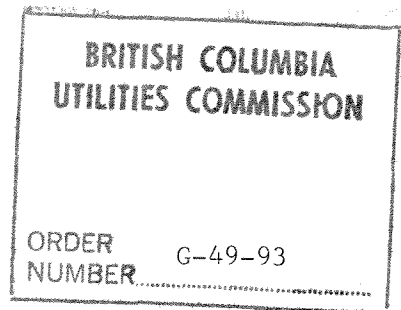




SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA



TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

AN ORDER IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

An Application by BC Gas Inc.

BEFORE: M.K. Jaccard, Chairperson; and)
L.R. Barr, Deputy Chairperson) June 25, 1993

WHEREAS:

- A. On June 14, 1993, BC Gas Inc. ("BC Gas") filed for Commission approval standard documents consisting of Buy/Sell Gas Purchase Agreement, Agency Agreement, Code of Conduct, Information Brochure and other items pursuant to Commission Order No. G-35-93; and
- B. On June 25, 1993, BC Gas filed as additional evidence to its Rate Design Phase B Application, Section 26 *Direct Purchase Agreements* of its proposed General Terms and Conditions, pursuant to Commission Order No. G-35-93; and
- C. The Buy/Sell Gas Purchase Agreement is under review at this time between BC Gas and prospective Agents/Brokers/Marketers in British Columbia; and
- D. The Commission has reviewed the standard documents consisting of the Agency Agreement, Code of Conduct and Standard Information Brochure and finds that approval of such forms that incorporate several modifications is required.

NOW THEREFORE the Commission orders as follows:


1. The Commission approves for BC Gas the following documents attached as appendices:

- Appendix A The Agency Agreement identified as "- 2000 GJ" for customers using less than 2000 GJ per year.
- Appendix B The Agency Agreement identified as "+ 2000 GJ" for other core customers.
- Appendix C The Code of Conduct for Agents/Brokers/Marketers.
- Appendix D The Standard Information Brochure.

2. BC Gas will file in "final form" these documents, including the noted modifications, by July 10, 1993.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of June, 1993.

BY ORDER


Dr. Mark K. Jaccard
Chairperson

Attachments
BCUC/Order/BCG-Buy-SellPurchAgrmt

Pink - Customer

**DIRECT PURCHASE OF NATURAL GAS
GET THE FACTS AND MAKE AN INFORMED DECISION**

Deregulation of the natural gas industry provided the opportunity for Gas Users to contract directly with a gas supplier to acquire their own gas requirements rather than having gas sourced by their Utility. Since deregulation, direct purchasing has become a recognized alternative for Gas Users to acquire their gas supplies.

Since the gas industry is very complex, many Gas Users who have decided to enter into a direct purchase arrangement, choose an "Agent" to act on their behalf and rely on that Agent to be knowledgeable of the gas industry and to act in the Gas User's best interests. The Agent will likely include you in a group with other customers under one direct purchase agreement.

The Agent will enter into a series of contracts on your behalf which will typically include the purchase of your natural gas directly from a producer, marketer or broker, the transportation of your gas on a pipeline system such as Westcoast Energy or Pacific Coast Energy, the sale of your gas to the "Utility" (i.e. BC Gas Inc./Pacific Northern Gas Ltd./Centra Gas British Columbia Inc./Squamish Gas Co. Ltd.) and the purchase by you of gas from the Utility. Contractual practices and obligations may vary among the Utilities. These contracts are collectively referred to as a "Direct Purchase Arrangement" and are binding on you, the "Gas User".

This is not a gas utility "rebate program". It is a long-term contract that takes away the right and obligation of the Utility to supply you with gas and gives that right to an Agent. A direct purchase involves possible business risks along with the potential benefit of lower cost natural gas. *

When you sign an Appointment of Agent to enter into a Direct Purchase Arrangement, you are legally giving authority to an Agent (individual or company) to acquire gas for you from a source other than the Utility. Your signed contract makes you responsible for the decisions made by your Agent on your behalf, with respect to the Direct Purchase Arrangement. *

Gas marketing agents represent independent companies which are not affiliated with the Utility in any way. The activities of agents, unlike those of the gas Utility, are not regulated by a government body. The role of the British Columbia Utilities Commission is limited to requiring that an Agent be licensed and bonded, adopt an approved code of conduct and use approved forms of agency agreement and information guide. Disputes under the Direct Purchase Arrangement would be resolved by the courts.

