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**VIA E-MAIL**

[gmacintosh@farris.com](mailto:gmacintosh@farris.com)

March 2, 2007

**FORTIS INC. 2007 ACQUISITION OF  
TERASEN INC. SHARES** **EXHIBIT A-1**

Mr. George K. Macintosh, Q.C.  
Barrister & Solicitor  
Farris, Vaughan, Wills & Murphy LLP  
25<sup>th</sup> Floor, 700 West Georgia Street  
Vancouver, BC V7Y 1B3

Dear Mr. Macintosh:

Re: Fortis Inc.  
Project No. 3698454/Order No. G-22-07  
Application for Approval of the Acquisition of  
the Issued and Outstanding Shares of Terasen Inc.

Further to your March 1, 2007 filing of the above noted application, enclosed is Commission Order No. G-22-07 establishing a Procedural Conference for the review of the Application. A Regulatory Timetable and Notice of Procedural Conference are attached to the Order.

Yours truly,

*Original signed by:*

*Constance M. Smith*  
for: Robert J. Pellatt

Enclosures

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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER**            G-22-07

TELEPHONE: (604) 660-4700  
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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Fortis Inc. ("Fortis")  
for Approval of the Acquisition of the Issued and Outstanding Shares of Terasen Inc.

**BEFORE:**     L.A. Zaozirny, Panel Chair & Commissioner  
                  A.W. Keith Anderson, Commissioner                    March 2, 2007  
                  R.J. Milbourne, Commissioner

**ORDER**

**WHEREAS:**

- A. On March 1, 2007, Fortis Inc. ("Fortis") applied pursuant to Section 54 of the *Utilities Commission Act* (the "Act") for an Order approving the acquisition of all of the issued and outstanding shares of Terasen Inc. which would cause Fortis to have indirect control of certain public utilities regulated by the British Columbia Utilities Commission (the "Commission") (the "Application"); and
- B. The public utilities are Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGVI"), Terasen Gas (Whistler) Inc. ("TGW") and Terasen Energy Services Inc. ("TES") (collectively the "Terasen Utilities"); and
- C. TGI, TGVI, TGW and TES are wholly-owned subsidiaries of Terasen Inc.; and
- D. Fortis, 3211953 Nova Scotia Company (the "Vendor") and Kinder Morgan, Inc. ("KMI") have entered into an agreement dated February 26, 2007 under which Fortis will acquire all of the issued and outstanding shares of Terasen Inc.; and

E. Section 54(9) of the Act states:

*“The Commission may give its approval under this section subject to conditions and requirements it considers necessary or desirable in the public interest, but the commission must not give its approval under this section unless it considers that the public utility and the users of the service of the public utility will not be detrimentally affected.”;*  
and

F. Fortis and TGI are jointly undertaking communication and consultation with key stakeholders of the Terasen Utilities and have submitted a summary of comments as part of the materials filed in support of its Application; and

G. Fortis has proposed a written regulatory schedule (at p. 13, para. 45 of its Application) with a procedural conference to be held on March 26, 2007, followed by Intervenor written submissions and Fortis reply comments; and

H. The Commission has determined that a public hearing process should be commenced, a regulatory timetable should be established and a public notice should be issued.

**NOW THEREFORE** the Commission orders as follows:

1. The Application be examined by a written public hearing process and the Regulatory Timetable attached as Appendix A be established.
2. A Procedural Conference regarding the further regulatory process for the review of the Application will be held on Thursday, March 29, 2007, commencing at 2:00 p.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.

The Procedural Conference will address matters such as:

- adjustments to the regulatory timetable or process, if required; and
- other matters that will assist the Commission to efficiently review the Application.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-22-07

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3. Fortis and the Terasen Utilities jointly, are to publish, as soon as possible, in display-ad format, the Notice of Procedural Conference, attached as Appendix B to this Order, in the Vancouver Sun, the Province, the Victoria Times Colonist and such other appropriate local news publications as may properly provide adequate notice to customers served in the service areas of the Terasen Utilities.
4. The Application, together with any supporting materials, will be made available for inspection at the TGI Office, 16705 Fraser Highway, Surrey, BC, V4N 0E8 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3 and will also be available on the Fortis, TGI and Commission websites.
5. Fortis and the Terasen Utilities jointly, are to provide a copy of this Order and the Application, by facsimile or electronically, to all parties contacted as part of the stakeholder communication and consultation efforts.
6. Intervenors or Interested Parties should register with the Commission, in writing or electronic submission, by Monday, March 26, 2007, and advise whether they intend to attend the Procedural Conference. Intervenors should specifically state the nature of their interest in the Application and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review process.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 2<sup>nd</sup> day of March 2007.

