



**LETTER No. L-12-03**

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**VIA FACSIMILE**

March 21, 2003

Mr. Scott Thomson  
Vice President, Finance and Regulatory Affairs  
BC Gas Utility Ltd.  
16705 Fraser Highway  
Surrey, B.C. V3S 2X7

Dear Mr. Thomson:

**Re: Commodity Unbundling and Customer Choice  
Agency, Billing and Collection for Transportation Service Program**

In response to Commission Letter L-49-02, BC Gas Utility Ltd. ("BC Gas") filed its "Commodity Unbundling and Customer Choice Report" dated February 28, 2003. The Report describes unbundling for both residential (RS-1) and commercial (RS-2 and RS-3) customers for November 1, 2004 using the Essential Services Model. As the costs to develop this service are substantial and the residential customer take-up numbers are uncertain, a second strategy has been identified for the phased introduction of commodity gas sales unbundling, that would initially limit unbundling to commercial customers (RS-2 and RS-3), with BC Gas permitted to offer a fixed rate option to the residential customer class.

An advantage of this second approach is that it would limit the initial costs of the program. It would also provide the Commission with the ability to gauge the likely reaction in the residential class and whether costs as described in pages 50 to 57 of the Report are justified to expand services to all small volume customers. Therefore, the Commission requests that BC Gas conduct a similar analysis for this second strategy with sufficient information to allow for an informed discussion of the two proposed alternatives.

In order to promote this discussion, Commission staff will hold a Workshop at 9:00 a.m. on April 1, 2003 in the Commission's Hearing Room for all interested parties. All marketers and other stakeholders are encouraged to participate in the Workshop. Once the information from the Workshop has been reviewed, the Commission will make its decision on the two alternatives quickly in order to maintain the integrity of the schedule and the proposed November 1, 2004 in-service date.

All parties intending to participate in the Workshop should advise the Commission of their participation by March 28, 2003.

Yours truly

*Original signed by:*

Robert J. Pellatt

RB/rt

cc: Ms. Mary McCordic, Avista Energy Canada Ltd.  
Mr. Pete Learoyd, B.C. Housing Management Commission  
Mr. Richard Gathercole, BC Public Interest Advocacy Centre  
Mr. John Barnes, Central Heat Distribution Ltd.  
Mr. Lyle J. Oliver, Direct Energy Marketing Ltd.  
Mr. John Wallace, Direct Energy Marketing Ltd.  
Mr. Bill Harper, Econalysis Consulting Service Inc.  
Mr. Jim Langley, IGI Resources, Inc.  
Mr. David Bursey, Inland Industrials  
Mr. J. David V. Newlands, Fording Coal Ltd.  
Ms. Karen Koncohrada, Ministry of Energy & Mines  
Mr. Peter Whitfield, Ontario Energy Savings Corp.  
Mr. Craig P. Donohue, Pacific Northern Gas Ltd. & Pacific Northern Gas (N.E.) Ltd.  
Mr. Steve Yallouz, Premstar Pacific  
Mr. Richard T. O'Callaghan, RT O'Callaghan & Associates Inc.  
Mr. Dave Allen, Union of British Columbia Municipalities