The Utility is financially unaffected by your decision to enter into a Direct Purchase Arrangement for your natural gas needs. This is because your Utility earns its income from the delivery of the gas and not from the resale of the commodity itself. Under a Direct Purchase Arrangement the delivery charges remain the same and you will continue to receive your regular gas utility bill as usual from your Utility. This bill may be adjusted if the Direct Purchase Arrangement causes the Utility to incur additional costs.

The front of this Agency Agreement contains two sections which are equally important for you to read and understand before entering into a Direct Purchase Arrangement.

1. **Disclosure Statement:** It is important that you review the Disclosure section. Feel free to ask your Agent and Utility any questions that will help clarify the points. Your Agent and your Utility will keep a copy of your signed acknowledgement as confirmation that you entered into the Direct Purchase Arrangement fully understanding its benefits, risks and obligations.
2. **Appointment of Agent:** The Appointment of Agent is a legal document which binds you to the Direct Purchase Arrangement for the term stated within it. Sign this document only if you have read it, understood it, and agree to accept its obligations.

The provincial Consumer Protection Act provides for a buyer's right of cancellation within 7 days where a direct seller, solicits, negotiates or concludes a contract at a place other than at the direct seller's place of business. The contract may be cancellable in certain circumstances after the 7 day period. You may wish to obtain legal advice to determine your rights.

The decision is yours. Your Agent and Utility want you to understand the risks and benefits so that you can make an informed decision.

* These two paragraphs to be in bold type.

Use largest type possible retaining material on single page.

**DIRECT PURCHASE OF NATURAL GAS
GET THE FACTS AND MAKE AN INFORMED DECISION**

Deregulation of the natural gas industry provided the opportunity for Gas Users to contract directly with a gas supplier to acquire their own gas requirements rather than having gas sourced by their Utility. Since deregulation, direct purchasing has become a recognized alternative for Gas Users to acquire their gas supplies.

Since the gas industry is very complex, many Gas Users who have decided to enter into a direct purchase arrangement, choose an "Agent" to act on their behalf and rely on that Agent to be knowledgeable of the gas industry and to act in the Gas User's best interests. The Agent will likely include you in a group with other customers under one direct purchase agreement.

The Agent will enter into a series of contracts on your behalf which will typically include the purchase of your natural gas directly from a producer, marketer or broker, the transportation of your gas on a pipeline system such as Westcoast Energy or Pacific Coast Energy, the sale of your gas to the "Utility" (i.e. BC Gas Inc./Pacific Northern Gas Ltd./Centra Gas British Columbia Inc./Squamish Gas Co. Ltd.) and the purchase by you of gas from the Utility. Contractual practices and obligations may vary among the Utilities. These contracts are collectively referred to as a "Direct Purchase Arrangement" and are binding on you, the "Gas User".

This is not a gas utility "rebate program". It is a long-term contract that takes away the right and obligation of the Utility to supply you with gas and gives that right to an Agent. A direct purchase involves possible business risks along with the potential benefit of lower cost natural gas. *

When you sign an Appointment of Agent to enter into a Direct Purchase Arrangement, you are legally giving authority to an Agent (individual or company) to acquire gas for you from a source other than the Utility. Your signed contract makes you responsible for the decisions made by your Agent on your behalf, with respect to the Direct Purchase Arrangement. *

Gas marketing agents represent independent companies which are not affiliated with the Utility in any way. The activities of agents, unlike those of the gas Utility, are not regulated by a government body. The role of the British Columbia Utilities Commission is limited to requiring that an Agent be licensed and bonded, adopt an approved code of conduct and use approved forms of agency agreement and information guide. Disputes under the Direct Purchase Arrangement would be resolved by the courts.

The Utility is financially unaffected by your decision to enter into a Direct Purchase Arrangement for your natural gas needs. This is because your Utility earns its income from the delivery of the gas and not from the resale of the commodity itself. Under a Direct Purchase Arrangement the delivery charges remain the same and you will continue to receive your regular gas utility bill as usual from your Utility. This bill may be adjusted if the Direct Purchase Arrangement causes the Utility to incur additional costs.

The front of this Agency Agreement contains two sections which are equally important for you to read and understand before entering into a Direct Purchase Arrangement.

