

Westcoast Energy Inc.  
2008 to 2010 Transmission Toll Settlement

# WESTCOAST ENERGY INC.

## 2008 to 2010 TRANSMISSION TOLL SETTLEMENT

### ARTICLE 1 INTRODUCTION

#### 1.1 Negotiated Settlement

Westcoast Energy Inc. (“Westcoast”) and the Canadian Association of Petroleum Producers, Terasen Gas Inc., the Export Users Group (comprising Avista Corporation, Cascade Natural Gas Corporation, Northwest Natural Gas Company and Puget Sound Energy, Inc.), Aitken Creek Gas Storage ULC and Powerex Corp. (collectively the “Stakeholders”) have reached this Settlement Agreement (the “Agreement”) regarding the determination of Westcoast’s tolls for transmission service in Zones 3 and 4 for the 2008, 2009 and 2010 calendar years.

This Agreement is the result of negotiations between Westcoast and the Stakeholders and is entered into on the understanding that no single component of this Agreement is to be construed as representing the position of Westcoast or any of the Stakeholders on the appropriate tolls that would be obtained in the absence of this Agreement. Westcoast and the Stakeholders intend that this Agreement be viewed as a whole, and that no aspect of this Agreement should be considered as acceptable to Westcoast or any of the Stakeholders in isolation from all other aspects of this Agreement.

#### 1.2 Objectives

Westcoast and the Stakeholders intend that this Agreement be interpreted and applied in good faith in a manner consistent with the spirit of the following objectives:

- (a) to enhance the viability and competitiveness of the British Columbia natural gas basin by aligning more closely the interests of Westcoast and its shippers through a framework that encourages operating and capital efficiencies;
- (b) to provide Westcoast’s shippers with toll certainty and stability;
- (c) to provide the lowest cost tolls possible while maintaining or improving pipeline service, efficiency, reliability, flexibility and utilization and without compromising safety or the environment;
- (d) to maintain the financial integrity of Westcoast; and
- (e) to reduce the resources used by Westcoast, its shippers and the National Energy Board (the “Board”) in the traditional regulatory process.

### 1.3 Disclosure by Westcoast

Westcoast confirms that it has in the revenue requirement and toll information provided to the Stakeholders (including the information packages provided on November 8, 2007 and June 19, 2008), in its responses to information requests from the Stakeholders with respect to such revenue requirement and toll information and in its settlement proposals, negotiations and discussions with the Stakeholders, provided full and fair disclosure of all relevant financial and accounting information that will or Westcoast reasonably expects may have an impact on Westcoast's revenue requirement in Zones 3 and 4 for 2008, 2009 and 2010. The parties recognize that financial and accounting information provided up to the date of this Agreement is based on good faith estimates and forecasts consistent with Westcoast's rate making practices. Westcoast will continue to provide such full and fair disclosure for the remainder of the term of this Agreement. The Stakeholders have relied and will rely in good faith on Westcoast's full and fair disclosure of all such financial and accounting information. Any Stakeholder who subsequently believes that Westcoast has not made such full and fair disclosure of all relevant financial or accounting information, that Westcoast knew or reasonably ought to have known about at the time disclosure should have been made, and such lack of disclosure related to a matter that has a total impact of more than \$100,000 per year on Westcoast's revenue requirement in Zones 3 and 4 combined in 2008, 2009 or 2010, may raise the matter with the Board and seek appropriate relief, which may include adjustments to the tolls or components of this Agreement.

### 1.4 Meaning of "Flow-Through"

Westcoast and the Stakeholders agree that the term "flow-through" as used in this Agreement with respect to certain components of Westcoast's revenue requirement means that the cost adjustments, positive or negative, including all associated tax impacts, to the revenue requirement with respect to such components, will be to the account of shippers. The revenue requirement impact of any difference between the forecast and actual cost of those components of the revenue requirement to be treated on a flow-through basis will be recorded in the appropriate deferral account as set out in this Agreement and flowed-through to the account of shippers.

### 1.5 2011 Information

Westcoast agrees to provide to the Stakeholders no later than November 1, 2010 an information package with respect to Westcoast's forecast revenue requirement and tolls in Zones 3 and 4 for 2011 in a form similar to the revenue requirement and toll information contained in the revenue requirement and toll information package provided by Westcoast to the TTTF on November 8, 2007.

**ARTICLE 2**  
**REVENUE REQUIREMENT**

2.1 2008, 2009 and 2010 Revenue Requirement

Westcoast's tolls in Zones 3 and 4 will be based on a forecast revenue requirement of \$269.153 million (including motor fuel taxes of \$7.528 million) in 2008, \$288.238 million (including motor fuel taxes of \$7.528 million) in 2009 and \$298.285 million (including motor fuel taxes of \$7.528 million) in 2010, in each case as set out in Appendix A, based on the following and subject to the provisions of this Agreement:

(a) **Operating and Maintenance (O&M) Expenses Excluding Pipeline Integrity O&M Expenses**

The O&M expenses allocated to Zones 3 and 4 will be \$53.806 million in 2008 (excluding pipeline integrity O&M expenses), \$57.303 million in 2009 (excluding pipeline integrity O&M expenses) and \$61.028 million in 2010 (excluding pipeline integrity O&M expenses), in each case as set out in Appendix B.

The 2008, 2009 and 2010 O&M expenses include forecast costs associated with those activities referred to in section 10.3 (n) of this Agreement. If Westcoast decides or intends to defer, substitute other activities for, or not proceed with any of the activities referred to in section 10.3 (n), then Westcoast will provide the Westcoast Toll and Tariff Task Force (the "TTTF") with notice of that decision or intention as soon as practical and review the circumstances of such activities at the next meeting of the TTTF.

(b) **Pipeline Integrity O&M Expenses**

Pipeline integrity O&M expenses will be treated on a flow-through basis. For the purposes of this Agreement, pipeline integrity O&M expenses are those non-capitalized costs with respect to pipeline integrity programs which include, without limitation, programs related to stress corrosion cracking, corrosion and pipeline re-coating necessary to address existing, new or unanticipated pipeline integrity issues.

The pipeline integrity O&M expenses allocated to Zones 3 and 4 are forecast to be \$13.978 million in 2008, \$11.539 million in 2009 and \$13.369 million in 2010, in each case as set out in Appendix B. The revenue requirement impact of any difference between the forecast and actual pipeline integrity O&M expenses incurred by Westcoast in 2008, 2009 and 2010 will be recorded in the Pipeline Integrity Deferral Account for amortization in 2009, 2010 and 2011, respectively.

(c) **NEB Cost Recovery Expense**

NEB Cost Recovery expense will be treated on a flow-through basis. The forecast of NEB Cost Recovery expense included in the revenue requirement is \$703,000 for 2008, \$720,000 for 2009 and \$736,000 for 2010. The revenue requirement

impact of any difference between the forecast and actual NEB Cost Recovery expense incurred by Westcoast in each of 2008, 2009 and 2010 will be recorded in the NEB Cost Recovery Deferral Account for amortization in 2009, 2010 and 2011, respectively.

(d) Depreciation

For 2008, 2009 and 2010 Westcoast's depreciation expense in Zones 3 and 4 will be determined based on the depreciation rates set out in Appendix D. The 2009 and 2010 forecast of depreciation expense will be adjusted to reflect the adjustments to the rate base for 2009 and 2010, respectively, contemplated by this Agreement.

(e) Amortization

Westcoast's amortization expense in Zones 3 and 4 will be \$4.443 million in 2008 and, subject to adjustment for Westcoast's actual rate case expenses as set out below, \$4.423 million in 2009 and \$4.400 million in 2010. Amortization expense includes Southern Mainline Expansion Project Costs being amortized to the end of 2014 of \$4.578 million per year (Board Orders TG-05-2004 and TG-04-2007), obsolete equipment inventory costs of \$390,000 being amortized over three years commencing January 2008, and forecast rate case expenses of \$300,000 being amortized over three years commencing January, 2008, offset by the amortization of contributions in aid of construction. Westcoast's rate case expenses will consist of all reasonable third party costs and disbursements incurred by Westcoast in connection with the negotiation, settlement and obtaining Board approval of this Agreement and in connection with the negotiation of the customer service incentive program contemplated by Article 8 of this Agreement. Westcoast's actual rate case expenses will not be known until after agreement is reached between Westcoast and the Stakeholders on the customer service incentive program and accordingly Westcoast's amortization expense in 2009 and 2010 will be adjusted to reflect any difference between the forecast and actual rate case expenses rounded to the nearest \$10,000 incurred by Westcoast.

(f) Amortization of Calpine Revenue Deferral Account Balance

The forecast revenue requirement for 2009 and 2010 includes a credit of \$5.751 million per year in connection with the full amortization of the Calpine Revenue Deferral Account balance over a two year period commencing January, 2009. This credit is included in the line item "Deferrals" in Appendix A for 2009 and 2010.

(g) Property Taxes

Property taxes will be treated on a flow-through basis. The forecast of property taxes included in the revenue requirement is \$51.310 million for 2008, \$53.361 million for 2009 and \$55.495 million for 2010. The revenue requirement impact

of any difference between the forecast and actual property tax expense incurred by Westcoast in each of 2008, 2009 and 2010 will be recorded in the Property Tax Deferral Account for amortization in 2009, 2010 and 2011, respectively. Westcoast will continue to work with governmental authorities in British Columbia in an effort to reduce property taxes.

(h) Motor Fuel Taxes

Motor fuel taxes will be treated on a flow-through basis and charged and recovered by Westcoast in accordance with the existing methodology. Westcoast will continue to work with governmental authorities in British Columbia in an effort to reduce motor fuel taxes.

