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British Columbia Utilities Commission
Sixth Floor
900 Howe Street
Vancouver, B.C.
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Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. ("Terasen Gas")
Customer Choice Program – 2010 Program Summary and Recommendations
Final Written Submissions**

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 its Final Written Submissions.

If there are any questions regarding the attached, please contact Scott Webb at (604) 592-7649.

Yours very truly,

TERASEN GAS INC.

Original signed by Shawn Hill:

For: Diane Roy

Attachment

cc (e-mail only): Registered Parties

BRITISH COLUMBIA UTILITIES COMMISSION

**IN THE MATTER OF the *Utilities Commission Act*,
R.S.B.C. 1996, Chapter 473 (the “*Act*”)**

and

**An Application by Terasen Gas Inc.
Pertaining to the Customer Choice 2010 Program Summary and Recommendations**

SUBMISSIONS OF

TERASEN GAS INC.

February 18, 2011

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**SUBMISSIONS OF
TERASEN GAS INC.**

A. INTRODUCTION

1. These submissions of Terasen Gas Inc. (“Terasen Gas”, “TGI”, or the “Company”) to the British Columbia Utilities Commission (“Commission” or “BCUC”) relate to the Application dated November 23, 2010 (the “Application”) in which TGI seeks the Commission’s continued and expanded endorsement of consumer protection, and approval of several minor changes designed to improve the Customer Choice program overall.

2. In its April 13, 2006 CPCN Application, Terasen Gas recommended that a post implementation review of Residential Unbundling be undertaken to assess the effectiveness of the implemented solution. The Application was part of that process, and incorporated a review of enhancements requested by Gas Marketers, the British Columbia Public Interest Advocacy Centre (BCPIAC) on behalf of the British Columbia Old Age Pensioners Organization et al (“BCOAPO”), Commission staff, Terasen Gas and other stakeholders.

3. On September 8, 2010, the Customer Choice Annual General Meeting (“AGM”) was held to discuss the concerns and suggestions of interested parties, and to review both the communication activities planned for 2010 and 2011, as well as the system enhancements that have taken place since the fall of 2009. Terasen Gas was requested by Commission staff to file the Application in order to summarize these items and recommend any necessary changes to the Program or supporting processes.

4. Terasen Gas disagrees with BCPIAC’s characterization of the value that the Customer Choice program is providing customers. The program is working as designed; the value customers attribute to the program comes in different forms, not just a determination of the financial savings to customers. Customer Choice potentially offers customers protection from rising commodity prices and the freedom to choose their commodity supplier. The program does not guarantee savings. Currently, there are approximately 127,000 customers enrolled in the Program. These numbers support the idea that not all customers make decisions based on financial savings solely, as BCPIAC suggests. The guiding principles of the Program are not just about economics. The purpose of “choice” is to allow customers to choose who they

purchase their gas from and to give them options that they currently do not have from Terasen Gas such as long-term contracts at a fixed rate. The Customer Choice Program should be evaluated over the long-term during a period that includes rising and falling commodity prices to appropriately evaluate its true value to customers.¹

5. There are three reasons TGI believes this is the right approach. Firstly, there is a relatively high level of participation in the Program. Currently, 15% of customers have chosen fixed rate contracts. Terasen Gas anticipates that participation in the Program will change as the market rate for natural gas fluctuates. Some participants will leave once their contracts expire, but other consumers will be attracted to the fixed rates if market indicators suggest the price for natural gas is on the rise. Rate comparison charts are advertised monthly and current short-term Gas Marketer rates are more competitive with the current Terasen Gas regulated variable rate. Secondly, the program is delivering as expected. The daily workings of the Program, gas scheduling, the calculation of the marketer supply requirements, and payment processes consistently run smoothly. Thirdly, the Program operating costs (less customer education) are currently recovered through Gas Marketer fees, and are not being paid by Terasen Gas customers. Therefore, there will be little in the way of on-going costs to customers to see how the program plays out over the long term.

