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October 28, 2010

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
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Regulatory Affairs Correspondence
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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 September 30, 2010

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 CONFIDENTIAL Appendix 6 to the Quarterly Progress Report. Appendix 4 is also provided on a CONFIDENTIAL basis and Terasen Gas requests that the information be made accessible only to the Commission.

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

Yours very truly,

TERASEN GAS INC.

Original signed:

Diane Roy

Attachments



TERASEN GAS INC.

**Customer Care Enhancement Project
Quarterly Progress Report**

For the Period July 1st to September 30th 2010

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

**Submitted to the
BRITISH COLUMBIA UTILITIES COMMISSION**

October 29, 2010



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1 EXECUTIVE SUMMARY

This Quarterly Progress Report (the “Progress Report”) for the Customer Care Enhancement (“CCE”) Project (the “Project”) is the second Progress Report filed on the Project, and covers the Q3 2010 period ending September 30, 2010.

The current expected cost of the CCE 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 Project team has completed a significant amount of the detailed design for the new Customer Relationship and Billing (“CRB”) SAP system. In September, as part of the Blueprint Phase of the Project, the Project team was engaged in a series of rigorous design validation workshops, where the system process designs were reviewed for accuracy, completeness, scope, cross-departmental interrelationships and change impacts. The workshops were successful and ninety five percent of the detailed system design for the CRB SAP system has been completed with the remaining five percent to be completed in October. In addition, planning and preparation activities for the next phase of the Project, the Realization phase, have begun.

Building improvements to the Prince George Contact Centre facility have commenced and Terasen Gas is currently engaged in preparing space layouts for the two contact centre facilities in Prince George and Burnaby. These activities are progressing according to the schedule.

No significant 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 CRB SAP system 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, continues to evaluate the Customer Information System (“CIS”) component of 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 CCE Project Certificate of Public Convenience and Necessity (“CPCN”), granted by the British Columbia Utilities Commission (the “Commission”) Order No. C-1-10. This Progress Report is submitted in compliance with the directives of 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 and a comprehensive overview of the Project progress and accomplishments for the period ending September 30, 2010,. The specific items outlined above can be found in the following sections of this report:

Table 2-1: Report Sections

| Order No. | 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 |

3 PROJECT BACKGROUND

The Project involves in-sourcing key components of customer care services and the implementation of a new 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, 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 Outsourcing¹ model to a Strategic Sourcing model for customer care services. These customer care services include the following activities:

- Contact 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. Direct ownership and oversight of employee training will ensure that customers can access the information that they need from knowledgeable representatives.

¹ 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 categorized 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.

4.1 Customer Relationship Billing and Operation Process Integration (“OPI”)

The CRB workstream 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-Axon².

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

4.2 Contact Centre Technologies (“CCT”) and Contact Centre Facilities (“CCF”)

The CCT workstream is responsible for the implementation of Interactive Intelligence's³ 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 CCT, Terasen Gas has partnered with Altivon⁴, who is the implementation partner of Interactive Intelligence.

The CCF workstream 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.

4.3 Organizational Design and Staffing (“ODS”)

The ODS workstream 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 workstream is also responsible for the change management and communications activities for the entire CCE Project.

² See Appendix 2 – List of Major Contractors - for background information on HCL-Axon

³ See Appendix 2 – List of Major Contractors – for background information on Interactive Intelligence

⁴ 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 September 30, 2010, together with a description of the Project plans for the next period. These are described using the three groups of activities outlined in Section 4.

The Project continues 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 this quarterly period has been on the development and documentation of the detailed design of the CRB SAP system, data migration evaluation, building improvements to the Prince George Contact Centre facility and the development of high level functional designs for the contact centre technologies.

5.1.1 CUSTOMER RELATIONSHIP AND BILLING AND OPERATION PROCESS INTEGRATION

The project team has been solidly engaged in the Blueprint phase of the Project, and as a result the majority of the CRB SAP System Business Process Designs have been completed.