(i) British Columbia Carbon Tax

The new carbon tax set out in the Carbon Tax Act (British Columbia) and which will be levied commencing July 1, 2008 will be treated on a flow-through basis. It is the intention of Westcoast and the Stakeholders that the carbon tax be charged and recovered by Westcoast in accordance with the same methodology used by Westcoast to charge and recover motor fuel tax. If for any reason the carbon tax cannot be charged and recovered by Westcoast using this methodology then Westcoast and the Stakeholders will agree on an alternative methodology. If such alternative methodology requires Westcoast to forecast carbon tax in advance then the revenue requirement impact of any difference between the forecast and actual carbon tax expense incurred by Westcoast in each of 2008, 2009 and 2010 will be recorded in a Carbon Tax Deferral Account for amortization in 2009, 2010 and 2011, respectively.

(j) Income Tax Expense and Other Taxes

Westcoast's income tax expense in Zones 3 and 4 will be \$13.025 million in 2008 and is forecast to be \$15.146 million in 2009 and \$15.990 million in 2010. The 2009 and 2010 forecast will be adjusted to reflect the adjustments to the rate base for 2009 and 2010, respectively, contemplated by this Agreement, the rate of return on common equity approved by the Board for 2009 and 2010, respectively, the income tax impacts in 2009 and 2010 associated with the 2008 and 2009 deferral account balances that flow-through in 2009 and 2010, respectively, and any other adjustments to the forecast required as a result of this Agreement.

Any changes in Westcoast's tax expense for the 2008, 2009 or 2010 tax years resulting from changes in federal or provincial tax regimes including, without limitation:

- (i) the introduction of new taxes or the elimination of existing taxes;
- (ii) changes in income tax rates, corporate capital tax rates or sales tax rates;

- (iii) changes in legislation, regulations, rules, policies, procedures or case law affecting the application or interpretation of tax law, including changes in rules, policies or procedures of the Canada Revenue Agency; or
- (iv) reassessments, regardless of whether they are initiated by the competent governmental authority or by Westcoast;

will be treated on a flow-through basis. The revenue requirement impact of any such changes for 2008, 2009 or 2010 will be recorded in the Income Tax Deferral Account for amortization in 2009, 2010 and 2011, respectively, provided that if any such change occurs after the term of this Agreement then the revenue requirement impact of such change, positive or negative, will flow-through to shippers in the toll year in which such change occurs.

Westcoast will not draw down its booked deferred income taxes in 2008, 2009 or 2010.

(k) Gas Substitution Costs

Gas substitution costs, which consist of Aitken Creek system gas management costs and swing gas costs, will be treated on a flow-through basis as follows:

- (i) For 2008 Aitken Creek system gas management costs are forecast to be \$1.2 million. For each of 2009 and 2010 Aitken Creek system gas management costs are also forecast to be \$1.2 million, subject to approval of such other amount by the Stakeholders at the time Westcoast applies to the Board for approval of tolls for 2009 and 2010 as contemplated in Article 5 of this Agreement. The revenue requirement impact of any difference between the forecast and actual Aitken Creek system gas management costs incurred by Westcoast in 2008, 2009 and 2010 will be recorded in the System Gas Management Deferral Account for amortization in 2009, 2010 and 2011, respectively.
- (ii) For each of 2008, 2009 and 2010 swing gas costs are forecast to be zero. The revenue requirement impact of any swing gas costs incurred in 2008, 2009 or 2010 will be recorded in the Swing Gas Deferral Account for amortization in 2009, 2010 and 2011, respectively.

(l) Return on Rate Base

For 2008, 2009 and 2010 the deemed capital structure in Zones 3 and 4 will be as follows:

|               | 2008         | 2009         | 2010         |
|---------------|--------------|--------------|--------------|
| Common Equity | 36.00%       | 36.00%       | 36.00%       |
| Funded Debt   | 56.56%       | 58.53%       | 58.60%       |
| Unfunded Debt | <u>7.44%</u> | <u>5.47%</u> | <u>5.40%</u> |
|               | 100.00%      | 100.00%      | 100.00%      |

The rate of return on rate base, including the calculation of the funded debt rate and the unfunded debt rate, will be calculated in accordance with the existing Board approved methodology.

The rate of return on common equity for 2008 will be 8.71%. For each of 2009 and 2010 the forecast revenue requirement reflects a forecast rate of return on common equity of 8.71% and this rate, and the 2009 and 2010 revenue requirement, will be updated to reflect the rate of return on common equity approved by the Board for 2009 and 2010, respectively. Westcoast agrees not to initiate any review of the Board's RH-2-94 formula during the term of this Agreement, but Westcoast and the Stakeholders reserve the right to participate in any proceeding to review, or that may alter or affect, the RH-2-94 formula that is initiated by the Board or others.

The cost rate for the new long-term debt issue included in the unfunded debt component of the Zones 3 and 4 capital structure in 2008 and in the funded debt component of the Zones 3 and 4 capital structure in 2009 and 2010 will be deemed to be equal to what the cost rate would be on November 1, 2008 (the date on which this new long-term debt is assumed to be issued) for a new long-term debt issue assuming Westcoast's debt is rated BBB+ by Standard & Poor's. For each of 2008, 2009 and 2010 the forecast revenue requirement reflects a forecast deemed long-term rate of 5.50% for this new long-term debt issue. The revenue requirement impact associated with any change in the 2008 unfunded debt rate as a result of any difference between the forecast and actual timing, principal amount or deemed long-term rate of the assumed November 1, 2008 new long-term debt issue will be recorded in the Debt Rate Deferral Account for amortization in 2009. The 2009 and 2010 funded debt rate and the 2009 and 2010 revenue requirement will be updated to reflect the actual deemed long-term rate for the assumed November 1, 2008 new long-term debt issue.

The cost rate for the new long-term debt issue included in the unfunded debt component of the Zones 3 and 4 capital structure in 2009 and in the funded debt component of the Zones 3 and 4 capital structure in 2010 will be deemed to be equal to what the cost rate would be on November 1, 2009 (the date on which this new long-term debt is assumed to be issued) for a new long-term debt issue assuming Westcoast's debt is rated BBB+ by Standard & Poor's. For each of 2009 and 2010 the forecast revenue requirement reflects a forecast deemed long-term rate of 5.50% for this new long-term debt issue. The revenue requirement impact associated with any change in the 2009 unfunded debt rate as a result of

any difference between the forecast and actual timing, principal amount or deemed long-term rate of the assumed November 1, 2009 new long-term debt issue will be recorded in the Debt Rate Deferral Account for amortization in 2010. The 2010 funded debt rate and the 2010 revenue requirement will be updated to reflect the actual deemed long-term rate for the assumed November 1, 2009 new long-term debt issue.

There is no new long-term issue included in the unfunded debt component of the Zones 3 and 4 capital structure in 2010.

The cost rate for short-term debt included in the unfunded debt component of the Zones 3 and 4 capital structure in 2008, 2009 and 2010 will be equal to Westcoast's actual commercial paper rate each month, provided that if in any month Westcoast does not issue commercial paper then the short-term debt rate for that month will be equal to the average for that month of the yield on 30 day Canadian Bankers' Acceptances for each day of that month as reported by Bloomberg Financial Services, plus 20 basis points. The revenue requirement reflects a forecast short-term debt rate of 3.5% for 2008, 3.5% for 2009 and 3.5% for 2010. The revenue requirement impact associated with any change in the 2008, 2009 or 2010 unfunded debt rate as a result of any difference between the forecast and actual short-term debt rate in each of 2008, 2009 and 2010 will be recorded in the Debt Rate Deferral Account for amortization in 2009, 2010 and 2011, respectively.

(m) Waste Heat Project

As outlined in TTTF IRS 2006-01 dated March 16, 2006 and TTTF IRS 2006-01-1 dated June 16, 2006, Enpower Green Energy Generation Inc. ("Enpower") is developing waste heat electrical generation projects using waste heat from compressors located on the T-South system. The Zone 4 revenue requirement will be credited (the "Waste Heat Project Credit") with the shippers' share of any amounts received by Westcoast from Enpower in 2008, 2009 and 2010 in respect of the waste heat projects, such share being one half, pre tax, of the "Energy Recovery Fee", all of the "Contract Operating Fee", site lease rent and the monetized value of any "Direct GHG Benefits", all as outlined in TTTF IRS 2006-01 and TTTF IRS 2006-01-1. For 2008 the amount of the Waste Heat Project Credit is forecast to be zero. For each of 2009 and 2010 the forecast amount of the Waste Heat Project Credit will be agreed to by Westcoast and the Stakeholders at the time Westcoast applies to the Board for approval of tolls for 2009 and 2010 as contemplated in Article 5 of this Agreement. The revenue requirement impact of any difference between the forecast and actual Waste Heat Project Credit in 2008, 2009 and 2010 will be recorded in the Waste Heat Project Credit Deferral Account for amortization in 2009, 2010 and 2011, respectively.

## 2.2 Terminal Negative Salvage

Westcoast agrees that it will not during the term of this Agreement collect or accrue terminal negative salvage costs (such cost in general being the future costs associated with pipeline abandonments in excess of the salvage value of the abandoned pipeline) unless directed to do so by the Board. Notwithstanding the foregoing, Westcoast and the Stakeholders will not in any way be restricted in the positions they may take in the Board's RH-2-2008 proceeding regarding Land Matters Consultation Initiative Stream 3: Pipeline Abandonment - Financial Issues, including positions supporting the recovery of terminal negative salvage costs and other abandonment costs by Westcoast commencing after the term of this Agreement. Westcoast and the Stakeholders agree to discuss the respective positions they intend to take with respect to the RH-2-2008 proceeding. All reasonable third party costs and disbursements incurred by Westcoast in connection with its participation in the RH-2-2008 proceeding will be recorded in a new RH-2-2008 Proceeding Deferral Account for amortization in the year following the year in which the RH-2-2008 proceeding is concluded.