1. **Disclosure Statement:** It is important that you review the Disclosure section. Feel free to ask your Agent and Utility any questions that will help clarify the points. Your Agent and your Utility will keep a copy of your signed acknowledgement as confirmation that you entered into the Direct Purchase Arrangement fully understanding its benefits, risks and obligations.
2. **Appointment of Agent:** The Appointment of Agent is a legal document which binds you to the Direct Purchase Arrangement for the term stated within it. Sign this document only if you have read it, understood it, and agree to accept its obligations.

The provincial Consumer Protection Act provides for a buyer's right of cancellation within 7 days where a direct seller, solicits, negotiates or concludes a contract at a place other than at the direct seller's place of business. The contract may be cancellable in certain circumstances after the 7 day period. You may wish to obtain legal advice to determine your rights.

The decision is yours. Your Agent and Utility want you to understand the risks and benefits so that you can make an informed decision.

* These two paragraphs to be in bold type.

Use largest type possible retaining material on single page.

CODE OF CONDUCT
for
AGENTS/BROKERS/MARKETERS
engaged in
DIRECT PURCHASE OF NATURAL GAS
IN THE PROVINCE OF BRITISH COLUMBIA

INTRODUCTION

Direct purchase of natural gas and related services takes place usually, though not exclusively, in a consumer's place of business or home through personal contact. Direct purchase may involve several parties, including sellers or marketers, producers, lawyers, consultants, brokers, agents, utilities and the consumer of the natural gas and/or related services offered. The relationship between the various parties must be based on fair and ethical principles.

SCOPE

The purpose of this Code is to foster and uphold a sense of responsibility towards the consumer and towards the general public by all those engaged in direct purchase of natural gas and related services in the Province of British Columbia.

The Code applies to sales practices used in the marketing of direct purchase.

The Code is to be applied in spirit as well as to the letter, bearing in mind the varying degrees of knowledge, experience and discriminatory ability of those to whom direct purchase is directed.

BASIC PRINCIPLES

All direct purchase arrangements shall conform to the principles of fair competition as generally accepted in business, with particular regard to:

- the terms of the offer and the methods and form of the contact with the consumer;
- the methods of presentation and the information on the supply and services relating to natural gas;
- the fulfilment of any obligation arising from the offer of direct purchase of natural gas or any operation connected with it.

Direct purchase activities shall be carried out in conformity with the laws of Canada and its provinces, where applicable.

Sellers shall voluntarily assume responsibility towards the consumer with respect to fair sales methods and product value, and shall make every reasonable effort to ensure consumer satisfaction.

Sellers shall ensure that their salespersons are fully informed as to the characteristics of the gas supplies and/or services offered to enable them to give the consumer all necessary information to make informed decisions.

DEFINITIONS

For the purpose of this Code;

- the term **direct purchase** refers to a sale of natural gas and/or related services to end-users in which the seller or the salesperson solicits a sale, with or without an invitation by the buyer, in which the offer to purchase, the agreement to purchase, or the sale, are made at a place other than the place of business of the seller;
- the term **seller** refers to any firm, company or individual offering natural gas and/or related services for sale by means of direct purchase, either directly or through an intermediary, and may include marketers, brokers, agents, producers, consultants and lawyers as the same are more fully described in Appendix A to the Code;
- the term **salesperson** refers to any person conducting selling activities on his own behalf or on behalf of a seller;
- the term **consumer** refers to any firm, company, family or individual to whom direct purchase activities are directed;
- the term **offer** refers to any solicitation or representation relating to direct purchase by a seller or a salesperson either in writing or verbally, and any agreement of purchase and sale arising from such a solicitation.

THE TERMS OF THE OFFER

Accuracy

Article 1

The terms of any offer shall be clear, so that the consumer may know the nature of what is being offered and the commitment and risks involved in agreeing to contract for natural gas and/or any related services. In particular, but without limiting the generality of the foregoing, any offer shall be accurate and truthful as to any representation made as to price, delivery arrangements, payment terms and conditions, quality and value of services, source(s) of supply and quantity and performance and warranty conditions.

Price and Other Terms

Article 2

Whether an offer is on a cash or any other basis, the offer shall clearly state the price and terms of payment and interest provisions, including any deposit requirement, allocation of cost savings and/or services, and the nature and amount of any additional charges.

All offers shall contain clear statements as to the natural gas supplies, quantities of natural gas to be purchased, intended start-up and delivery dates, and the term of the agreement.

If the price or any other term or condition is subject to redetermination, indexation or arbitration, the offer shall so state.

No offer shall require a sign-up fee to be taken in order to initiate a direct purchase contract.