6. Terasen Gas would like to address Cascadia's statements regarding the statistics posted on the BCUC website. The model that was used to develop the Customer Count report has become outdated, as the Customer Choice program has matured. A new reporting approach is needed to help consumers properly evaluate the Program. The numbers on the report may appear disproportionately large because in the net count calculation (used in the disputed contracts calculation), system generated enrolments such as portability enrolments are included. Portability enrolments occur when residential customers move; their contracts automatically port to the new premises within 60 days. For example, in the case of Direct Energy in the December 31 Customer Count report, a higher number of customers moved during the time period compared to actual disputes filed. As well, this report does not relate disputes filed to enrolments for the same time period. A dispute in this report can relate to an enrolment from several years ago. Terasen Gas has recommended the Customer Count report should be removed from the BCUC website because it is misleading and often

¹ Refer to BCOAPO IR 2.2 for further discussion.

misinterpreted by the public and media. In terms of Commercial customers who have dropped out of the Customer Choice Program due to a dispute, the percentage is approximately 3% of total Commercial enrolments since the Gateway for Energy Marketers (“GEM”) was implemented in 2007. A new report entitled Marketer Performance² was developed in 2009 in collaboration with a working group consisting of Gas Marketers, Commission staff and Terasen Gas staff. The report’s logic was adjusted again in May 2010. Due to a decline in Consumer Agreement sales for many Gas Marketers, very few disputes are recorded within 90 days of enrolment so the report provided negligible insight into marketer performance. Terasen Gas seeks the Commissions approval to amend this report. Please see Section E below (item G).

7. Terasen Gas is of the opinion that the current annual review process for the program needs to evolve and be streamlined. The AGM and the resulting Application made by Terasen Gas has been beneficial for customers in the past. However, the effort is time-consuming for all parties and will be of marginal value to customers in trying to improve the program if this review process were to continue. Given the fact that the program is maturing, Terasen Gas believes that the annual review process should be scaled back. Issues that arise can be dealt with as needed. Instead, Terasen Gas could provide a simplified program summary to the BCUC and interested stakeholders each year. The Company would be willing to work with Commission staff to determine the appropriate contents of this summary report.

B. ORGANIZATION OF SUBMISSION

8. This submission is organized as follows:

- (a) Part I Discussion of Consumer protection and why it is important.
- (b) Part II Discussion of Gas Marketer Fees.
- (c) Part III Summarizes the incremental funding request, for which TGI is seeking Commission approval.

² Refer to Terasen Gas Inc., 2010 Customer Choice Program Summary and Recommendations, page 22 for more details.

- (d) Part IV Details the items in Application Appendix A 2010 AGM Issues and Recommendations that have been The subject of discussion that TGI understands are not in dispute amongst participants.
- (e) Part V Details items listed in Appendix A that TGI understands are in dispute amongst participants.

C. CONSUMER PROTECTION

9. Terasen Gas believes that the Customer Choice program has merit and should continue for the foreseeable future. This position is supported by four primary reasons. Firstly, the program fully recovers the operating costs through marketer recovery fees (excluding on going education costs). Secondly, the dollars spent on setting up the system infrastructure are in place and allow for the possible expansion to the Island and Whistler markets with minimal additional setup costs. Thirdly, there is no benefit to dissolving the program at this time. Consumers continue to have a choice of who supplies their natural gas and if rates rise in future, consumers who view the Program as a form of insurance will likely be attracted back to fixed rate Consumer Agreements. Fourthly, continuous efforts are made to improve the program through system and process changes as the program matures. As exemplified in our Application, Terasen Gas continues to focus on improving consumer protection and education.

10. Terasen Gas submits that most of the consumer protection mechanisms introduced for the Residential Customer Choice program should apply to commercial customers as well. This will offer added safeguards for commercial customers, and it will help simplify rules for customers and other stakeholders, thereby making the Customer Program easier to manage for all parties.