## **ARTICLE 3 RATE BASE**

### 3.1 Maintenance Capital

The forecast average rate base is \$1,111.677 million for 2008, \$1,112.036 million for 2009 and \$1,116.376 million for 2010. These amounts include forecast maintenance capital expenditures transferred to Gas Plant In-Service of \$30.829 million (\$29.982 million, excluding AFUDC) in 2008, \$49.964 million (\$48.721 million, excluding AFUDC) in 2009 and \$31.956 million (\$31.076 million, excluding AFUDC) in 2010 (including in the case of each year, forecast general plant additions, AFUDC and ODC and excluding forecast capital expenditures for pipeline integrity). The 2008, 2009 and 2010 revenue requirement will not be adjusted for any difference between the forecast and actual maintenance capital expenditures.

### 3.2 Pipeline Integrity Capital

Pipeline integrity capital costs will be treated on a flow-through basis. For purposes of this Agreement, pipeline integrity capital expenditures are those capital expenditures with respect to pipeline integrity programs which include, without limitation, programs related to stress corrosion cracking, corrosion and pipeline re-coating necessary to address existing, new or unanticipated pipeline integrity issues.

The forecast average rate base and revenue requirement includes forecast pipeline integrity capital expenditures transferred to Gas Plant In-Service, including AFUDC, of \$16.202 million (\$16.0 million, excluding AFUDC) in 2008, \$16.284 million (\$16.0 million, excluding AFUDC) in 2009 and \$16.279 million (\$16.0 million, excluding AFUDC) in 2010. The revenue requirement impact of any difference between the forecast and actual pipeline integrity capital expenditures incurred by Westcoast in 2008, 2009 and 2010 will be recorded in the Pipeline Integrity Deferral Account for amortization in 2009, 2010 and 2011, respectively.

### 3.3 Update of 2009 and 2010 Rate Base and Revenue Requirement

The forecast average rate base and revenue requirement for 2009 and 2010 will be updated to reflect actual pipeline integrity capital expenditures or shipper requested capital expenditures in 2008 and 2009, respectively, the 2008 and 2009 year-end deferral balances, respectively, a forecast of any expansion capital expenditures or shipper requested capital expenditures in 2009 and 2010, and any other adjustments to the forecast required as a result of this Agreement.

### 3.4 AFUDC Rate

For 2008 the AFUDC rate will be 7.73%. The AFUDC rate for 2009 and 2010 will be the rate of return on rate base for 2009 and 2010, respectively.

### 3.5 Material Asset Divestitures

The revenue requirement impact associated with any Zone 3 or 4 asset divestitures by Westcoast in 2008, 2009 or 2010 that have the effect of decreasing net plant in service by an aggregate amount of \$5 million or more in any such year will be treated on a flow-through basis and recorded in the Material Asset Divestiture Deferral Account for amortization in 2009, 2010 and 2011, respectively.

## **ARTICLE 4 DEFERRAL ACCOUNTS**

### 4.1 Deferral Accounts

Westcoast will maintain for accounting and toll-making purposes the cost of service and revenue deferral accounts in 2008, 2009 and 2010 set out in sections 4.2 and 4.3. It is the intent of the parties that the year end balance of each deferral account will, together with interest thereon, flow-through to the account of shippers (and thus be reflected in the calculation of the revenue requirement and the final tolls) for 2009, 2010 and 2011, respectively, in accordance with the existing methodology, provided that the Stakeholders will not be precluded from reviewing and making submissions to the Board concerning the reasonableness of the year-end balance of any of the deferral accounts set out in sections 4.2 and 4.3. Interest on the deferral balances will be calculated monthly based on Westcoast's rate of return on rate base.

### 4.2 Cost of Service Deferral Accounts

The cost of service deferral accounts will be as follows:

- (a) Pipeline Integrity: This deferral account will record the revenue requirement impact of any difference between forecast and actual pipeline integrity O&M expenses and capital expenditures, as set out in sections 2.1(b) and 3.2.
- (b) NEB Cost Recovery: This deferral account will record the revenue requirement impact of any difference between forecast and actual NEB Cost Recovery expense, as set out in section 2.1(c).

- (c) **Property Taxes:** This deferral account will record the revenue requirement impact of any difference between forecast and actual property tax expense, as set out in section 2.1(g).
- (d) **Carbon Tax:** If required, this deferral account will record the revenue requirement impact of any difference between forecast and actual carbon tax expense, as set out in section 2.1(i).
- (e) **Income Tax Expense and Other Taxes:** This deferral account will record the revenue requirement impact of any changes in Westcoast’s tax expense resulting from changes in federal or provincial tax regimes, as set out in section 2.1(j).
- (f) **System Gas Management Costs:** This deferral account will record the revenue requirement impact of any difference between forecast and actual Aitken Creek system gas management costs, as set out in section 2.1(k)(i).
- (g) **Swing Gas Costs:** This deferral account will record the revenue requirement impact of any difference between forecast and actual swing gas costs, as set out in section 2.1(k)(ii).
- (h) **Debt Rate:** This deferral account will record the revenue requirement impact associated with any difference between the forecast and actual long-term and short-term debt rates, as set out in section 2.1(l).
- (i) **Material Asset Divestitures:** This deferral account will record the revenue requirement impact associated with any material asset divestitures, as set out in section 3.5.
- (j) **Material Changes in Costs:** This deferral account will record any changes in costs resulting from:
  - (i) changes in legislation, regulations or ordinances or the issuance of orders or directives that result in changes to safety, health or environmental requirements, practices or procedures for Westcoast, to the extent that the aggregate costs exceed \$100,000 in any year;
  - (ii) changes in applicable accounting standards of the Canadian Institute of Chartered Accountants (the “CICA”), if approved by the Board for Westcoast’s accounting and toll-making purposes; or
  - (iii) orders or directives issued by a regulatory authority having jurisdiction, including the Board, to the extent that the aggregate costs exceed \$100,000 in any year.
- (k) **International Financial Reporting Standards:** This deferral account will record the revenue requirement impact of all reasonable costs and disbursements incurred by Westcoast during the term of this Agreement in connection with analysing, reviewing, planning for and implementing the new International Financial

Reporting Standards adopted by the CICA to be in effect commencing in 2011 as applied to Zones 3 and 4. Westcoast will review these costs with the TTTF on a semi-annual basis.

- (l) Land Matters Consultation Initiative: This deferral account will record the revenue requirement impact of all reasonable third party costs and disbursements incurred by Westcoast in connection with its participation in the Board's RH-2-2008 proceeding regarding the Land Matters Consultation Initiative Stream 3: Pipeline Abandonment – Financial Issues, as set out in section 2.2.
- (m) Shipper Requested Programs: This deferral account will record the revenue requirement impact (and any incremental revenue) associated with programs implemented or to be implemented by Westcoast that are voted on by the TTTF and for which the vote result is unanimous or unopposed.
- (n) SRED Consulting: This deferral account will record any amount payable by Westcoast to the tax consultant retained by Westcoast to pursue Scientific Research and Experimental Development tax credits. Any tax credits themselves will be recorded in the Income Tax Expense and Other Taxes deferral account in section 4.2(e).

#### 4.3 Revenue Deferral Accounts

The revenue deferral accounts will be as follows:

- (a) Contract Demand: This deferral account will record the impact on fixed cost collection resulting from differences between the forecast and actual contract demand allocation units that are used to fix the term differentiated firm service tolls, separately for each of Zone 3 and Zone 4, as set out in section 5.4.
- (b) Discretionary Revenue: This deferral account will record any difference between the forecast and actual revenue from interruptible service and short-term firm service credited in calculating the 2008, 2009 and 2010 demand tolls, separately for each of Zone 3 and Zone 4 as set out in sections 5.2 and 5.3.
- (c) Calpine Revenue: This deferral account will record the net amount of \$11,051,000 as of December 31, 2007 recovered by Westcoast from Calpine Canada Resources Company for unpaid demand charges over the period April 1, 2006 to November 30, 2007, which amount is to be amortized over a two year period commencing January 2009 as set out in section 2.1(f).
- (d) Waste Heat Project Credit: This deferral account will record any difference between the forecast and actual Waste Heat Project Credit credited in calculating the Zone 4 revenue requirement for 2008, 2009 and 2010, as set out in section 2.1(m).

## **ARTICLE 5 TOLLS**

### 5.1 Toll Design

Westcoast's tolls in Zones 3 and 4 will be calculated in accordance with the toll design approved by the Board for Zones 3 and 4, including the changes approved by the Board in its RHW-1-2005 Reasons for Decision. Westcoast or any Stakeholder may make any toll design proposals for consideration by the TTTF or make toll design applications to the Board. For each of 2008, 2009 and 2010, all revenue collected by Westcoast from interruptible and short-term firm service in Zone 3 and Zone 4 will be for the account of shippers in Zone 3 and Zone 4 (although in the case of short-term firm service it is recognized that Westcoast is not planning to offer short-term firm service in 2008, 2009 or 2010 given current pipeline contracting levels and therefore Westcoast is forecasting no revenue from short-term firm service in 2008, 2009 or 2010).

### 5.2 2008 Tolls

Westcoast's tolls in Zones 3 and 4 for 2008, as determined pursuant to this Agreement, are set out in Appendix E. Westcoast and the Stakeholders agree that the interim transmission tolls approved by Board Order TGI-03-2007 dated December 18, 2007 should be made final for the period January 1, 2008 to May 31, 2008 and the interim transmission tolls approved by Board Order TGI-01-2008 dated May 22, 2008 should be made final for the period June 1, 2008 to December 31, 2008.

