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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-152-06

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473and

An Application by Terasen Gas Inc.
for the Residential Commodity Unbundling Approvals
Further in Support of the Residential Unbundling
Certificate of Public Convenience and Necessity Approved by Order No. C-6-06

BEFORE: A.W.K. Anderson, Commissioner November 30, 2006

O R D E R

WHEREAS:

- A. Commission Order No. C-6-06 granted a Certificate of Public Convenience and Necessity ("CPCN") to Terasen Gas Inc. ("Terasen Gas") for the Residential Commodity Unbundling Project effective November 1, 2007; and
- B. On October 31, 2006, Terasen Gas filed an Application for approval of five issues in support of the Residential Commodity Unbundling CPCN that included the Customer Education Plan, Confirmation Letter, Dispute Resolution Process, Changes to the Code of Conduct for Gas Marketers and Changes to Rate Schedule 36 (the "Application"); and
- C. In the Application, Terasen Gas states that a decision is required by November 30, 2006; and on November 3, 2006, the Commission issued Letter No. L-68-06 requesting stakeholders in the CPCN hearing process to provide written comments to Terasen Gas and the Commission by November 10, 2006, and Terasen Gas to respond to these comments by November 17, 2006; and
- D. The BC Old Age Pensioners Organization *et al.* ("BCOAPO"), Energy Savings BC ("ESBC"), Direct Energy Marketing Ltd. ("DEML") and Universal Energy Corporation ("UEC") submitted comments on the Application; and

E. By letter dated November 17, 2006 Terasen Gas responded to the comments in the Application and recommended several changes to the proposals in the Application.

NOW THEREFORE pursuant to Sections 46, 59, 60 and 71.1 of the Utilities Commission Act, the Commission orders as follows:

1. The Customer Education Plan is approved as set out in the Application. The Commission expects that Terasen Gas will continue its efforts to ensure that the material is neutral in tone and informational in nature.
2. The Confirmation Letter as set out in the Application is approved, subject to the following amendments:
 - Bold copy on the front of the letter that reads: **“If you have any questions or concerns or wish to cancel the above the supply arrangement, you may do so by contacting (Gas Marketer) at 1-XXX-XXX-XXXX.”**
 - The website addresses of Gas Marketers will be added to the Gas Marketer contact information, subject to technical feasibility.
 - For the Reasons for Decision attached as Appendix A to this Order, the Gas Marketer’s price will be reported in the Confirmation Letter as proposed in the Application but will not be shown on the graph of historical gas prices.
 - The text accompanying the graph on the second page of the letter will be modified by Terasen Gas as necessary in recognition that the graph will not include the Gas Marketer’s price.
3. The Dispute Resolution Process is approved as set out in the October 31, 2006 Application.
4. The Code of Conduct for Gas Marketers is approved as set out in the Application subject to the following revisions:
 - Article 13 – the final sentence should read: “The Gas Marketer shall pay a dispute resolution fee for each dispute referred to the Commission as determined by the Commission, except for a dispute where the Commission determines that the customer will be solely responsible for the dispute resolution fee.”
 - Article 27 – the third bullet should read: “Where no instructions are received by the Gas Marketer prior to the cut-off date for the applicable renewal date, the Consumer’s Agreement will be evergreened, with the same fixed price for a 12 month period.”
5. Rate Schedule 36 is approved as set out in the Application.

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DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of November 2006.

BY ORDER

Original signed by:

A.W.K. Anderson
Commissioner

An Application by Terasen Gas Inc.
for the Residential Commodity Unbundling Approvals
Required by November 30, 2006 in Support of the Residential Unbundling
Certificate of Public Convenience and Necessity Approved by Order No. C-6-06

REASONS FOR DECISION ON THE CONFIRMATION LETTER PRICING INFORMATION

INTRODUCTION

On October 31, 2006, Terasen Gas Inc. ("Terasen Gas") filed an Application in support of the Certificate of Public Convenience and Necessity for Residential Unbundling that was approved by Commission Order No. C-6-06. The Application requested Commission approval for five items, including a Confirmation Letter as set out in Tab B of the Application.

