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July 30, 2010

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. ("Terasen Gas") Certificate of Public Convenience and Necessity ("CPCN") for the Customer Care Enhancement Project ("the Project")**  
**British Columbia Utilities Commission (the "Commission") Order No. C-1-10 dated February 26, 2010 – Compliance Filing**  
**Quarterly Progress Report for the period ending June 30, 2010**

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On February 26, 2010, the Commission issued Order No. C-1-10 granting a CPCN for the Project. Paragraph 3(i) of Order C-1-10 directed Terasen Gas to:

- (i) *file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project;*

Further on March 12, 2010, the Commission issued Order No. G-46-10 approving the establishment of a non-rate base deferral account for recording of currency exchange rate differences. Pursuant to Order No. G-46-10, paragraph 2, Terasen Gas has provided the deferral account transactions as a CONFIDENTIAL Appendix to the Quarterly Progress Report.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

**TERASEN GAS INC.**

***Original signed by: Paul Craig***

**For:** Tom A. Loski

Attachments



**TERASEN GAS INC.**

**Customer Care Enhancement Project  
Quarterly Progress Report**

**For the Period ending June 2010**

**Compliance Filing in Accordance with  
Commission Order C-1-10**

**Submitted to the**

**BRITISH COLUMBIA UTILITIES COMMISSION**

**July 30, 2010**

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## **1 EXECUTIVE SUMMARY**

The current expected cost of the overall project including allowance for funds used during construction (AFUDC) remains unchanged at \$115.5 million and the scheduled date that Terasen Gas will go live with the new system continues to be January 1, 2012.

The design teams have completed one third of the detailed design of the new system. The program management team has been established and the functional and technical design teams have been assembled. The largest meeting room on the first floor of Surrey operations was outfitted to house the project team, including Terasen Gas employees and on-site consultants. Other key project accomplishments this quarter include securing a lower mainland facility to house the primary contact centre and back office and billing operations and selection of a contact centre technology provider.

No scope changes have been issued to date and no new risks to the project have been identified. All project elements continue to proceed in accordance with the project schedule and Terasen Gas expects the detailed design phase of the project to be completed on time by October 29, 2010 with a system go-live date of January 1, 2012.

Five Point Partners (Five Points), a specialized provider of application management consulting services to organizations within the energy and utility industry, has been engaged to evaluate the project progress on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope and risks. Their independent review of the project progress has been included as Confidential Appendix 4 of this Progress Report.



## 2 REPORTING DIRECTIVES

This report is the Quarterly Progress Report for the Customer Care Enhancement (“CCE”) Project (the “Project”) Certificate of Public Convenience and Necessity (“CPCN”), submitted in compliance with the directives of the British Columbia Utilities Commission (the “Commission”) Order No. C-1-10. Specifically, Terasen Gas was directed in paragraph 2(i) to:

“file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project. “

Further, in Order No. G-46-10 under paragraph 2, Terasen Gas was directed to file the deferral account transactions as a confidential Appendix to the Quarterly Progress Reports.

This report constitutes the Quarterly Progress Report and serves to provide details of the Project progress and the specific items outlined above can be found in the following sections of this report:

**Table 2.1: Report Sections**

Order Number	Item	Section Reference
C -1-10	Planned versus Actual schedule	Section 7.1: Milestone Summary
C-1-10	Planned versus Actual Costs	Section 8 : Project Costs
C-1-10	Variances or Difficulties encountered	Section 5: Detailed Project Status
G-46-10	Deferral account transactions	Appendix 6 -Confidential

This progress report serves to provide a comprehensive overview of the progress of the CCE project and the accomplishments to the period ending June 30, 2010.

### **3 PROJECT BACKGROUND**

The project involves in-sourcing of key components of customer care services and the implementation of a new Customer Information System (CIS) under the control of Terasen Gas.

This involves the implementation of technologies, including a new CIS technology platform, integrated with new contact centre technologies for managing customer interactions together with the creation of a new in-sourced customer care department to support the capability to deliver improved customer service. SAP's CIS, Customer Relationship and Billing (CRB) system is the technology platform that will be used to enable the business processes needed to deliver customer care services.

The project represents a transition from the current Business Process Outsourcing<sup>1</sup> model to a Strategic Sourcing model for customer care services. These customer care functions include the following activities:

- Call Centre
- Billing and Payments
- Collections
- Contract Management
- CIS Systems Support and Maintenance
- Meter Reading

The successful implementation of the CCE Project will enable Terasen Gas to fully own the direct customer experience and better position Terasen Gas to adapt to evolving customer needs. Customers will benefit from the expanded functional capabilities inherent in the SAP Utilities CRB module together with an internally managed customer care department based in British Columbia. The employee representatives of Terasen Gas will have improved knowledge of our broader environment and the impact of events in our marketplace in order to better understand and relate to customer experiences and direct ownership and oversight of employee training will ensure that customers can access the information that they need from knowledgeable representatives.

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<sup>1</sup> See Appendix 3 – Glossary – for definition

## **4 PROJECT ACTIVITIES**

In order to manage the various project activities the project work has been divided into five workstreams and these workstreams have been grouped into the three groups described below. The detailed activities of the project's progress are presented in this report based on these three groups of activities.

