

Terasen Gas Inc (the "Company") – and – Local 213 of the IBEW (the "Union")

Tentative Agreement

Subject to ratification by each party's respective principals, the parties hereby agree to include the following letter of understanding in the current collective agreement

LETTER OF UNDERSTANDING NO.

Distribution Mechanic Apprenticeships

This letter is intended to establish a Distribution Mechanic Apprenticeship program which integrates the completion of a Gas Utility Certificate of Qualification, and provides for a shortened period by which Distribution Apprentices ("DAs") may progress to the Distribution Mechanic ("DM") classification and rate of pay.

The parties recognise that it is the prerogative of the Company to determine the appropriate level of training and support to its employees, and that it is the intent of the Company to provide adequate training and support to the DAs, in order that they may successfully complete the Distribution Mechanic Apprenticeship program.

For their part, DAs are expected to demonstrate the commitment necessary for the successful completion of their training, and Gas Utility Certificate Qualification.

Therefore, the parties hereby agree:

1. Distribution Apprentices ("DAs") will complete their Distribution Mechanic ("DM") apprenticeships in 36 months but not less than 24 months
2. A DA will start his/her apprenticeship at 75% of the DM rate, progress to 82% of the DM rate after 12 months, progress to 90% of the DM rate after 24 months, and progress to the DM rate and classification after successfully completing all of the required DA courses and acquiring all the required DA skills and a Gas Utility Certificate of Qualification.
3. An employee will not be denied progression to the DM rate and classification due to lack of internal training opportunities and/or experience which are not attributable to the employee.
4. Between the 18th and 30th months of apprenticeship, the Company will provide each DA with unpaid after hours classroom instruction of up to 72 hours, over three (3) consecutive months to help the DA pass the Gas Utility Certificate of Qualification examination. DAs will be granted a ½ hour at their regular rate of pay for travel time per class as above, to attend up to two three-hour classes per week of classroom instruction. The Company may also

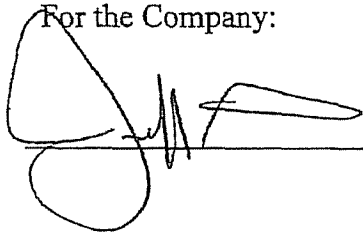
provide an additional one-half day of paid pre-examination instruction. For DAs outside of the Lower Mainland, alternative instruction or support to help each DA pass the Gas Utility Certificate of Qualification examination will be provided based on regional availability and considerations.

5. The Company will provide required study material and textbooks. Upon obtaining the Gas Utility certification of qualification, the Company will reimburse the cost of one examination fee. The Company will give consideration to reimbursing beyond one examination fee, where extenuating circumstances (e.g. learning disability) exist

6. DAs are not required to take the training described in paragraph 4 if they have previously completed a recognized gasfitter course/program and will challenge the Gas Utility Certificate of Qualification after 24 months of DM apprenticeship or if they already possess a valid Gas Utility or higher certificate of qualification.

Signed this 18th day of December, 2008

For the Company:

A handwritten signature in black ink, consisting of a large loop on the left and several horizontal strokes on the right, positioned above a horizontal line.

For the Union:

A handwritten signature in black ink, appearing to read 'M. Van R...' with a stylized flourish at the end, positioned above a horizontal line.