The Commission then issued Letter No. L-68-06 requesting interested stakeholders to provide written comments to Terasen Gas and the Commission by November 10, 2006. Terasen Gas was directed to respond to these comments by November 17, 2006. Responses were received from the BC Old Age Pensioners Organization *et al.* ("BCOAPO"), Direct Energy Marketing Limited ("DEML"), Energy Savings B.C. ("ESBC"), and Universal Energy Marketing ("UEC").

In its August 14, 2006 Decision entitled "Terasen Gas Inc. - Project for Residential Customers - Certificate of Public Convenience and Necessity Application", the Commission directed that:

"Terasen Gas will also include historical pricing information in the Confirmation Letter and a guide to the pricing depository website that provides Gas Marketer's price information. The Commission directs Terasen Gas to provide the current residential gas commodity default rate, five years of historical price information on the residential default rate and a discussion of how the default rate is variable and subject to change in the future, so that customers can make an informed choice on energy supply options."

Terasen Gas proposes several changes to its Application in response to the submission from the other parties. The Commission considers that the only material outstanding issue is whether the Gas Marketer's price should be shown on the graph of historical and current gas rates in the Confirmation Letter.

POSITION OF THE PARTIES ON THE CONFIRMATION LETTER PRICING INFORMATION

Universal Energy Corporation ("UEC")

UEC indicated in its letter dated November 10, 2006 that the differences between Terasen Gas' default rate and the Gas Marketer's rate offer should be more thoroughly explained. UEC maintains that neither the Gas Marketer's rate nor the average Terasen Gas default rate should be included in a graph. If the Gas Marker's rate is included it should accurately represent the terms and specifics of the offer.

Direct Energy Marketing Limited ("DEML")

DEML's letter dated November 10, 2006 suggested that the inclusion of midstream information should be explained in a footnote. No other commodity rates or average references should appear on the graph. Any extra detail should be included on the website and not in the Confirmation Letter.

Energy Savings BC (“ESBC”)

In its November 10, 2006 letter ESBC favored a graph to convey historical pricing information but pointed out that Terasen Gas pricing should be used exclusively. The graph should not feature an average line for the default rate or the Gas Marketer’s contracted rate.

ESBC also suggested changes to the graph header and the copy that follows the graph that reference the Gas Marketer’s fixed price.

Commission Determination

The Commission has considered the submissions of UEC, DEML and ESBC and has concluded that in the interest of ensuring a customer Confirmation Letter that is clear and concise for customers to understand, changes to the Terasen Gas proposal shown in Tab B are warranted. The inclusion of the Gas Marketer’s price on the graph reflects gas commodity prices in the future while all other Terasen Gas information has a current or historical commodity price basis. Therefore, changes to the graph are necessary.

The Gas Marketer’s fixed price should be removed from the graphical depiction of historical and current Terasen Gas Commodity rates in the Confirmation Letter. With the Gas Marketer rate information contained on the first page and a graphical depiction of historical prices on the last page, the customer has sufficient pricing inputs to readily compare the Gas Marketer price that the customer has contracted for, historical and current gas commodity charge from Terasen Gas. The graph should show the current Terasen Gas commodity charge, which is the default rate that the utility would charge unless and until the rate is revised through the quarterly review process.

The Commission accepts that a Commodity Cost Recovery Charge that is directly comparable to the Gas Marketer’s price has only been available since the Essential Services Model was implemented on April 1, 2004, and concludes that a graph showing historical information since that date will be sufficient, considering the difficulty of explaining how utility rates were restructured at that time. The text accompanying the graph will need certain revisions as a result of this determination to better clarify Terasen Gas’ historical and current commodity rate. The Commission concludes that, with these changes, the Confirmation Letter will provide a reasonable balance of information and clarity to assist residential customers understand and evaluate the Gas Marketer price.