



LETTER No. L-17-00

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VIA FACSIMILE

April 17, 2000

TO: Interested Parties to the ABC Transportation Service Tariff
(Lists A and B)
BC Gas Utility Ltd.

Re: BC Gas Utility Ltd. ("BC Gas")
Unbundled Agency, Billing and Collection Transportation Service Tariff
for Residential and Commercial Customers

The Commission received eight letters of comment in response to Letter No. L-12-00 dated March 2, 2000. The comments generally supported the development of an agency, billing and collection transportation ("ABC-T") service option in B.C. for November 1, 2001, and for the most part favoured a program that would be available to all residential and commercial customers. Some respondents supported restricting the service offering to commercial customers.

The Commission has also received the attached April 3, 2000 letter from BC Gas Utility Ltd. ("BC Gas"). BC Gas states that it supports greater choice for customers, but expresses disappointment with the level of interest shown in the responses to Letter No. L-12-00. The Company goes on to outline five necessary elements for an unbundling program to be effectively implemented. BC Gas also notes that a decision to commence development work on business processes and interfaces must be made promptly for full system-wide implementation to occur on November 1, 2001.

The most critical element that is outstanding at this time, is a commitment of technical resources from at least one marketer with experience in residential and commercial unbundling. BC Gas states that it needs to have these resources available very soon, in order to support its design, development and testing of business processes and interfaces. Several marketers indicated a willingness to participate in the development of an ABC-T service option, but were somewhat equivocal about the resources that they would commit. **Each marketer with experience in residential and commercial unbundling who is prepared to commit the technical resources that BC Gas states it requires, is requested to confirm its commitment in writing to the Commission by Friday, April 28, 2000.** Marketers may wish to contact Ms. Jan Marston at BC Gas at (604) 443-6922 to discuss the technical resources that are required.

BC Gas indicates that two other necessary elements to implement an unbundling program, rate design and a new Customer Information System, are proceeding. If unbundling goes ahead, the Commission will initiate a review of the consumer protection measures that are needed, and the development of a tariff for ABC-T service. The Commission will also work with BC Gas, marketers and other interested parties to develop an appropriate customer education program.

The Commission is very concerned about the potential cost of developing this service option, noting the preliminary estimate of \$7.7 to \$11.0 million of capital costs for a system-wide program. It is not clear that these costs are all incremental. For example, the Commission anticipates that future BC Gas bills will separately identify basic charges, delivery charges and gas cost recovery charges, whether or not unbundling goes ahead. **For a system-wide unbundling program, the Commission requests BC Gas to identify, by April 28, 2000, each deliverable that unbundling will necessitate, the incremental capital cost of each item, the incremental operating, maintenance and administration ("OM&A") expenses to November 1, 2001 and the additional annual OM&A expenses after the program is in place.**

The Commission also anticipates that an appropriate next step for unbundling may be to limit the program to commercial customers (Rate Schedules 2 and 3), at least for the 2001/02 gas contract year. Focusing on commercial customers may be more efficient for marketers, and may permit a much more modest customer education program, especially if sufficient disclosure of information by marketers to customers can be assured. **For an unbundling program for commercial customers, the Commission requests BC Gas to identify, by April 28, 2000, the incremental capital cost of each deliverable that such a program would require, the incremental OM&A expenses to November 1, 2001 and the additional annual OM&A expenses after the program is in place.**

The Commission remains committed to providing cost effective competitive options so that all customers have alternative sources for their natural gas requirements. Provided that a satisfactory commitment of technical resources is received from at least one potential marketer, and subject to BC Gas providing satisfactory information about program costs, the Commission is prepared to proceed with the development of an ABC-T service option.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/cms

Attachment

cc: Ms. Nancy Cooley
Cooley/Olson, Inc.