The tolls in Zone 3 for 2008 reflect a credit of \$12.7 million for forecast revenue from interruptible service in Zone 3 in 2008. The tolls in Zone 4 for 2008 reflect a credit of \$8.2 million for forecast revenue from interruptible service in 2008. Any difference between the forecast and the actual revenue from interruptible service in 2008 in Zones 3 and 4 will be recorded in the Discretionary Revenue Deferral Account for amortization in 2009.

### 5.3 2009 and 2010 Tolls

Westcoast will by December 1, 2008 and December 1, 2009 apply to the Board for approval of interim tolls for Zones 3 and 4 for 2009 and 2010, respectively, based on a forecast of the tolls for 2009 and 2010, respectively, having regard for the adjustments, including changes in allocation units and the forecast revenue from interruptible service, contemplated by this Agreement. Each application will include sufficient supporting schedules and explanatory information necessary to establish that the tolls have been determined in accordance with this Agreement. Westcoast will consult with and provide the Stakeholders with the opportunity to review and comment on the 2009 and 2010 toll filings with the intention that Westcoast and the Stakeholders will agree on the filing. The final form of the 2009 and 2010 toll filings will be at Westcoast's discretion, but any Stakeholder may make submissions to the Board regarding appropriate amendments. In preparing each application Westcoast will also consult with the Stakeholders to determine whether the forecast of 2009 or 2010, as the case may be, pipeline integrity O&M and capital expenditures, NEB cost recovery expense, property taxes and short-term debt rate should be updated to reflect current information at that time.

Unless Westcoast and the Stakeholders agree otherwise, the tolls for each of 2009 and 2010 will include a credit of \$12.7 million in Zone 3 and \$5.2 million in Zone 4 for forecast revenue from interruptible service in each such year. Westcoast will review the 2009 and 2010 forecast revenue from interruptible service with the Stakeholders prior to filing each of the 2009 and 2010 toll filings to determine whether the forecast should be updated to reflect current information at that time. Any difference between the forecast and the actual revenue from interruptible service in 2009 and 2010 in Zones 3 and 4 will be recorded in the Discretionary Revenue Deferral Account for amortization in 2010 and 2011, respectively.

Westcoast will as soon as reasonably practicable after Westcoast's 2008 and 2009 actual results are available apply to the Board for final 2009 and 2010 tolls, respectively, and will make any necessary amendments to the 2009 and 2010 toll applications to reflect the actual 2008 and 2009 results, respectively. Westcoast will consult with and provide the Stakeholders with the opportunity to review and comment on the amendments with the intention that Westcoast and the Stakeholders will agree on the amendments.

#### 5.4 Allocation Units

The Contract Demand allocation units used to calculate the tolls for 2008 set out in Appendix E are the forecast of allocation units in Zones 3 and 4 for 2008 set out in Appendix F. Any variance in Contract Demand revenue in 2008 arising from any difference between the forecast and actual Contract Demand allocation units in Zones 3 and 4 that are used to fix the term differentiated firm service tolls for 2008 will be recorded in the Contract Demand Deferral Account for amortization in 2009.

The Contract Demand allocation units used to calculate the tolls for 2009 and 2010 will be forecast by Westcoast at the time it applies to the Board for approval of the 2009 and 2010 tolls, respectively. Westcoast will review the 2009 and 2010 forecast of Contract Demand allocation units with the Stakeholders with the intention that Westcoast and the Stakeholders will agree on the forecast. Any variance in Contract Demand revenue in 2009 or 2010 arising from any difference between the forecast and actual Contract Demand allocation units in Zones 3 and 4 that are used to fix the term differentiated firm service tolls for 2009 and 2010 will be recorded in the Contract Demand Deferral Account for amortization in 2010 and 2011, respectively.

## **ARTICLE 6 NEW SERVICES AND PRODUCTS**

#### 6.1 New Services and Products

New services and products, if any, proposed by Westcoast or any of the Stakeholders in 2008, 2009 or 2010 (other than the nomination cycle enhancements referred to and provided for in section 9.1) and the treatment of the associated costs and revenues will be considered by the TTTF prior to implementation. Westcoast will implement those new services and products that are voted on by the TTTF and for which the vote result is unanimous or unopposed. Westcoast or any of the Stakeholders may apply to the Board for approval to implement those new services

and products for which the TTTF vote result is not unanimous or unopposed, and Westcoast or any of the Stakeholders may oppose such applications to the Board.

## **ARTICLE 7 COMPRESSOR UPGRADE/REPLACEMENT PROGRAM**

### 7.1 Annual Status Report

Westcoast will by the end of the third quarter of each year of the term of this Agreement report to the TTTF on the status of Westcoast's compressor upgrade/replacement program for Zones 3 and 4. This report will include a presentation to the TTTF outlining the status of work on the upgrade program.

### 7.2 Compressor Upgrade/Replacement Plan

Westcoast will provide to the TTTF a detailed plan regarding Westcoast's proposed compressor upgrade/replacement program for Zones 3 and 4 covering a minimum period of five years no later than the earlier of (i) December 31, 2010, and (ii) the date Westcoast files an application with the Board for a compressor replacement at any compressor station in Zones 3 or 4.

### 7.3 Emission Reduction Requirements Plan

If during the term of this Agreement the federal or provincial government imposes or announces an intention to impose mandatory emission reduction requirements on Westcoast, then Westcoast will, within six months of such imposition or announcement, provide to the TTTF a detailed emission reduction plan (which plan will include consideration of a compressor upgrade/replacement program) covering a minimum period of five years describing how Westcoast intends to comply with such mandatory emission reduction requirements. If Westcoast decides to proceed to implement such plan commencing during the term of this Agreement, then Westcoast will make the necessary applications to the Board (including, if necessary, an application for a deferral account to record any costs incurred by Westcoast during the term of this Agreement) and the Stakeholders will be free to take whatever positions they wish to take with respect to Westcoast's application.

## **ARTICLE 8 CUSTOMER SERVICE INCENTIVE PROGRAM**

### 8.1 Customer Service Incentive Program

Westcoast and the Stakeholders agree to negotiate the terms of a customer service incentive program regarding the provision of transmission services by Westcoast in Zones 3 and 4. The Stakeholders requested the program to improve the overall quality of Westcoast's customer service. The purpose of the program will be to improve the overall quality of Westcoast's customer service by creating positive and negative financial incentives for Westcoast tied to agreed upon performance measures. The program will be in effect for the 2009 and 2010 calendar years and will include a mutually agreeable set of performance measures, including a

customer survey. If Westcoast meets or exceeds the performance measures agreed to as part of the program (including the customer survey), then Westcoast will be entitled to collect up to an additional \$1.75 million from its shippers through its Zone 3 and 4 tolls in each of 2010 (in respect of 2009 performance) and 2011 (in respect of 2010 performance). If Westcoast does not meet the performance measures agreed to as part of the program (including the customer survey), then Westcoast will be required to refund to its shippers through its Zone 3 and 4 tolls up to \$750 thousand in each of 2010 (in respect of 2009 performance) and 2011 (in respect of 2010 performance).

## 8.2 Right to Terminate

In the event that Westcoast and the Stakeholders, after negotiating in good faith, are unable to agree by September 30, 2008 on the terms and conditions of the customer service incentive program contemplated by section 8.1, then either Westcoast or the Stakeholders will be entitled, by delivering a termination notice to the Board and to the Stakeholders or Westcoast, as the case may be, prior to October 7, 2008, to terminate this Agreement effective January 1, 2009 in which case this Agreement will have no application to the 2009 and 2010 calendar years.

## **ARTICLE 9 OTHER INITIATIVES**

### 9.1 NOMS Cycle Enhancements

Westcoast will undertake the analysis to determine the scope and requirements necessary for Westcoast to introduce late night and post-ID2 Cycle nominations at the Huntingdon Pool, Aitken Creek storage, Kingsvale and NOVA Gordondale, such analysis to be completed by December 31, 2008. The dates for the implementation of these potential additions to the nomination cycle will be determined based on this analysis. The reasonable cost of third party analysis and the third party costs of implementing the enhancements will be recorded in the Shipper Requested Programs Deferral Account (without the need in this case for a TTTF vote as set out in section 6.1) for amortization in the year following the year in which the analysis is completed. Any decision to actually implement such additions to the nomination cycle will be subject to further discussion between Westcoast and the TTTF based on analysis undertaken by Westcoast.

### 9.2 Capacity Benchmarking

Westcoast will by August 31, 2008 provide to the TTTF a detailed up to date reconciliation from January 2004 of changes to the contractible capacity in Zones 3 and 4 on a segment by segment basis. Westcoast will discuss this reconciliation with the TTTF and, to the extent that the parties acting in good faith agree, Westcoast will adjust the current level of contractible capacity in Zones 3 and 4 on a segment by segment basis.

Westcoast will report to the TTTF in a timely fashion any positive or negative changes in the contractible capacity of any pipeline segment in Zones 3 and 4 of more than 20 MMcf/d on a cumulative basis compared to the contractible capacity of that segment as of the date of this

Agreement. Westcoast will also post any such cumulative change on its bulletin board as a critical notice together with a brief explanation for the change.

Westcoast will also make a presentation to the TTTF by November 30 of each year of the term of this Agreement of the relevant parameters that go into Westcoast's decision making process for setting contractible and daily available capacities in Zones 3 and 4. Westcoast confirms that it will at the time of such presentation act in good faith to implement reasonable suggestions from the TTTF as to ways to enhance the decision making process for setting contractible and daily available capacities in Zones 3 and 4.

### 9.3 Summer Reliability Levels

Westcoast will work with the TTTF to implement by the end of 2008 the proposal regarding summer reliability targets set out in draft TTTF IRS 2007-04 dated April 10, 2007. Westcoast will review and re-evaluate this issue with the TTTF if the federal or provincial governments establish emission reduction requirements that apply to Zones 3 and 4.

