



LETTER NO. L-27-05

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Log No. 9476

VIA E-MAIL

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April 8, 2005

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

Dear Mr. Thomson:

Re: Terasen Gas Inc. ("TGI")
Customer Care Agreements

On February 18, 2005, 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 order to confirm that it continues to be in the best interests of customers. Further, TGI indicated that a business case and a CPCN Application is currently being prepared by Terasen Gas (Vancouver Island) Inc. ("TGVI") regarding the potential to convert its Banner Customer Information System ("Banner CIS") to the customer care technology platform using the Peace System ("Peace CIS") under TGI's CustomerWorks.

On March 3, 2005 in Letter No. L-14-05 the Commission accepted the option of TGI retaining an independent third party to:

- a. assess the value of extending the current outsourcing agreement and to evaluate the available alternate service providers in the market; and
- b. evaluate the value of converting TGVI's customer base to the existing technology platform used by the Peace CIS.

The Commission also stated that the Terms of Reference for engaging the independent third party should be provided to it for review and comment.

On March 17, 2005 TGI filed the Terms of Reference for engaging the independent third party for review and comment by the Commission.

The Commission has reviewed the aforementioned Terms of Reference and has no comment. Any report and recommendations prepared by the independent third party pertaining to the matters stated in Letter No. L-14-05 should be filed with the Commission no later than Friday, May 13, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

RJP/ee