### **Customer Relationship Billing (CRB) and Operation Process Integration (OPI)**

The CRB program involves the implementation of the CRB for Utilities module of SAP and other related components of SAP. For delivery of the CRB system, Terasen Gas has partnered with HCL-Axon<sup>2</sup>.

The OPI program involves the reworking of various integrated processes and technology components that connect utility operations to the existing CIS (Peace 8).

### **Contact Centre Technologies (CCT) and Contact Centre Facilities (CCF)**

The CCT Program is responsible for the implementation of Interactive Intelligence's<sup>3</sup> all in one solution for managing multi-channel customer interactions, integrated with the SAP solution being implemented under the CRB Project. For the implementation of the Contact Centre Technology, Terasen Gas has partnered with Altivon<sup>4</sup>, who is the implementation partner of Interactive Intelligence.

The CCF Program includes establishing two new contact centre facilities, one in the Lower Mainland and one in Prince George, to house the new Customer Care department being implemented through the Organizational Design and Staffing Program described below.

### **Organizational Design and Staffing (ODS)**

The ODS program involves the design and implementation of the new customer care department, including the processes and controls required to operate and manage it, together with the hiring, on-boarding and training of the personnel required to staff it.

The ODS program is also responsible for the change management and communications activities for the entire CCE project.

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<sup>2</sup> See Appendix 3 – Glossary – for definition

<sup>3</sup> See Appendix 2 – List of Major Contractors – for background information on Interactive Intelligence

<sup>4</sup> See Appendix 2 – List of Major Contractors – for background information on Altivon



## 5 DETAILED PROJECT STATUS

This section provides details of the project team's major accomplishments, work completed and issues resolved for the period ending June 30, 2010 together with a description of the projects plans for the next period. These are described using the three groups of activities outlined in Section 4. All project elements continue to proceed in accordance with the project schedule and Terasen Gas expects the detailed design phase of the project to be completed on time by October 29, 2010 with a system go-live date of January 1, 2012.

### 5.1 Major Accomplishments, Work Completed and Issues Resolved

The focus for the period has been on developing the project plan, procuring key resources and entering into arrangements to ensure the successful implementation of the project deliverables.

#### 5.1.1 CUSTOMER RELATIONSHIP AND BILLING (CRB) AND OPERATION PROCESS INTEGRATION (OPI)

**The following is a list of the major accomplishments and work completed for the period ending June 30, 2010:**

- All system design project team members have received SAP training
- The following deliverables have been completed:
  - Project Management Office has been established
  - Mobilization Team<sup>5</sup> has been established
  - Project team has been mobilized and oriented
  - Project Organization Roles and Responsibilities have been implemented
  - Existing TGI process documentation has been gathered
  - TGI's legacy systems architecture documentation has been gathered
  - TGI's existing role, competency and organizational design documentation has been gathered
  - Technical training has been provided
  - Decision Making Model has been developed
  - Project Toolset<sup>6</sup> has been configured and is available

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<sup>5</sup> See Appendix 3 – Glossary – for definition

<sup>6</sup> See Appendix 3 – Glossary – for definition

- Project Risk register has been established
- Project infrastructure has been installed
- Blueprint Phase requirements validation workshops have been started
- Development of Business Process Designs (BPD's) have been started
- Terasen Gas has been successful in reaching an agreement with the current customer information system provider (Hansen Technologies<sup>7</sup>) to support the data migration activities from the current CIS Peace 8 to SAP. Data migration is always a key focus for any system conversion effort and therefore the engagement of the legacy system provider is critical in order to mitigate risks around understanding the legacy system data and the subsequent mapping to the new system.

The first phase of the project, the preparation phase, took longer than anticipated due to delays in the mobilization of resources from HCL-Axon and other third party contractors. This challenge has been overcome and the project team is certain that the delay will not impact the next key project milestone(s). One third of the detailed design of the new system has already been completed and the project team is on track to complete the remaining two thirds on schedule.

#### **5.1.2 CONTACT CENTRE TECHNOLOGIES (CCT) AND CONTACT CENTRE FACILITIES (CCF)**

**The following is a list of the major accomplishments and work completed for the period ending June 30, 2010:**

- A lease agreement for the Lower Mainland Contact Centre Facility has been reached (detailed information is provided below)
- Terasen Gas has assumed ownership of the Prince George Contact Centre Facility and has issued a tender for the necessary building improvements. Please see Appendix 5 for a news article announcing the Prince George Facility.
- Software for the contact centre technology has been selected (detailed information is provided below)

#### **Lower Mainland Contact Centre**

A facility located in Burnaby, meets Terasen Gas' key criteria and has been selected as the best location to house the primary contact centre, back office and billing operations in the Lower Mainland. Terasen Gas' key requirements included adequate floor space, proximity to rapid transit and timely availability of the site to meet the project schedule.

