Inland and Columbia Service Areas.

\$ 1.24 times the amount of the promotional incentive divided by \$100.

Option A is closed to new applicants effective September 1990.

Franchise Fee Charge - Except for the Option A surcharge, a Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, any charge under Option A and the Franchise Fee Charge.

Order No.: G-14-06

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Fifth Revision of Page R-1.3

Delivery Margin Related Riders

Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

C

Rider 3 Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Midstream Cost Recovery Charge Related Riders

Rider 6 Recovery of Deferred Gas Cost Debits - Not applicable.

Rider 9 Recovery of Stable Commodity Rate Residential Service Deferred Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

* **Option A** - Where a Customer's primary space heating equipment utilized on the Premises was purchased and installed with the assistance of a promotional incentive, the following surcharge applies in the Inland and Columbia Service Areas.

\$ 1.24 times the amount of the promotional incentive divided by \$100.

Option A is closed to new applicants effective September 1990.

Franchise Fee Charge - Except for the Option A surcharge, a Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, any charge under Option A and the Franchise Fee Charge.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Third Revision of Page R-1S.3

Delivery Margin Related Riders

Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

C

Rider 3 Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Commodity Cost Recovery Charge Related Riders

Rider 1 Propane Surcharge - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Charge Related Riders

Rider 6 Recovery of Deferred Gas Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 8 Recovery of Commodity Unbundling Deferral Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Commercial Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above changes) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality **or First Nations lands (formerly, reserves within the Indian Act)** to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Fifth Revision of Page R-2.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

C

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Cost** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8 Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Commercial Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Third Revision of Page R-2U.3

Delivery Margin Related Riders

- Rider 2** **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3** **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5** **Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

C

Commodity Cost Recovery Charge Related Riders

- Rider 1** **Propane Surcharge** - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Charge Related Riders

- Rider 6** **Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8** **Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above changes) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality **or First Nations lands (formerly, reserves within the Indian Act)** to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Fifth Revision of Page R-3.3

Delivery Margin Related Riders

Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

C

Rider 3 Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Midstream Cost Recovery Charge Related Riders

Rider 6 Recovery of Deferred Gas Cost - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 8 Recovery of Commodity Unbundling Deferral Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Third Revision of Page R-3U.3

Delivery Margin Related Riders

Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

C

Rider 3 Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Midstream Cost Recovery Related Riders

Rider 6 Recovery of Deferred Gas Costs Debits - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month, applicable only to Months in which Gas is consumed, will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Notes:

- Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, for each Day. For each Day during weekends or holidays and/or other periods during which the Gas Daily may not be published, the NW Sumas Daily Midpoint Price will be deemed to be the average of the prices quoted in Gas Daily on the Day immediately before and after the period for which the Daily Gas was not published. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoules per MMBtu.

Order No.: G-14-06

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Fifth Revision of Page R-4.18

Commodity Cost Recovery Related Riders

Rider 1 **Propane Surcharge** - Not applicable.

Midstream Cost Recovery Related Riders

Rider 6 **Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Notes:

1. Rider 6 does not apply to Customers who take service under a Tariff Supplement with a special rate.
2. Daily Demand is equal to 1.25 multiplied by the greater of
 - (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31), or
 - (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, Demand Charges and the Franchise Fee Charge.

Order No.: G-14-06

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Fifth Revision of Page R-5.18

- (j) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of priority, regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of Gas supply, temporary or otherwise, from a Supplier of Gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of Force Majeure by a Transporter that results in Gas being unavailable for delivery.
- (k) **Franchise Fees** - means the aggregate of all monies payable by Terasen Gas to a municipality *or First Nations lands (formerly, reserves within the Indian Act)*
- (i) for the use of the *municipality's* streets and other property to construct and operate the utility business of Terasen Gas *within a municipality or First Nations lands (formerly, reserves within the Indian Act),*
 - (ii) relating to the revenues received by Terasen Gas for services provided and Gas consumed within the municipality *or First Nations lands (formerly, reserves within the Indian Act),* and
 - (iii) relating, if applicable, to the value of Gas transported by Terasen Gas through the municipality *or First Nations lands (formerly, reserves within the Indian Act).*
- (l) **Gas** - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes
- (i) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents,
 - (ii) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery, and
 - (iii) the addition of odorant by Terasen Gas,
- but for greater certainty Gas does not include propane.
- (m) **General Terms and Conditions** - means the general terms and conditions of Terasen Gas from time to time approved by the British Columbia Utilities Commission.