- All blueprint requirement validation workshops and ninety five percent of the process design documentation has been completed for the CRB SAP system;
- The list of all Forms, Reports, Interfaces, Conversion (data), Enhancements and Workflows (“FRICE-W”) has been completed;
- An agreement with Hansen Technologies for the Peace to SAP system data migration services has been finalized, and an agreement with Accenture for their role in supporting this activity is currently in negotiations;
- Scope and services for SAP Active Global Support⁵ have been finalized; they will be assisting the Project team in proactively reviewing performance and system risk areas;
- Detailed hardware requirements for the Development System Infrastructure⁶ have been identified;

⁵ Appendix 2 – List of Major Contractors – for background information on SAP Active Global Support

⁶ Appendix 3 – for definition

- Development hardware sizing has been completed and the hardware is currently on order;
- A high level Interface Strategy⁷ has been completed; and
- A high level Data Migration Strategy⁸ has been completed.

The first phase of the Project, the Preparation Phase has been completed and the team has been engaged in the second phase of the Project, the Blueprint Phase, which has been progressing according to schedule. The Project team has been working diligently on the business process design documentation of the new CRB SAP system. In September, these process designs were reviewed for accuracy, completeness, scope, cross-department interrelationships and change impacts in a series of intense workshops. Through these workshops a number of system enhancements were identified, and the team is currently working on rationalizing these requirements against Project requirements, scope, and timelines. Ninety five percent of the CRB SAP process design documentation has been completed and the Project team is on track to finalize the remainder on schedule by the end of October. These CRB SAP system process designs will form the foundation for the next phase of the Project, enabling the development and configuration of the new CIS system together with the development of the end-to-end business design documents for the new Customer Care department.

Under the termination of the Client Services Agreement with CustomerWorks LP, Terasen Gas' current arrangement for meter reading services, which includes joint meter reading with British Columbia Hydro and Power Authority, will expire after December 31, 2011. Terasen Gas is currently exploring options for services beyond this date in order to assess the optimal arrangement in the interests of serving our customers, and plans to reach a decision by the end of the first quarter of 2011.

5.1.2 CONTACT CENTRE TECHNOLOGIES AND CONTACT CENTRE FACILITIES

- Terasen Gas has finalized its contract with Altivon and Interactive Intelligence to provide a single (technology) solution for a unified Customer Interaction Centre;
- Functional design workshops and documentation of high level functional specifications for the contact centre technologies have been completed;
- The telephony data and voice architecture system design for the CCT has been completed;

⁷ See Appendix 3 – Glossary – for definition

⁸ See Appendix 3 – Glossary -- for definition

- Building improvement work for the Prince George Contact centre facility has commenced, is ongoing and is on schedule;
- An official opening of the Burnaby office building, where the Lower Mainland Contact Centre and Billing Operations will be housed, took place in September where Terasen Gas participated in a media event announcing the new location (please see Appendix 5 for news articles); and
- The space layout designs for the Burnaby and Prince George Contact Centre Facilities are currently being developed.

5.1.3 ORGANIZATIONAL DESIGN AND STAFFING

- Various documents to outline the approach for recruiting, organizational design and communication are in their final stages of completion, review and approval;
- The Change Management Strategy⁶ is in its final stages of completion, review and approval.

The existing Project team resources consist of a number of individuals (Terasen Gas staff together with consultants) with expertise in various areas to support the successful completion of the Project. The Project team includes various managers that will continue in their respective specialist areas with the new Customer Care department beyond go-live. These managers have extensive experience and knowledge in areas such as contact centre operations, billing operations and CIS SAP system support. We will continue to build on these Terasen Gas resources through the next phases of the Project, in order to support the testing, business process documentation, training design and user documentation development for the Project. These resources will then continue to serve as subject matter experts in their respective areas beyond the January 1, 2012 go-live date.

5.2 Plans for Next Period (October to December 2010)

The activities planned for the period of October 1 to December 31, 2010, are outlined below. By the end of October the Project team will have completed the detailed design documentation of the CRB SAP system. In November, the Project team moves to the next phase of the Project, the Realization Phase, where the Project configuration, development and unit testing will take place. This is a critical phase of the Project and additional resources, with pertinent expertise in these areas, will be brought onto the Project team to complement the existing team resources.

⁶ Appendix 3 – Glossary of Acronyms and Terms

5.2.1 CUSTOMER RELATIONSHIP AND BILLING AND OPERATION PROCESS INTEGRATION

The following is a list of the activities planned for the next period:

- The list of all FRICE-W will be evaluated, documented and approved;
- Begin work on the development of functional and technical specifications for FRICE-W that have been approved; and
- Begin baseline SAP system configuration and engage in unit testing.

