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January 21, 2011

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British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. (“Terasen Gas”)  
Customer Choice Program – 2010 Program Summary and Recommendations**

**Response to the British Columbia Utilities Commission (“BCUC” or the  
“Commission”) Information Request (“IR”) No. 1**

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On November 23, 2010, Terasen Gas filed the Application as referenced above. In accordance with Commission Order No. G-191-10 setting out the Regulatory Timetable for the review of the Application, Terasen Gas respectfully submits the attached response to BCUC IR No. 1.

If there are any questions regarding the attached, please contact the undersigned.

Yours very truly,

**TERASEN GAS INC.**

***Original signed:***

Diane Roy

Attachment

cc (e-mail only): Registered Parties



Terasen Gas Inc. ("TGI", "Terasen Gas" or the "Company") Customer Choice Program – 2010 Program Summary and Recommendations	Submission Date: January 21, 2011
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**1.0 Reference: Appendix A, p. 4**

- 1.1 Terasen Gas Inc. (TGI) notes it is amenable to extending the period during which the Third Party Verification call can be completed (i.e. currently 96 hours). Does TGI have a suggestion as to a reasonable extension window? Would this extension be both for residential and small commercial customers?

**Response:**

TGI is of the opinion that without compelling evidence to the contrary, the TPV window of 96 hours should remain consistent for both residential and small commercial customers.

As long as other program rules (i.e. entry and flow dates) are adhered to, an extended TPV period may be acceptable, but the requirement should be specified by Gas Marketers. As no alternative timelines have been suggested, TGI recommends retaining the existing 96 hour window. If an alternative window is requested by one or more Gas Marketers subsequent to this filing, TGI is prepared to evaluate and comment on the request in TGI final argument to this proceeding.



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**2.0 Reference: Appendix A, p. 5**

- 2.1 TGI recommends that as part of Gas Marketers sales processes, they must obtain written verification from Rate Schedule 3 customers that they have agreed to waive their cancellation period. Does TGI have any proposal in how this cancellation waiver should be presented to the customer e.g. part of the consumer agreement or as a separate document to emphasize its importance?

**Response:**

No, Terasen Gas does not have any specific recommendations regarding waiver format. Terasen Gas is of the opinion that BCUC should review and approve each Gas Marketer's proposed waiver format.



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### 3.0 Reference: Appendix A, s. 2.2.1, pp. 15-16

- 3.1 TGI observes that it is aware of some cases where the \$50.00 cancellation fee currently levied against a Gas Marketer for a cancellation in the Gateway for Energy Marketers system (GEM) outside of the 10-day period is passed on to customers. Is TGI of the opinion that the Commission should explicitly prohibit Gas Marketers from passing on this cancellation fee to customers?

#### **Response:**

Yes, Terasen Gas believes that prohibiting the Gas Marketers from passing on the \$50 dispute cancellation fee to customers could lead to lower dispute cancellation requests in GEM.

The focus should be placed on incenting Gas Marketers to change their current business practice of dropping consumer agreements outside of the 12-month anniversary date and contravening the Essential Services Model. The purpose of the dispute cancellation fee is to act as a deterrent from committing code of conduct violations. Passing the fee onto customers as a service charge does not promote honest sales practices. Instead, the Gas Marketers should be encouraged to use alternative marketing strategies to satisfy their customers' needs. Suggested strategies include:

1. offering customer rebates until they can be anniversary dropped
2. offering shorter contract terms of one or two years
3. altering contract rates on the anniversary date
4. waiving penalty fees when withdrawing at the anniversary date

Allowing the Gas Marketers to frequently submit cancellation requests and pass the administration fee onto their customers should be prohibited within the Gas Marketer Code of Conduct. The suggested change is consistent with the principles of the Essential Services Model.

- 3.2 The number of cancellation requests or uncontested disputes (courtesy drops) in GEM, has significantly increased. TGI is concerned that the widespread use of cancellation requests violates the Essential Services Model (ESM).

- 3.2.1 Does TGI recommend a threshold to limit Gas Marketers' use of cancellation requests in GEM?



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**Response:**

No, Terasen Gas does not recommend a threshold to limit Gas Marketers' use of cancellation requests in GEM.