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<sup>7</sup> See Appendix 2 – List of Major Contractors – for background information on Hansen Technologies

It had been previously communicated that a Lower Mainland contact centre facility located in Surrey had been selected and that Terasen Gas was in negotiations and awaiting final approval from the landlord. The plan was to subcontract the lease from the existing leaseholder, however, Terasen Gas and the landlord were unable to come to a mutual agreement.

A number of different potential sites were explored in the Lower Mainland and Terasen Gas was successful in finding another facility that meets the desired requirements suitable to house the primary contact centre, back office and billing operations. A lease agreement for the building has been reached and all subjects were removed as of June 30<sup>th</sup>. The building is located on Still Creek Road in Willingdon Park, Burnaby and is a five minute drive away from Terasen Gas' Burnaby operations. The closest skytrain station, Gilmore Station, is only a ten minute walk and there is a designated shuttle service at peak hours to the two closest skytrain stations (Gilmore and Brentwood Stations) and to Brentwood Mall.

The building is a designated Leadership in Energy & Environmental Design (LEED) Gold building. The facility provides for sufficient space, 53,211 sq ft located on the 3<sup>rd</sup> and 4<sup>th</sup> floors, to house both the primary contact centre, back office and billing operations under one roof. The operational benefits resulting from the close association of these operating groups will enable Terasen Gas to efficiently and effectively meet the needs of customers. Billing operations will be able to provide support to the call centre for complex billing issues and escalations. In addition, the billing group will be responsible for proactively identifying potential billing issues and contacting customers to discuss and resolve issues before they escalate.

Terasen Gas is confident that the Burnaby facility meets the requirements to house the primary contact centre, back office and billing operations and that the facility will be ready for the January 1, 2012 go-live date.

### **Contact Centre Technology**

Concurrent with the later stages of the approval process of the original filing, there was significant activity in the industry of contact centre technology. Avaya acquired key components of Nortel and Interactive Intelligence introduced a new version of their product predicated on a updated architectural platform. The combination of these events caused Terasen to go back and re-evaluate the contact centre technology alternatives reviewed previously in light of this new information as well as a greater understanding of the detailed requirements and how they would need to be best implemented. After further detailed analysis of system requirements and proposed costing, it was determined that the solution provided by Interactive Intelligence was better suited to meet Terasen Gas' needs. Terasen Gas is in the final stages of finalizing a contract with Altivon and Interactive Intelligence to provide a single solution for a unified Customer Interaction Centre for Terasen Gas customers.

The Interactive Intelligence software has full integration capabilities with Terasen Gas' chosen Customer Relationship Management (CRM) system provider, SAP. In addition, the application is both flexible and scalable to incorporate any future growth and change requirements. While Terasen Gas has selected an alternative contact centre technology provider in place of the provider outlined in the CPCN application as the preferred vendor at that point in time, it should be noted that the solution selected from Interactive Intelligence was short listed as the alternative during the initial evaluation stages and supports a full multi-channel suite and the new information provided during the re-evaluation addressed the shortcomings identified in the original analysis.

The solution will be implemented by Altivon, a system integrator who specializes in the implementation of the Interactive Intelligence solution. Scope of work documents have been prepared and finalized between both parties, and a high level project plan is currently in the development stages. A major milestones and deliverables document has been created and agreed to by both parties. Technical architecture topography has been completed incorporating both the Lower Mainland and Prince George Contact Centre requirements.

The timely arrangements for the Lower Mainland contact centre facility, a contact centre technology provider and the possession of the Prince George contact centre site have been major accomplishments for the project team during this reporting period.

### **5.1.3 ORGANIZATIONAL DESIGN AND STAFFING (ODS)**

**The following is a list of the major accomplishments and work completed for the period ending June 30, 2010:**

- All ODS team resources have been secured and the team will be responsible for Communications, Change Management and Human Resources for the new Customer Care Department;
- The Training and Documentation Strategy is currently on track and in development; and
- The Change Management Strategy is currently on track and in its final stages of development.

### **5.2 Plans for Next Period (July to Sep 2010)**

The activities planned for the period July to September 30 have been outlined below. The key deliverables for the next period are to complete the CRB process design documentation, prepare documentation for the functional specifications of the contact centre technology and to begin renovations on the Prince George contact centre facility.

### **5.2.1 CUSTOMER RELATIONSHIP AND BILLING (CRB) AND OPERATION PROCESS INTEGRATION (OPI)**

- All blueprint requirement validation workshops and all process design documentation will be completed for the customer relationship billing;
- The analysis of all forms, reports, interfaces, data conversion, enhancements and workflows (FRICE-W) will also be complete;
- Agreement for the data migration services from the Peace to SAP system will be finalized; and
- Scope and services for SAP Active Global Support<sup>8</sup> will be finalized.

### **5.2.2 CONTACT CENTRE TECHNOLOGIES (CCT) AND CONTACT CENTRE FACILITIES (CCF)**

- Agreement for the contact centre software will be finalized and vendor resources on site;
- Functional design workshops and documentation of functional specifications for the contact centre technologies will be completed; and
- Bids for renovation work to the Prince George contact facility will be finalized.

### **5.2.3 ORGANIZATIONAL DESIGN AND STAFFING (ODS)**

- The Training and Documentation and Change Management strategies will be finalized.