5.2.2 CONTACT CENTRE TECHNOLOGIES AND CONTACT CENTRE FACILITIES

The following is a list of the activities planned for the next period:

- Detailed documentation of the CCT functional specifications will be completed;
- Substantial completion of the building improvements of the Prince George Contact Centre facility will be achieved; and
- Space layout designs for the Burnaby and Prince George Contact Centre Facilities will be completed and an issue of tender documents will be released.

5.2.3 ORGANIZATIONAL DESIGN AND STAFFING

The following is a list of the activities planned for the next period:

- Planning and preparation of project resources; and
- Begin the preparation of detailed plans for training, process documentation, change management, and organizational design.

This coming quarter, the ODS team will be interviewing potential candidates to start in January 2011 to fill approximately 20 vacant roles on the project team. These new hires will be responsible for refining business process, policies and procedure documentation together with the development of training manuals and training delivery. We anticipate that these project team members will continue on beyond the life of the project and be a part of the new Customer Care Department in 2012. Staffing plans will be reviewed over the next few months and further details will be included in the next quarterly progress report.



5.3 Quality Assurance Review

Five Point Partners 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. They bring expert knowledge and experience in managing the development of CIS and will be utilizing their experience with numerous similar projects throughout North America to evaluate the CRB SAP component of 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 Confidential Appendix 4 for Five Points' Project status report.



6 PROJECT SCOPE

No scope changes have been issued to date, however, through the Blueprint Phase a number of enhancements to the CRB SAP system were identified. The team is in the process of evaluating and rationalizing these system enhancements through to the end of October, in order to finalize the detailed scope.



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 Business Blueprint phase is currently on schedule and the team plans to have this phase completed by October 29, 2010 and then begin with the Realization Phase. The date that Terasen Gas will go live with the new system continues to be January 1, 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 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 currently less than the anticipated spend for the period, as a result of the delays in the mobilization of key resources during the planning phase of the Project. This will have no impact on the forecasted spend for Project completion, which remains at the level approved in Order No. C-1-10, of \$115.5 million including AFUDC.

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 covering the reporting period ending December 31, 2010, 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 Progress 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 report summary to September 30, 2010, is as follows:



Table 8.-1: Cost Report Summary to September 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> |
| <u>Capital</u> | | | | |
| Internal Labour | 633 | 5,785 | 5,785 | - |
| Consulting | 6,571 | 31,291 | 31,291 | - |
| Hardware | 232 | 1,312 | 1,312 | - |
| Software | 3,835 | 5,640 | 5,059 | (581) |
| Expenses | 752 | 5,531 | 5,531 | - |
| Facilities | 3,873 | 18,931 | 18,931 | - |
| Contingency | - | 8,516 | 8,516 | - |
| | 15,897 | 77,006 | 76,425 | (581) |
| <u>Deferred O&M</u> | | | | |
| Internal Labour | 162 | 9,631 | 9,631 | - |
| Consulting | 822 | 19,194 | 19,194 | - |
| Software* | 466 | - | 581 | 581 |
| Expenses | 114 | 2,053 | 2,053 | - |
| Facilities | 55 | 1,037 | 1,037 | - |
| Contingency | - | 3,142 | 3,142 | - |
| | 1,619 | 35,057 | 35,638 | 581 |
| Net Total | 17,515 | 112,063 | 112,063 | - |
| AFUDC | 513 | 3,437 | 3,437 | - |
| Grand Total | 18,028 | 115,500 | 115,500 | - |
| * 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 level of \$115.5 million as Approved by Order No. C-1-10.



