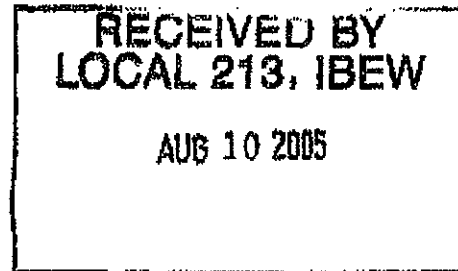




Daryle Britton
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August 4, 2005



Randy Loski
Assistant Business Manager
4220 Norland Avenue
Burnaby, B.C. V5G 3X2

Dear Randy:

Re: Article 6 – Grievance procedure

With reference to your letter dated July 26, 2005, this is to confirm that we agree to modify Article 6.01, 6.01.01, 6.01.02 and 6.01.03 in the current grievance procedure to reflect the current management structure at Terasen Gas as well as the current Union structure.

I have incorporated the recommended changes within the complete language of the Article to ensure clarity. We would prefer to use the term "Department Head" at Stage II instead of Business Leader.

6.01

Except as modified by Article 6.01.05, *complaints shall first be discussed with the immediate Manager concerned.*

6.01.01 – Stage I

Failing settlement at the complaint stage, grievances shall be presented in writing to the immediate Manager with a copy to the Labour Relations Department giving details of the alleged violation and the relevant Collective Agreement Article(s)

6.01.02 -- Stage II

Failing settlement at Stage I, *the Business Agent of the Union or delegate, will submit the grievance in writing to the appropriate Department Head with a copy to the Labour Relations Department.*

6.01.03 -- Stage III

Failing settlement at Stage II, *the Business Agent of the Union or delegate, will submit the grievance in writing to the appropriate Vice-President and the Vice-President, Human Resources (or delegate).*

I trust that this accurately reflects the conversation between the parties.

Yours truly,

A handwritten signature in cursive script, appearing to read "D. Britton".

Daryle Britton

cc: Eckart Adam
Labour Relations