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Mergers Branch

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Projet-Project:3100969

MAR 20 2007

Ms. Anita Banicevic
Davies Ward Phillips & Vineberg LLP
44th Floor,
1 First Canadian Place
Toronto, ON
M5X 1B1

Dear Ms. Banicevic :

Re: Proposed Acquisition of Terasen Inc. by Fortis Inc.

I am writing further to your letter of March 6, 2007, requesting the issuance of an Advance Ruling Certificate (ARC) pursuant to section 102 of the *Competition Act* (Act) with respect to the above-noted transaction.

With respect to your request for an ARC, in light of the high concentration in the relevant market, it would not be appropriate to issue an ARC.

However, based on the information provided by your client and obtained from other sources, I am of the view that grounds do not exist at this time to initiate proceedings before the Competition Tribunal under the merger provisions of the Act with respect to this transaction. I should point out that section 97 of the Act provides a three year period during which the Commissioner of Competition may bring the matter before the Competition Tribunal.

Also, as provided in paragraph 113(c) of the Act, I am waiving the obligation to notify under Part IX of the Act with respect to this proposed transaction due to the fact that you supplied us with substantially similar information in relation to your request for an ARC.

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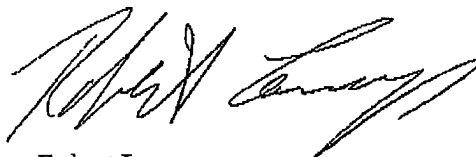
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I would appreciate it if you would advise Mr. Daniel Campagna of the Merger Notification Unit, in writing, of the actual closing date of the proposed transaction. I would like to thank you for your cooperation in the examination of this matter.

Should you wish to discuss or have any questions concerning this matter, please contact the reviewing officer, Glenn Elder at (819) 953-4293.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert Lancop", written in a cursive style.

Robert Lancop
Assistant Deputy Commissioner
of Competition
Division B, Mergers Branch



FOR IMMEDIATE RELEASE:

St. John's, NL (March 21, 2007):

**ACQUISITION OF TERASEN GAS BY FORTIS INC.
RECEIVES COMPETITION ACT CLEARANCE**

Fortis Inc. (TSX:FTS) ("Fortis" or the "Corporation") announced today that it has received a no-action letter from the Competition Bureau of Canada in respect of the Corporation's previously announced agreement to acquire all of the outstanding shares of Terasen Inc. ("Terasen") from a wholly owned subsidiary of Kinder Morgan, Inc. (NYSE:KMI) for a purchase price of \$3.7 billion, including the assumption of approximately \$2.3 billion of debt.

Terasen (formerly BC Gas Inc.) is a holding company headquartered in Vancouver, British Columbia, operating two principal lines of business: natural gas distribution and petroleum transportation. The purchase does not include the petroleum transportation assets of Kinder Morgan Canada (formerly Terasen Pipelines), which are comprised primarily of refined and crude oil pipelines.

The no-action letter confirms the finding of the Commissioner of Competition that no grounds exist at this time for the Commissioner to initiate proceedings before the Competition Tribunal under the merger provisions of the *Competition Act* (Canada) in respect of this transaction. The granting of this no-action letter satisfies one of the closing conditions in the acquisition agreement between Fortis and Kinder Morgan, Inc. The closing of the acquisition is subject to fulfillment of other customary conditions including approval by the British Columbia Utilities Commission. The acquisition is expected to close in mid-2007.

Fortis is principally a diversified, international distribution utility holding company with assets exceeding \$5.4 billion and annual revenues of approximately \$1.5 billion. Fortis has holdings in regulated electric distribution utilities in Alberta, British Columbia, Newfoundland, Ontario, Prince Edward Island, Belize, Grand Cayman and the Turks and Caicos Islands. It has non-regulated generation operations in Belize, Ontario, Newfoundland, British Columbia and Upper New York State. Fortis also has investments in real estate and hotels through its wholly owned non-utility subsidiary.

The Common Shares, First Preference Shares, Series C; First Preference Shares, Series E; First Preference Shares, Series F and Subscription Receipts of Fortis are traded on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C, FTS.PR.E, FTS.PR.F and FTS.R, respectively. Fortis information can be accessed at www.fortisinc.com.

Fortis includes forward-looking statements in media releases which reflect management's expectations regarding the Corporation's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" and similar expressions have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to the Corporation's management. Forward-looking statements involve significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Such risk factors or assumptions include, but are not limited to, regulation, energy prices, general economic conditions, weather, derivatives and hedging, capital resources, loss of service area, licences and permits, environment, insurance, labour relations, human resources and liquidity risk. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

- 30 -

For further information, please contact:

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