11. TGI recommends that four commercial business rules be aligned with existing residential rules. These rules include Third Party Verification Calls ("TPV"), Confirmation Letters, Cancellation Period, and the Disputes Handling process. These recommendations are designed to address perceived weaknesses in consumer protection for commercial customers. Commercial customers need additional safeguards, since dispute evidence suggests that some Gas Marketer sales representatives fail to clearly articulate the details of the contracts, or obtain contract approval from unauthorized personnel. Information systems related evidence indicates that many Gas Marketers submit multiple contract requests for customers

already contracted with a competitor. It seems unlikely that these Consumer Agreements have been appropriately completed because contract terms should be identified at time of signing. Lastly, anecdotal evidence indicates some Gas Marketer sales representatives enter fraudulent enrolment requests. For example, in 2010 Terasen Gas was made aware of a contract that was signed by a company's namesake who had been deceased for several years. Commission staff recently investigated the sales activities of a Gas Marketer and found similar occurrences.³

12. Based on the input from stakeholders, the main subjects still in dispute relate to the timing of the TPV call, the cancellation period and the proposed Rate Schedule 2 confirmation letter.

13. Just Energy would like to see the TPV call made immediately following the signing of the contract to both the Rate Schedule 2 and Rate Schedule 3 commercial customers to provide convenience to the customer. Just Energy suggests these customers expect completion of their business transaction in the same day. Terasen Gas believes that allowing time for the small business (i.e., Rate Schedule 2) owner to review the contract will help ensure the appropriate party is signing the agreement.

14. Unless a waiver is signed, the Cancellation period is currently 10 days for all customers. For residential customers, this period begins when TGI processes the enrolment request for the Gas Marketer. In the case of commercial customers, Gas Marketers are currently mandated to hold the contract for 10 days prior to submitting the enrolment. Rate Schedule 2 customers who consume over 2,000 GJs per year and all Rate Schedule 3 customers may choose to waive their 10-day cancellation period. Direct Energy and Just Energy submit that the current rules allow for an appropriate level of consumer protection. Terasen Gas believes that the existing procedure does not adequately protect less knowledgeable commercial customers from Gas Marketers that may choose to submit enrolment requests before the 10-day cancellation window is over.

15. Based on Gas Marketers' input regarding the confirmation letter, Terasen Gas suggests using a single confirmation letter for Rate Schedule 2 and Rate Schedule 3 customers. The letter would specify that the cancellation period is not applicable if a waiver

³ Terasen Gas Inc., 2010 Customer Choice Program Summary and Recommendations, page 28.

was signed with the Gas Marketer. Gas Marketers agree that the confirmation letter would be beneficial but they would like the confirmation letter for Rate Schedule 2 and 3 customers to act as a notification letter only, indicating their gas supplier has been switched and listing the contract details regarding term, price, marketer name and phone number. Terasen Gas sees little merit in this position. TGI's recommendation offers increased consumer protection without changing the existing 10 day Cancellation period.

16. Terasen Gas' objective is to increase consumer protection and align business rules for commercial customers by implementing the four recommendations, TPV, Confirmation Letter, Cancellation Period and a standard dispute process.⁴

D. DISCUSSION OF MARKETER FEES⁵

17. Terasen Gas commits to reviewing the Gas Marketer recovery fees with the goal of recovering the costs to maintain the program from these fees, excluding educational costs. Currently, program costs (less customer education expenses) are being covered by the Gas Marketer fees charged. With the implementation of the new Customer Information System in January 2012, Terasen Gas will need time to evaluate the new service infrastructure costs, and recommend fee adjustments based on the new operating environment. The marketer recovery fees will be reviewed annually to ensure the guiding principles of the program are followed. The marketer fees should cover the Customer Choice program costs with the exception of the education budget expenses, which TGI believes should be borne by all eligible customers of the program.⁶

E. COMMISSION APPROVALS

18. TGI seeks approval for the following with this Application:

- (a) **Consumer Protection** – Adoption of several of the existing residential consumer protection practices for commercial customers. The two main system changes required include changing the cancellation period for commercial customers, and implementing the confirmation letter for

⁴ Exhibit B-1, page 30

⁵ Exhibit B-1 Appendix A Section 2.8 and 2.14

⁶ Exhibit B-1 Appendix A, page 61

commercial customers. The estimated system costs are \$16,000. See Appendix A, Section 2.1 for details.