Obligations and Liabilities

Article 3

The offer shall state the respective obligations, liabilities and risks of the seller and consumer in clear and understandable terms so that the consumer may be sufficiently informed to understand them prior to executing the agreement.

Protection

Article 4

This Code shall be interpreted in accordance with all applicable federal and provincial consumer protection and business practice legislation.

Guarantees

Article 5

Offers may contain the words "guarantee", "guaranteed", "warranty" or "warranted", or words having the same or similar meanings, only if the terms of the guarantee as well as the remedial action open to the consumer are clearly and succinctly set out in the offer. Any such guarantee shall in no way diminish the rights which a purchaser would otherwise enjoy under Canadian or applicable provincial laws. The name and address of the guarantor shall be clearly and fully stated.

After-Sales Service

Article 6

When an agreement between a seller and consumer provides supply and/or services for the duration of the term of an agreement, details and limitations of such supply and/or services shall be clearly stated in the offer.

PRESENTATION OF THE OFFER

Identity of the Seller

Article 7

The name, permanent address, main provincial office address and the telephone number of the seller shall be clearly and fully disclosed in any sales document or other sales literature distributed to the consumer, so as to enable the consumer to remain in touch directly with the seller. Sales documents and other sales literature containing only an accommodation address or a post office box number are not acceptable.

Article 8

All salespersons shall immediately, truthfully and fully identify themselves and provide proof of licensing and bonding, to prospective consumers. They shall also truthfully and fully indicate the purpose of their approach to the consumers, identify the seller with whom they are associated and indicate that they are selling direct purchase and/or related services.

Article 9

Neither a seller nor any salesperson shall mislead or otherwise create any confusion in the mind of a consumer about the identity of the represented seller, its promotion campaigns or trade mark, or those of competitors and/or LDCs.

Integrity

Article 10

Salespersons shall assist consumers to evaluate the nature of the sale. Sales shall be organized and operated so as not to:

- create confusion in the mind of the consumer;
- mislead the consumer or misrepresent any aspect of the offer;
- abuse the trust of the consumer; or
- exploit the lack of experience and knowledge of the consumer.

Clarity

Article 11

Sellers and salespersons shall ensure that all terms of any offer are communicated to the consumer in writing in a clear, complete, accurate and understandable manner. Print which by its size or other visual characteristics is likely to materially negatively affect the legibility or clarity of any offer, shall not be used.

Truthful Presentation

Article 12

The characteristics of any transaction and the supply and/or services offered, including:

- price, deposit, credit and rebate terms;
- identity of and accessibility to the seller;
- delivery terms and conditions, during-and after-sales services;
- sources and reliability of supplies;
- terms of guarantee and warranty;
- liabilities and obligations of seller and consumer;
- benefits/risks to consumer;
- awards, bonuses and prizes with respect to the offer;
- any other information required to be provided to the consumer by Canadian or applicable provincial laws; and
- all other terms of the offer.

shall be presented completely, accurately and truthfully.

Telephone Marketing

Article 13

When conducting a telephone marketing program, all telephone contacts must be made during reasonable hours. Salespersons must immediately, truthfully and fully identify themselves to the prospective consumers. They shall also immediately, truthfully and fully indicate the purpose of their approach to the consumers, identify the seller with whom they are associated and indicate that they are selling direct purchase and/or related services. The caller must first personally obtain the consent of the recipient to play a recorded offer.

Complaints

Article 14

Should any consumer complain that a seller or salesperson has engaged in any improper course of conduct pertaining to direct purchase and/or related services, the seller shall promptly investigate the complaint and take all appropriate and necessary steps in the circumstances to redress any and all wrongs disclosed by such investigation.

SALESPERSON OPERATIONS

Respect of Privacy

Article 15

Sales shall not be intrusive. The right of a consumer to refuse further discussion shall be scrupulously respected.

Honesty, Fairness and Veracity

Article 16

A salesperson shall not abuse the trust of individual consumers or exploit their lack of experience or knowledge, nor play on ignorance or on fear, thereby exerting undue pressure on consumers. All offers must, therefore, be clear and honest and all rebates should be sent out in a timely fashion.

A salesperson shall not make any statement or take any measure which, directly or by implication, omission, ambiguity or exaggeration, is likely to mislead a consumer with regard to the terms of the offer or any other matter.

A salesperson shall, to the best of his knowledge and ability, give complete, accurate and clear answers to a consumer's questions concerning the offer or any other matter.