Terasen Gas does not support the use of dispute cancellation requests and believes the alternative strategies listed in BCUC IR 1.3.1 suffice. Gas Marketers should be discouraged from using the dispute cancellation request option to drop contracts outside the 12-month anniversary period. The dispute type drop-down box was added to GEM in the May 2009 system enhancement to allow the Commission to manage their decision making process as well as monitor the number of cancellation requests submitted by Gas Marketers. Terasen Gas suggests the Commission evaluate all Gas Marketer sales and dispute activity through the weekly and monthly reports TGI provides and determine if individual marketers warrant further investigation.

- 3.2.2 Does the GEM system provide Gas Marketers with an ability to give reasons for the cancellation requests, e.g. seniors, which will be easy to monitor (drop down menu)? If not, can TGI recommend options in how to facilitate monitoring of the use of cancellation requests in GEM that would not result in an onerous process or substantial costs?

**Response:**

Yes, the GEM system provides Gas Marketers with the ability to give reasons for the cancellation requests they enter in GEM.

Below is a screenshot of the Customer Dispute page in GEM. Under the Dispute Log, there is a free-form text box where Gas Marketers can enter the nature of the dispute. This would be the place to record the reason why the dispute cancellation request is being submitted. This information could be monitored through a reporting process that includes the nature of the dispute. A modification of the Open Dispute Report could be made that would provide this information to the Commission on a weekly basis. This change would only require three to four hours of our developer's time and would be a minimal expense.



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News | Download | Transaction | Report | Dispute | Help

Customer Dispute | Log Dispute

### Customer Dispute Detail:

Dispute #:	Filed By:
Caller:	Status: Closed
Caller Identification: Courtesy Drop	Days Outstanding: 17
Contact Number:	Marketer Name:
Date Filed: 2010/12/03	Customer Number:
Cancellation Date: No Cancellation Date	Customer Address: VANCOUVER V5N 4E9
Date Resolved: 2010/12/21	Dispute Type: Cancellation

### Related Disputes:

No record(s) found.

### Dispute Log:

#	Question	Answer
1	Are you the account holder?	No
2	Did you contact the marketer in an attempt to address your concern?	Courtesy Drop
3	What is the nature of your dispute?	senior citizen on fixed income



### Open Dispute Report

All Open Disputes Logged in GEM

Marketer Name	Dispute Id	Days Since Filing	Customer Contract Signer Name	Customer No	Premise No	Debtor Address 1	Debtor Address 2	Debtor Address 3	Debtor Postal Code	Premise Flat	Premise House	Premise Street Name	Premise Town Name	Premise Postal Code	Customer Contract Start Date	Customer Contract End Date	Nature of the Dispute
ABC Energy BC	22293	214						ABBOTSFORD BC	V2S 7C1				ABBOTSFORD RD	V2S 7C1	2008-11-01	2012-11-01	senior citizen on fixed income
	22313	213						VANCOUVER BC	V5R 2K1				VANCOUVER ER	V5R 2K1	2010-07-01	2015-07-01	senior citizen on fixed income
	22395	211											VANCOUVER ER	V5W 3C7	2007-11-01	2012-11-01	senior citizen on fixed income

Terasen Gas suggests the change to the Open Dispute Report should be implemented so the Commission can monitor the exact reasons the Gas Marketers are submitting dispute cancellation requests. The Commission staff can evaluate the reasons for the drops and discourage frivolous cancellations when other alternatives are available that do not break the Essential Services Model. This evaluation can be done before the ruling is made on the dispute



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and the dispute can be cancelled if it is determined there is a more appropriate way to provide customer service without breaking the Essential Services Model. Further, the Commission can investigate the marketers' sales behaviour and institute fines as necessary for Code of Conduct breaches.



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**4.0 Reference: Appendix A, s. 2.2.3, p. 21**

- 4.1 In addition to the identified interim solution for enhancing Dispute Procedures, can customers have access to the page specific to their dispute, which would allow them to review electronically all the evidence filed, thus far?

**Response:**

No, Terasen Gas does not believe it is practical for customers to have access to the GEM application to view their dispute information. The interim solution to modify the Commission decision letter sent to customers and use the reconsideration process is the appropriate way to proceed until the proposed GEM upgrades can be implemented post January 1, 2012.

To grant customers access to the GEM system through Terasen Gas' network, a completely new security model would need to be developed. The GEM system would require a customer interface similar to viewing accounts online such as is used for viewing customer billing statements. The customer would be required to register their email address and provide a unique identifier such as their customer account number. To change the GEM application to accommodate this request would require approximately 3-4 weeks full-time work by our IT support provider. This work could not be addressed until after the introduction and stabilization of the new Customer Billing System in 2012.