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

| Risk Description | Potential Risk | Mitigation Strategy |
|-----------------------------------|--|--|
| 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

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 | Customer Care Enhancement PM Tasks | 545 days? | | | | | | | | | | | |
| 2 | CCE Project Prep Phase | 63 days? | | | | | | | | | | | |
| 32 | CCE Business Blueprint Phase | 112 days? | | | | | | | | | | | |
| 33 | Initial Planning | 32 days | | | | | | | | | | | |
| 52 | Performance Reporting | 109 days? | | | | | | | | | | | |
| 89 | Quality Management | 90 days | | | | | | | | | | | |
| 92 | Updated / Control Plans | 20 days | | | | | | | | | | | |
| 100 | CCE Realization Phase | 265 days? | | | | | | | | | | | |
| 101 | Performance Reporting | 247 days? | | | | | | | | | | | |
| 153 | Quality Management | 240 days | | | | | | | | | | | |
| 156 | Updated Plans | 5 days | | | | | | | | | | | |
| 163 | CCE Final Prep Phase | 105 days? | | | | | | | | | | | |
| 164 | Performance Reporting | 27 days? | | | | | | | | | | | |
| 176 | Quality Management | 40 days | | | | | | | | | | | |
| 179 | Updated Plans | 5 days | | | | | | | | | | | |
| 186 | CCE Go-live and Support | 65 days? | | | | | | | | | | | |
| 187 | Milestone Go-live | 1 day? | | | | | | | | | | | |
| 188 | Stabilization PM tasks | 60 days | | | | | | | | | | | |
| 189 | Program Closure | 20 days | | | | | | | | | | | |
| 192 | Milestone Completion | 1 day? | | | | | | | | | | | |
| 193 | Customer Relationship and Billing Project | 545 days? | | | | | | | | | | | |
| 194 | TGI SAP CRB Implementation Plan | 545 days? | | | | | | | | | | | |
| 1 | CRB Project Prep Phase | 80 days? | | | | | | | | | | | |
| 2 | Establish PMO and project standards | 43 days? | | | | | | | | | | | |
| 18 | Project Governance | 80 days? | | | | | | | | | | | |
| 40 | Project Mobilization | 75 days | | | | | | | | | | | |
| 81 | Project Management Approach / Methodology / Toolset | 75 days | | | | | | | | | | | |
| 112 | Functional & Technical Solution | 23 days? | | | | | | | | | | | |
| 148 | Milestone: Project Prep Complete | 0 days | | | | | | | | | | | |
| 149 | CRB Business Blueprint Phase | 135 days? | | | | | | | | | | | |
| 150 | Project Management Blueprint Processes | 1 day? | | | | | | | | | | | |
| 153 | Conduct QA Phase Review of Blueprint Design | 20 days | | | | | | | | | | | |
| 156 | Functional Blueprint Deliverables | 135 days? | | | | | | | | | | | |
| 732 | Technical Blueprint Elements | 129 days | | | | | | | | | | | |
| 794 | Training and Change Management | 130 days? | | | | | | | | | | | |
| 874 | Prepare for Realization Phase Activities | 86 days | | | | | | | | | | | |
| 881 | Blueprint Phase Planned Completion Date | 0 days | | | | | | | | | | | |
| 882 | CRB Realization Phase | 260 days? | | | | | | | | | | | |





