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Regulatory Affairs Correspondence  
Email: [regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

Direct Energy Marketing Limited  
Suite 1200, 525-8<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 1G1

Attention: Ms. Corinne Severson, Sr. Manager

Dear Ms. Severson:

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

**Response to Direct Energy Marketing Limited (“Direct Energy”) 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 review of the Application, Terasen Gas respectfully submits the attached response to Direct Energy 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): Erica Hamilton, Commission Secretary  
Registered Parties



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## DE-TGI-001

**References:** TGI Application Page 26

### Confirmation Letter

**Quote:** "Gas Marketers already send similar letters to commercial accounts"

**Request:**

- (a) Please discuss why TGI considers it necessary for TGI to send out a confirmation letter to commercial customers considering many Gas Marketers already undertake this process?

**Response:**

Terasen Gas has recommended sending out a confirmation letter to all commercial accounts. Terasen Gas believes that confirmation letters need to be sent out by the current Terasen system to realize efficiencies, standardization, and ensure the recommended cancellation period is extended to commercial customers.

Currently the confirmation letters are not being sent out by Terasen Gas for commercial customers. Some Gas Marketers such as Active Energy have implemented a confirmation letter process which they have confirmed has been successful.

The confirmation letter being used for residential accounts includes a summary of the Consumer agreement, including the name of the Marketer, the contract term, and the price the customer will pay. The letter also indicates the end of the contract cancellation period and the Gas Marketer's contact information in case they decide to cancel.

Gas Marketers are required to hold their contracts for 10-days to allow for a cancellation period and then they are to send the enrollment request to Terasen Gas. If a Gas Marketer does not allow for the 10-day cancellation period there are no audit processes in place to ensure the customer is given the full 10-days to cancel their contract without penalty.

There are three reasons why we believe that confirmation letters should be sent out by Terasen Gas. These reasons are explored below.

Firstly, Terasen Gas has the systems in place to create and distribute the confirmation letters in the most efficient way. The system is currently sending out the confirmation letters for all residential customers. The cost of implementing the confirmation letter is approximately \$9600.00 and the ongoing cost of each letter is estimated at approximately \$3.05. These costs are minimal considering the increase of consumer protection that will be realized once the confirmation letters are distributed to all commercial enrollments.



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Secondly we believe that the process needs to be standardized. It is important to ensure that specific information is presented to the customer to ensure they understand the pricing, terms and conditions. It is specifically important that enough information is given that customers can identify if an unauthorized individual has made changes to their account.

Thirdly, Terasen Gas is recommending that the confirmation letters for all commercial customers are sent out by Terasen Gas to ensure customers are given the full cancellation period. Currently the process is not transparent since each Gas Marketer is to hold the enrollments for a 10-day period before submitting. If Terasen Gas sends out the confirmation letter the cancellation process will be the same as it is for residential customers. The cancellation period for these enrollments would start once the enrollment is entered. For some commercial customers there would be an option to waive the cancellation period. The proposed confirmation letter will advise customers that if they have waived their right to the cancellation period, the letter would serve as an advice letter only.

If Terasen Gas sends out the confirmation letter it will ensure the most efficient method, allow for standardization of the process, and will ensure all commercial customers are given the opportunity for the 10-day cancellation period.

**Request:**

- (b) Please provide the expected costs to TGI for processing and sending these letters for commercial customers?

**Response:**

The estimated cost for implementing the confirmation letters for commercial customers is \$9,600. The ongoing cost to process and mail the letters out is estimated at \$3.05 per unit. This unit cost includes the service fees, print charges, insertion charge and postage charges. The proposed changes would be implemented post 2012 after the TGI Customer Care Enhancement project is completed and stabilized.



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**Request:**

- (c) Please provide any evidence TGI has that commercial customers require or want TGI to issue confirmation letters?

**Response:**

Evidence that commercial customers would benefit from TGI to issuing confirmation letters is demonstrated by an analysis of commercial dispute statistics, as shown in the following table:

**Figure 2: Commercial Disputes categorized by the Nature of the dispute**

Nature of Dispute Issues					
Year	Terasen	Misleading Information	% of Total	Unauthorized Signatures	% of Total
2010	714	10	1%	84	12%
2009	515	25	5%	51	10%
2008	178	8	4%	2	1%
2007	175	9	5%	2	1%

Note: Approximately 17% of disputes do not have the nature of the dispute entered and therefore the number of disputes could be higher for both the misleading information and the unauthorized signature categories.

The confirmation letter provides customers with an additional level of consumer protection by providing visibility to account holders of the pending changes. Terasen Gas believes the confirmation letters should be implemented since it will help identify any changes to the account that have not been requested by an authorized signatory. In 2010, the table above reveals that 12% of all commercial disputes were related to unauthorized signatures.