Delivery Margin Related Riders

- Rider 2** **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3** **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 4** (Reserved for future use.)
- Rider 5** **Revenue Stabilization Adjustment Charge** - Not applicable.

C

Commodity Cost Recovery Related Riders

- Rider 1** **Propane Surcharge** - Not applicable.

Midstream Cost Recovery Related Riders

- Rider 6** **Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the basic charge and the Franchise Fee Charge.

Order No.: G-14-06

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
Chief Financial Officer

Sixth Revision of Page R-7.19

11. Title to Gas

- 11.1 **Representation and Warranty** - Terasen Gas represents and warrants the title to all Gas delivered to the Customer at the Point of Sale under this Rate Schedule and the right of Terasen Gas to sell such Gas, and represents and warrants that such Gas will be free and clear of all liens, encumbrances and claims.
- 11.2 **Transfer of Title** - Title to Gas sold under this Rate Schedule will pass to the Customer at the Point of Sale.

Table of Charges

| | <u>Lower Mainland Service Area</u> | <u>Inland Service Area</u> |
|---|--|--|
| Westcoast Energy Inc. Delivery and Fuel Cost ¹ | As calculated to the Sumas interconnect | As calculated to the Sumas interconnect |
| Sales Commodity Charge per Gigajoule, Daily Index Option , between and including November 1 and October 31 | Daily Index ² | Daily Index ² |
| Sales Commodity Charge per Gigajoule, Monthly Index Option , | | |
| (i) between and including April and October 31 | Monthly Index ³ | Monthly Index ³ |
| (ii) between and including November 1 and March 31 | Monthly Index ³ less 3.0 percent | Monthly Index ³ less 3.0 percent |

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the location of the facilities to which the Gas sold under this Rate Schedule is delivered is within the municipal boundaries of a municipality **or First Nations lands (formerly, reserves within the Indian Act)** to which Terasen Gas pays Franchise Fees.

Order No.: G-89-03

Issued By: Scott Thomson, Vice President
Finance and Regulatory Affairs

Effective Date: December 18, 2003

BCUC Secretary: Original signed by R.J. Pellatt

Original Page R-10.6

APPENDIX "A"

By their signatures evidenced below, the parties, Terasen Gas Inc. ("Terasen Gas") and _____ (the "Customer"), acknowledge that they have entered into a Term and Spot Gas Sales Agreement dated _____, 20____ (the "Sales Agreement"), that they are bound by and accept all of the terms and conditions of the Sales Agreement, subject to the following, and that this is the Appendix "A" referred to in the Sales Agreement (unless otherwise defined, all capitalized terms used herein have the same meaning as defined in the Sales Agreement):

1. **Gas Prices** - For Gas delivered for any period between 0700 Pacific Standard Time November 1, 2005 and 0700 Pacific Standard Time November 1, 2006 (the "Contract Year"), the various Gas sales options specified in the following Gas Sales Options Table will be made available to Customers under this Sales Agreement.

| Supply Type | Start Date | End Date | Authorized Quantity | | Price (\$/Cdn per GJ) |
|--|-----------------------------------|------------------------------------|---------------------|--|---|
| Annual Fixed Rate (100% of volume at fixed price) | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | As calculated per Attachment 1 - includes Swing Premium \$0.93 (see sections 2.3 & 2.6) |
| Daily Index Rate | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | Daily Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see sections 2.4 & 2.6) |
| Monthly Index Rate | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | Monthly Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see sections 2.4 & 2.6) |
| Term Fixed Rate (Up to 85% of volume at fixed price) | November 1, 2005 April 1, 2006 | March 31, 2006 October 31, 2006 | | <input type="checkbox"/> <input type="checkbox"/> | Fixed price + Market Factor + transaction cost (see sections 2.5 & 2.6) |
| Gas Management Fee | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | CDN \$0.05 - \$0.09 per GJ of usage (see section 2.6) |

Notes:

1. Applicable Westcoast Energy Inc. Delivery and Fuel Cost will be charged to all Gas sales.
2. Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the location of the facilities to which the Gas sold under Rate Schedule 14A is delivered is within the boundaries of a municipality **or First Nations lands (formerly, reserves within the Indian Act)** to which Terasen Gas pays Franchise Fees.