Information

Article 17

A salesperson shall ensure that the consumers clearly and thoroughly understand the information given. The demonstration or explanation of the transaction involving the direct purchase shall, as far as possible, be adapted to the needs and enquiries of the consumers.

A salesperson shall give sufficient time for consumers to read the entire contract form thoughtfully and without interruption or harassment.

Testimonials and Endorsements

Article 18

A salesperson shall not refer to any testimonial or endorsement which is:

- not authorized by the person quoted, if in a private capacity;
- not genuine or unrelated to the experience of the person giving it;
- obsolete or otherwise no longer applicable;
- taken out of context; or
- used in any way likely to mislead the consumer.

Comparisons and Fair Competition

Article 19

A salesperson shall refrain from using comparisons which may mislead and which are incompatible with the principles of fair competition. Points of comparison shall be fairly selected and shall be based on facts which can be substantiated.

Article 20

A salesperson shall not discredit any competing company, firm or individual, or any supplies or services provided by such parties, directly or by implication. Accurate, complete and truthful comparisons, however, are acceptable. When price comparisons are used, they must be factual, complete and verifiable. All statements or promises made in any promotional material must be complete and in accordance with actual conditions, situations and circumstances existing at the time the promotion is made. Any data referred to must be competent and reliable and support the specific claim for which it is cited.

Article 21

A salesperson shall not induce any consumer to breach a contract with another seller.

Article 22

A salesperson shall not take unfair advantage of the goodwill attached to the trade name or symbol of another seller or product.

Article 23

The agent/broker/marketer shall not engage in any false or misleading advertising or publish any material which may have the effect of misleading potential customers.

Responsibility for Code Observance

Article 24

The prime responsibility for the observance of the Code towards consumers rests with the seller. Failure to comply with the code may result in revocation of the salesperson's license for a period to be determined by the British Columbia Utilities Commission.

~~salesperson's license~~ seller's licence

~~code may result~~ Code may result

Article 25

The utility will refrain from conducting business with anyone who is not licenced in the province of British Columbia and does not strictly adhere to the Code.

Modification to the Code ~~columbia~~ Columbia

Article 26

The Code will be reviewed and modified if required at an annual meeting to be held prior to May 1 of each year. Approval of all changes will be required by the British Columbia Utilities Commission.

~~Approval of all changes will be required by~~ All changes require the approval of

Appendix A to Code of Conduct

DEFINITIONS

"agent" is a person who is appointed by the end-user to act on his behalf with respect to direct purchase arrangements with utilities and/or gas suppliers.

"broker" is a person who arranges the sale of natural gas on behalf of both the seller and the end-user without taking title to the gas.

"consultant" is a person who is knowledgeable in natural gas matters and who advises or assists with respect to direct purchase arrangements.

"end-user" is a person who utilizes natural gas either as fuel or a raw material.

"lawyer" is a person who is qualified in legal matters and who advises with respect to the legal and contractual aspects of direct purchase arrangements.

"local distribution company" or "LDC" is a person enfranchised to distribute gas within a defined territory.

"marketer" is a person who acts as a principal, buying gas from one or more sources for sale to end users or other buyers.

"producer" is a person who owns natural gas reserves and operates production facilities.

Brochure Copy
 Direct Purchase Brochure #2
 2 colour
 NO BC GAS IDENTIFICATION
 Requested: April 14, 1993
 Glen Magel
 Required by: June 14, 1993

(Front Cover)

A GUIDE TO THE DIRECT PURCHASE OF NATURAL GAS

(Inside)

These are residential and commercial customers who use gas mainly for space heating.

In January 1993, the British Columbia Utilities Commission (the Commission) held a public hearing to determine whether the ability to purchase natural gas directly was in the interests of core market gas customers. Subsequent to these hearings, the Commission concluded that, effective May 1, 1993, every gas consumer is eligible to opt for direct purchase of natural gas providing that certain contracting and supply conditions are met to ensure comparable conditions with utility system gas supply.

~~Subsequent to these hearings,~~ Subsequent to the hearing,

This brochure has been produced to help you evaluate the benefits and risks of direct purchase arrangements. The natural gas utilities and the Commission encourage you to read this guide carefully and be certain you understand the obligations you assume in signing any contracts.

Answers to Important Questions

What services am I currently receiving from my natural gas utility?