- (b) **New reports** – Expend approximately \$15,000 to implement two new premise detail reports and make improvements to the Marketer Supply Requirement.
- (c) **Elimination of the Evergreen transaction code** – The anticipated system impact costs are estimated to be \$10,000. Existing contracts will be grandfathered and allowed to renew once. New contracts will be blocked from enrolment. The other alternative is adopting an opt-in approach where customers would need to elect to rollover their current contract for one year at the same rate.
- (d) **Dispute ruling page changes** – Expend \$5,500 to adjust GEM page so that it includes effective dating for reimbursements, adds a field to capture additional evidence from the customer, and introduces new functionality to block enrolments dated greater than 10 years in the future.
- (e) **Customer Education** – Funding for 2011 is \$300,000. Terasen Gas has proposed changes to meet this reduction to the budget (from 2010). Terasen Gas will continue to publish price comparison ads eight times per year. Proposed changes include eliminating the newspaper wrap and display ads, and allocating all of these savings to radio. This change will help enhance awareness of the “Customer Choice” name, which has deteriorated since 2008, when radio and TV were abandoned as media channels. Terasen Gas will apply to the BCUC for 2012 customer education funding at a future date.
- (f) **\$0 Marketer Groups** – Terasen Gas requests a ruling by the Commission on the business practice of setting up \$0 Marketer Groups. These unusual enrolment requests serve to secure the customer in a five year contract to prevent another marketer from enrolling the customer. The Gas Marketer then re-negotiates the \$0 Consumer Agreement with the customer prior to subsequent anniversary dates.

- (G) **Marketer Performance Report** – Terasen Gas requests approval of the new Marketer Performance Report to replace the Customer Count Report on the BCUC website.

F. ITEMS NOT IN DISPUTE

19. In this section, Terasen Gas addresses items that have been the subject of discussion, but which TGI understands are not in dispute amongst participants in the process.

I. COMMUNICATION PLAN/CUSTOMER EDUCATION PLAN⁷

20. Terasen Gas has designed and placed all Customer Choice related customer education materials since the program launched in 2007. In 2009, communication materials were developed using a formal review process, including meetings with Commission staff. Terasen Gas submitted the requested Customer Education Plan in January 2009. Commission staff subsequently approved the plan in BCUC Order G-9-09, in February 2009. The approved Customer Education Plan expenditures were \$750,000 in 2009, \$500,000 in 2010, and \$300,000 in 2011.

21. The proposed Customer Education Plan was presented at the AGM. Gas Marketers raised no issues with the plan as presented.

22. In the Application, Terasen Gas proposes to follow the same educational content review process that was used in 2010. As such, Terasen Gas suggests its representatives meet with Commission staff to discuss proposed changes to the 2011 communication material. BCUC staff, at their discretion, may solicit comments from Gas Marketers prior to final production.

II. CANCELLATIONS AND COURTESY DROPS⁸

23. Terasen Gas does not recommend any changes to the cancellation (courtesy drop) rules.

⁷ Exhibit B-1 Appendix A Section 2.13

⁸ Exhibit B-1 Appendix A Section 2.2.1

III. VOICE CONTRACTING FOR NEW CONTRACTS⁹

24. The Commission approved voice contracting for contract renewals in December of 2008. Terasen Gas supports the Commission's position that the use of a written signature should be considered for new contracts at this time. Commission staff suggests that Gas Marketers collectively submit a formal application to the Commission, which would likely include a hearing process. Just Energy indicates the company will pursue voice contracting, and that they will lead the effort by working with other Gas Marketers to complete a filing with the BCUC.

IV. INTERNET ENROLLMENTS¹⁰

25. During the proceedings, Just Energy requested clarification from Commission staff regarding the definition of a web/wet signature. Commission staff identified that in Article 12 of the Code, "either a wet signature or a signature that complies with the BC Electronic Transaction Act," would be acceptable. The Act says, "an electronic signature means information in electronic form that a person has created or adopted in order to sign a record and that is attached to or associated with the record". There is no further action required regarding this matter.

V. CONTRACT MAXIMUM TERM OF FIVE YEARS¹¹

26. In the Application, Just Energy requested confirmation that Terasen Gas will be introducing the contract start and end dates on the bill; and clarification of how far into an existing contract Gas Marketers can successfully enrol those customers into a new five-year contract. Terasen Gas has been working to incorporate the Gas Marketers' names and contract start and end dates directly onto the Terasen Gas bill. In Order A-34-10 dated November 15, 2010 Terasen Gas received approval to proceed with the proposed changes. Although the changes were originally scheduled for implementation on the date of this filing, February 18, 2011, minor technical issues have delayed the change. TGI now expects the bill feature to be implemented by March 4, 2011.