Beyond these statistics, BCUC Order # A-33-10 issued November 9, 2010 discussed recent evidence of non-compliance with the Gas Marketer Code of Conduct. In the order, the Commission advised that they had received customer complaints regarding the alleged use of unauthorized signatures. Terasen Gas received similar complaints from customers by e-mail, letter mail and phone calls through our call center. Dispute details entered into GEM also suggest that on occasion, contracts may be signed by unauthorized individuals.

TGI is of the opinion that the confirmation letters will reduce incidences of unauthorized enrolments.



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**References: TGI Application Page 26**

**TPV Calls**

**Quote:** "Terasen Gas recommends a formal TPV process be adopted for commercial sales."

**Request:**

- (a) Please provide reasons and all supporting evidence as to why TGI is recommending and considers it necessary to perform TPV calls for all commercial customers?

**Response:**

Terasen Gas recommends that the TPV call is implemented for Rate Schedule 2 and Rate Schedule 3 commercial customers. Terasen Gas believes implementing the TPV calls for commercial customers will improve consumer protection for commercial customers, and reduce the number of disputes.

The TPV call has been used for residential customers since the BCUC instituted the TPV requirement in 2007<sup>1</sup>. During the 2010 Annual General Meeting various gas marketers indicated that they have already implemented a TPV process for their commercial customers, and the TPV process has been successful. Mr. Gord Potter from Just Energy stated "We're naturally incented to make sure that a large deal is a good deal, because we're putting out a lot when we purchase or procure that supply forward. So, some of us already do our own TPV calls".

Terasen Gas believes there are three main reasons it is necessary to implement the TPV calls for commercial customers. These reasons include better safeguards for customers against inappropriate sales practices, to help improve the likelihood that the agreement has been signed by authorized signatory, and to help participants recall and adhere to business rules.

The first reason Terasen Gas believes the TPV call should be implemented is because commercial customers need additional safeguards to be put in place against inappropriate sales practices. There are a number of disputes reported that are due to misleading information. This indicates that Commercial customers also require additional safeguards to ensure they are getting the correct information to make a knowledgeable decision for their gas supply (see Figure 2).

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<sup>1</sup> Reference Customer Choice 2010 Program Summary and Recommendations Appendix A, section 2.1.1

**Figure 2: Commercial Disputes categorized by the Nature of the dispute**

Nature of Dispute Issues					
Year	Terasen	Misleading Information	% of Total	Unauthorized Signatures	% of Total
2010	714	10	1%	84	12%
2009	515	25	5%	51	10%
2008	178	8	4%	2	1%
2007	175	9	5%	2	1%

Note: Approximately 17% of disputes do not have the nature of the dispute entered and therefore the number of disputes could be higher for both the misleading information and the unauthorized signature categories.

The second reason Terasen Gas believes the TPV Call should be implemented is that it will help improve the likelihood that an authorized signatory has signed the agreement. Approximately 12% of all commercial disputes in 2010 were related to unauthorized signatures (see Figure 2). Terasen Gas believes that by implementing the TPV call it will help reduce these incidences.

BCUC Order No. A-33-10 issued November 9, 2010 discussed recent evidence of non compliance with the Gas Marketer Code of Conduct. In the order, the Commission advised that they had received customer complaints regarding the alleged use of unauthorized signatures. Terasen Gas received similar complaints from customers by e-mail, letter mail and phone calls through our call center. Dispute details entered into GEM also suggest that on occasion, contracts may be signed by unauthorized individuals.

The implementation of the TPV call specifically should reduce these incidences if the script includes the recommended questions including a verification of customer name and title, and confirmation that the customer is the account holder or an authorized agent of the company.

The final reason Terasen Gas believes that it is necessary to implement the TPV calls for commercial customers is that by aligning the policy for residential and commercial consumers it will help program participants to remember and adhere to business rules.

To the extent possible, aligning the business rules across market segments will make it easier for program participants (i.e. customers, Gas Marketers, BCUC staff and TGI administrators) to understand and adhere to them. Standardized processes reduce confusion and create efficiencies.

Terasen Gas requests that the Commission add the requirement of the TPV call to all commercial accounts to protect commercial customers against inappropriate sales practices; improve the likelihood that an authorized signatory has signed the Agreement; to ensure an appropriate cancellation period is provided; and to help program participants remember and



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adhere to business rules. As a result of implementing the TPV call, customers will receive enhanced protection and it should minimize the chance that contracts end up in dispute.



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**References: TGI Application Page 27**

**Independent Dispute Process**

**Quote:** "Terasen Gas recognizes that in many instances commercial customer have registered disputed through the Company's contact centre."

"the process was not employed for commercial customers, who were deemed more knowledgeable about commodity prices and contracts".