## **ARTICLE 10 GENERAL**

### 10.1 Board Approval

This Agreement is subject to Board approval and Westcoast and the Stakeholders agree that this Agreement will terminate if it is not approved in its entirety by the Board. Westcoast and the Stakeholders also acknowledge that all matters respecting Westcoast's tolls, including the tolls under this Agreement and the ultimate adjudication of any disputes which arise out of this Agreement which cannot be resolved by Westcoast and the Stakeholders in accordance with the terms of this Agreement, will be determined by the Board.

### 10.2 Application to the Board

Westcoast will, as soon as practicable, prepare an application to the Board to give effect to the terms and conditions of this Agreement. Westcoast will consult with and provide the Stakeholders with the opportunity to review and comment on the application with the intention that Westcoast and the Stakeholders will agree on the application prior to filing with the Board. Each of the Stakeholders agrees to actively support or not oppose the application and the approval of this Agreement and the tolls determined under this Agreement by the Board.

### 10.3 Surveillance Reports

Westcoast will file quarterly and year-end surveillance reports with the Board with respect to Zones 3 and 4 in accordance with the Board's requirements for Group 1 pipeline companies, subject to such modifications as may be agreed to by the TTTF, supplemented with the following information:

- (a) revenue requirement/cost of service summary, together with an explanation of material variances (quarterly and year-end);

- (b) revenue requirement/cost of service summary by Zones 3 and 4 (year-end);
- (c) income tax expense (year-end);
- (d) status of tax assessments and any reassessments (year-end);
- (e) UCC/capital cost allowance (year-end);
- (f) long-term debt (year-end);
- (g) short-term debt (year-end);
- (h) average rate base summary (year-end);
- (i) average rate base summary by Zones 3 and 4 (year-end);
- (j) Section 58 Applications (quarterly and year-end):
  - (i) reference;
  - (ii) description;
  - (iii) amount;
  - (iv) Board approval;
  - (v) allocations to G&P and Transmission; and
  - (vi) forecast date in service;
- (k) capital expenditures shown on Rate Base page 2.2 of the information package provided by Westcoast to the Stakeholders on June 19, 2008 and the equivalent page for 2009 and 2010 provided by Westcoast to the Stakeholders (year-end):
  - (i) forecast versus actual costs;
  - (ii) material changes in scope and cost of forecast projects;
  - (iii) summary of projects deferred and new projects added;
  - (iv) explanation of any cost overruns of greater than 10% from original forecast of projects transferred to gas plant in service; and
  - (v) designation of each project as either a maintenance, integrity, compressor upgrade or expansion project;
- (l) revenue deferral account balances;

- (m) forecast versus actual activities and costs for pipeline integrity activities (O&M and capital) (semi-annual);
- (n) forecast versus actual activities and costs for the following O&M activities (semi-annual): (i) aerial crossing maintenance; (ii) vegetation management; and (iii) compressor overhauls;
- (o) actual and approved return on rate base (year-end);
- (p) actual and approved return on common equity (year-end);
- (q) actual and deemed composite depreciation rate used in this Agreement (year-end);
- (r) the following metrics (year-end) in addition to the Board's required annual surveillance report metrics:
  - (i) compressor fuel use per throughput-km; and
  - (ii) integrity (O&M and capital) costs per km of pipe;
- (s) number of any full time equivalent positions contracted out to third parties (year-end); and
- (t) forecast versus actual costs associated with repairs to buildings and associated facilities, environmental remediation and insurance.

#### 10.4 TTTF Reports

Westcoast will also provide monthly reports to the TTTF covering each of the following with respect to Zones 3 and 4:

- (a) discretionary revenue, interruptible volumes and daily volumes;
- (b) changes between forecast and actual allocation units and deferral account balances;
- (c) any information presented to the Board regarding pipeline integrity activities (one month following each presentation);
- (d) the new British Columbia carbon tax referred to in section 2.1(i); and
- (e) existing Westcoast gas quality and unplanned outages performance measures and such other non-financial performance measures to be discussed and voted on by the TTTF and for which the vote result is unanimous or unopposed.

#### 10.5 Audit

If the TTTF votes to conduct an audit and the vote result is unanimous or unopposed (with Westcoast abstaining), then an independent compliance audit(s) by a qualified firm of nationally recognized chartered accountants will be conducted at any time up to the end of 2011 with

respect to the determination of final tolls under this Agreement for 2008, 2009 and 2010. The external costs of the audit(s) will flow-through to the account of shippers. Westcoast will provide the auditors selected to conduct the audit(s) with reasonable access to the source data necessary for the conduct of the audit(s), provided that the auditors will be required to execute and deliver to Westcoast a confidentiality agreement in a form satisfactory to Westcoast pursuant to which the auditors agree to maintain confidential any of the source data identified by Westcoast as confidential.

#### 10.6 Dispute Resolution

In the event of any dispute under this Agreement (other than a dispute respecting the negotiation and settlement, or the failure to negotiate and settle, the terms of the customer service incentive program contemplated by section 8.1), including a dispute respecting the determination of tolls, a dispute under a customer service initiative program negotiated pursuant to section 8.1, and a dispute respecting the application of this Agreement, Westcoast and the Stakeholders will in good faith attempt to resolve the dispute. If a satisfactory resolution cannot be achieved within 30 days, Westcoast or any of the Stakeholders or any shipper may file an application with the Board requesting the Board to adjudicate the matter in dispute. Any such application must also contain a request that the Board deal with the matter in dispute on an expedited basis and may contain a request that tolls be made interim pending the Board's decision with respect to the matter.

#### 10.7 Right to Initiate Review

The Stakeholders may initiate a review of this Agreement and the determination of Westcoast's tolls in Zones 3 and 4 under this Agreement if as a result of a corporate reorganization, restructuring, financing, acquisition or sale involving Westcoast there is the potential for a material impact on Westcoast's costs or levels or quality of service in Zones 3 and 4 during the term of this Agreement.

#### 10.8 Further Assurances

Westcoast and each of the Stakeholders will do all such further acts and things as may be reasonably necessary to give full effect to the intent and meaning of this Agreement.

#### 10.9 Compliance with Board Orders

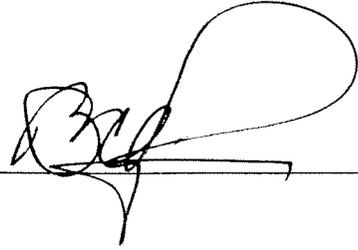
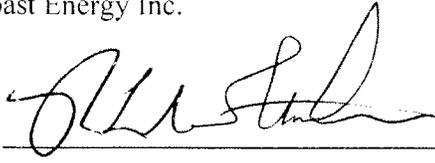
Nothing in this Settlement is intended to preclude Westcoast from complying with any directives or orders of the Board applicable to Westcoast, including any matters currently before the Board.

The undersigned hereby agree that the foregoing establishes the basis on which Westcoast's tolls for transmission service in Zones 3 and 4 will be determined for the 2008, 2009 and 2010 calendar years.

Dated July 18, 2008

Westcoast Energy Inc.

per:



Canadian Association of Petroleum Producers

per:

\_\_\_\_\_

Terasen Gas Inc.

per:

\_\_\_\_\_

Members of the Export Users Group:

Avista Corporation

per:

\_\_\_\_\_

Cascade Natural Gas Corporation

per:

\_\_\_\_\_

Northwest Natural Gas Company

per:

\_\_\_\_\_

Westcoast Energy Inc.

per: \_\_\_\_\_

Canadian Association of Petroleum Producers

per: Barry J. Jardine

Terasen Gas Inc.

per: \_\_\_\_\_

Members of the Export Users Group:

Avista Corporation

per: \_\_\_\_\_

Cascade Natural Gas Corporation

per: \_\_\_\_\_

Northwest Natural Gas Company

per: \_\_\_\_\_

Westcoast Energy Inc.

per: \_\_\_\_\_

Canadian Association of Petroleum Producers

per: \_\_\_\_\_

Terasen Gas Inc.

per: *Cynthia Des Brisay*  
**Cynthia Des Brisay**  
 Vice President,  
 Gas Supply &  
 Transmission

Members of the Export Users Group:

Avista Corporation

per: \_\_\_\_\_

Cascade Natural Gas Corporation

per: \_\_\_\_\_

Northwest Natural Gas Company

per: \_\_\_\_\_

|                     |                                                                                     |
|---------------------|-------------------------------------------------------------------------------------|
| <b>Approved By:</b> |  |
| GS&T                | .....                                                                               |
| Treasury            | .....                                                                               |
| Legal               | .....                                                                               |
| Other               | <i>MFS</i> .....                                                                    |

Westcoast Energy Inc.

per: \_\_\_\_\_

Canadian Association of Petroleum Producers

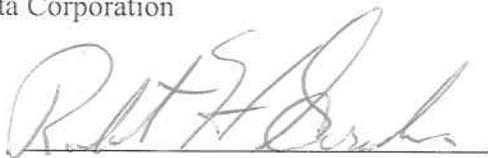
per: \_\_\_\_\_

Terasen Gas Inc.

per: \_\_\_\_\_

Members of the Export Users Group:

Avista Corporation

per:   
ROBERT H. GRUBER

Cascade Natural Gas Corporation

per: \_\_\_\_\_

Northwest Natural Gas Company

per: \_\_\_\_\_

Westcoast Energy Inc.

per: \_\_\_\_\_

Canadian Association of Petroleum Producers

per: \_\_\_\_\_

Terasen Gas Inc.

per: \_\_\_\_\_

Members of the Export Users Group:

Avista Corporation

per: \_\_\_\_\_

Cascade Natural Gas Corporation

per:  \_\_\_\_\_

Northwest Natural Gas Company

per: \_\_\_\_\_

Westcoast Energy Inc.

per: \_\_\_\_\_

Canadian Association of Petroleum Producers

per: \_\_\_\_\_

Terasen Gas Inc.

per: \_\_\_\_\_

Members of the Export Users Group:

Avista Corporation

per: \_\_\_\_\_

Cascade Natural Gas Corporation

per: \_\_\_\_\_

Northwest Natural Gas Company

per:           *B. C. + M.*

Puget Sound Energy, Inc.

per: Clay Kelly

Aitken Creek Gas Storage ULC

per: \_\_\_\_\_

Powerex Corp.

per: \_\_\_\_\_



Puget Sound Energy, Inc.

