



ROBERT J. PELLATT  
COMMISSION SECRETARY

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*VIA FACSIMILE*

November 28, 1997

Mr. Rick Dowling  
Assistant Business Manager  
International Brotherhood of Electrical Workers  
Local 213  
4220 Norland Avenue  
Burnaby, B.C.  
V5G 3X2

Dear Mr. Dowling:

Re: BC Gas Utility Ltd.  
Changes to BC Gas Customer Services Policies

Your letter of November 10, 1997 expresses concern that changes to BC Gas customer services policies will adversely affect your members and requests that the Commission respond. In particular, you express concern regarding the recent introduction of a fee for non-emergency burner tip service by the utility. As you have been informed, the Commission believes that such a change is in the best interest of ratepayers and conforms to the Commission's recent Retail Markets Downstream of the Utility Meter ("RMDM") Guidelines.

In your letter, you ask five specific questions to which you have requested an answer. Your questions and the Commission's answers follow below.

1. *Has the Commission been informed that approximately thirty (30) gas servicemen's jobs will be eliminated from the utility because of 'stranded' employees who will no longer be performing this service?*

Commission staff and representatives from the utility met earlier in the fall to discuss this Application. At that time, Commission staff were informed that the introduction of a fee for burner tip service was likely to result in a reduction of the number of gas servicemen positions if customers opt for appliance service from independent contractors. This information was given to

the Commissioners at the time of their deliberations with regard to the Application. BC Gas has said that it will evaluate the required staffing levels after the new pricing has been in place for some time and that any downsizing will be minimized by employee retirement packages and attrition.

2. *Is the BCUC in agreement with the BC Gas position on transitioning all burner tip service work out of the utility?*

As indicated in the RMDM Guidelines, with the exception of those burner tip services necessary to ensure the safe operation of the system, the Commission believes that those burner tip services which can be provided equally well by the competitive market should be provided by the competitive market. This position derives from the Commission's mandate which is to ensure that natural monopoly services are provided at rates which are fair, just, and reasonable. In the Commission's view, where services can be provided equally well through a fully functioning competitive market, it is no longer appropriate to provide them on a regulated tariff basis. Accordingly, the Commission expects to be in agreement with the BC Gas position on transitioning burner tip service work out of the utility in an orderly fashion, if ratepayers choose competitive suppliers in preference to a fully costed utility service. This will not be known until the fee for service program has been in operation for some time. However, the Commission has concluded that these services should no longer be paid for out of general revenue requirements but rather these services should be paid for by those ratepayers taking advantage of the service.

3. *If the BCUC allowed this work to remain in the utility on a fee for service basis, would the Commission approve a profit sharing mechanism between the gas customers and the BC Gas shareholders in recognition of using integrated manpower resources?*

The RMDM Guidelines clearly indicate that where utility facilities or services are used in the provision of a non-regulated business, the fee to be paid for the facilities or services must fully recover all costs. In addition, it has generally been Commission policy that these fees accrue entirely to the ratepayer.

4. *Following the cancellation of the BC Gas Furnace Repair Plan by the Commission, BC Gas was ordered to advertise the current burner tip service policy. Why was this order not enforced and why is the transitional fee for service proposition not being advertised?*

Please find enclosed a copy of a brochure produced at the time of the cancellation of the BC Gas Furnace Repair Plan which shows that the order to advertise the current policy was carried out. With respect to your suggestion that the recent change in policy be announced prior to its implementation, the Commission is concerned that advertising the fee changes in advance would encourage consumers to take inappropriate advantage of the existing non-fee service.

5. *In the "Retail Markets Downstream of the Meter" BCUC Guidelines, there are several references to customer choice. Does the Commission feel that customers, who wish to continue with burner tip service being provided by the utility, are being properly informed of their choices now that BC Gas has decided to eliminate this work from the Utility Operations?*

In Section 5.0 of the RMDM Guidelines, the Commission clearly states that, based on the legal opinion sought by staff, the intervention of numerous other parties and its own deliberations, it has come to the conclusion that its mandate under the legislation as currently written is limited to the protection of ratepayers. Although the earlier Commission staff discussion paper suggested customer choice as an objective to be used by the Commission in making decisions in this area, based on the above, the Commission did not include this as an objective in the Guidelines.

With respect to your specific question, the Commission believes that BC Gas' proposed strategy of indicating to those customers requesting non-emergency service that a fee is being attached and that the customer may wish to employ an outside contractor is appropriate. BC Gas is to respond to emergency situations immediately.

