



Scott A. Thomson
VP, Finance & Regulatory Affairs and
Chief Financial Officer

16705 Fraser Highway
Surrey, B.C. V3S 2X7
Tel: (604) 592-7784
Fax: (604) 592-7890
Email: scott.thomson@terasengas.com
www.terasengas.com

Regulatory Affairs Correspondence
Email: regulatory_affairs@terasengas.com

June 2, 2006

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**

Response to CEG Energy Options Inc. Information Request No. 1

Terasen Gas respectfully submits the attached responses to the above noted Information Request.

Twenty hard copies of the attached will be sent to the Commission office by Monday, June 5, 2006

The full submission including all appendices will be available on the Terasen Gas website by Tuesday, June 6, 2006 at the following location:

<http://www.terasengas.com/Publications/Regulatory/Submissions/LowerMainlandInterior/default.htm>

If there are any questions regarding this Application, 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 2, 2006
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The following Information Request from CEG Energy has been submitted under the schedule timelines for the first round of Interveners questions and requires a response from Terasen by June 8, 2006.

CEG Energy has reviewed the document submitted by Terasen and is generally pleased with the content and expectations put forward by Terasen at this time but does have a number of concerns and questions on certain considerations. CEG Energy has also reviewed the Commission Information Request No. submitted May 11, 2006 and has determined that the Commission requests captures the majority of the questions that CEG Energy has and therefore do not require repeating. CEG Energy does have the following issues and questions, comments and arguments in response at this time for Terasen consideration.

1. Licensing – Terasen statements on potential increased bonding with number of customers is vague and unresponsive and therefore of concern. Please elaborate on the requirement for this increased bonding with supportive reasoning and potential increased bonding levels.

Response:

Please refer to Terasen Gas' responses to questions 13.1, 18.1, 18.2, 18.3, 18.4 of BCUC Information Request No. 1.

2. Terasen confirmation letter – CEG supports the letter but is cautious on its final content. Please confirm that Marketers will have the right to agree fully on the content of this letter. CEG believes the 10 day cooling off period should begin on the CEG registration date with Terasen and not after as Terasen suggests after the customer receives the confirmation letter. Please confirm that Terasen should still be able to get a letter to the customer within 5 days allowing the customer a few days to review in order to maintain the marketer schedule.

Response:

It is Terasen Gas' intention to consult with Gas Marketers in the fall of 2006 to determine the final content of Confirmation Letters, subject to Commission project approval. While Commission approval is not required for items of a housekeeping nature like the final content of Confirmation Letters, Terasen Gas recognizes the value of incorporating stakeholder feedback into the development of the final program.

CEG is incorrect in its belief that Terasen Gas proposes to start the 10 day cooling-off period after the customer receives the Confirmation Letter. As outlined in the Application, the 10 day cooling-off period would start on the day that the Confirmation Letter is produced. Its expected that this letter would be produced and mailed within 24 hours from the receipt of an enrollment from a Gas Marketer. Once the Confirmation Letter is produced, mailed, and received, a customer should have between 5 to 7 days remaining in the cooling-off period to decide whether or not to exit the contract they signed with the Gas Marketer.

Please also refer to the responses to BCUC IR1 questions 7.1 and 7.2 for additional



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information about the 10 day cooling-off period.

3. Stranded Gas Cost Exit Fees – CEG is strongly in disagreement with implementing a fee to exit the Terasen default rate. CEG believes there are much simpler ways to deal with this without creating what customers will view as a penalty to choose an alternative commodity rate. The solution must be seamless for customers who choose to contract with marketers. CEG would support the following alternatives:
 - a. Balance to go to the MCRA
 - b. A continuous CCRA rider on the bill for all customers
 - c. Ignore this imbalance as should be minimal

The BCUC has already requested information on this item sufficient for answering the questions CEG has for now.

Response:

Please refer to Terasen Gas' response to question 21.1 of BCUC Information Request No. 1 for further discussion of the issue and alternatives.

4. Blocking – CEG supports a hard block under the submitted full marketer term. Is Terasen considering an alternative to a hard block as in place currently with the commercial program?

Response:

As set out in the Application, Terasen Gas proposes a "soft" block as a means of managing 12 month fixed price rule violations and potential "poaching" or "overwriting" of customers by one Gas Marketer from another Gas Marketer. Please refer to the response to BCUC IR1 question 21.8 for a detailed discussion of this issue.

5. Stable Rate – CEG does not support the continuation of the stable rate program. This program is in direct competition with marketers and Terasen has obvious advantages of 2 or 3 years of program history, ability to market in bill inserts, significant advertising capability with costs borne by all customers, no risk on commodity and advantages of driving customers to the Terasen website. CEG will await the response on the Commission IR's in this regard.

Response:

Please refer to Terasen Gas' responses to questions 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8 of BCUC Information Request No. 1.