As a customer of your local gas utility, natural gas is purchased on your behalf by the gas utility and then delivered to your premises. The utility also provides operations and maintenance service, reads your meter, and bills you for natural gas consumed at prices approved by the Commission.

Gas utilities earn income only for the transportation and distribution of natural gas to their customers, not from the sale of gas. If you choose to purchase natural gas directly from a supplier rather than from the utility, the utility's income will not change because the transportation and distribution fee remains the same. You will still be a valued customer of your local natural gas utility and will be able to count on the utility for the same level and quality of service as you currently receive.

What is Direct Purchase?

~~rather than having gas sourced by their utility.~~ rather than having gas purchased for them by their utility. As the natural gas industry continues to be deregulated, Direct Purchase (or "Buy-Sell") provides the opportunity for natural gas users to contract directly with a gas supplier rather than having gas sourced by their utility. Since the natural gas industry is very complex, a gas user who has decided to enter into a Direct Purchase arrangement, often chooses a broker to act on his or her behalf. The broker will enter into a series of contracts which will typically include the purchase of natural gas directly from a producer or marketer, the transportation of gas on a pipeline system such as those operated by Westcoast Energy or Pacific Coast Energy and the sale of your gas to the utility (i.e. BC Gas Inc./Pacific Northern Gas Ltd./Centra Gas British Columbia

~~to act on his or her behalf.~~ to act for them.

~~a gas user who has~~, gas users who have

Inc./Squamish Gas Co. Ltd.) The local gas utility will still distribute the natural gas purchased for you by the broker, and will continue to provide all services currently available to you such as billing, meter reading and customer service.

Under a Direct Purchase ("Buy-Sell") arrangement, you will continue to receive a bill from the gas utility. If the broker realizes savings in arranging for your purchase of natural gas, you should receive a periodic payment from the broker representing a portion of the savings.

What is a natural gas broker?

A natural gas broker, also known as a natural gas agent or marketer, is an individual or company who brings together buyers and sellers of natural gas. A broker offers services related to negotiating the purchase and delivery of natural gas to your home or place of business. The activities of brokers unlike those of the gas utility, are not regulated by a government body. Brokers do not represent your local natural gas utility.

What purchase options do I have?

There are now two options for the purchase of natural gas. As a customer of your natural gas utility, you may continue to have your natural gas purchased for you by the utility. Continuing this arrangement requires no action or notification from you. Your second option is to enter in to a Direct Purchase agreement with a natural gas broker.

Will Direct Purchase benefit me?

Direct Purchase may be a favourable option for some, but not necessarily all natural gas customers. Savings are possible, but not guaranteed. However, as with any business arrangement, the risks and benefits should be taken into account and analyzed relative to your requirements.

What are the benefits of Direct Purchase?

You may realize some savings through Direct Purchase of natural gas if a broker is able to negotiate natural gas supplies directly from a producer at a lower price than the average price your gas utility is currently paying. Your savings are a matter to be negotiated between you and your natural gas broker.

What are the risks?

It is important for you to carefully consider:

- Security of supply
~~on your behalf as part of its baseload supplies.~~ on your behalf as part of supplies for its sales customers

When you sign a Direct Purchase contract you are, in effect, responsible for obtaining your own natural gas supply, including providing for the processing and delivery of this supply to your local gas utility. Your local gas utility will cease to purchase natural gas on your behalf as part of its baseload supplies. Your broker will be required to arrange a gas supply which meets the conditions for supply to core market customers. If your broker fails to deliver your natural gas to the gas utility distribution system, your local gas utility will do its best to arrange a replacement supply. You will be responsible for any additional costs of this higher priced

higher priced

replacement gas, if such gas is available. The utility will bill you for any additional costs.

- Price

Future natural gas prices paid by either the utility or broker are uncertain and cannot be guaranteed. The relative price differential between the price paid by the utility and a broker may change at any time. Savings will depend on whether your broker is able to negotiate a price and terms which are better than the average price and terms of the natural gas utility. In some circumstances it may be possible that the price paid by you for natural gas could be higher than the average price paid by the utility; if that occurs you will be responsible for the higher price. Your contract with your broker will specify your responsibility if that occurs.

- The Direct Purchase contract

You will be required to enter into an agency agreement if you decide that Direct Purchase is right for you. That agreement authorizes your agent to enter into contracts on your behalf; you will then be party to these contracts as if you had actually signed those contracts yourself.