The Commission recognizes that the transitioning of this type of service outside the utility will have impacts on BC Gas employees. Further, the Commission will emphasize to BC Gas the necessity of undertaking the changes in a manner which reduces the impacts on employees to the greatest extent possible, consistent with the Commission's overall mandate to protect the interests of ratepayers.

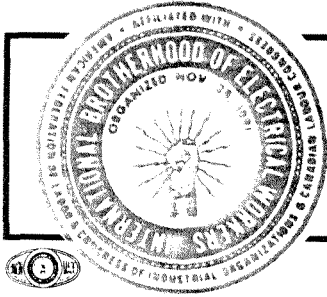
Yours truly,



Robert J. Pellatt

DWE/cms  
Enclosures

cc: The Honourable Andrew Petter  
Minister of Finance  
Mr. Ron Jupp, Senior Vice President  
BC Gas Utility Ltd.



# International Brotherhood of Electrical Workers - Local 213

4220 NORLAND AVENUE, BURNABY, B.C. V5G 3X2 • FAX (604) 294-1538 • TELEPHONE: (604) 294-2361

November 10, 1997

B.C. Utilities Commission  
Box 250  
6th Floor - 900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

B.C. UTILITIES COMMISSION  
RECEIVED & ACKNOWLEDGED

NOV 13 1997

FOR STAFF REVIEW/RESPONSE  
 FOR RESOURCE ROOM  
 INFO. TO BE FILED..... *ac*

**Attention: Mr. Robert Pellatt**  
**Commission Secretary**

Dear Sirs/Mesdames:

Our Union represents all of the physical and trades employees who work for BC Gas.

Recently the Company has announced some very serious changes in its Customer Services policies which will adversely effect our members.

For the past forty years BC Gas customers in the Lower Mainland (from Horseshoe Bay to Hope) have been provided with "burner tip service" as part of their natural gas rate structure.

We have been informed that the B.C.U.C., agreeing with interveners, and BC Gas, has decided that this service can no longer be provided under the present cost recovery method, and in the short term can only be continued on a fee for service basis. This would be a transitional approach to eliminating the service work from Utility Operations.

Meanwhile, customers are not being informed of the current services available nor the fee for service policy; they will only be informed if and when they call for service.

We therefore submit the following questions for your response:

1. Has the Commission been informed that approximately thirty (30) gas servicemen's jobs will be eliminated from the utility because of "stranded" employees who will no longer be performing this service?
2. Is the B.C.U.C. in agreement with the BC Gas position on transitioning all burner tip service work out of the utility?

3. If the B.C.U.C. allowed this work to remain in the utility on a fee for services basis, would the Commission approve a profit sharing mechanism between the gas customers and the BC Gas share holders in recognition of using integrated manpower resources?
4. Following the cancellation of the BC Gas Furnace Repair Plan by the Commission, BC Gas was ordered to advertise the current burner tip service policy. Why was this order not enforced and why is the transitional fee for service proposition not being advertised?
5. In the "Retail Markets Downstream of the Meter" - B.C.U.C. Guidelines there are several references to customer choice. Does the Commission feel that customers who wish to continue with burner tip service being provided by the utility are being properly informed of their choices, now that BC Gas has decided to eliminate this work from the Utility Operations?

In conclusion, we sincerely believe that gas customers would support a quality service plan within the utility, if they were given the necessary information in order to make their choice. By denying them this opportunity, and turning over all of this work to non-regulated contractors we feel that the Commission is not following its own guidelines.

We respectfully submit that these questions require immediate response. Our members livelihoods are in jeopardy.

Yours sincerely,



Rick Dowling,  
Assistant Business Manager

RD/tp  
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d\_pelat.314

c.c. Honourable Andrew Petter  
Minister of Finance, Energy

Mr. Ron Jupp, Senior Vice President  
BC Gas

Local 213, I.B.E.W. Executive

## Fee for Service: Coaches Notes

This document will give area managers enough background on the Operational Efficiency (OE) to be able to explain the implementation plans to employees. It is not intended to be copied and handed out to employees. It is not intended to explain the operational details of the new processes, or how many employees will be given lay-off notice, and when.

Area managers will use this information to explain the OE to their people in their own words. Managers will use the Q&A sheet on the OE as supplementary information to answer specific questions that are anticipated.