Order No.: G-39-05

Issued By: Scott Thomson, Vice President
Finance and Regulatory Affairs

Effective Date: November 1, 2005

BCUC Secretary: Originak signed by R.J. Pellatt

Second Revision of Page SA-14A.4

| | <u>Lower Mainland Service Area</u> | <u>Inland Service Area</u> | <u>Columbia Service Area</u> | |
|---|--|--------------------------------|----------------------------------|---|
| (h) Charge per Gigajoule of Backstopping Gas | Sumas Daily Price ¹ | Sumas Daily Price ¹ | Sumas Daily Price ¹ | C |
| (i) Administration Charge per Month | \$ 73.00 | \$ 73.00 | \$ 73.00 | C |

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality **or First Nations lands (formerly, reserves within the *Indian Act*)** to which Terasen Gas pays Franchise Fees.

Notes:

- Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- The demand surcharge is calculated in accordance with section 7.3 (Demand Surcharge). A sample calculation is attached to the tariff.

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Finance & Regulatory Affairs and
Chief Financial Officer

Effective Date: April 1, 2006

BCUC Secretary: Original signed by R.J. Pellatt

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Inland
Service Area

- | | | |
|------|---|---|
| (g) | Charge per Gigajoule of Balancing Service provided (over the greater of 100 Gigajoules or 20% of Rate Schedule 22 Authorized Quantity) | |
| (i) | between and including April 1 and October 31 | \$ 0.30 |
| (ii) | between and including November 1 and March 31 | \$ 1.10 |
| (h) | Charge per Gigajoule of Backstopping Gas | Sumas Daily Price ¹ |
| (i) | Replacement Gas ³ | Sumas Daily Price ¹ Plus 20 Percent |
| (j) | Administration Charge per Month | \$ 73.00 |

- | | |
|---------|--|
| Rider 1 | Propane Surcharge - Not applicable. |
| Rider 2 | Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006. |
| Rider 3 | Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006. |
| Rider 4 | (Reserved for future use.) |
| Rider 5 | Revenue Stabilization Adjustment Charge - Not applicable. |

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22A are located within the boundaries of a municipality **or First Nations lands (formerly, reserves within the *Indian Act*)** to which Terasen Gas pays Franchise Fees.

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Fourth Revision of Page R-22A.12

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22B are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Notes:

1. **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, for each Day. For each Day during weekends or holidays and/or other periods during which the Gas Daily may not be published, the NW Sumas Daily Midpoint Price will be deemed to be the average of the prices quoted in Gas Daily on the Day immediately before and after the period for which the Daily Gas was not published. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
2. The demand surcharge is calculated in accordance with section 7.3 (Demand Surcharge) of Rate Schedule 22.

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Fourth Revision of Page R-22B.6

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality **or First Nations lands (formerly, reserves within the *Indian Act*)** to which Terasen Gas pays Franchise Fees.

Minimum Charge per month - The minimum charge per month will be the aggregate of the Basic Charge, the transportation administration charge and the Franchise Fee charge.

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Fourth Revision of Page R-23.31

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per month - The minimum charge per month will be the aggregate of the Basic Charge, Demand Charges, the Transportation Administration charge and the Franchise Fee charge.

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Fourth Revision of Page R-25.31

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per month - The minimum charge per Month will be the aggregate of the Basic Charge, the Transportation Administration Charge and the Franchise Fee Charge.

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Fourth Revision of Page R-27.25

Definitions

Unless the context indicates otherwise, in the General Terms and Conditions of Terasen Gas and in the rate schedules of Terasen Gas the following words have the following meanings:

| | |
|--|---|
| Basic Charge | Means a fixed charge required to be paid by a Customer for Service during a prescribed period as specified in the applicable Rate Schedule. |
| British Columbia Utilities Commission | Means the British Columbia Utilities Commission constituted under the <i>Utilities Commission Act</i> of British Columbia and includes and is also a reference to <ol style="list-style-type: none">(i) any commission that is a successor to such commission, and(ii) any commission that is constituted pursuant to any statute that may be passed which supplements or supersedes the <i>Utilities Commission Act</i> of British Columbia |
| Commercial Service | Means the provision of firm Gas supplied to one Delivery Point and through one Meter Set for use in approved appliances in commercial, institutional or small industrial operations. |
| Commodity Cost Recovery Charge | Is as defined in the Table of Charges of the various Terasen Gas Rate Schedules. |
| Commodity Unbundling Service | Means the service provided to Customers under Rate Schedule 2U for Small Commercial Commodity Unbundling Service and Rate Schedule 3U for Large Commercial Commodity Unbundling Service. |
| Conversion Factor | Means a factor, or combination of factors, which converts gas meter data to Gigajoules or cubic metres for billing purposes. |
| Customer | Means a Person who is being provided Service or who has filed an application for Service with Terasen Gas that has been approved by Terasen Gas. |
| Day | Means any period of 24 consecutive Hours beginning and ending at 7:00 a.m. Pacific Standard Time or as otherwise specified in the Service Agreement. |
| Delivery Point | Means the outlet of the Meter Set unless otherwise specified in the Service Agreement. |

