



LETTER NO. L-38-09

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VIA E-MAIL

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June 10, 2009

TERASEN GAS - CPCN

CUSTOMER CARE ENHANCEMENTS EXHIBIT A-3

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas Inc.
Project No. 3698561/Order G-68-09
Application for a Certificate of Public Convenience and Necessity
for the Customer Care Enhancement Project
Insourcing of Customer Care Services and
Implementation of a New Customer Information System

Direction to discuss issues at the Workshop and
Procedural Conference

Terasen Gas Inc. ("Terasen Gas") applied on June 2, 2009 to the British Columbia Utilities Commission (the "Commission") for approval of a Certificate of Public Convenience and Necessity ("CPCN") for its Customer Care Enhancement Project (the "Application").

On June 4, 2009, the Commission issued Order G-68-09 establishing a Workshop on June 16, 2009 and a Procedural Conference on June 23, 2009, as part of its review of the Application.

In its preliminary examination of the Application, the Commission noted that the Application may be deficient as it appears to contain a potentially incomplete business case. The Commission is concerned that there appear to be a number of unsubstantiated assertions, and that the business case appears to lack a complete financial analysis, including related schedules.

The Commission had previously commented on its requirements for CPCN Applications in its Decision accompanying Order C-5-07, which was issued pursuant to a CPCN Application by Terasen Gas for its Distribution Mobile Solution Project. At page 9 of those Reasons for Decision the Commission stated:

"In future CPCN applications, the Commission directs the Company to provide a business case for the project and complete financial schedules that include depreciation and CCA continuity schedules."

Terasen Gas and the Registered Interveners should be prepared to discuss at the Workshop and address at the Procedural Conference the absence of such information and the following:

- other deficiencies, if any, in the Application
- potential solutions to remedy the apparent deficiencies in the Application
- potential impact on the proposed regulatory timetable
- the need for a second Procedural Conference to establish the regulatory timetable

After the Procedural Conference on June 23, 2009, the Commission will issue a further procedural order for its review of the Application.

Terasen Gas is to send a copy of this letter to all parties who participated in the TGI 2004-2009 Multi-Year PBR Settlement and the Terasen Gas (Vancouver Island) Inc. 2006-2009 Negotiated Settlement.

Yours truly,

Original signed by:

Erica M. Hamilton

CMM/dg