### Key Messages :

Fee for service is all about a change in direction: in the long run, the Regulated Utility will not be providing burner tip service. Fee for service is a transition step toward the Interior service policy. The duration of this transition period will be determined by the customer. Even if we are able to lower the cost of providing this service, and customers demand it, the regulated utility will not be providing competitive services in the long run.

We are transitioning out of burner tip service.

### What is Fee for Service?

- Beginning in early 1998, BC Gas will be charging Coastal customers for the non-emergency burner tip service which is delivered by utility employees
- This service will not be offered in the Interior

### Why are we making this change?

- BCUC and BC Gas have 2 objectives in mind: have customers who receive a service pay for that service, and move competitive services out of the regulated monopoly
- a "competitive service" is any service that can be purchased in the competitive marketplace; and burner tip service/appliance diagnostics can

certainly be purchased from a number of HVAC contractors

- in moving non-emergency burner tip service out of regulation, the commission and BC Gas had a choice: A) stop offering the service, effective immediately, and go to the Interior service policy today, or B) attach a price to the service to cover the current delivery cost
- because many Lower Mainland customers have come to expect this service over the years, we have chosen the second alternative: fee for service
- we will offer the customer a choice, and let the customer decide whether or not to buy it from BC Gas Utility
- user pay is not new; the utility has been moving in this direction in recent years. Other examples include:
  - service connection charge: increased from \$10 to \$300, and will likely go to actual cost (even higher) in future
  - basic monthly fee: increased from \$3 to \$8 per month
  - charge for unlocking meter after non-payment: \$55 fee to cover costs
- we are not trying to grow a competitive repair service within the utility; we are simply recovering the cost of providing a service that we have traditionally offered
- the regulated utility is transitioning out of delivering competitive services: even if we could lower our costs for burner tip service, the regulator will not let us offer this service in the long run
- we simply want to send customers a signal that they must pay for non-emergency services from the utility, just as they would pay for services from a contractor
- we will continue to respond to "emergent" and "urgent" calls just as we do today

### **How will service charges work?**

- customer calls in to report an appliance problem
- service center rep screens call to determine if it is an emergency or a non-emergency
- if it is not an emergency, then rep explains choices: BC Gas will make a service call and charge, or the customer can call a contractor
- this is not a furnace repair service or a maintenance service: we will not offer to complete the repair job, replace parts, or install houseline for fee, even if requested by the customer. Repairs and parts installation are competitive services that the regulated utility will not offer in the long run.
- if we cannot resolve the problem, then we refer customer to contractor; no charge for the call

### **How will this affect me?**

- apart from some procedural changes that are required for processing charges, you will continue to perform service calls just as you do today
- we expect layoffs to occur as a result of service charges; some customers will chose to hire a contractor instead of BC Gas and this will result in fewer service calls
- number of layoffs and timing are yet to be determined



**24-Hour Emergency Line**

Lower Mainland	298-1400
Abbotsford, Clearbrook, Aldergrove/ Clayburn, Huntingdon/Matsqui, Mission/ Mt. Lehman, Whonnock	1-800-663-9911
Chilliwack, Cultus Lake, Rosedale/ Sardis, Yarrow	
Agassiz/Harrison	
Hope/Kent	

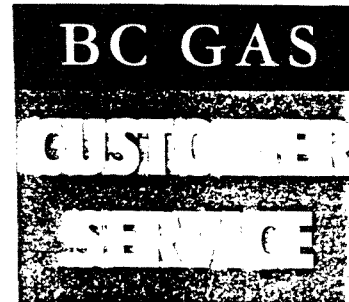
**Energy Use Information Line  
FOR ADVICE ON NATURAL GAS EQUIPMENT**

Lower Mainland	293-8888
Areas east of Abbotsford/Mission	1-800-561-4GAS

**Call Before You Dig  
TO LOCATE UNDERGROUND PIPE LOCATIONS**

Greater Vancouver	293-8554
Delta, Langley, Surrey, White Rock	576-7069
Maple Ridge, Pitt Meadows, Ladner, Tsawwassen	525-0184
Chilliwack	792-8936
Abbotsford/Matsqui, Aldergrove, Mission	853-0971
Agassiz, Harrison, Kent	796-9685
Hope	869-7523

For a free copy of *Hot Tips*,  
the BC Gas Guide to Energy Conservation,  
call 293-8888 or toll-free 1-800-561-4GAS.