| | | | | | | |
|---|----------|--|-----------------|--|--------------------|--|
| Project: 2010 10 27 CCE Program Date: Wed 10/27/10 | 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 |
| 883 | Project Management Realization Activities | 260 days | | | | | | | | | | |
| 887 | Configure SAP | 150 days? | | | | | | | | | | |
| 907 | Develop Enhancements and Workflow | 160 days | | | | | | | | | | |
| 913 | Develop Reports & Forms | 160 days | | | | | | | | | | |
| 922 | Develop Interfaces | 160 days | | | | | | | | | | |
| 927 | Data Migration Activities | 120 days | | | | | | | | | | |
| 934 | Security Activities | 120 days | | | | | | | | | | |
| 938 | Perform Testing Activities | 260 days | | | | | | | | | | |
| 960 | Technical Activities | 130 days | | | | | | | | | | |
| 977 | Change Management & Training | 260 days? | | | | | | | | | | |
| 1057 | Prepare for Final Preparation and Go-Live Phase | 20 days | | | | | | | | | | |
| 1060 | Realization Phase Planned Completion Date | 0 days | | | | | | | | | | |
| 1061 | CRB Final Preparation Phase | 68 days? | | | | | | | | | | |
| 1062 | Project Management Final Prep Phase | 65 days? | | | | | | | | | | |
| 1067 | User Acceptance Testing | 60 days | | | | | | | | | | |
| 1071 | Establish Production System (SAP Production System) | 42 days | | | | | | | | | | |
| 1083 | Data Migration | 68 days | | | | | | | | | | |
| 1092 | System Testing | 45 days | | | | | | | | | | |
| 1110 | Business Change & Integration | 65 days | | | | | | | | | | |
| 1141 | Perform Cut-Over to Production | 67 days | | | | | | | | | | |
| 1150 | CRB Go-Live Support Phase | 65 days? | | | | | | | | | | |
| 1151 | Project Management Phase Activities | 1 day? | | | | | | | | | | |
| 1153 | Technical Stabilization | 65 days | | | | | | | | | | |
| 1168 | User Support | 65 days | | | | | | | | | | |
| 1204 | Project Closure Activities | 65 days | | | | | | | | | | |
| 195 | Operations Process Integration Project | 455 days | | | | | | | | | | |
| 196 | OPI Project Prep Phase | 20 days | | | | | | | | | | |
| 197 | Process Scope | 20 days | | | | | | | | | | |
| 199 | OPI Business Blueprint Phase | 89 days | | | | | | | | | | |
| 200 | Process Designs | 30 days | | | | | | | | | | |
| 204 | Functional Approach Docs and Plans | 15 days | | | | | | | | | | |
| 209 | Functional Specs | 45 days | | | | | | | | | | |
| 214 | SoW's and Detailed Plans | 15 days | | | | | | | | | | |
| 219 | OPI Realization Phase | 241 days | | | | | | | | | | |
| 220 | Technical Specs | 40 days | | | | | | | | | | |
| 225 | Build and Unit Test | 80 days | | | | | | | | | | |
| 230 | RE-08 Perform Unit Testing | 180 days | | | | | | | | | | |
| 231 | Integration testing | 85 days | | | | | | | | | | |

| | | | | | | |
|---|----------|--|-----------------|--|--------------------|--|
| Project: 2010 10 27 CCE Program Date: Wed 10/27/10 | 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 | | |
| 235 | OPI Final Prep Phase | 40 days | | | | | | | | | | | | |
| 236 | OPI Go live & Support Phase | 65 days | | | | | | | | | | | | |
| 237 | Organizational Design and Staffing Project | 481 days | | | | | | | | | | | | |
| 238 | Process Designs | 150 days | | | | | | | | | | | | |
| 243 | Organization Design | 195 days | | | | | | | | | | | | |
| 253 | Communications | 481 days | | | | | | | | | | | | |
| 269 | Change Management | 380 days | | | | | | | | | | | | |
| 283 | Recruitment | 367 days | | | | | | | | | | | | |
| 297 | Learning and Documentation | 370 days | | | | | | | | | | | | |
| 311 | Business Advisory Team | 401 days | | | | | | | | | | | | |
| 316 | Contact Centre Technology Project | 496 days | | | | | | | | | | | | |
| 317 | Solution and Provided selection | 74 days | | | | | | | | | | | | |
| 322 | Contracts | 37 days | | | | | | | | | | | | |
| 326 | Customer Experience Strategy | 35 days | | | | | | | | | | | | |
| 330 | Design and Specification Stage | 115 days | | | | | | | | | | | | |
| 336 | Network Assessment Stage | 30 days | | | | | | | | | | | | |
| 337 | Installation Phase | 20 days | | | | | | | | | | | | |
| 338 | Programming and Development Phase | 30 days | | | | | | | | | | | | |
| 339 | Testing Phase | 30 days | | | | | | | | | | | | |
| 340 | Training Phase | 30 days | | | | | | | | | | | | |
| 341 | Internal Cutover Phase | 5 days | | | | | | | | | | | | |
| 342 | Transition Phase | 5 days | | | | | | | | | | | | |
| 343 | User Acceptance Testing | 45 days | | | | | | | | | | | | |
| 344 | External Cutover Phase | 1 day | | | | | | | | | | | | |
| 345 | Implementatation Sign-off | 15 days | | | | | | | | | | | | |
| 346 | Contact Centre Facilities Project | 345 days | | | | | | | | | | | | |
| 347 | Lower Mainland Facility | 239 days | | | | | | | | | | | | |
| 348 | Lower Mainland Schedule | 239 days | | | | | | | | | | | | |
| 1 | Programming | 16 days | | | | | | | | | | | | |
| 8 | Space planning + Schematic Design | 23 days | | | | | | | | | | | | |
| 19 | Design development | 21 days | | | | | | | | | | | | |
| 26 | Consultant Documentation | 52 days | | | | | | | | | | | | |
| 37 | Tender | 35 days | | | | | | | | | | | | |
| 42 | Permits and Construction | 125 days | | | | | | | | | | | | |
| 349 | Prince George Facility | 344 days | | | | | | | | | | | | |
| 350 | Prince George Schedule | 344 days | | | | | | | | | | | | |
| 1 | Programming | 10 days | | | | | | | | | | | | |
| 7 | Schematic Design | 27 days | | | | | | | | | | | | |