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Issued By: Scott Thomson, Vice President
Finance & Regulatory Affairs and
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| | | |
|---|---|---|
| <i>Delivery Pressure</i> | Means the pressure of the Gas at the Delivery Point. | |
| <i>Early Termination Fee</i> | Means the charge described in Rate Schedule 1S for Stable Commodity Rate Residential Service. | |
| <i>First Nations</i> | Means those First Nations that have attained legally recognized self-government status pursuant to self-government agreements entered into with the Federal Government and validly enacted self-government legislation in Canada. | N |
| <i>Franchise Fees</i> | Means the aggregate of all monies payable by Terasen Gas to a municipality or First Nations | |
| | (i) for the use of the streets and other property to construct and operate the utility business of Terasen Gas within a municipality or First Nations lands (formerly, reserves within the <i>Indian Act</i>), | C |
| | (ii) relating to the revenues received by Terasen Gas for Gas consumed within the municipality or First Nations lands (formerly, reserves within the <i>Indian Act</i>), and | C |
| | (iii) relating, if applicable, to the value of Gas transported by Terasen Gas through the municipality or First Nations lands (formerly, reserves within the <i>Indian Act</i>). | C |
| <i>Gas</i> | Means natural gas (including odorant added by Terasen Gas) and propane. | |
| <i>Gas Service</i> | Means the delivery of Gas through a Meter Set. | |
| <i>General Terms & Conditions of Terasen Gas</i> | Means these general terms and conditions of Terasen Gas from time to time approved by the British Columbia Utilities Commission. | |
| <i>Gigajoule</i> | Means a measure of energy equal to one billion joules used for billing purposes. | |
| <i>Heat Content</i> | Means the quantity of energy per unit volume of Gas measured under standardized conditions and expressed in megajoules per cubic metre (MJ/m ³). | |
| <i>Hour</i> | Means any consecutive 60 minute period. | |
| <i>Landlord</i> | A Person who, being the owner of a property, has leased or rented it to another person, called the Tenant, and includes the agent of that owner. | |

Commodity Related Riders

Rider 1 Propane Surcharge - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Related Riders

Rider 6 Recovery of Deferred Gas Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 9 Recovery of Stable Commodity Rate Residential Service Deferred Costs - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

* **Option A** - Where a Customer's primary space heating equipment utilized on the Premises was purchased and installed with the assistance of a promotional incentive, the following surcharge applies in the Inland and Columbia Service Areas.

\$ 1.24 times the amount of the promotional incentive divided by \$100.

Option A is closed to new applicants effective September 1990.

Franchise Fee Charge - Except for the Option A surcharge, a Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, any charge under Option A and the Franchise Fee Charge.

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Finance & Regulatory Affairs and
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Sixth Revision of Page R-1.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Cost Debits** - Not applicable.
- Rider 9 Recovery of Stable Commodity Rate Residential Service Deferred Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

***Option A** - Where a Customer's primary space heating equipment utilized on the Premises was purchased and installed with the assistance of a promotional incentive, the following surcharge applies in the Inland and Columbia Service Areas.

\$ 1.24 times the amount of the promotional incentive divided by \$100.

Option A is closed to new applicants effective September 1990.

Franchise Fee Charge - Except for the Option A surcharge, a Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, any charge under Option A and the Franchise Fee Charge.

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Fourth Revision of Page R-1S.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Commodity Cost Recovery Charge Related Riders

- Rider 1 Propane Surcharge** - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8 Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Commercial Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above changes) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

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Sixth Revision of Page R-2.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Cost** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8 Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Commercial Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

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Fourth Revision of Page R-2U.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Commodity Cost Recovery Charge Related Riders

- Rider 1 Propane Surcharge** - Applicable to Inland Service Area Customers located in the City of Revelstoke and surrounding areas.

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8 Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above changes) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

C

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

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Sixth Revision of Page R-3.3

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 5 Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Midstream Cost Recovery Charge Related Riders

- Rider 6 Recovery of Deferred Gas Cost** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 8 Recovery of Commodity Unbundling Deferral Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge and the Franchise Fee Charge.