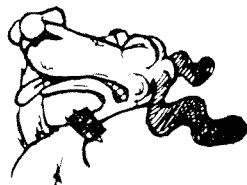


As a valued BC Gas customer, we want you to be aware of key services that are provided by BC Gas at no additional charge to you. These services include:

#### **Gas leaks and emergencies.**

BC Gas will investigate any report of an odour, gas leak or any other call that indicates a potentially dangerous condition involving natural gas.

BC Gas adds small amounts of an odourant to the natural gas to give it its distinctive smell of sulphur or 'rotten eggs'. This smell allows quick detection of a possible problem with a gas piping system.



If you smell natural gas, call BC Gas at one of the emergency numbers listed on the back of this brochure.

#### **Appliance safety.**

BC Gas will provide diagnostic service when natural gas appliances are malfunctioning. During this service visit, the BC Gas representative may make minor adjustments or repairs if no parts are required. Major repairs are the responsibility of the customer and should be performed by a licensed gas fitter.

#### **Other services initiated by BC Gas.**

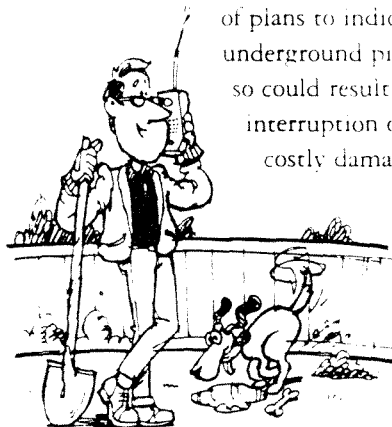
From time to time, BC Gas must perform inspections and maintenance on company-owned equipment, including meter replacements, to meet government requirements.

#### **Advice.**

BC Gas is pleased to provide advice on the selection, operation and maintenance of natural gas appliances. Call the Energy Use Information Line at the number on the reverse for assistance.

#### **Information on underground piping.**

The BC Gas *Call Before You Dig* program is available to help homeowners and contractors locate gas service lines before doing any construction or landscaping. Customers are required by law to call BC Gas and obtain a copy of plans to indicate the location of underground pipes. Failure to do so could result in a safety hazard, interruption of service and costly damage.



DMA



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

and

IN THE MATTER OF  
a Review of the  
BC Gas Utility Ltd.  
Furnace Repair Plan

**DECISION**

September 17, 1993

BEFORE:

Lorna Barr, Deputy Chair  
and Chair of the Division  
Kenneth Hall, Commissioner  
Katherine Wellman, Commissioner

## 7.0 COMMISSION DETERMINATIONS

In reviewing the FRP and the Inquiry Report, the Commission has focused on the level of compliance with Order No. G-47-91 and the accompanying Reasons for Decision. On the basis of the evidence presented, the Commission makes the following determinations:

1. Independent customer surveys and other evidence presented at the hearing demonstrated that customers are interested in protecting themselves against unexpected furnace repair expenses through the purchase of insurance. In the Reasons for Decision attached to the 1991 Order, the Commission considered that such plans are a matter of improved quality of service and customer convenience rather than a critical service. The Commission is still of this view.
2. In the same Reasons for Decision the Commission expressed the belief that safety and insurance considerations need not necessarily be linked in the same program. The Commission reiterates that safety is a primary concern and periodic inspections of gas appliances are desirable to ensure safe and efficient performance.
3. The Commission finds that BCGUL has not complied with the direction in the 1991 Reasons for Decision, in that there was to be a full allocation of overheads to the FRP and stand-alone accounting. The Commission also recognizes that there is some duplication in service between the FRP and BCGUL's emergency service program and that the costs are not being allocated appropriately. FRP losses incurred will result in a cross-subsidization from utility rates if the Commission allows the losses to be recovered in revenue requirements.
4. The Commission finds that BCGUL did comply with the direction in the 1991 Reasons for Decision to include the Association telephone number in promotional material on the FRP. However, not all of the promotional material was submitted to the Commission as required.
5. The Commission finds that all gas customers are not adequately informed about BCGUL's emergency services. The Commission directs BCGUL to provide information about its Safety and Diagnostic Services to all of its customers.
6. The Commission finds that there is interest in a furnace parts insurance plan and that it is in the interest of the consumer to have such an option available. However, the Commission finds that the BCGUL Plan has not adequately met many of the directions in the 1991 Reasons for Decision