## **5.3 Quality Assurance Review**

Five Point Partners (Five Points) has been engaged to provide assurance of on time execution of the project together with guidance on mitigation of risks. Five Points is a specialized provider of application management consulting services to organizations within the energy and utility industries. Five Points bring expert knowledge and experience in managing the development of Customer Information Systems. They will be utilizing their experience with numerous similar projects throughout North America to evaluate the project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks.

A representative from Five Points is currently on site, working alongside the project team and will be providing guidance throughout the life of the project. Please see Appendix 4 for Five Points' project status report.

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<sup>8</sup> Appendix 2



## **6 PROJECT SCOPE**

No project scope changes have been issued to date.

## 7 PROJECT SCHEDULE

The overall project schedule's critical path remains on track and the scheduled date Terasen Gas will go live with the new system and customer care department continues to be January 1, 2012.

### 7.1 Milestone Summary

The targeted project milestone dates for each of the project phases are outlined below. The project phases are described in more detail in Appendix 1.

The project preparation phase was completed June 30, later than the scheduled completion date of May 15 due to challenges with the mobilization of key project resources. The program team is currently actively engaged in the business blueprint phase and is on schedule to have this phase completed by October 29<sup>th</sup>, 2010. The initial delays in the preparation phase were not part of the project's critical path and so the detailed business blueprint phase continues to proceed on schedule and the scheduled date that Terasen Gas will go live with the new system continues to be January 1<sup>st</sup>, 2012.

**Table 7.1: Schedule**

Phase	Milestone Start			Milestone End		
	Plan	Actual	Forecast	Plan	Actual	Forecast
1. Project Preparation	Mar 1,2010	Mar 1,2010	n/a	May 15,2010	Jun 30,2010	n/a
2. Business Blueprint	May 3,2010	May 10,2010	n/a	Oct 29,2010	n/a	Oct 29,2010
3. Realization	Nov 1,2010	n/a	Nov 1,2010	Oct 31,2011	n/a	Oct 31,2011
3a. Integration Test 1	Jun 6,2011	n/a	Jun 6,2011	July 31,2011	n/a	July 31,2011
3b. Integration Test 2	Aug 1,2011	n/a	Aug 1,2011	Oct 31,2011	n/a	Oct 31,2011
4. Final Preparation	Nov 1,2011	n/a	Nov 1,2011	Dec 31,2010	n/a	Dec 31,2010
5. Stabilization	Jan 1,2012	n/a	Jan 1,2012	Mar 31,2012	n/a	Mar 31,2012

### 7.2 Project Schedule

The Project schedule is attached as Appendix 1 and reflects the full scope of work in the Customer Care Enhancement Project. The project schedule detail beyond the blueprint phase will be updated as more specific system design plans are developed through the blueprint phase.

## **8 PROJECT COSTS**

The actual project spend is behind the anticipated spend as a result of the delays in mobilization of key resources. This will have no impact on the forecasted spend for the project which remains at approved level of \$115.5 million including AFUDC.

The selection of the Burnaby facility and an alternative contact centre technology provider has had minimal impact on the overall project costs. A control budget is currently under development and will be complete once the blueprint and detailed scope have been completed. The control budget will serve to provide a more accurate allocation of costs based on the confirmation of all scope issues driven out of the blueprint phase. The completed control budget will be filed with the Q4 2010 Progress report together with explanations of any changes from the budget supplied below and approved as part of the CPCN application process.

For the purposes of this report and for managing costs throughout the life of the project, costs have been categorized into two major categories – Capital and Deferred O&M. The components of these categories are shown in the resource view format illustrated below.

The year to date cost reporting summary to June 2010 is as follows:



Table 8.1: Cost Reporting Summary to June 30, 2010

<u>Project Costs (000's)</u>	<u>YTD</u>	<u>Project Total</u>		
	<u>Spend to Date</u>	<u>CPCN Budget</u>	<u>Project Forecast</u>	<u>Variance</u>
<b><u>Capital</u></b>				
Internal Labour	282	5,785	5,785	-
Consulting	3,714	31,291	31,291	-
Hardware	102	1,312	1,312	-
Software	3,051	5,640	5,059	(581)
Expenses	420	5,531	5,531	-
Facilities	3,042	18,931	18,931	-
Contingency	-	8,516	8,516	-
	<b>10,611</b>	<b>77,006</b>	<b>76,425</b>	<b>(581)</b>
<b><u>Deferred O&amp;M</u></b>				
Internal Labour	43	9,631	9,631	-
Consulting	251	19,194	19,194	-
Software*	581	-	581	581
Expenses	41	2,053	2,053	-
Facilities	2	1,037	1,037	-
Contingency	-	3,142	3,142	-
	<b>918</b>	<b>35,057</b>	<b>35,638</b>	<b>581</b>
<b>Net Total</b>	<b>11,529</b>	<b>112,063</b>	<b>112,063</b>	<b>-</b>
AFUDC	256	3,437	3,437	-
<b>Grand Total</b>	<b>11,785</b>	<b>115,500</b>	<b>115,500</b>	<b>-</b>
* This item was erroneously categorized under capital in the CPCN Budget and will be corrected with the new control budget				

The current expected cost of the overall project including AFUDC remains unchanged at the approved level of \$115.5 million.