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Fourth Revision of Page R-3U.3

Delivery Margin Related Riders

- Rider 2** **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3** **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 4** (Reserved for future use.)
- Rider 5** **Revenue Stabilization Adjustment Charge** - Not applicable.

Commodity Cost Recovery Related Riders

- Rider 1** **Propane Surcharge** - Not applicable.

Midstream Cost Recovery Related Riders

- Rider 6** **Recovery of Deferred Gas Costs Debits** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month, applicable only to Months in which Gas is consumed, will be the aggregate of the Basic Charge and the Franchise Fee Charge.

Notes:

- Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, for each Day. For each Day during weekends or holidays and/or other periods during which the Gas Daily may not be published, the NW Sumas Daily Midpoint Price will be deemed to be the average of the prices quoted in Gas Daily on the Day immediately before and after the period for which the Daily Gas was not published. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoules per MMBtu.

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Sixth Revision of Page R-4.18

Commodity Cost Recovery Related Riders

Rider 1 **Propane Surcharge** - Not applicable.

Midstream Cost Recovery Related Riders

Rider 6 **Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Notes:

1. Rider 6 does not apply to Customers who take service under a Tariff Supplement with a special rate.
2. Daily Demand is equal to 1.25 multiplied by the greater of
 - (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31), or
 - (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

C

Minimum Charge per Month - The minimum charge per Month will be the aggregate of the Basic Charge, Demand Charges and the Franchise Fee Charge.

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Sixth Revision of Page R-5.18

- (j) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of priority, regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of Gas supply, temporary or otherwise, from a Supplier of Gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of Force Majeure by a Transporter that results in Gas being unavailable for delivery.
- (k) **Franchise Fees** - means the aggregate of all monies payable by Terasen Gas to a municipality or First Nations lands (formerly, reserves within the *Indian Act*)
- (i) for the use of the streets and other property to construct and operate the utility business of Terasen Gas within a municipality or First Nations lands (formerly, reserves within the *Indian Act*), C
 - (ii) relating to the revenues received by Terasen Gas for services provided and Gas consumed within the municipality or First Nations lands (formerly, reserves within the *Indian Act*), and C
 - (iii) relating, if applicable, to the value of Gas transported by Terasen Gas through the municipality or First Nations lands (formerly, reserves within the *Indian Act*). C
- (l) **Gas** - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes
- (i) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents,
 - (ii) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery, and
 - (iii) the addition of odorant by Terasen Gas,
- but for greater certainty Gas does not include propane.
- (m) **General Terms and Conditions** - means the general terms and conditions of Terasen Gas from time to time approved by the British Columbia Utilities Commission.

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First Revision of Page R-6.12

Delivery Margin Related Riders

- Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.
- Rider 3 Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.
- Rider 4 (Reserved for future use.)**
- Rider 5 Revenue Stabilization Adjustment Charge** - Not applicable.

Commodity Cost Recovery Related Riders

- Rider 1 Propane Surcharge** - Not applicable.

Midstream Cost Recovery Related Riders

- Rider 6 Recovery of Deferred Gas Costs** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per Month - The minimum charge per Month will be the basic charge and the Franchise Fee Charge.

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Seventh Revision of Page R-7.19

11. Title to Gas

- 11.1 **Representation and Warranty** - Terasen Gas represents and warrants the title to all Gas delivered to the Customer at the Point of Sale under this Rate Schedule and the right of Terasen Gas to sell such Gas, and represents and warrants that such Gas will be free and clear of all liens, encumbrances and claims.
- 11.2 **Transfer of Title** - Title to Gas sold under this Rate Schedule will pass to the Customer at the Point of Sale.

Table of Charges

| | <u>Lower Mainland Service Area</u> | <u>Inland Service Area</u> |
|---|--|--|
| Westcoast Energy Inc. Delivery and Fuel Cost ¹ | As calculated to the Sumas interconnect | As calculated to the Sumas interconnect |
| Sales Commodity Charge per Gigajoule, Daily Index Option , between and including November 1 and October 31 | Daily Index ² | Daily Index ² |
| Sales Commodity Charge per Gigajoule, Monthly Index Option , | | |
| (i) between and including April and October 31 | Monthly Index ³ | Monthly Index ³ |
| (ii) between and including November 1 and March 31 | Monthly Index ³ less 3.0 percent | Monthly Index ³ less 3.0 percent |

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the location of the facilities to which the Gas sold under this Rate Schedule is delivered is within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

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APPENDIX "A"

