



Terasen Gas  
16705 Fraser Highway  
Surrey, BC, V4N 0E8  
Tel: (604) 576-7000  
[www.terasengas.com](http://www.terasengas.com)

## News Release

FOR IMMEDIATE RELEASE

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### **Terasen Gas receives conditional regulatory approval for natural gas storage facility**

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Surrey, BC – Terasen Gas (Vancouver Island) Inc. (TSX:FTS) has received conditional approval from the British Columbia Utilities Commission (BCUC) to construct and operate a natural gas storage facility on Vancouver Island.

“With today’s decision, we’re now in a position to finalize contracts for materials and resources in order to complete our construction cost estimates. This work will ensure the final project cost estimates will meet the conditions provided in the decision,” said Randy Jespersen, President and CEO of Terasen Inc.

“The BCUC did award the rate of return on equity associated with Terasen Gas Vancouver Island, but did not approve the adjustment requested in our application,” Jespersen said.

The proposed facility, supplied by the company’s existing pipeline systems, would allow Terasen Gas to meet current and future gas demands on Vancouver Island and throughout our service territory by storing liquefied natural gas. The 142-hectare project site, known as Mt. Hayes, is located approximately six kilometres northwest of Ladysmith.

“This new storage facility would allow Terasen Gas to become more self-sufficient in meeting its winter peaking requirement by reducing its reliance on other storage facilities located in the Pacific Northwest,” said Doug Stout, Vice President of Marketing and Business Development for Terasen Gas. “It would also allow for more efficient use of Terasen Gas’s existing pipeline systems and result in improved reliability and security of supply during planned or unplanned system interruptions.”

The company has been developing this project since 2004. Through an ongoing public consultation program, community support for the project continues to be strong.

The natural gas storage facility would store 1.5 billion cubic feet of liquefied natural gas, with the proposed structure measuring approximately 60 metres in diameter and about 50 metres high.

It would also create substantial mid-Island economic and employment benefits, including:

- local construction expenditures - \$50 million
- local, direct employment - approximately 120 person years
- nine full-time operations jobs at the facility

Estimated project and associated costs range from \$175 million to \$200 million. Construction is expected to begin in April 2008 with the facility coming into service by late 2011.

Terasen Gas is mainly composed of the operations of Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc., both indirect wholly owned subsidiaries of Fortis Inc. Fortis Inc., the largest investor-owned distribution utility in Canada, serves almost two million gas and electric customers and has \$10 billion of assets. Its regulated holdings include Terasen Gas and electric utilities in five Canadian provinces and three Caribbean countries. Fortis Inc. owns non-regulated hydroelectric generation assets across Canada and in Belize and upper New York State. It also owns hotels and commercial real estate in Canada. Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at [www.fortisinc.com](http://www.fortisinc.com) or [www.sedar.com](http://www.sedar.com).

*Terasen Gas may include forward-looking statements in this media release which reflect management's expectations regarding the Company'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 Company's management. 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, natural gas prices and supply, operational risks, general economic conditions, weather, capital resources, loss of service area, licences and permits, environment, insurance, labour relations and human resources. Terasen Gas 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 Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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**Media contact:**

Carol Greaves, Community Relations Manager  
Terasen Gas  
Phone: (250) 380-5764  
E-mail: [carol.greaves@terasengas.com](mailto:carol.greaves@terasengas.com)

Scott Thomson, Vice President, Regulatory Affairs & Chief Financial Officer  
Terasen Inc. and Terasen Gas  
Phone: (604) 592-7784  
E-mail: [scott.thomson@terasengas.com](mailto:scott.thomson@terasengas.com)