⁹ Exhibit B-1 Appendix A Section 2.9

¹⁰ Exhibit B-1 Appendix A Section 2.10

¹¹ Exhibit B-1 Appendix A Section 2.11

27. Regarding the five-year contracting rule, Terasen Gas provided documentation to Gas Marketers after the September 2010 AGM that demonstrated how the system processes contract requests under different scenarios. No further action is required.

VI. DISPUTES HANDLING¹²

28. Terasen Gas has recommended having all disputes follow the same independent dispute process, with all disputes routed through the TGI contact centre. Gas marketers have indicated that they do not have any objections to implementing a common dispute handling process.

VII. UPDATE ON WHISTLER AND VANCOUVER ISLAND MARKETS¹³

29. Terasen Gas will proceed with the necessary regulatory applications to enable Customer Choice in the Whistler and Vancouver Island markets for possible implementation in 2013 or 2014. At this point in time, Terasen Gas believes the more likely timeframe to be 2014.

VIII. STANDARDIZED TPV SCRIPT¹⁴

30. The Commission implemented a standardized TPV Script in July 2010. The Commission staff wishes to review any issues that have arisen since the implementation, and explore the timeframe that the TPV calls need to be completed within. Gas Marketers are fine extending the timeframe for TPV calls and Terasen Gas is amenable to extending the period available to Gas Marketers.

IX. DISPUTE RULING PAGE IMPROVEMENTS¹⁵

31. Terasen Gas proposed several changes to the Dispute Ruling page in GEM. Three new fields would be added to the Dispute Ruling page to clarify the responsibility of refunds and effective dates and allow for customer final comments. Just Energy asked for clarification on why Terasen Gas is proposing changes to the GEM Dispute Ruling page to enhance the

¹² Exhibit B-1 Appendix A Section 2.2.3 and 2.1.4

¹³ Exhibit B-1 Appendix A Section 2.6

¹⁴ Exhibit B-1 Appendix A Section 2.15

¹⁵ Exhibit B-1 Appendix A Section 3.1

existing process. TGI explained that the proposed changes are a result of an audit by the Office of the Ombudsman who requested the Customer Choice dispute process to be set up similar to a small claims dispute. Terasen Gas understands the changes proposed are acceptable to all stakeholders.

G. ITEMS IN DISPUTE

32. In this section, Terasen Gas addresses items that have been the subject of discussion, but which TGI understands remain in dispute amongst participants in the process.

I. THIRD PARTY VERIFICATION¹⁶

33. TPV is a digitally recorded telephone call between the Gas Marketer and the residential consumer to confirm their understanding of the Offer, Consumer's Agreement, Confirmation Letter and cancellation rights.

34. TPV was instituted at the request of the Commission for residential customers in 2007. Residential customers who sign up for a Gas Marketer contract receive a call within 24 to 96 hours to confirm their understanding and acceptance of the contract terms on record. Currently TPV calls are not part of the enrolment process for commercial customers.

35. Terasen Gas recommends a formal TPV process be adopted for commercial customers. To address Gas Marketer concerns, the TPV should feature some minor differences in script and timing versus the call-back process used for residential sales transactions. Specifically, Terasen Gas believes that fewer questions are needed in the approved TPV script and the calls for large commercial customers (i.e., Rate Schedule 3) may take place immediately following the sale.

36. Terasen Gas believes that the proposed TPV process for commercial customers will better safeguard commercial customers against the inappropriate sales practices used by some Gas Marketer sales representatives. It would improve the likelihood that the Agreement has been signed by an authorized signatory, and give small commercial customers more opportunity to review the nature and extent of the Consumer's Agreement that they have signed. The suggested approach addresses Gas Marketer concerns regarding the fulfillment

¹⁶ Exhibit B-1 Appendix A Section 2.1.1

of large contracts, and ensures an appropriate cancellation period is provided to Rate Schedule 2 customers, and those Rate Schedule 3 customers that refrain from waiving their right to a 10-day cancellation period. Lastly, aligning the policy for residential and commercial consumers will help program participants remember and adhere to business rules.¹⁷

37. Just Energy would like the TPV call made immediately after the contract is signed for all commercial accounts; it would be an abbreviated call that is not a standard script. Just Energy agrees that controls need to be in place for the content and suggests that all Gas Marketers submit their scripts to the Commission for approval prior to use. Terasen Gas is of the opinion that TPV calls can take place immediately after signing, if the commercial customer has waived their right to the 10-day cancellation period.