## 9 PROJECT RISKS

The project management team has identified the following areas of focus in order to manage project risk.

**Table 9.1: Project Risks**

<b>9.1 Risk Description</b>	<b>9.2 Potential Risk</b>	<b>9.3 Mitigation Strategy</b>
Inflexibility of the go-live date	Solution quality may be sacrificed in order to meet the required date	A knowledgeable and experienced design team is engaged in the system design and a strong emphasis will be placed on the quality of the design and the solution. HCL-AXON, SAP, and Five Points have all been engaged to provide additional quality assurance on the project
System Performance	The stabilization period may be longer than anticipated as a result of system performance issues	SAP's Active Global Services will be on site periodically to assist the project team with testing and risk mitigation of system performance issues. They have sufficient experience to identify performance risk areas and resolve the types of system issues that could be encountered when the system goes live

The project management team has ensured appropriate risk mitigation efforts are in place and will continue to monitor and manage identified risks throughout the life of the project.

**Appendix 1**

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**PROJECT SCHEDULE**

ID	Task Name	Duration	2010				2011				2012		
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
1	<b>Customer Care Enhancement PM Tasks</b>	<b>569 days?</b>											
2	<b>CCE Project Prep Phase</b>	<b>63 days?</b>											
3	<b>Initiating</b>	<b>28 days?</b>											
20	<b>Facilities</b>	<b>15 days</b>											
25	<b>Project Team</b>	<b>10 days</b>											
33	<b>CCE Business Blueprint Phase</b>	<b>112 days?</b>											
34	<b>Initial Planning</b>	<b>32 days</b>											
53	<b>Performance Reporting</b>	<b>109 days?</b>											
90	<b>Quality Management</b>	<b>90 days</b>											
93	<b>Updated / Control Plans</b>	<b>20 days</b>											
102	<b>CCE Realization Phase</b>	<b>265 days?</b>											
103	<b>Performance Reporting</b>	<b>247 days?</b>											
155	<b>Quality Management</b>	<b>240 days</b>											
158	<b>Updated Plans</b>	<b>5 days</b>											
166	<b>CCE Final Prep Phase</b>	<b>41 days?</b>											
167	<b>Performance Reporting</b>	<b>27 days?</b>											
179	<b>Quality Management</b>	<b>40 days</b>											
182	<b>Updated Plans</b>	<b>5 days</b>											
190	<b>CCE Go-live and Support</b>	<b>88 days</b>											
191	Milestone Go-Live	0 days											
192	Stabilization PM Tasks	60 days											
193	<b>Program Closure</b>	<b>15 days</b>											
196	Milestone Completion	0 days											
197	<b>Customer Relationship and Billing Project</b>	<b>569 days?</b>											
198	<b>TGI SAP CRB Implementation Plan</b>	<b>569 days?</b>											
1	<b>CRB Project Prep Phase</b>	<b>80 days?</b>											
2	<b>Establish PMO and project standards</b>	<b>43 days?</b>											
18	<b>Project Governance</b>	<b>80 days?</b>											
44	<b>Project Mobilization</b>	<b>75 days</b>											
87	<b>Project Management Approach / Methodology / Toolset</b>	<b>75 days</b>											
119	<b>Functional &amp; Technical Solution</b>	<b>23 days?</b>											
155	Milestone: Project Prep Complete	0 days											
157	<b>CRB Business Blueprint Phase</b>	<b>135 days</b>											
158	<b>Project Management Blueprint Processes</b>	<b>1 day</b>											
161	Conduct QA Phase Review of Project Prep and Blueprint Mid P	3 days											
162	Conduct QA Phase Review of Blueprint Design	3 days											
163	<b>Functional Blueprint Deliverables</b>	<b>135 days</b>											
711	<b>Technical Blueprint Elements</b>	<b>129 days</b>											

Project: Customer Care Enhancement Date: 30-June-2010	Task		Milestone		External Tasks	
	Split		Summary		External Milestone	
	Progress		Project Summary		Deadline	