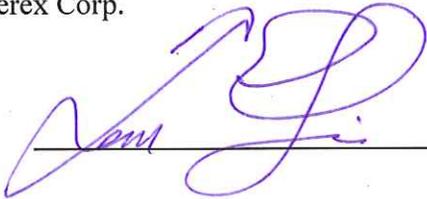
per: \_\_\_\_\_

Aitken Creek Gas Storage ULC

per: \_\_\_\_\_

Powerex Corp.

per: \_\_\_\_\_

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to consist of the letters 'J' and 'P' followed by some illegible characters.

**Appendix A**  
**2008, 2009 and 2010 Revenue Requirement**

**COST OF SERVICE  
SUMMARY  
(\$000)**

| Line No. | Particulars                        | 2008<br>Test Year<br>(A) | Adjustments<br>(B) | 2009<br>Test Year<br>(C) | Adjustments<br>(D) | 2010<br>Test Year<br>(E) |
|----------|------------------------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
| 1        | OPERATING AND MAINTENANCE EXPENSES | 67,784                   | 1,059              | 68,843                   | 5,555              | 74,398                   |
| 2        | N.E.B COST RECOVERY                | 703                      | 16                 | 720                      | 17                 | 736                      |
| 3        | DEPRECIATION                       | 54,530                   | 1,823              | 56,354                   | 2,416              | 58,769                   |
| 4        | AMORTIZATION                       | 4,443                    | (20)               | 4,423                    | (22)               | 4,400                    |
| 5        | TAXES OTHER THAN INCOME TAXES      | 58,869                   | 2,050              | 60,919                   | 2,134              | 63,053                   |
| 6        | GAS SUBSTITUTION COSTS             | 1,200                    | -                  | 1,200                    | -                  | 1,200                    |
| 7        | MISCELLANEOUS OPERATING REVENUE    | (42)                     | 7                  | (35)                     | -                  | (35)                     |
| 8        | INCOME TAX EXPENSE                 | 13,025                   | 2,121              | 15,146                   | 844                | 15,990                   |
| 9        | RETURN ON RATE BASE                | 85,972                   | 448                | 86,420                   | (896)              | 85,524                   |
| 10       | COST OF SERVICE                    | <u>286,484</u>           | <u>7,504</u>       | <u>293,989</u>           | <u>10,046</u>      | <u>304,035</u>           |
| 11       | DEFERRALS                          | (17,332)                 | 11,581             | (5,751)                  | -                  | (5,751)                  |
| 12       | REVENUE REQUIREMENT                | <u>269,153</u>           | <u>19,085</u>      | <u>288,238</u>           | <u>10,046</u>      | <u>298,285</u>           |
| 13       | FIXED COSTS                        | 261,625                  | 19,085             | 280,710                  | 10,046             | 290,756                  |
| 14       | VARIABLE COSTS 1                   | 7,528                    | -                  | 7,528                    | -                  | 7,528                    |
| 15       | REVENUE REQUIREMENT                | <u>269,153</u>           | <u>19,085</u>      | <u>288,238</u>           | <u>10,046</u>      | <u>298,285</u>           |

NOTES:

1) Variable costs consist of Motor Fuel Tax on compressor fuel which is included in line 5.

## Appendix B

### 2008, 2009 and 2010 Operating and Maintenance Expenses

#### OPERATING AND MAINTENANCE EXPENSES SUMMARY

| Line No. | Particulars                        | 2008<br>Test Year<br>(A) | Adjustment<br>(B) | 2009<br>Test Year<br>(C) | Adjustment<br>(D) | 2010<br>Test Year<br>(E) |
|----------|------------------------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|
| 1        | Transmission North - Operations    | 9,061                    | 942               | 10,003                   | 245               | 10,248                   |
| 2        | Transmission North - Integrity     | 2,199                    | (194)             | 2,005                    | 874               | 2,879                    |
| 3        | Transmission Central - Operations  | 7,785                    | 586               | 8,371                    | 193               | 8,564                    |
| 4        | Transmission Central - Integrity   | 6,771                    | (1,363)           | 5,408                    | (1,405)           | 4,003                    |
| 5        | Transmission South - Operations    | 8,321                    | (306)             | 8,015                    | 1,019             | 9,034                    |
| 6        | Transmission South - Integrity     | 3,788                    | (883)             | 2,905                    | 2,361             | 5,266                    |
| 7        | Area Management and Other Services | 857                      | 52                | 909                      | 124               | 1,033                    |
| 8        | Shared Services - Operations       | 3,514                    | 48                | 3,562                    | 194               | 3,756                    |
| 9        | Shared Services - Integrity        | 1,220                    | -                 | 1,220                    | -                 | 1,220                    |
| 10       | Vancouver & Calgary Operations     | 13,355                   | 801               | 14,156                   | 657               | 14,813                   |
| 11       | General and Administrative         | 13,468                   | 1,096             | 14,564                   | 637               | 15,201                   |
|          | O&M Adjustment to Settlement       | (2,555)                  | 278               | (2,277)                  | 656               | (1,621)                  |
| 12       | Total                              | <u>67,784</u>            | <u>1,057</u>      | <u>68,843</u>            | <u>5,555</u>      | <u>74,398</u>            |
| 13       | Integrity                          | 13,978                   | (2,439)           | 11,539                   | 1,830             | 13,369                   |
| 14       | Total excluding Integrity          | <u>53,806</u>            | <u>3,497</u>      | <u>57,303</u>            | <u>3,725</u>      | <u>61,028</u>            |

## Appendix C

### 2008, 2009 and 2010 Rate Base

#### AVERAGE RATE BASE (\$000)

| Line No. | Particulars                                            | 2008<br>Test Year<br>(A) | Adjustments<br>(B) | 2009<br>Test Year<br>(C) | Adjustments<br>(D) | 2010<br>Test Year<br>(E) |
|----------|--------------------------------------------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
| 1        | GAS PLANT IN SERVICE                                   | 1,888,966                | 45,073             | 1,934,039                | 57,837             | 1,991,876                |
| 2        | ACCUMULATED DEPRECIATION                               | (797,815)                | (51,300)           | (849,115)                | (53,505)           | (902,621)                |
| 3        | NET PLANT IN SERVICE                                   | <u>1,091,151</u>         | <u>(6,227)</u>     | <u>1,084,924</u>         | <u>4,332</u>       | <u>1,089,255</u>         |
| 4        | CONTRIBUTIONS IN AID OF<br>CONSTRUCTION                | (6,075)                  | 125                | (5,950)                  | 146                | (5,804)                  |
| 5        | COST RECOVERY                                          | 30,065                   | (4,692)            | 25,373                   | (4,708)            | 20,665                   |
| 6        | PLANT INVESTMENT                                       | <u>1,115,140</u>         | <u>(10,794)</u>    | <u>1,104,347</u>         | <u>(230)</u>       | <u>1,104,117</u>         |
| 7        | MATERIALS AND SUPPLIES                                 | 32,735                   | (724)              | 32,011                   | (724)              | 31,287                   |
| 8        | LINE PACK GAS                                          | 4,089                    | 1                  | 4,090                    | -                  | 4,090                    |
| 9        | PREPAID EXPENSES                                       | (15,255)                 | 1,365              | (13,890)                 | 1,306              | (12,584)                 |
| 10       | DEFERRALS                                              | (16,261)                 | 10,565             | (5,696)                  | 3,798              | (1,899)                  |
| 11       | DEFERRED INCOME TAXES                                  | <u>(10,926)</u>          | <u>-</u>           | <u>(10,926)</u>          | <u>-</u>           | <u>(10,926)</u>          |
| 12       | AVERAGE RATE BASE EXCLUSIVE<br>OF CASH WORKING CAPITAL | 1,109,523                | 413                | 1,109,936                | 4,149              | 1,114,085                |
| 13       | CASH WORKING CAPITAL                                   | 2,154                    | (53)               | 2,100                    | 191                | 2,291                    |
| 14       | AVERAGE RATE BASE                                      | <u>1,111,677</u>         | <u>360</u>         | <u>1,112,036</u>         | <u>4,340</u>       | <u>1,116,376</u>         |

Note 1: Westcoast Alberta included in the 2008 Rate Base.

