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VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-67-05

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Terasen Gas (Vancouver Island) Inc.
For Approval of a Certificate of Public Convenience and Necessity
Customer Care Conversion - Addendum**

BEFORE: L.F. Kelsey, Commissioner June 30, 2005

ORDER

WHEREAS:

- A. On February 18, 2005, Terasen Gas Inc. ("TGI") submitted a proposal to the Commission outlining its intention to review the extension of the current Customer Care outsourcing agreement with CustomerWorks that expires in 2007. In addition, TGI indicated that Terasen Gas (Vancouver Island) Inc. ("TGVI") was preparing a business case to convert from the Banner Customer Information System to the customer care technology platform using the Peace System under CustomerWorks; and
- B. By Letter No. L-14-05 the Commission accepted TGI's proposal to retain an independent third party to:
1) assess the value of extending the current outsourcing agreement; 2) evaluate the available alternate service providers in the market and 3) evaluate the value of converting TGVI's customer base to the Peace System. The Commission requested that the Terms of Reference for engaging the independent third party be provided for review and comment; and
- C. On March 17, 2005, TGI submitted the Terms of Reference to the Commission for review and comment; and
- D. By Letter No. L-27-05 the Commission noted but did not provide comments on the Terms of Reference as filed and requested that the report from the independent third party, Doug Louth and Associates, be filed with the Commission no later than May 13, 2005; and
- E. On April 20, 2005, TGVI filed an application for approval of a Certificate of Public Convenience and Necessity to convert the Customer Care activities from the current combination of outsourced and in-house delivery environment to a fully outsourced business model with CustomerWorks. Concurrently, TGI filed a new Schedule H as an Amendment to the existing Client Service Agreement to include TGVI for the conversion of the Customer Care activities ("the Application"); and

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- F. TGVI's Application together with TGI's independent third party report were reviewed by a written process with Final Reply Argument from TGVI on June 10, 2005; and
- G. On June 20, 2005, TGVI submitted an Addendum to the Application with copies to all Registered Intervenor for approval to extend the depreciation rate for the capital development costs from 5 to 8 years; for the Company to accept any deficit from this project should subsequent conversions to a new CIS platform occur prior to the benefits being realized by the ratepayers; and for the Company to be responsible for any overruns exceeding 110 percent; and
- H. The Commission considers that a revised Regulatory Timetable is required.

NOW THEREFORE the Commission orders as follows:

1. The Addendum to the Application will be reviewed by the Commission along with any comments from Intervenor as set out in the Regulatory Timetable as Appendix A to this Order.
2. TGVI is to provide a copy of this Order, by e-mail or facsimile if possible, to all Intervenor and Interested Parties currently registered in the TGVI 2003 – 2005 Negotiated Settlement Process as well as the TGVI 2004 Annual Review, as soon as possible.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of July 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Attachment

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APPENDIX A
to Order No. G-67-05
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TERASEN GAS (VANCOUVER ISLAND) INC. ("TGVI")

**Application for a Certificate of Public Convenience and Necessity
Customer Care Conversion - Addendum**

REGULATORY TIMETABLE

ACTION

DATES 2005

Commission and Intervenor Information Requests

Friday, July 8, 2005

TGVI Responses to Information Requests

Wednesday, July 13, 2005

Intervenors Submit Comments on the CPCN Addendum

Monday, July 18, 2005

TGVI's Reply Comments

Wednesday, July 20, 2005