ID	Task Name	Duration	2010				2011				2012		
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
768	<b>Training and Change Management</b>	125 days											
848	<b>Prepare for Realization Phase Activities</b>	81 days											
853	Blueprint Phase Planned Completion Date	0 days											
855	<b>CRB Realization Phase</b>	260 days											
856	Conduct QA Phase Review Build	3 days											
857	Conduct QA Phase Review Test and Cut-Over Planning	3 days											
858	<b>Configure SAP</b>	145 days											
874	<b>Develop Enhancements and Workflow</b>	180 days											
880	<b>Develop Reports &amp; Forms</b>	180 days											
888	<b>Develop Interfaces</b>	160 days											
893	<b>Data Migration Activities</b>	120 days											
900	<b>Security Activities</b>	120 days											
904	<b>Perform Testing Activities</b>	259 days											
927	<b>Technical Activities</b>	140 days											
944	<b>Change Management &amp; Training</b>	260 days											
1024	<b>Prepare for Final Preparation and Go-Live Phase</b>	10 days											
1027	Realization Phase Planned Completion Date	0 days											
1029	<b>CRB Final Preparation Phase</b>	81 days											
1030	<b>Project Management Final Prep Phase</b>	43 days											
1035	<b>User Acceptance Testing</b>	40 days											
1039	<b>Establish Production System (SAP Production System)</b>	42 days											
1051	<b>Data Migration</b>	81 days											
1060	<b>System Testing</b>	46 days											
1078	<b>Business Change &amp; Integration</b>	80 days											
1109	<b>Perform Cut-Over to Production</b>	81 days											
1119	<b>CRB Go-Live and Support Phase</b>	89 days											
1120	<b>Project Management Phase Activities</b>	65 days											
1122	<b>Technical Stabilization</b>	65 days											
1137	<b>User Support</b>	65 days											
1173	<b>Project Closure Activities</b>	65 days											
199	<b>Operations Process Integration Project</b>	455 days											
200	<b>OPI Project Prep Phase</b>	20 days											
201	<b>Process Scope</b>	20 days											
203	<b>OPI Business Blueprint Phase</b>	60 days											
204	<b>Process Designs</b>	30 days											
208	<b>Functional Approach Docs and Plans</b>	15 days											
213	<b>Functional Specs</b>	55 days											
218	<b>SoW's and Detailed Plans</b>	25 days											

Project: Customer Care Enhancement Date: 30-June-2010	Task		Milestone		External Tasks	
	Split		Summary		External Milestone	
	Progress		Project Summary		Deadline	

ID	Task Name	Duration	2010				2011				2012		
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
223	<b>OPI Realization Phase</b>	<b>270 days</b>											
224	<b>Technical Specs</b>	<b>40 days</b>											
229	<b>Build and Unit Test</b>	<b>80 days</b>											
235	<b>Integration testing</b>	<b>85 days</b>											
239	OPI Final Prep Phase	40 days											
240	OPI Go live & Support Phase	65 days											
241	<b>Organizational Design and Staffing Project</b>	<b>481 days</b>											
242	<b>Process Designs</b>	<b>150 days</b>											
247	<b>Organization Design</b>	<b>195 days</b>											
257	<b>Communications</b>	<b>481 days</b>											
273	<b>Change Management</b>	<b>380 days</b>											
287	<b>Recruitment</b>	<b>367 days</b>											
301	<b>Learning and Documentation</b>	<b>370 days</b>											
315	<b>Business Advisory Team</b>	<b>401 days</b>											
320	<b>Contact Centre Technology Project</b>	<b>496 days</b>											
321	<b>Solution and Provided selection</b>	<b>74 days</b>											
326	<b>Contracts</b>	<b>37 days</b>											
330	<b>Customer Experience Strategy</b>	<b>35 days</b>											
334	<b>Design and Specification Stage</b>	<b>115 days</b>											
340	Network Assessment Stage	30 days											
341	Installation Phase	20 days											
342	Programming and Development Phase	30 days											
343	Testing Phase	30 days											
344	Training Phase	30 days											
345	Internal Cutover Phase	5 days											
346	Transition Phase	5 days											
347	User Acceptance Testing	45 days											
348	External Cutover Phase	1 day											
349	Implementatn Sign-off	15 days											
350	<b>Contact Centre Facilities Project</b>	<b>345 days</b>											
351	<b>Lower Mainland Facility</b>	<b>239 days</b>											
352	<b>Lower Mainland Schedule</b>	<b>239 days</b>											
1	<b>Programming</b>	<b>16 days</b>											
8	<b>Space planning + Schematic Design</b>	<b>23 days</b>											
19	<b>Design development</b>	<b>21 days</b>											
26	<b>Consultant Documentation</b>	<b>52 days</b>											
37	<b>Tender</b>	<b>35 days</b>											
42	<b>Permits and Construction</b>	<b>125 days</b>											

Project: Customer Care Enhancement Date: 30-June-2010	Task		Milestone		External Tasks	
	Split		Summary		External Milestone	
	Progress		Project Summary		Deadline	

ID	Task Name	Duration	2010				2011				2012		
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
353	<b>Prince George Facility</b>	<b>344 days</b>											
354	<b>Prince George Schedule</b>	<b>344 days</b>											
1	<b>Programming</b>	<b>10 days</b>											
7	<b>Schematic Design</b>	<b>27 days</b>											
15	<b>Design Development</b>	<b>19 days</b>											
23	<b>Contract documents</b>	<b>30 days</b>											
39	<b>Tender</b>	<b>25 days</b>											
44	<b>Permits and Construction</b>	<b>277 days</b>											

Project: Customer Care Enhancement Date: 30-June-2010	Task		Milestone		External Tasks	
	Split		Summary		External Milestone	
	Progress		Project Summary		Deadline	

## Project Schedule

In order to assist with the interpretation of the project schedule, the project workstreams and project phases have been described below:

### Description of Project Workstreams

In order to manage the various project activities the project work has been grouped into five workstreams and these workstreams are described below:

#### 1. Customer Relationship Billing (CRB)

The CRB program involves the implementation of the CRB for Utilities module of SAP and other related components of SAP. For delivery of the CRB system, Terasen Gas has partnered with HCL-Axon.