## Appendix D

### 2008, 2009 and 2010 Transmission Depreciation Rates

| TRANSMISSION AND GENERAL PLANT<br>DEPRECIATION AMOUNTS AND RATES<br>\$000 |                              |                                   |                                     |                               |                 |                                   |
|---------------------------------------------------------------------------|------------------------------|-----------------------------------|-------------------------------------|-------------------------------|-----------------|-----------------------------------|
| Line<br>No.                                                               | Rate Base Section            | Net Plant<br>(C)                  | Reserve<br>Life Index<br>YRS<br>(D) | Depreciation<br>Amount<br>(E) | Rate - %<br>(F) | Currently<br>Approved<br>Rate - % |
| 1                                                                         | RB 1                         | M/L, Station 2 to Huntingdon      |                                     |                               |                 |                                   |
| 2                                                                         |                              | a) Obsolete Equipment '02 Pool    | 17,612                              | 3,522                         | 4.43%           | 4.43%                             |
| 3                                                                         |                              | b) Obsolete Equipment '08 Pool    | 6,620                               | 662                           | 4.45%           |                                   |
| 4                                                                         |                              | c) Balance                        | 802,893                             | 32,880                        | 2.73%           | 2.42%                             |
| 5                                                                         |                              |                                   | <u>827,124</u>                      | <u>37,065</u>                 | 2.85%           | 2.56%                             |
| 6                                                                         | RB 2 & 2A                    | FN Mainline & Aitken Transmission |                                     |                               |                 |                                   |
| 7                                                                         |                              | a) Obsolete Equipment             | 0                                   | 0                             | 0.00%           | 0.00%                             |
| 8                                                                         |                              | b) Balance                        | 185,761                             | 10,123                        | 3.38%           | 3.11%                             |
| 9                                                                         |                              |                                   | <u>185,761</u>                      | <u>10,123</u>                 | 3.38%           | 3.11%                             |
| 10                                                                        | RB 7                         | M/L, Station 1 to 2               | 36,977                              | 1,530                         | 2.41%           | 1.92%                             |
| 11                                                                        | RB 10A                       | 16" Pipeline System               | 5,974                               | 149                           | 1.00%           | 1.65%                             |
| 12                                                                        | RB 10A                       | a) Obsolete Equipment '08 Pool    | 671                                 | 67                            | 3.93%           |                                   |
| 13                                                                        | RB 10B & 12                  | 26" Pipeline System               | 6,927                               | 287                           | 1.99%           | 1.57%                             |
| 14                                                                        | RB 13C                       | Grizzly Transmission System       | 8,766                               | 237                           | 1.46%           | 1.31%                             |
| 15                                                                        | RB 14B                       | Sikanni Pipeline & Meter Station  | 1,589                               | 273                           | 4.14%           | 2.03%                             |
| 16                                                                        | RB 15                        | Alces Pipeline & Meter Station    | 36                                  | 1                             | 0.13%           | 0.18%                             |
| 17                                                                        | Subtotal                     |                                   | <u>1,073,824</u>                    | <u>49,731</u>                 | 2.90%           | 2.60%                             |
| 18                                                                        | Miscellaneous                | (a) Franchises and Consents       | 0                                   | 4                             | 2.90%           | 2.60%                             |
| 19                                                                        |                              | (b) Intangible                    | 1                                   | 0                             | 0.00%           | 0.00%                             |
| 20                                                                        |                              | (c) Other Structures              | 1,051                               | 58                            | 2.90%           | 2.60%                             |
| 21                                                                        | Subtotal                     |                                   | <u>1,052</u>                        | <u>62</u>                     | 2.89%           | 2.60%                             |
| 22                                                                        | General Plant                | (a) Structures                    | 1,808                               | 102                           | 2.90%           | 2.60%                             |
| 23                                                                        |                              | (b) Leaseholds                    | 1,800                               | 306                           | 10.00%          | 10.00%                            |
| 24                                                                        |                              | (c) Houses                        | 0                                   | 0                             | 2.50%           | 2.50%                             |
| 25                                                                        |                              | (d) Computer Equipment            | 3,003                               | 624                           | 20.00%          | 20.00%                            |
| 26                                                                        |                              | (e) Office Furniture              | 703                                 | 122                           | 5.00%           | 5.00%                             |
| 27                                                                        |                              | (f) Transportation under 5 tonnes | 1,227                               | 939                           | 15.40%          | 15.40%                            |
| 28                                                                        |                              | (g) Transportation over 5 tonnes  | 153                                 | 98                            | 7.00%           | 7.00%                             |
| 29                                                                        |                              | (h) Heavy Work Equipment          | 525                                 | 244                           | 4.70%           | 4.70%                             |
| 30                                                                        |                              | (i) Tools and Work Equipment      | 183                                 | 230                           | 5.00%           | 5.00%                             |
| 31                                                                        |                              | (j) Communications Equipment      | 23                                  | 2                             | 10.00%          | 10.00%                            |
| 32                                                                        |                              | (k) Other Equipment               | 165                                 | 37                            | 5.00%           | 5.00%                             |
| 33                                                                        | Subtotal                     |                                   | <u>9,591</u>                        | <u>2,705</u>                  | 8.95%           | 14.05%                            |
| 34                                                                        | Total of Lines 17, 21 and 33 |                                   | <u>1,084,467</u>                    | <u>52,498</u>                 | 3.000%          | 3.075%                            |

## Appendix E

### Transmission Tolls

| \$/10 <sup>3</sup> m <sup>3</sup> /month   | 2007   | 2008<br>Jan - May | 2008<br>Jun - Dec | 2009<br>Forecast | 2010<br>Forecast |
|--------------------------------------------|--------|-------------------|-------------------|------------------|------------------|
| <b>Firm Transportation Service - North</b> |        |                   |                   |                  |                  |
| Shorthaul                                  | 11.59  | 10.37             | 8.80              | 12.68            | 12.98            |
| Longhaul                                   | 166.92 | 149.34            | 126.71            | 182.54           | 186.89           |
| <b>Firm Transportation Service - South</b> |        |                   |                   |                  |                  |
| Pacific Northern Gas Delivery Point        | 102.36 | 105.12            | 94.33             | 102.33           | 106.71           |
| Inland Delivery Area                       | 219.11 | 223.95            | 200.96            | 218.02           | 227.35           |
| Huntingdon Delivery Area                   | 451.79 | 465.55            | 417.76            | 453.22           | 472.61           |
| Terasen Kingsvale to Huntingdon            | 232.69 | 241.60            | 216.80            | 235.20           | 245.26           |

| ¢/Mcf/day                                  | 2007  | 2008<br>Jan - May | 2008<br>Jun - Dec | 2009<br>Forecast | 2010<br>Forecast |
|--------------------------------------------|-------|-------------------|-------------------|------------------|------------------|
| <b>Firm Transportation Service - North</b> |       |                   |                   |                  |                  |
| Shorthaul                                  | 1.08  | 0.96              | 0.82              | 1.18             | 1.21             |
| Longhaul                                   | 15.55 | 13.87             | 11.74             | 17.00            | 17.41            |
| <b>Firm Transportation Service - South</b> |       |                   |                   |                  |                  |
| Pacific Northern Gas Delivery Point        | 9.53  | 9.76              | 8.74              | 9.53             | 9.94             |
| Inland Delivery Area                       | 20.41 | 20.80             | 18.62             | 20.30            | 21.17            |
| Huntingdon Delivery Area                   | 42.08 | 43.24             | 38.71             | 42.21            | 44.02            |
| Terasen Kingsvale to Huntingdon            | 21.67 | 22.44             | 20.09             | 21.90            | 22.84            |

**Transmission Tolls with Term Differentiated Rates  
(10<sup>3</sup> m<sup>3</sup>/month)**

| <b>Firm Transportation Service - North</b> |            |                |              |                  |              |                  |        |          |        |          |
|--------------------------------------------|------------|----------------|--------------|------------------|--------------|------------------|--------|----------|--------|----------|
| Segment                                    | 2007 Final | 2007 Final TDR | 2008 Jan-May | 2008 Jan-May TDR | 2008 Jun-Dec | 2008 Jun-Dec TDR | 2009   | 2009 TDR | 2010   | 2010 TDR |
| <b>Shorthaul</b>                           |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 12.21          |              | 10.96            |              | 9.30             |        | 13.68    |        | 14.01    |
| 2 Year                                     | 11.59      | 11.86          | 10.37        | 10.64            | 8.80         | 9.03             | 12.68  | 13.28    | 12.98  | 13.60    |
| 3 Year                                     |            | 11.50          |              | 10.32            |              | 8.76             |        | 12.88    |        | 13.19    |
| 4 Year                                     |            | 11.38          |              | 10.21            |              | 8.67             |        | 12.75    |        | 13.06    |
| 5 Year +                                   |            | 11.26          |              | 10.11            |              | 8.57             |        | 12.62    |        | 12.92    |
| <b>Longhaul</b>                            |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 175.86         |              | 157.81           |              | 133.87           |        | 197.01   |        | 201.71   |
| 2 Year                                     | 166.92     | 170.74         | 149.34       | 153.21           | 126.71       | 129.98           | 182.54 | 191.28   | 186.89 | 195.83   |
| 3 Year                                     |            | 165.62         |              | 148.61           |              | 126.08           |        | 185.54   |        | 189.96   |
| 4 Year                                     |            | 163.91         |              | 147.08           |              | 124.78           |        | 183.63   |        | 188.00   |
| 5 Year +                                   |            | 162.20         |              | 145.55           |              | 123.48           |        | 181.71   |        | 186.04   |

