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October 1, 2008

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: Terasen Gas Inc. (“Terasen Gas” or the “Company”) – Commodity Unbundling for Residential Customers – British Columbia Utilities Commission (the “Commission”) Order No. C-6-06

CUSTOMER CHOICE Post Implementation Review Report and APPLICATION for Program Enhancements and Additional Customer Education Funding (the “Application”)

Erratum to Application, Page 91

On July 18, 2008, Terasen Gas filed the Application as noted above.

In the Application (Exhibit B-1) on page 91, a table setting out the individual components of the proposed Customer Choice Customer Education Plan for 2009-2011 was included. Regrettably there was an error in the table that was only recently noticed. Unfortunately, three of the individual components listed in the table were incorrect and consequently the sum of the individual components did not equal the total cost included in the table. The total annual expenditure of \$3.25 million for the Customer Education Plan that was included in the table as filed is correct, whereas the total of the components when aggregated was \$3.5 million. The three individual components that were in error had a cumulative error of \$250 thousand.

Attached is the erratum replacement to page 91 of the Application correcting the table. This erratum does not affect the amount for which Terasen Gas sought approval in the Application, but rather simply corrects the evidentiary record.

If you have any questions related to this information, please do not hesitate to contact Hans Mertins at (604) 592-7753.

Yours very truly,

TERASEN GAS INC.

Original signed:

Tom A. Loski

Attachments

cc: Registered Parties (e-mail only)

through 2011 as per the table below. The accounting treatment and cost recovery mechanisms, which the Company proposes to be the same as is currently used, is described in more detail in Section 5.3 of this Application.

**Customer Choice Customer Education Plan
 Proposed Annual Budget - 2009 - 2011**

Erratum filed October 1, 2008

	<u>Submitted</u>	<u>Erratum</u>	<u>Difference</u>	<u>Reason</u>
Bill inserts (2 pieces)				
Production	\$ 70,000	\$ 70,000	\$ -	
Direct mail (2 pieces)				
Production & mailing	900,000	750,000	- 150,000	Did not account for those already signed up with marketers. Drop quantity falls from 720,000 customers to ~600,000
Television (1 new commercial)				
Production	250,000	200,000	- 50,000	Lower production cost estimate from Wasserman + Partners
English media	950,000	950,000	-	
Ethnic media	60,000	60,000	-	
Radio				
Production	10,000	10,000	-	
English media	950,000	920,000	- 30,000	
Ethnic media	60,000	60,000	-	
Research				
Tracking	250,000	230,000	- 20,000	Focus groups not required
	\$ 3,500,000	\$ 3,250,000	-\$ 250,000	

4.9 Customer Choice Implementation Costs

In the April 13, 2006 CPCN Application for the implementation of a Residential Unbundling program, Terasen Gas outlined the expected implementation costs to be \$11.1 million on a pre-tax basis. Commission Order No. C-6-06 approved an increase of \$11.1 million to the implementation cost deferral account resulting in a total approved deferral account of \$12.5 million.

The Residential Phase of the Unbundling program was implemented for a cost of \$11.0 million compared to the approved budget of \$11.1 million. An additional amount of \$1.4 million was incurred to scope out the solution that was approved by the Commission in August 2006. The Customer Choice program has been fully implemented except for the last requirements of the financial reporting process improvements. Several extract files containing billing data that need to be provided by the Company's outsourced customer care service provider, CustomerWorks LP, need to be integrated into the application. The process to fully identify the detailed reporting requirements was more complex than initially anticipated, but the remaining work is expected to be completed by the end of August, 2008. The costs associated with this delayed completion are included in the implementation amounts cited earlier.

4.10 Customer Choice Operating and Maintenance Costs

In Commission Order No. C-6-06 reaffirmation was provided that operating costs, to the extent possible, are to be recovered from the gas marketers. Terasen Gas charges gas marketers four different transaction fees in order to recover certain operating costs directly from gas marketers.