By their signatures evidenced below, the parties, Terasen Gas Inc. ("Terasen Gas") and _____ (the "Customer"), acknowledge that they have entered into a Term and Spot Gas Sales Agreement dated _____, 20____ (the "Sales Agreement"), that they are bound by and accept all of the terms and conditions of the Sales Agreement, subject to the following, and that this is the Appendix "A" referred to in the Sales Agreement (unless otherwise defined, all capitalized terms used herein have the same meaning as defined in the Sales Agreement):

1. **Gas Prices** - For Gas delivered for any period between 0700 Pacific Standard Time November 1, 2005 and 0700 Pacific Standard Time November 1, 2006 (the "Contract Year"), the various Gas sales options specified in the following Gas Sales Options Table will be made available to Customers under this Sales Agreement.

| Supply Type | Start Date | End Date | Authorized Quantity | | Price (\$/Cdn per GJ) |
|--|------------------|------------------|---------------------|--------------------------|---|
| Annual Fixed Rate (100% of volume at fixed price) | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | As calculated per Attachment 1 - includes Swing Premium \$0.93 (see sections 2.3 & 2.6) |
| Daily Index Rate | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | Daily Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see sections 2.4 & 2.6) |
| Monthly Index Rate | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | Monthly Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see sections 2.4 & 2.6) |
| Term Fixed Rate (Up to 85% of volume at fixed price) | November 1, 2005 | March 31, 2006 | | <input type="checkbox"/> | Fixed price + Market Factor + transaction cost (see sections 2.5 & 2.6) |
| | April 1, 2006 | October 31, 2006 | | <input type="checkbox"/> | |
| Gas Management Fee | November 1, 2005 | October 31, 2006 | | <input type="checkbox"/> | CDN \$0.05 - \$0.09 per GJ of usage (see section 2.6) |

Notes:

1. Applicable Westcoast Energy Inc. Delivery and Fuel Cost will be charged to all Gas sales.
2. Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the location of the facilities to which the Gas sold under Rate Schedule 14A is delivered is within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

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| | <u>Lower Mainland Service Area</u> | <u>Inland Service Area</u> | <u>Columbia Service Area</u> |
|---|--|--------------------------------|----------------------------------|
| (h) Charge per Gigajoule of Backstopping Gas | Sumas Daily Price ¹ | Sumas Daily Price ¹ | Sumas Daily Price ¹ |
| (i) Administration Charge per Month | \$ 73.00 | \$ 73.00 | \$ 73.00 |

Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Notes:

- Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- The demand surcharge is calculated in accordance with section 7.3 (Demand Surcharge). A sample calculation is attached to the tariff.

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| | <u>Inland Service Area</u> |
|---|---|
| (g) Charge per Gigajoule of Balancing Service provided (over the greater of 100 Gigajoules or 20% of Rate Schedule 22 Authorized Quantity) | |
| (i) between and including April 1 and October 31 | \$ 0.30 |
| (ii) between and including November 1 and March 31 | \$ 1.10 |
| (h) Charge per Gigajoule of Backstopping Gas | Sumas Daily Price ¹ |
| (i) Replacement Gas³ | Sumas Daily Price ¹ Plus 20 Percent |
| (j) Administration Charge per Month | \$ 73.00 |

Rider 1 Propane Surcharge - Not applicable.

Rider 2 Recovery of January - March 2006 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22A are located within the boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

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Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22B are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Notes:

1. **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, for each Day. For each Day during weekends or holidays and/or other periods during which the Gas Daily may not be published, the NW Sumas Daily Midpoint Price will be deemed to be the average of the prices quoted in Gas Daily on the Day immediately before and after the period for which the Daily Gas was not published. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
2. The demand surcharge is calculated in accordance with section 7.3 (Demand Surcharge) of Rate Schedule 22.

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Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

C

Minimum Charge per month - The minimum charge per month will be the aggregate of the Basic Charge, the transportation administration charge and the Franchise Fee charge.

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Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

C

Minimum Charge per month - The minimum charge per month will be the aggregate of the Basic Charge, Demand Charges, the Transportation Administration charge and the Franchise Fee charge.

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Rider 1 **Propane Surcharge** - Not applicable.

Rider 2 **Recovery of January - March 2006 Approved Return on Equity and Capital Structure** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period from April 1, 2006 to December 31, 2006.

Rider 3 **Earnings Sharing Mechanism** - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2006.

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

C

Minimum Charge per month - The minimum charge per Month will be the aggregate of the Basic Charge, the Transportation Administration Charge and the Franchise Fee Charge.

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