Terasen Gas suggests an interim option is to have the Commission email or fax customers the evidence filed regarding their disputes. Alternatively, the Commission could include the evidence with the decision letter that is sent to the customer. The customer could then provide a rebuttal as warranted by a given deadline and the Commission could proceed with their final decision.





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**5.0 Reference: Appendix A, s. 2.3.1, pp. 28-29**

5.1 TGI submits that should the Commission decide to retain the evergreen provision, it advises the Commission to adopt an opt-in contract renewal approach for customers whose contracts contain an evergreen clause. Part of this proposal is to include a messaging on the customer's confirmation letter advising of the auto renewal process. Does TGI foresee additional costs for this proposal?

**Response:**

TGI estimates the additional costs to change the confirmation letter wording and the bill message wording to be approximately \$11,000. The estimated hours to complete the changes would range from 78 to 106 hours.

Terasen Gas suggests adding the following wording to the confirmation letter upon initial enrolment as an opt-in approach:

*The contract you have with your Gas Marketer may be renewed for an additional 12 months, if you elect to do so near the end of your contract term. Otherwise, your natural gas supplier will revert to Terasen Gas, and you will pay the regulated rate for natural gas that is approved by the B.C. Utilities Commission.*

Terasen Gas suggests revising the wording on the bill message 75 days prior to the contract end date for opt-in evergreen contracts as follows:

*IMPORTANT: Your Gas Marketer Consumer Agreement for premise 221974 will soon expire. ABC Gas Company recently sent you a renewal letter about this Agreement. Please sign and return the letter before 2010/08/01 to extend the commodity contract for an additional year. If you do not make other arrangements, your natural gas supply will automatically revert to the Terasen Gas regulated variable rate on 2010/10/01.*

Terasen Gas believes that providing customers with more information about the type of contract they have signed will help protect them from contract renewals that they are unaware of or do not understand.



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**6.0 Reference: Appendix A, s.3.2, p. 68**

- 6.1 Can TGI provide more details as to the Gas Marketers that have submitted under the \$0 marketer groups? Should the Commission pursue a separate review to determine if the sales process and contracts provided to customers were in full compliance with the Code of Conduct for Gas Marketers?

**Response:**

The use of \$0 Marketer Groups is not an appropriate way to secure customers. The information submitted to TGI through GEM should accurately reflect contract specifics. TGI believes that these Marketer Groups contravene the spirit of the Code of Conduct. The Customer Choice program infrastructure was not designed to accommodate this sales strategy and the Code of Conduct for Gas Marketers should be adjusted accordingly.

Currently, one Gas Marketer has setup a \$0 Marketer Group and has enrolled 382 customers into it with these contracts scheduled to start between September and December 2011. Other Gas Marketers have heard of the \$0 Marketer Group strategy and had expressed interest in doing the same. This marketer will be required to drop each of these contracts 30 days or more prior to the contract start date and enrol the customer in a new contract with an actual dollar rate per GJ. This approach has already proven itself problematic as a customer that was due to start flowing on February 1, 2011 on the \$0 rate was not dropped before December 31, 2010 deadline. Terasen Gas was required to manually drop the customer and enroll them into a new Marketer Group before the Marketer Supply Requirement deadline. It was determined that the marketer thought this customer was enrolled for a November 1, 2011 start date but that is not what was recorded in GEM. If the Gas Marketer forgets to drop their customers and re-enroll them in a dollar value Marketer Group, it is TGI who will have to process the corrections.

Terasen Gas does recommend the Commission pursue a separate review of the sales process for these contracts and determine if the Gas Marketer was in full compliance with the Code of Conduct. The Gas Marketer should be penalized for any contracts not in full compliance. TGI also suggests advising the Gas Marketers more appropriate ways of securing their customers within the parameters of the Customer Choice business rules.

The Code of Conduct should be modified to specify that \$0 Marketer Groups and other non-standard contract terms represent unacceptable approaches to secure customers. Contracts entered into GEM should accurately describe the commodity rates customers will be obliged to pay in future years. The \$0 Marketer Group contracts should be re-enrolled in new Marketer Groups and the \$0 rate should be removed from the GEM system.