| <b>Firm Transportation Service - South</b> |            |                |              |                  |              |                  |        |          |        |          |
|--------------------------------------------|------------|----------------|--------------|------------------|--------------|------------------|--------|----------|--------|----------|
| Segment                                    | 2007 Final | 2007 Final TDR | 2008 Jan-May | 2008 Jan-May TDR | 2008 Jun-Dec | 2008 Jun-Dec TDR | 2009   | 2009 TDR | 2010   | 2010 TDR |
| <b>Pacific Northern Gas Delivery Point</b> |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 109.38         |              | 112.22           |              | 100.74           |        | 110.03   |        | 114.74   |
| 2 Year                                     | 102.36     | 106.19         | 105.12       | 108.96           | 94.33        | 97.80            | 102.33 | 106.83   | 106.71 | 111.40   |
| 3 Year                                     |            | 103.01         |              | 105.69           |              | 94.87            |        | 103.62   |        | 108.06   |
| 4 Year                                     |            | 101.94         |              | 104.60           |              | 93.89            |        | 102.56   |        | 106.94   |
| 5 Year +                                   |            | 100.88         |              | 103.51           |              | 92.91            |        | 101.49   |        | 105.83   |
| <b>Inland Delivery Area</b>                |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 234.13         |              | 239.09           |              | 214.62           |        | 234.42   |        | 244.45   |
| 2 Year                                     | 219.11     | 227.32         | 223.95       | 232.12           | 200.96       | 208.37           | 218.02 | 227.59   | 227.35 | 237.33   |
| 3 Year                                     |            | 220.50         |              | 225.16           |              | 202.12           |        | 220.77   |        | 230.21   |
| 4 Year                                     |            | 218.22         |              | 222.84           |              | 200.03           |        | 218.49   |        | 227.84   |
| 5 Year +                                   |            | 215.95         |              | 220.52           |              | 197.95           |        | 216.21   |        | 225.46   |
| <b>Huntingdon Delivery Area</b>            |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 482.78         |              | 497.02           |              | 446.15           |        | 487.32   |        | 508.16   |
| 2 Year                                     | 451.79     | 468.72         | 465.55       | 482.54           | 417.76       | 433.15           | 453.22 | 473.12   | 472.61 | 493.36   |
| 3 Year                                     |            | 454.66         |              | 468.07           |              | 420.16           |        | 458.93   |        | 478.56   |
| 4 Year                                     |            | 449.97         |              | 463.24           |              | 415.83           |        | 454.20   |        | 473.63   |
| 5 Year +                                   |            | 445.28         |              | 458.41           |              | 411.50           |        | 449.47   |        | 468.70   |
| <b>Terasen Kingsvale to Huntingdon</b>     |            |                |              |                  |              |                  |        |          |        |          |
| 1 Year                                     |            | 248.65         |              | 257.93           |              | 231.53           |        | 252.89   |        | 263.71   |
| 2 Year                                     | 232.69     | 241.40         | 241.60       | 250.42           | 216.80       | 224.79           | 235.20 | 245.53   | 245.26 | 256.03   |
| 3 Year                                     |            | 234.16         |              | 242.90           |              | 218.04           |        | 238.16   |        | 248.35   |
| 4 Year                                     |            | 231.75         |              | 240.40           |              | 215.79           |        | 235.71   |        | 245.79   |
| 5 Year +                                   |            | 229.33         |              | 237.90           |              | 213.55           |        | 233.25   |        | 243.23   |

**Transmission Tolls with Term Differentiated Rates  
(¢/mcf/day)**

| <b>Firm Transportation Service - North</b> |            |                |              |                  |              |                  |       |          |       |          |
|--------------------------------------------|------------|----------------|--------------|------------------|--------------|------------------|-------|----------|-------|----------|
| Segment                                    | 2007 Final | 2007 Final TDR | 2008 Jan-May | 2008 Jan-May TDR | 2008 Jun-Dec | 2008 Jun-Dec TDR | 2009  | 2009 TDR | 2010  | 2010 TDR |
| <b>Shorthaul</b>                           |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 1.14           |              | 1.02             |              | 0.86             |       | 0.91     |       | 0.91     |
| 2 Year                                     | 1.08       | 1.10           | 0.96         | 0.99             | 0.82         | 0.84             | 1.18  | 0.88     | 1.21  | 0.88     |
| 3 Year                                     |            | 1.07           |              | 0.96             |              | 0.81             |       | 0.86     |       | 0.85     |
| 4 Year                                     |            | 1.06           |              | 0.95             |              | 0.80             |       | 0.85     |       | 0.85     |
| 5 Year +                                   |            | 1.05           |              | 0.94             |              | 0.79             |       | 0.84     |       | 0.84     |
| <b>Longhaul</b>                            |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 16.38          |              | 14.66            |              | 12.40            |       | 13.11    |       | 13.06    |
| 2 Year                                     | 15.55      | 15.90          | 13.87        | 14.23            | 11.74        | 12.04            | 17.00 | 12.72    | 17.41 | 12.68    |
| 3 Year                                     |            | 15.42          |              | 13.80            |              | 11.68            |       | 12.34    |       | 12.29    |
| 4 Year                                     |            | 15.27          |              | 13.66            |              | 11.56            |       | 12.21    |       | 12.17    |
| 5 Year +                                   |            | 15.11          |              | 13.52            |              | 11.44            |       | 12.09    |       | 12.04    |

| <b>Firm Transportation Service - South</b> |            |                |              |                  |              |                  |       |          |       |          |
|--------------------------------------------|------------|----------------|--------------|------------------|--------------|------------------|-------|----------|-------|----------|
| Segment                                    | 2007 Final | 2007 Final TDR | 2008 Jan-May | 2008 Jan-May TDR | 2008 Jun-Dec | 2008 Jun-Dec TDR | 2009  | 2009 TDR | 2010  | 2010 TDR |
| <b>Pacific Northern Gas Delivery Point</b> |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 10.19          |              | 10.42            |              | 9.33             |       | 9.52     |       | 9.46     |
| 2 Year                                     | 9.53       | 9.89           | 9.76         | 10.12            | 8.74         | 9.06             | 9.53  | 9.24     | 9.94  | 9.19     |
| 3 Year                                     |            | 9.59           |              | 9.82             |              | 8.79             |       | 8.96     |       | 8.91     |
| 4 Year                                     |            | 9.49           |              | 9.71             |              | 8.70             |       | 8.87     |       | 8.82     |
| 5 Year +                                   |            | 9.40           |              | 9.61             |              | 8.61             |       | 8.78     |       | 8.73     |
| <b>Inland Delivery Area</b>                |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 21.81          |              | 22.21            |              | 19.89            |       | 20.37    |       | 20.16    |
| 2 Year                                     | 20.41      | 21.17          | 20.80        | 21.56            | 18.62        | 19.31            | 20.30 | 19.78    | 21.17 | 19.57    |
| 3 Year                                     |            | 20.54          |              | 20.91            |              | 18.73            |       | 19.18    |       | 18.98    |
| 4 Year                                     |            | 20.32          |              | 20.70            |              | 18.54            |       | 18.99    |       | 18.79    |
| 5 Year +                                   |            | 20.11          |              | 20.48            |              | 18.34            |       | 18.79    |       | 18.59    |
| <b>Huntingdon Delivery Area</b>            |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 44.96          |              | 46.16            |              | 41.34            |       | 42.01    |       | 41.90    |
| 2 Year                                     | 42.08      | 43.65          | 43.24        | 44.82            | 38.71        | 40.14            | 42.21 | 40.78    | 44.02 | 40.68    |
| 3 Year                                     |            | 42.34          |              | 43.47            |              | 38.93            |       | 39.56    |       | 39.46    |
| 4 Year                                     |            | 41.91          |              | 43.02            |              | 38.53            |       | 39.15    |       | 39.06    |
| 5 Year +                                   |            | 41.47          |              | 42.58            |              | 38.13            |       | 38.74    |       | 38.65    |
| <b>Terasen Kingsvale to Huntingdon</b>     |            |                |              |                  |              |                  |       |          |       |          |
| 1 Year                                     |            | 23.16          |              | 23.96            |              | 21.45            |       | 21.64    |       | 21.75    |
| 2 Year                                     | 21.67      | 22.48          | 22.44        | 23.26            | 20.09        | 20.83            | 21.90 | 21.01    | 22.84 | 21.11    |
| 3 Year                                     |            | 21.81          |              | 22.56            |              | 20.20            |       | 20.38    |       | 20.48    |
| 4 Year                                     |            | 21.58          |              | 22.33            |              | 20.00            |       | 20.17    |       | 20.27    |
| 5 Year +                                   |            | 21.36          |              | 22.10            |              | 19.79            |       | 19.96    |       | 20.06    |

## Appendix F

### Transmission Allocation Units

| 10 <sup>3</sup> m <sup>3</sup> /day        | 2007   | 2008<br>Jan - May | 2008<br>Jun - Dec | 2009<br>Forecast | 2010<br>Forecast |
|--------------------------------------------|--------|-------------------|-------------------|------------------|------------------|
| <b>Firm Transportation Service - North</b> |        |                   |                   |                  |                  |
| Shorthaul                                  | 12,533 | 12,626            | 12,550            | 12,700           | 12,700           |
| Longhaul                                   | 28,684 | 26,676            | 26,306            | 26,882           | 26,882           |
| <b>Firm Transportation Service - South</b> |        |                   |                   |                  |                  |
| Pacific Northern Gas Delivery Point        | 1,092  | 1,034             | 1,029             | 1,034            | 1,034            |
| Inland Delivery Area                       | 5,461  | 5,276             | 5,376             | 5,396            | 5,396            |
| Huntingdon Delivery Area                   | 25,711 | 32,527            | 32,335            | 32,574           | 32,574           |
| Terasen Kingsvale to Huntingdon            | 2,974  | 2,974             | 2,974             | 2,974            | 2,974            |

| MMcf/day                                   | 2007  | 2008<br>Jan - May | 2008<br>Jun - Dec | 2009<br>Forecast | 2010<br>Forecast |
|--------------------------------------------|-------|-------------------|-------------------|------------------|------------------|
| <b>Firm Transportation Service - North</b> |       |                   |                   |                  |                  |
| Shorthaul                                  | 442   | 446               | 443               | 448              | 448              |
| Longhaul                                   | 1,013 | 942               | 929               | 949              | 949              |
| <b>Firm Transportation Service - South</b> |       |                   |                   |                  |                  |
| Pacific Northern Gas Delivery Point        | 39    | 37                | 36                | 37               | 37               |
| Inland Delivery Area                       | 193   | 186               | 190               | 190              | 190              |
| Huntingdon Delivery Area                   | 908   | 1,148             | 1,141             | 1,150            | 1,150            |
| Terasen Kingsvale to Huntingdon            | 105   | 105               | 105               | 105              | 105              |