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June 12, 2006

Regulatory Affairs Correspondence
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British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas Inc. ("Terasen Gas")
Certificate of Public of Convenience and Necessity ("CPCN")
Application for Commodity Unbundling for Residential Customers
Project # 3698421**

**Terasen Gas Information Request No. 1 on Intervenor Evidence from
Energy Savings B.C. and Direct Energy Marketing Limited (the "Retailer
Group")**

Terasen Gas respectfully submits the attached Information Request on the Intervenor Evidence provided by the Retailer Group.

If there are any questions regarding this submission, please contact Mr. Tom Loski, Director, Regulatory Affairs at (604) 592-7464.

Yours very truly,

TERASEN GAS INC.

Original signed by: Tom Loski

For: Scott A. Thomson

Attachment



Terasen Gas Inc. ("Terasen Gas") Commodity Unbundling Project for Residential Customers CPCN Application dated April 13, 2005	Submission Date: June 12, 2006
Terasen Gas Inc. Information Request No. 1 on Intervenor Evidence – Direct Energy Marketing Limited & Energy Savings B.C. ("Retailer Group")	Page 1

Reference: Evidence, page 4 of 12, Stable Rate Option

- 1.0 At page 4, line 1, the Retailer Groups says the core function of the utility is the distribution of natural gas. Which sections, if any, of the *Utilities Commission Act*, does the Retailer Group rely upon in asserting that the core function of Terasen Gas Inc. is the distribution of natural gas? If the Retailer Group is not relying upon the *Utilities Commission Act* for support of its assertion that the core function of Terasen Gas Inc. is the distribution of natural gas, on what legislative or regulatory provision does it rely for that assertion?
- 2.0 Retailer Group evidence indicates that the Utility offering should be one that moves to monthly (more variable) pricing in the default option. What advantage does the customer, who chooses to remain with the Utility, get with a rate that reduces price stability in the one to three year range when the default option does not duplicate what a marketer can offer (i.e. a 5 year rate)?

Reference: Evidence, page 5 of 12, Stable Rate Option

- 3.0 The Retailer Group provided evidence relating to an Ontario Energy Board process regarding fixed term, fixed price contract and utilities offering alternative commodity rate options. Please provide a copy of this report.
 - 3.1 Please provide similar research and reports undertaken by regulators/governments in other jurisdictions regarding on fixed term, fixed price contracts and utilities offering alternative commodity rate options?

Reference: Evidence, page 6 of 12 Bonding Requirements

- 4.0 Based on the Retailer's Group experience in the Commercial Unbundling program in British Columbia, please indicate the approximate annual cost, to the marketer, to post a performance bond of \$250,000 and \$1,000,000.
 - 4.1 What is the above annual cost of posting a performance bond as a percentage of the Retailer Groups' annual profits?
- 5.0 The Retailer Group indicates that the performance bond is not intended to provide remedy to customers and other parties for matters that should or could be sought through other legal means available to them. Please discuss what legal means a residential customer would have in the event a marketer defaulted on its obligations to supply gas for a specific fixed price and what the probability is of recovering damages from a marketer.



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Reference: Evidence, page 7 of 12 Code of Conduct

- 6.0 In which jurisdictions does the Retailer Group currently use voice contracting?
- 7.0 Please discuss the Retailer's Group experience in using voice contracting to market natural gas contracts to residential customers, referencing the challenges, if any, in using voice contracting.
- 8.0 For the jurisdictions in which the Retailer Group has utilized voice contracting, please discuss whether voice contracting was allowed by the regulator during the 1st year of Residential Unbundling being introduced. If not, please discuss the reason(s).

Reference: Evidence, page 11 of 12 Customer Education

- 9.0 In the report titled "Review of Best Practices in Retail Energy Market Consumer Education Programs and Their Application in Alberta that was completed for Direct Energy Marketing, Table 4 Summary Table of Consumer Spending lists a column "Annual Spending per Person" with an overall average of \$1.08 per person. Please define "Annual Spending Per Person". Using the same approach and methodology used in the study, what would be the equivalent per person per year customer education expenditure for Residential Unbundling in British Columbia, given the proposed first year expenditure of \$5 million? Would this amount be calculated using the total BC population of approximately 4 million residents?
- 10.0 The Retailer Group references research undertaken by the Utilities Consumer Advocate, a branch of the Alberta Government Services, as how best to provide consumer education in regards to their energy markets. Please provide similar research undertaken by regulators/governments in other jurisdictions regarding providing effective customer education.

Reference: Evidence, page 11 of 12 Poaching

- 11.0 From a consumer perspective, what are the advantages of a soft-block approach for enrolment?
- 12.0 For this issue, what is the approach adopted in Alberta and what has been the feedback received from various stakeholders - consumers, marketers and the regulator.