You as a prudent consumer should ensure that the broker, through contractual negotiations, attempts to minimize all risks to you and is prepared to take legal action to protect you.

ALL RISKS RELATED TO THE COST OF SUBSTITUTE SUPPLIES AND TO THE CONTRACT WITH YOUR BROKER ARE YOUR RESPONSIBILITY.

How can a broker save me money on natural gas?

The broker will arrange for you to purchase your natural gas supplies and for you to sell this gas to the utility at the utility's average price. Natural gas brokers may be able to arrange to purchase your gas at a price lower than the average price that the utility purchases its natural gas supplies. A difference between the utility average price and the price which the broker negotiates for you is the basis for the rebate offered by brokers. Here's how it typically works:

Example:

Your purchase price (as arranged by broker)	\$1.60/unit
Your selling price to the gas utility (utility average price)	\$1.75/unit

Difference	\$0.15/unit
-------------------	--------------------

Some portion of the difference between your purchase price and the selling price to the gas utility is offered to you in the form of a rebate. For this example, a figure of 50% (your share of the total savings) will be assumed.

If you use 120 units of natural gas per year, the annual rebate might be:

$$120 \text{ units} \times \$0.15 \text{ difference/unit} \times 50\% = \$9.00 \text{ savings per year}$$

This example does not necessarily represent current natural gas prices or expected savings. Your savings will vary depending on the price and terms you have negotiated and how much natural gas you use. Be sure you fully understand the savings after accounting for any broker costs.

Can I cancel a contract with a broker?

A contract with a broker can be cancelled without penalty within seven days after it is signed. Following that period, contracts may only be cancelled in accordance with the conditions of the individual contract. You should understand these conditions before signing any contract.

Can I go back to my utility natural gas supply after my contract term expires?

Yes, but with conditions. If you have entered into a Direct Purchase arrangement and then wish to return to gas supplied by your utility, you may be required to give up to one year's notice of your intentions to the utility. The utility will make every effort to secure your natural gas supply at minimum cost but any incremental costs will be borne by you, the returning customer.

What is the role of the local natural gas utilities?

The natural gas utilities maintain a neutral position as to whether you arrange for a broker to purchase gas on your behalf or you continue to have the gas utility purchase your gas. The utilities will facilitate your Direct Purchase should you choose that energy supply option and try to present you with correct and current information that will help you make an informed decision. However, it is not the role of the utilities to make that decision for you.

How do I find a natural gas broker?

Phone the Direct Purchase Hotline that pertains to your location to obtain a list of natural gas brokers licenced in B.C. The telephone numbers can be found at the end of this brochure.

What should I look for in a broker?

Feel free to ask your broker any questions. You are not obligated to enter into a contract with a broker. The following tips may help you with your decision:

- Ask the broker for a list of current clients to determine whether the broker's "track record" is sound.
- Check to see if the broker is licensed and bonded as required by the Commission.
- Ensure that your broker has competently addressed all Provincial Sales Tax and Goods and Services Tax issues relevant to you.
- Comparison shop. Talk to several brokers and discuss the following matters to help you decide which broker is prepared to give you the best terms in your agreement:
 - all fees and costs, including up-front fees, annual administrative charges and other charges
 - amount and frequency of savings
 - documentation to support stated savings
 - guarantees - are there any and what are the terms
 - ~~indemnification~~ - indemnification of the cost of higher priced replacement supplies.
 - contract terms in the event you move from your premises to another location within your area, within B.C. or outside B.C.
 - contract termination procedures and restrictions
 - length of contract
 - the broker's gas suppliers, supply locations and transportation arrangements (fully understand their responsibilities and yours)

And finally ...

Natural gas utilities and the Commission recommend that you understand the potential benefits, risks and obligations associated with Direct Purchase agreements. Ensure that you fully understand all terms and conditions of any contract you are considering before you sign it. The decision to enter into a Direct Purchase agreement is yours. Ask questions of your broker if any aspects of Direct Purchase are unclear to you.

If you would like further assistance, please call the Direct Purchase hotline in your area:

BC Gas Inc.

Greater Vancouver

293-1660

Elsewhere in B.C.

1-800-663-5756 (toll free)

Centra Gas British Columbia Inc.

1-800-663-5756 (toll free)

Pacific Northern Gas Ltd.

1-800-667-2297 (toll free)

Squamish Gas Co. Ltd.

1-800-565-3410 (toll free)

* This brochure has been approved by the British Columbia Utilities Commission.