38. Direct Energy believes that the current protection mechanisms in place for Commercial accounts are adequate, and the proposed changes will create additional risks and costs for the Gas Marketer that will be passed on to the customers.

39. The BCPIAC suggests that the third party verification script should be amended to include confirmation that the marketer has the signature of the Terasen Gas account holder. While TGI acknowledges the merit of this request, existing systems do not facilitate formal validation. If the BCUC directs Gas Marketers to obtain the account holder's approval, TGI believes confirmation that the account holder has signed the Consumer Agreement could only really occur during dispute adjudication.

II. CONFIRMATION LETTERS¹⁸

40. Confirmation letters provide customers with an additional level of consumer protection by providing visibility to account holders of the pending changes. Based on Gas Marketer input since the filing was submitted to the BCUC, Terasen Gas suggests using a single confirmation letter for Rate Schedule 2 and 3 customers. Within the recent Application, TGI suggested that if the Rate Schedule 3 customer does not waive the 10-day cancellation period, the Gas Marketer must wait 10 days before submitting the enrolment to Terasen Gas. Based on Gas Marketer feedback, TGI is of the opinion that it is preferable to have one confirmation letter for Rate Schedule 2 and 3 customers. All commercial customers that refuse to sign the waiver

¹⁷ Please see Just Energy IR 1.1 and 1.2 for further details and discussion.

¹⁸ Exhibit B-1 Appendix A Section 2.1.2

should be afforded the 10-day cancellation period, and the period should begin when the enrolment request is received by Terasen Gas. The letter would include language that would specify the cancellation period is not applicable if a waiver was signed with the Gas Marketer. Consistent with the existing Gas Marketer Code of Conduct, TGI believes that waiver rights would apply to Rate Schedule 3 customers and those Rate Schedule 2 customers that consume over 2,000 GJs per year in aggregate.

41. Gas Marketers are generally in agreement with the confirmation letter and some have already implemented their own versions. However, Just Energy and Direct Energy suggest extending the waiver provision to all commercial customers. Terasen Gas does not agree with extending the waiver or cancellation opt-out provision to all commercial customers. Smaller Rate Schedule 2 customers likely have similar knowledge about natural gas commodity rates as residential customers. To ensure that commercial customers that choose to refrain from signing a cancellation period waiver are afforded the 10-day cancellation period after enrolment, Terasen Gas recommends that the associated enrolment process align with the residential process.

III. CANCELLATION PERIOD¹⁹

42. Terasen Gas recommends adjusting the cancellation period for Rate Schedule 2 Commercial Customers, and those larger commercial customers that refuse to waive their right to the 10 day Cancellation period to align with residential customers to provide additional consumer protection. TGI is of the opinion that small commercial customers are not typically as sophisticated regarding energy prices as are larger customers. Just Energy does not recognize a need to change the current cancellation periods for Rate Schedule 2 Commercial customers, arguing that they should be treated the same as Rate Schedule 3 commercial customers.²⁰

IV. RETRIEVAL OF CUSTOMER USAGE INFORMATION²¹

43. Just Energy proposes to revive the former process of receiving consenting commercial customers' historical consumption from Terasen Gas by facsimile or email (i.e. Gas Marketer

¹⁹ Exhibit B-1 Appendix A Section 2.1.3

²⁰ Terasen Gas Inc., 2010 Customer Choice Program Summary and Recommendations, page 8

²¹ Exhibit B-1 Appendix A Section 2.7

request by fax authorization form). This process was first introduced in 2004 with Commercial Unbundling. It was later abandoned after the Residential Unbundling program was launched, due to lack of use.