#### 2. Operation Process Integration (OPI)

The OPI program involves the reworking of various integrated processes and technology components that are connected to the existing CIS (Peace 8).

#### 3. Organizational Design and Staffing (ODS)

The ODS program involves the design and implementation of the new customer care department, including the processes and control required to operate and manage it together with the hiring, on-boarding and training of the personnel required to staff it

The ODS program is also responsible for the change management and communications activities for the entire CCE project.

#### 4. Contact Centre Technologies (CCT)

The CCT Program is responsible for the implementation of Interactive Intelligence's all in one solution for managing multi-channel customer interactions, integrated with the SAP solution being implemented under the CRB Project. For the implementation of the Contact Centre Technology, Terasen Gas has partnered with Altivon, who is the implementation partner of Interactive Intelligence.

#### 5. Contact Centre Technologies Facilities (CCF)

The CCF Program includes establishing two new contact centre facilities, one in the Lower Mainland and one in Prince George, to house the new Customer Care department being implemented through the ODS Program.



## Description of Project Phases

The project consists of five phases, as described below. The Project Preparation phase has been completed and the project team is currently engaged in the Business Blueprint phase of the project.

Five project phases:

- Phase 1 – Project Preparation
- Phase 2 – Business Blueprint
- Phase 3 – Realization
- Phase 4 – Final Preparation
- Phase 5 - Stabilization

### **Phase 1 – Project Preparation**

In the Project Preparation phase, project facilities are established, equipment is ordered, the project is staffed and the team is trained in project methodology and tools.

### **Phase 2 – Business Blueprint (Detailed Design)**

The Business Blueprint phase involves the mapping of the business process requirements. During this phase all functional requirements are deployed into functional and technical specifications, all reports are identified and estimated, data conversion, testing, training and change management strategies are defined and all initially planned efforts are validated.

### **Phase 3 – Realization**

In this phase of the project, all configuration, development of reports, interfaces, and data conversion programs are developed and unit tested. Unit testing is the practice of validating that each individual component developed works to specifications.

Integration testing also forms a part of this phase, where all of the components that were developed and individually tested are then brought together and are run end-to-end to validate the overall business outcomes. Full data conversion is also tested in this phase of the project and the overall cutover planning is detailed. Training material and system documentation is also developed and training plans are established.

### **Phase 4 – Final Preparation**

In this phase all User Acceptance Testing is completed, all end user training is conducted, dress rehearsals for cutover are executed, and post go-live stabilization processes are detailed. This phase culminates with the go-live of the new CIS.

**Phase 5 – Stabilization**

During this phase, support resources from the implementation project are in place to assist in resolving any issues or errors that occur after the system goes live. The duration of this period is dependent upon how quickly the system performs to the original specifications, how closely the original specifications aligned with actual business processes and is also a factor of testing quality.

**Appendix 2**

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**LIST OF MAJOR CONTRACTORS**

## List of Major Contractors

Please see the list below of the major contractors employed on the project and a description of their engagement:

Contractor	Description of Engagement
Accenture	As the current support services provider, Accenture will be providing subject matter expertise in the areas of the existing call centre business processes, technical support specifically around the existing CIS technical environment as well as transition services during the cutover from the existing systems to the new environment.
Altivon and Interactive Intelligence	<p>Interactive Intelligence will be providing the Contact Centre technologies, an all in one solution integrated with the SAP for managing multi-channel customer interactions.</p> <p>For the implementation of the Contact Centre Technologies, Terasen Gas has partnered with Altivon, who is the implementation partner of Interactive Intelligence.</p>
Hansen Technologies	Hansen Technologies is the product owner of the CIS system currently utilized by Terasen Gas. Hansen will provide data migration services from their existing system to the new SAP CIS with the focus on legacy data quality and extraction.
HCL- Axon	HCL -Axon is an experienced SAP system integrator and specializes in the implementation of SAP computer systems. They also are experienced in the integration of complimentary software packages (such as bill composition software from Streamserve) to form a complete solution. They will be taking a leadership role in all phases of the project and providing expertise on the overall design of the system solution to ensure it conforms to Terasen Gas' desired requirements. They will also provide guidance in the development of training and change management specific to the CIS implementation.
Five Point Partners	Five Point Partners (Five Points )has been engaged to provide assurance of on time execution of the project together with guidance on mitigation of risks. Five Points Partners is a specialized provider of application management consulting services to organizations within the energy and utility industries. Five Points consultants bring expert knowledge and experience in managing the development of Customer Information Systems. They will be utilizing their experience with numerous similar projects throughout North America to evaluate the project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks.