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|---|----------|---|-----------------|---|--------------------|---|
| Project: 2010 10 27 CCE Program Date: Wed 10/27/10 | 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 |
| 15 | Design Development | 19 days | |  | | | | | | | | |
| 23 | Contract documents | 30 days | |  | | | | | | | | |
| 39 | Tender | 25 days | | |  | | | | | | | |
| 44 | Permits and Construction | 277 days | | |  | | | | | | | |

| | | | | | | |
|---|----------|---|-----------------|---|--------------------|---|
| Project: 2010 10 27 CCE Program Date: Wed 10/27/10 | 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 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.

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 CCT, 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.

APPENDIX 1

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.

APPENDIX 1

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

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 | Interactive Intelligence will be providing the Contact Centre Technologies, an all in one solution integrated with the SAP for managing multi-channel customer interactions. For the implementation of the Contact Centre Technologies, Terasen Gas has partnered with Altivon, who is the implementation partner of Interactive Intelligence. |
| 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 complementary 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. |
| Knowledgetech | Knowledgetech will supply personnel to the project team to provide expertise in change management activities including business process design, business impact analysis, communication, training and process documentation. |

| Contractor | Description of Engagement |
|---------------------------|---|
| 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 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. |
| 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 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. |

APPENDIX 2



| Contractor | Description of Engagement |
|------------------------|--|
| 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

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

FRICE-W forms, reports, interfaces, data conversion, enhancements and workflows

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 – 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.

Change Management Strategy – outlines the approach for managing the change impacts of the project

Data Migration Strategy – defines the management, development and documentation for cleansing and transferring data to the new CIS

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

Development System Infrastructure – the platform for where configuring and coding of the new system will take place

APPENDIX 3

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

Interface Strategy – outlines the approach to manage the points of interaction with Terasen’s existing systems and the new CIS

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

FIVE POINT PARTNERS ASSURANCE REVIEW

FILED CONFIDENTIALLY

Appendix 5
NEWS ARTICLE

Terasen to open new contact centre

Burnaby NewsLeader

Thu Sep 23 2010

Page: 20

Section: News

Byline: Wanda Chow



Terasen Gas will be locating its customer service call centre in Burnaby in this building in the Willingdon Business Park.

Terasen Gas is bucking the trend towards outsourcing of jobs by bringing more than 250 of them back to British Columbia, with more than 150 in Burnaby alone.

Terasen, which operates only in B.C., currently runs its contact centre and billing operations out of Eastern Canada and overseas.

But that will change starting in January 2012, when two new call centres will open, one in Burnaby and the other in Prince George, along with the introduction of a new customer information and billing system.

The company believes the in-house approach to customer service will better serve its customers, said Kirsten Walker, Terasen's corporate communications manager.

Relocating back to B.C. "also reflects our commitment to regionally-based contact centres that make both financial sense and create value for our customers."

The customer contact centres have operated since 2001 out of Ontario and New Brunswick with some "back office functions" handled out of Manila, Philippines.

"Today we find with the changing energy industry and the changing needs of our customers that an in-house model will allow us to best respond to the needs of our customers."

The move comes along with new information technology to replace a system that is more than 10 years old. Together, they will provide customers with more ways to contact Terasen (web, self-serve, along with existing phone and email) and with access to new services, including tools to help analyze energy usage and expanded energy conservation programs, something customers are increasingly requesting, Walker said.

The B.C. Utilities Commission approved Terasen's application to move to an in-house model in March.

