



December 3, 2007

File: CST J/D
1126

Mr. R. Loski
Assistant Business Manager
I.B.E.W., Local 213
4220 Norland Avenue
Burnaby, B. C.
V5G 3X2

Via Facsimile: (250) 765-4218

Dear Randy:

Re: Customer Service Technician (Tie-in)

This letter is further to our ongoing discussions with regard to the above-captioned matter as it relates to the intent of the 2006 Memorandum of Agreement between Terasen Gas Inc. and IBEW 213.

Attached is a Letter of Agreement for your final review and signature, as well as a one page "Backgrounder" which provides a helpful context of how we arrived at the attached Letter of Understanding Re: Customer Service Technician (Tie-in).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Marwick", with a long horizontal flourish extending to the right.

Jeff Marwick
Manager, Labour Relations

Cc: Daryle Britton
Sylvie Gelinis
Graham Henderson

Backgrounder

Re: Customer Service Technician (Tie-in)

As part of the Customer Service Technician "catchment" discussions during the 2006 IBEW contract negotiations, it was agreed that Tie-in Technicians would be included along with Utilization Technicians, Sales and Service Technicians, and Distribution Service Technicians, in the new CST workgroup and would attract the 2% lift assigned to it. Prior to final agreement the IBEW requested that the CST (Tie-in) be bulletined separately for both permanent and relief positions so as to distinguish it from other LM/FV CST roles. This was agreed and reflected in the MOA signed by all parties.

Subsequent to the MOA being signed, the first CST (Tie-in) bulletin was posted. The bulletin reflected the new CST role, including tie-in duties, and included the progression from CST 2 to CST 1 (as per other subsets within the family). Once selected, the successful applicant (Bill Friedrich) grieved the change to the two step progression; he felt he was fully qualified (including having a B Ticket) for the new "Tie-in Tech" role. When this issue was brought to management it was clear there was a difference of opinion as to what was agreed to at the table with respect to this role. It was decided that a meeting was needed to discuss views, concerns, and gain consensus to confirm interpretation.

Meeting September 11, 2007

Jeff Marwick, Randy Loski, Ravinder Ghuman, and Graham Henderson met to discuss the above. It was agreed that there were a number of misunderstandings with respect to inclusion of the Tie-in Tech within the CST workgroup; though they were not intentional by either party, they needed to be resolved. Randy Loski and Graham Henderson outlined the respective views of each party, stakeholder concerns, and the differences that needed resolution. It was agreed that the Tie-in role if it remained within the CST workgroup needed more specific definition (as was intended by the IBEW when they requested that it be posted separately from other CST positions). However, the operational requirements and efficiencies which were the basis of the company's agreement to include the tie-in role within the higher CST rate needed to be met as well. A two step agreement was reached to bridge the interpretation issues, clarify the distinction between this role and other CST roles, and firm up the duties and responsibilities within it.

LETTER OF UNDERSTANDING

-between-

TERASEN GAS INC.

-and-

IBEW, Local 213

Re: Customer Service Technician (Tie-in)

The purpose of this letter of understanding is to clarify and formalize the intent of the 2006 MOA between the Company and the Union with regard to the Customer Service Technician (Tie-in), a subset of the Customer Service Technician (CST) classification.

The parties agree to the following:

Part A - Incumbent CST (Tie-in)'s

1. Incumbent CST (Tie-in)'s shall be kept whole. Their rate shall reflect the CST end rate (CST 1), and their hours of work shall remain on the regular day shift.
2. Bill Friedrich, shall be considered an incumbent CST (Tie-in) and his rate shall be lifted to CST 1, retroactively to the date that he assumed his current CST (Tie-in) position.
3. While the incumbent CST (Tie-in)'s may primarily be focused on tie-in activities, they shall be expected to deliver the full scope of CST work when and as required (to the level of their qualifications and training).

Part B - New CST (Tie-in)'s

1. In recognition of the additional scope of this CST subset; an employee hired as a CST (Tie-in)'s shall be exempt from the CST 2 step in progression provided they hold their Provincial Gasfitter's License Grade B (aka "B" ticket) at the time of selection.

All new CST (Tie-in)'s shall be subject to a one (1) year probationary period wherein they must demonstrate their ability to deliver the full scope of CST duties.

2. CST (Tie-in)'s that are hired with minimum qualifications (Utility Ticket) shall begin as a CST 2 (Tie-in) and shall advance to a CST1 per the following:
 - a) The CST 2 (Tie-in) shall automatically be promoted to CST 1 upon attaining the Provincial Gasfitter's License Grade B;

- b) The CST (Tie-in) 2 shall be required to obtain the Provincial Gasfitter's License Grade B within twelve (12) months of qualifying to write for it (i.e. holding a Provincial Gasfitter's License Utility Grade for 2 years);
 - c) Failure to obtain the Provincial Gasfitter's License Grade B within this twelve (12) month period shall result in the employee being returned to their previously-held classification.
3. The CST (Tie-in) shall deliver the full scope of CST duties, including CST shifts, but shall rotate into the Tie-in function on a regular and reasonably equitable basis with others in this subset.
 4. The Company has targeted an initial number of six (6) CST (Tie-in)'s and shall eventually post to that level on a transitional basis. Given the limited scope of the incumbent CST (Tie-in)'s in their current configuration this adjustment shall occur when opportunities allow.
 5. The Company shall initially post one (1) additional permanent position. This CST (Tie-in) shall provide backfill for the incumbent group and, as transition occurs, shall rotate into tie-in work on a more frequent basis as other new CST (Tie-in)'s positions are posted. This first "new" CST (Tie-in) shall initially be required to focus on other CST work but since he/she may come in as a CST-1 (holding a B Ticket), and may not have the required training to deliver the full scope of the CST duties, some accommodation by the Company may be required while skills acquired and required training is completed.

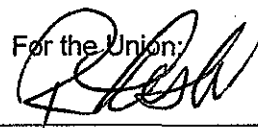
Signed this 6th day of December 2007 at Surrey, B.C.

For the Company:



Jeff Marwick

For the Union:



Randy Loski

Graham Henderson