**BY ORDER**

*Original signed by:*

L.A. Zaozirny  
Panel Chair & Commissioner

Attachments



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## **REGULATORY AGENDA AND TIMETABLE**

An Application by Fortis Inc.  
for Approval of the Acquisition of the Issued and Outstanding Shares of Terasen Inc.

<b>ACTION</b>	<b>DATES (2007)</b>
Commission Information Request	Wednesday, March 14
Fortis Response to Commission Information Requests	Monday, March 19
Registration of Intervenors and Interested Parties	Monday, March 26
Procedural Conference	Thursday, March 29
Intervenor Information Requests	Monday, April 2
Fortis Responses to Intervenor Information Requests	Thursday, April 5

**Procedural Conference Location:**

**Date:** March 29, 2007  
**Time:** 2:00 p.m.  
**Location:** Commission Hearing Room  
12<sup>th</sup> Floor  
1125 Howe Street  
Vancouver, B.C.



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**An Application by Fortis Inc. ("Fortis")  
for Approval of the Acquisition of the Issued and Outstanding Shares of Terasen Inc.**

**NOTICE OF PROCEDURAL CONFERENCE**

<b>Date:</b>	Thursday, March 29, 2007
<b>Time:</b>	2:00 p.m.
<b>Location:</b>	BC Utilities Commission Hearing Room 12 <sup>th</sup> Floor, 1125 Howe Street Vancouver, B.C.

**THE APPLICATION**

Fortis Inc. ("Fortis"), a Canadian corporation, has applied to the British Columbia Utilities Commission ("the Commission") for approval pursuant to Section 54 of the Utilities Commission Act, of the acquisition of all of the issued and outstanding shares of Terasen Inc. held by Kinder Morgan, Inc., which would cause Fortis to have indirect control of certain public utilities regulated by the Commission. These public utilities are Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGVI"), Terasen Gas (Whistler) Inc. ("TGW") and Terasen Energy Services Inc. ("TES") (collectively the "Terasen Utilities").

Upon completion of the proposed transaction, Terasen Inc. will become a wholly owned direct subsidiary of Fortis. Terasen Inc. will continue to directly or indirectly own all of the outstanding shares of the Terasen Utilities. Fortis proposes that Terasen Inc. will be a wholly owned direct subsidiary of Fortis.

**THE REGULATORY PROCESS**

The Commission will hold a Procedural Conference to consider the further regulatory process for the review of the Application on Thursday, March 29, 2007, commencing at 2:00 p.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.

**PUBLIC INSPECTION OF THE APPLICATION**

The Fortis Application and supporting material, including Commission correspondence, will be made available for inspection at the Terasen Gas Inc. Office, 16705 Fraser Highway, Surrey, BC, V4N 0E8 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

The Application will also be available for viewing on the Fortis website at [www.fortisinc.com](http://www.fortisinc.com), the Terasen Gas website at [www.terasengas.com](http://www.terasengas.com) and on the Commission's website at [www.bcuc.com](http://www.bcuc.com).

## **REGISTERING TO PARTICIPATE**

Persons who expect to actively participate in this proceeding should register as Intervenors with the Commission, in writing or electronic submission, by Monday, March 26, identifying their interest in the Application and indicating whether they plan to attend the Procedural Conference. Intervenors should identify the issues that they intend to pursue and the nature and extent of their anticipated involvement in the review process.

Persons not expecting to actively participate, but who have an interest in the proceeding should register as Interested Parties with the Commission, in writing or electronic submission, by Monday, March 26, 2007, identifying their interest in the Application and indicating whether they plan to attend the Procedural Conference.

All submissions and/or correspondence received from active participants or the public relating to the Application will be placed on the public record and posted to the Commission's web site.

Following the Procedural Conference, Intervenor Information Requests related to the Application are due to be filed by Monday, April 2, 2007.

## **FURTHER INFORMATION**

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary, or Ms. Suzanne Sue Financial Analyst, as follows:

Telephone: (604) 660-4700  
Facsimile: (604) 660-1102

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