Terasen will set up shop in a brand-new, leased building at Willingdon Park, 4370 Still Creek Drive. It will take up 50,000 square feet of space on two floors in the Leadership in Energy and Environmental Design (LEED) gold building that is expected to use 21 per cent less energy than a non-LEED building.

Walker said Burnaby was chosen largely for its central location, which is within walking distance to both Gilmore and Brentwood SkyTrain stations, and in close proximity to Terasen's Burnaby operations centre at 3700 2nd Ave.

"More importantly, the facility is LEED gold-certified which is in line with our commitment to energy efficiency and sustainability."

The Burnaby facility will be home to more than 150 jobs to support its contact centre and billing operations, while a new Prince George centre will create more than 100 call centre jobs.

Hiring will begin this fall and continue through 2011.

"This is great news for Burnaby," said Burnaby Mayor Derek Corrigan in a press release. "We are thrilled to welcome another Terasen Gas facility to our city and look forward to the many benefits their new office will bring to the community, including job opportunities."

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Back to B.C.

Burnaby Now

Wed Sep 29 2010

Page: 13 / Front

Section: Business

Byline: Janaya Fuller-Evans

Column: Movers & Shakers

Source: Burnaby Now

A B.C. utility company will not outsource customer service and billing any longer, according to a press release from the company.

Terasen Gas announced Wednesday that a new customer contact and billing operations centre would be located at Willingdon Park in Burnaby.

The British Columbia Utilities Commission agreed earlier this year to move to an in-house customer service model with two new B.C.-based contact centres, and to establish a new customer information and billing system.

The new contact centres and services are expected to be operational by January 2012, according to the release.

"This locally-based customer contact and billing operations centre will (create) approximately 150 to 200 new jobs in the Lower Mainland," said Michael Mulcahy, executive vice-president of customer and corporate services for **Terasen Gas and Fortis B.C.**, in the release. "Our new contact centre is a part of our overall focus to serve our customers right here in B.C."

The facility was selected for energy efficiency, size, proximity to amenities and its accessibility for future employees by foot, bike or public transportation.

Terasen Gas plans to lease two floors in the building, covering approximately 50,000 square feet.

The business park includes a designated shuttle service to transport employees to and from both Gilmore and Brentwood Town centre SkyTrain stations during peak hours, and is close to Terasen Gas' Burnaby operations centre.

The building is to be fitted specifically for **Terasen Gas'** in January 2011. Recruiting and hiring starts this fall and continues into 2011, according to the release.

The Interior contact centre, announced in December 2009, is slated to be located in Prince George and employ more than 100 people.

WILLINGDON BUSINESS PARK IS COMPLETE

A Burnaby business park is now complete after 25 years of development, according to the architectural firm that designed the project.

Two four-storey buildings were added to Willingdon Park on Still Creek Drive, completing the last two phases of the project and adding more than 185,000 sq. ft. to the complex.

Willingdon Park had a special grand opening on Sept. 23 to celebrate the completion.

CEI Architecture designed the campus-style park, with nine buildings totalling almost one million sq. ft. on more than 12 hectares.

It has received LEED (Leadership in Energy and Environmental Design) Gold designation.

"To have served as architect on all phases of this premiere project in Greater Vancouver has been an honour for CEI," said John Scott, CEI partner and architect in charge of Willingdon, in a press release. "It is rare for a single architectural firm to be involved in a project for so long and we believe the result is a consistent look and feel to the different phases, along with a sense of integration and unity in the project."

The project reflects the evolution of the province's tech-industry over the course of its development, he added.

"We started on it as the tech boom got underway, and the tenant mix reflected the developments and the major players in that industry."

The project faced a variety of challenges, particularly environmental ones. The restoration of ecologically sensitive Still Creek affected the first five phases of development.

Burnaby Mayor Derek Corrigan commented on the project's completion in the press release as well.

"Today marks the successful end to 25 years of innovative design and development. Willingdon Park gives our city a business site that is the envy of cities around the world. It has and will continue to be a focal point for the growth and development of leading-edge industry in Burnaby," Corrigan said.

E-Bay, Motorola, Ericsson and Electronic Arts have been tenants at the complex, though E-Bay closed its Burnaby facilities last year.

Appendix 6

CURRENCY EXCHANGE RATE DEFERRAL TRANSACTIONS

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