Contractor	Description of Engagement
R-Tech Technologies	R-Tech will be providing day-to-day program management for the CCE program. They will be responsible for coordinating and providing overall management of the various program streams including the CIS implementation, the Contact Centre technologies and facilities implementation as well as the other existing business processes that will be impacted by the CCE implementation. R-Tech has partnered with Terasen Gas on many initiatives over the last few years, and has in-depth knowledge of SAP, Terasen Gas' operating model and provides Project Management Institute (PMI) certified project management services.
SAP Active Global Support	SAP's Active Global Services provide production support for all SAP customers. On this project, they will be assisting the project team by proactively reviewing key risk areas that have been experienced with other implementations and providing risk mitigation strategies of technical issues such as system performance. They have sufficient experience to identify performance risk areas and resolve the types of system issues that could be encountered when the system goes live.
SAP Consulting Services	As the CIS product vendor, SAP brings in-depth product knowledge and design architecture oversight to the project. They will also provide a quality assurance role in design and build reviews to ensure the implementation follows SAP best practices for implementation and maintainability.
Scivero Consulting Ltd	Scivero Consulting specializes in Strategic Training Management, Instructional Design, Communications, New Product Development, e-Learning, Cross Functional Process Development, Innovation, Workforce Education, and Transition Management. On the project, Scivero will be providing program leadership in the area of Change Management, Training and Communications
TELUS	TELUS will be providing technical infrastructure services to the project. This includes all server, desktop and network implementation and support services.

**Appendix 3**

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**GLOSSARY OF ACRONYMS AND TERMS**

## Glossary

### Acronyms

- CCE** Customer Care Enhancement
- CIS** Customer Information System
- CRB** Customer Relationship Billing
- OPI** Operation Process Integration
- CRM** Customer Relationship Management

### Terms

**AFUDC** – acronym for *Allowance for Funds Used During Construction*, which allows for the cost of borrowing funds until a project is placed into service to be included in rates; the requirement for AFUDC forms a separate line item of the overall project cost.

**Business Process Outsourcing (BPO)** - the contracting of a specific business task, including all responsibility for the management of the business processes and underlying information technology systems and applications required for the completion of an activity, such as call handling, to a third-party service provider.

**Deferred Costs** – operating and maintenance costs that are incurred but that will be expensed in the future.

**In-source** - a business practice in which work that would otherwise have been contracted out is performed by internal Terasen Gas staff.

**Mobilization Team** – This is the initial team required on site for project preparation

**Project Toolset** – The project toolset is the AXON Project Support Environment (APSE). APSE is a structured project document management system used by the project team to manage the (CRB) project workflow and will serve as a repository for all CIS documentation throughout the life of the project.

**Appendix 4**

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**FIVE POINT PARTNERS ASSURANCE REVIEW**

**FILED CONFIDENTIALLY**



**Appendix 5**

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**NEWS ARTICLE**

## **Terasen dials in downtown digs; Work set to begin on Second Avenue project**

Prince George Citizen

Fri Jul 9 2010

Page: 1 / FRONT

Section: News

Byline: Gordon Hoekstra

Source: The Citizen



*Citizen photo by Brent Braaten* **Jan Marston, vice president of customer care for Terasen Inc., shows the design boards of the Terasen Contact Centre to city councillor Murry Krause Thursday morning during a news conference at the building on Second Avenue.**

Renovations are expected to start soon on **Terasen's** new customer care centre in Prince George.

The centre is expected to employ 100 people when it is opens in January 2012.

Terasen looked at a number of cities in British Columbia, but chose Prince George because the downtown site is easily accessible and the city has a good base of knowledge workers, Jan Marston, a senior Terasen official, said Thursday.

Other senior Terasen officials were on hand in Prince George Thursday to announce their plans for the Second Avenue building, which included substantial upgrades.

The renovations are expected to be complete in the summer of 2011, when the company will begin recruiting.

The upgrades include the building's mechanical system and exterior. Mock-ups of the plans include a second-floor patio and the use of Douglas fir and pine-beetle-killed wood - harvested within a 100-kilometre distance from Prince George - to highlight the community's forest industry history.

The reception area will include a spring forest theme.

"It specifies what we want to achieve here, today and in the future," said Marston, Terasen's vice-president of customer care.

"We are here for a long time," she added.

Terasen is opening two call centres - with the other in the Lower Mainland - as part of a \$115.5 million plan to bring much of its customer services business back within the company. The company revealed it had purchased the former ACS call-centre building on Second Avenue from Initiatives Prince George just before last Christmas.

Terasen paid \$2.35 million for the building.

The Terasen \$115.5-million program, dubbed the customer care enhancement project, also includes a new information technology system meant to provide more online services for customers.

City councillor Murry Krause, who attended the Terasen announcement, said the firm's choice of Prince George for its customer service centre was important for the city.

"It will enhance the heart of our downtown," he said.

Initiatives Prince George CEO Tim McEwan said Terasen's choice of Prince George shows the city can attract this type of business. He pointed to a recent KPMG business cost-competitiveness location study that shows Prince George leading the pack in western Canada and the U.S. The study showed the city was the most competitive in the call centre, information technology and research and development sectors.

Terasen Gas delivers natural gas and piped propane to 900,000 customers in British Columbia - 95 per cent of the province's gas customers. Recently Fortis, a Canadian-based power company, bought Terasen from U.S.-based Kinder Morgan.

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**Appendix 6**

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**CURRENCY EXCHANGE RATE DEFERRAL TRANSACTIONS**

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