**Request:**

- (a) Please provide the numbers of commercial complaints that have been registered through the Company's contact centre for 2007, 2008, 2009 and 2010?

**Response:**

The number of commercial disputes recorded in the Gateway for Energy Marketers (GEM) system by Terasen Gas has increased each year since the independent dispute process was introduced in 2007. Results are shown in the following table:

Commercial Disputes Recorded in GEM		
Year	Terasen	Gas Marketers
2010	126	588
2009	140	375
2008	36	142
2007	26	123

Dispute counts include those recorded through TGI's contact centre as well as disputes that Gas Marketer's have entered into GEM. The Company does not suspect that the information is indicative of increasing dispute levels. TGI believes that the visible trend reflects the increasing number of commercial customers that have submitted disputes through the Terasen Gas contact centre rather than writing directly to the BCUC. TGI is not privy to the commercial disputes that were historically submitted directly to Commission staff.

Terasen Gas employs the following process for handling customer complaints regarding their Gas Marketer contracts. TGI receives calls from commercial and residential customers who have unresolved issues with their Gas Marketer. Logging a formal dispute is the last step in resolving a conflict after first attempting to resolve the issue directly with the marketer. The contact centre representative (CCR) will log the dispute details in GEM including the customer contact information, premise number and the dispute type will be entered as "standard". Once the dispute number is created, the CCR will fill in the information about the nature of the dispute





within a free form text box that allows 255 characters for explanation. When the dispute is created, a log is created on the customer's account showing the date the dispute was created and another log is created when the dispute is resolved and the outcome. The Commission then reviews all logged disputes and sets the ruling on each one. If the outcome is in favour of the customer, a Dispute Resolution drop (2810) will be processed and the marketer tariff will be removed from the customer's account and they will be returned to the Terasen Gas tariff and any billing adjustments will be made. If the ruling is in favor of the Gas Marketer, a log file will be created on the customer's account only.

Log Dispute Wizard (1/2):

Caller:  Caller Identification:   
Customer Number:  Premise Number:   
Contact Number:  Dispute Type:

Log Dispute Wizard (2/2):

Caller: Amy Read      Caller Identification: 10338  
Customer Number: 1234567      Premise Number: 775544  
Customer Name: AMY READ      Customer Address: 122 Mayflower Cres, Richmond  
Contact Number: 604-555-5454      Dispute Type: Standard

**Available Marketer Contract:**

Marketer	Enrollment Start Date	Enrollment End Date	Marketer Group Price \$	Status
<input type="radio"/> ABC Marketing	2007/11/01	2012/11/01	9.59	SE

**Related Disputes:**

Dispute#	Date Filled	Cust.#	Customer Name	Prem.#	Status	Date Resolved	Days Outstanding
12648	2009/01/02		AMY READ		Closed	2009/01/22	19

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**Questions:**

1 Are you the account holder?

A.  Yes

B.  No

2 Did you contact the marketer in an attempt to address your concern?

A.  Yes

B.  No

C.  Other

3 What is the nature of your dispute?

A.  Enter Description

Terasen Gas recommends formally aligning the use of the independent dispute process across all customer rate schedules to reduce confusion for all stakeholders and to ensure that all customers are treated to the same streamlined, dispute resolution process.



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**References: TGI Application Page 28**

**Summary**

**Quote:** "Commercial customer will benefit from the additional safeguards outlined in Figure 16, since dispute evidence suggest that some Gas Marketer sales representatives fail to clearly articulate the details of the contracts, or obtain contract approval from unauthorized personnel."

**Request:**

- (a) Please provide the number of disputes referred to above that suggest some Gas Marketer representatives fail to clearly articulate the details of the contracts and provide the number of commercial contracts entered into from unauthorized personnel for each year 2007, 2008, 2009 and 2010?

**Response:**

The nature of the dispute information recorded in GEM indicates that instances of unauthorized signatures collected during the contract process are rising each year.

Refer to the table below for the nature of the commercial disputes raised in the GEM system by Terasen Gas' contact centre staff. Note that the "nature of the dispute" is a free text field and not always filled in which prevents TGI from determining the statistics with 100% accuracy. The statistics gathered though are significant enough to provide a fairly clear picture of the nature of most disputes raised.

<b>Nature of Dispute Issues</b>					
Year	Terasen	Misleading Information	% of Total	Unauthorized Signatures	% of Total
2010	126	10	8%	84	67%
2009	140	25	18%	51	36%
2008	36	8	22%	2	6%
2007	26	9	35%	2	8%

Terasen Gas believes introducing additional safeguards for commercial customers will eliminate the instances of disputes raised due to unauthorized signatures and reduce the number of disputes raised because of misleading contract information. These safeguards include confirmation letters to the company owner, third party verification calls, and cancellation requirements similar to the Residential program.