44. In the Application, Terasen Gas does not support this request due to the additional system enhancement cost, estimated at \$7,500, and the limited interest in the option exhibited in the past. Of the more than a dozen Gas Marketers operating in the BC market, only Just Energy requested this feature. Commercial customers can obtain their historical consumption data via Account Online or the Terasen Gas contact centre. Terasen Gas did indicate that if this service were to be made available there would be a charge of \$10.00 per facsimile.

45. Just Energy supports offering an alternate means of retrieval of customer usage information, specifically by facsimile. Just Energy agrees the \$10.00 charge Terasen Gas suggested per facsimile is reasonable.

V. EVERGREEN PROVISION²²

46. When referring to evergreen contracts there are two areas to consider, including: the Gas Marketer's Consumer Agreement that indicates the contract will renew if the customer does not choose to cancel, and the system evergreen enrollment contract. The Gas Marketer's Consumer Agreements are the actual contract that is signed by the customer and the Gas Marketer. These agreements are drawn up by the Gas Marketers and have specific pricing agreements in place. The Terasen Gas enrollment system (GEM) only has one type of evergreen enrollment available. This evergreen enrollment is for a period up to five years at a fixed rate that automatically re-enrolls the customer at the end of the term for an additional one-year period at the same rate. This re-enrollment process continues unless the gas marketer enters a drop for the contract. Terasen Gas has recommended that the system evergreen contracts be discontinued since in most cases the renewal requires a price change. This situation requires that the evergreen system contract be terminated and necessitates the entry of a new contract.

47. Just Energy does not support the discontinuation of system evergreen contracts but offers the suggestion to include information on the evergreen provision in the TPV script or to

²² Exhibit B-1 Appendix A Section 2.3.1

include agreed upon wording in the confirmation letter. They are also suggesting that alternate wording on the bill notification could be explored if agreed to by all parties. Terasen Gas does not believe that adding additional wording to the TPV or the confirmation letter will adequately protect consumers. System Evergreen contracts are inconsistent with consumer protection goals and are often perceived as a deceptive business practice. On occasion, the contracts have necessitated Terasen Gas to undertake costly manual corrections.

48. The BCOAPO strongly opposes the Gas Marketer evergreen contracts and the system evergreen contracts. They believe the Gas Marketer should be required to obtain an affirmative, fresh contract from the customer at each contract expiry date. Just Energy feels that the Gas Marketer should be able to adjust the contract price while automatically renewing the contract. As stated in the Application²³, Terasen Gas asserts that the system functionality that was agreed to at the time the Customer Choice program was designed and implemented does not allow for this type of renewal. The current requirement is to submit a new contract with the new price and term.

VI. BLEND AND EXTEND²⁴

49. The Blend and Extend offerings represent a marketing term coined by Gas Marketers. These offers allow customers the opportunity to pay a lower, blended rate, for a revised term. The terms and conditions of the multi-year contract specify that the customer has the option of negotiating a lower blended rate for an additional term if the marketer offers a lower rate during the contract period. Terasen Gas agrees with the BCOAPO that enrolling a customer in a Consumer Agreement that features a different price equates to a new contract rather than an extension of an existing contract. Terasen Gas maintains that only one type of contract “renewal” exists within the systems that support the Customer Choice Program, namely system evergreen contracts. The system evergreen contracts renew an existing contract for one year at the existing price. Terasen Gas recommends discontinuing the use of system evergreen contracts to support consumer protection.

50. Gas Marketers do not believe that the consumer protection mechanisms such as the TPV call are necessary for blend and extend contracts.

²³ Terasen Gas Inc., 2010 Customer Choice Program Summary and Recommendations, page 184 – AGM minutes.

²⁴ Exhibit B-1 Appendix A Section 2.3.3

VII. ADDITIONAL LINE ON THE TERASEN GAS BILL²⁵

51. Through the proceedings, Gas Marketers requested greater access to the Terasen Gas bill to assist in the delivery of sales messages to Terasen Gas customers. This additional access may include bill inserts, and bill or envelope messaging. Terasen Gas strongly opposes this request. TGI contends that considerable steps have been taken by the Commission and Terasen Gas to distance Marketers from the utility. The existing Customer Choice program has already fulfilled the mandate originally set forth in the 2002 BC Energy Plan, specifically allowing low-volume natural gas consumers to purchase commodity from third-party suppliers. TGI believes that introducing an additional line on the Company's bill for third-party service providers offers minimal value or benefit for Terasen Gas customers. Just Energy continues to support expanding the billing functionality in order to offer more innovative solutions and pricing arrangements. They are recommending that a feasibility study be undertaken to determine if the option is viable. As noted, TGI opposes this request.

VIII. MARKETER SUPPLY REQUIREMENTS (“MSR”)²⁶

52. The MSR is a fundamental component of the Essential Services Model that underpins the Terasen Gas Customer Choice program. Gas Marketers voiced their concerns about the transparency of the forecast methodology. Terasen Gas presented a detailed overview of the methodology during the AGM that spoke to Gas Marketer concerns. Terasen Gas is proposing new reports that will provide Marketers with better supply requirement information at the premise level. These reports will be made available by the end of the second quarter of 2011.

53. Just Energy supports the enhanced MSR reporting proposed to provide Gas Marketers with premise level detail. Just Energy understands that the two new reports will be in addition to the historical usage information already provided. However, Just Energy remains unsatisfied with the transparency of the MSR calculation methodology. TGI is of the opinion that the forecast information required to satisfy Just Energy's demand should remain confidential.

²⁵ Exhibit B-1 Appendix A Section 2.5

²⁶ Exhibit B-1 Appendix A Section 2.12

IX. DISPUTE AND CANCELLATION FEES²⁷

54. The current dispute drop or cancellation fee is \$50.00. This fee is applied against each Gas Marketer's monthly settlement and should not be passed on to the customer. The purpose of the \$50.00 fee is to incent honest sales practices, and therefore, Terasen Gas believes it is a cost that should not be borne by customers. The BCOAPO agrees that these costs should not be forwarded to the customers. Just Energy believes that the \$50.00 dispute fee should remain as is, with Gas Marketers permitted to pass the cost on to customers.

X. STANDARD INFORMATION BOOKLET PRINTING²⁸

55. Within the Application, Terasen Gas recommended translating and printing the Standard Information booklets in Chinese and Punjabi. The BCOAPO would like to see the booklets translated and printed in Cantonese, French, Korean, Mandarin, Persian, Punjabi, Spanish, Tagalong, and Vietnamese. Just Energy has recommended that the Standard Information booklets remain printed only in English, but have the booklets translated in other languages available on the Terasen Gas website. Terasen Gas amends its position and agrees with the recommendation from Just Energy.

XI. MARKETER GROUP \$0.00²⁹

56. Terasen Gas strongly opposes the use of the \$0 Marketer Group to hold customers under contract. Both Just Energy and BCOAPO agree that this practice should be eliminated. Terasen Gas requests that the Commission ban this practice and existing contracts should be re-submitted with valid price points.

XII. AUTHORITY TO SIGN CONTRACT³⁰

57. Terasen Gas disagrees with the Commission staff's suggestion to limit authorized signatories to account holders. Terasen Gas believes the current consumer protection rules are sufficient to protect both residential and commercial customers once the consumer protection activities are aligned. See the Section on Consumer Protection.

²⁷ Exhibit B-1 Appendix A Section 2.2.2

²⁸ Exhibit B-1 Appendix A Section 2.3.2

²⁹ Exhibit B-1 Appendix A Section 3.2

³⁰ Exhibit B-1 Appendix A Section 2.4

H. CONCLUSION

58. The primary goal of this application has been to reinforce consumer protection. TGI seeks Commission approval on each item raised in Application Appendix A, and on the financial requests summarized in Section D above.

59. Upon Commission approval, Terasen Gas will develop an implementation timeline for the adoption of the recommended consumer protection practices, system improvements and new reports outlined in Section E. The timeline will consider the impact of the new CIS information system implementation. TGI suggests a meeting with Commission staff in April 2011, to review the 2011 communication material so that it can be modified as deemed appropriate. Terasen Gas recommends a review of the marketer fees as part of an annual program summary report to the Commission and stakeholders in the early fall of 2011.

All of which is respectfully submitted.

TERASEN GAS INC.

Original signed by Shawn Hill:

For: Diane Roy

February 18, 2011