



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-79-09**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Gas Inc.
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

BEFORE: A.A. Rhodes, Panel Chair/Commissioner
D.A. Cote, Commissioner June 25, 2009
R.J. Milbourne, Commissioner

O R D E R

WHEREAS:

- A. On June 2, 2009, Terasen Gas Inc. ("Terasen Gas") filed an Application pursuant to section 45 of the *Utilities Commission Act* (the "Act"), for a Certificate of Public Convenience and Necessity ("CPCN") (the "Application") for the Customer Care Enhancement Project ("Project"); and
- B. The Project involves insourcing of key components of customer care services and the implementation of a new customer information system ("CIS") under the control of Terasen Gas; and
- C. The total Project implementation costs are estimated to be \$155 million including an allowance for funds used during construction ("AFUDC"); and
- D. Terasen Gas seeks approval for the creation of a non-rate base deferral account attracting AFUDC and approval to record incremental operating and maintenance ("O&M") costs associated with the Project that are incurred prior to the Project implementation date of January 1, 2012 for the purposes of permitting cost recovery; and
- E. Terasen Gas seeks approval pursuant to sections 59-61 of the Act for the creation of a rate base deferral account into which the accumulated amount in the non-rate base deferral account will be transferred, effective the Project implementation date, for the purpose of recovering costs through customer rates; and
- F. On June 4, 2009, the British Columbia Utilities Commission ("Commission") issued Order G-68-09, which provided for a Workshop on June 16, 2009 and a Procedural Conference on June 23, 2009 to hear submissions on the appropriate regulatory process and Terasen Gas' proposed preliminary regulatory timetable attached to that Order;
- G. On June 10, 2009, the Commission issued Letter L-38-09 advising of its concerns relating to the completeness of the Application, and stating that the parties should be prepared to discuss this issue and its effect on Terasen Gas' proposed preliminary regulatory timetable at the June 23, 2009 Procedural Conference; and

- H. By letter dated June 15, 2009 Terasen Gas acknowledged the deficiency in its Application noted in Commission Letter L-38-09 and filed an addendum containing a number of financial schedules; and
- I. The Procedural Conference took place on June 23, 2009:
- (i) Commission counsel raised three main issues. The first issue related to the composition of the Application which Terasen Gas describes as comprising two parts: a hardware/software purchase and the customer care function. Commission counsel commented that it was Commission staff's view the Application comprises four parts as follows: CIS software, the implementation and maintenance of the hardware and related facilities of the new CIS system, the operations of the meter to cash process, and the call centre. The second issue related to the assessment of the alternatives, which in staff's view should be assessed from both a qualitative and a quantitative perspective. The final issue related to Terasen Gas' approach to several of the numbers in the Application which, in staff's view, were provided at a very high level and do not show how the amounts were derived;
 - (ii) Terasen Gas stated that it would address the three issues raised by Commission counsel in the Evidentiary Update/Amended Application;
 - (iii) The Commission received submissions on the proposed timetable, the potential upward financial impact on the SAP software quote in the Application in the event that a Commission decision is not rendered by December 15, 2009, and requests for Terasen Gas to conduct discussions with the Intervenors on the expected content of the Evidentiary Update/Amended Application;
 - (iv) CustomerWorks LP proposed that the regulatory timetable should provide for the submission of Intervenor evidence; and
 - (v) Several of the Intervenors expressed concerns about determining a regulatory review process prior to reviewing the Evidentiary Update/Amended Application and requested that submissions relating to the review process at the second Procedural Conference on September 11, 2009.
- J. Based on the submissions received at the Procedural Conference the Commission has determined that a Regulatory Timetable that establishes a second Procedural Conference following the Evidentiary Update/Amended Application is required.

NOW THEREFORE the Commission orders as follows:

1. A second Procedural Conference regarding the regulatory review process will be held on Friday, September 11, 2009, commencing at 9:00 a.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC.
2. The Commission will hear submissions on the appropriate regulatory review process at the Procedural Conference.

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3. The Regulatory Timetable for the Application is as set out in Appendix A to this Order. The dates in Appendix A for events after September 11, 2009 are subject to further Order following the Procedural Conference.

DATED at the City of Vancouver, In the Province of British Columbia, this 25th day of June 2009.

BY ORDER

Original signed by:

A.A. Rhodes
Panel Chair/Commissioner

Attachment

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REGULATORY TIMETABLE

<u>ACTION</u>	<u>DATE (2009/2010)</u>
Planned Evidentiary Update/Amended Application	Friday, August 28
Planned Evidentiary Update/Amended Application Workshop	Wednesday, September 9
Second Procedural Conference	Friday, September 11
BCUC Information Request No. 1	Wednesday , September 16
Intervenor Information Request No. 1	Monday, September 21
TGI Response to Information Request No. 1	Friday, October 2
Intervenor Evidence (if required)	Monday, October 12
BCUC Information Request No. 2	Monday, October 19
Intervenor Information Request No. 2	Monday, October 19
Information Request No.1 on Intervenor Evidence from all Parties (if required)	Friday, October 23
Intervenor Response to Information Requests (if required)	Friday, November 6
TGI Response to Information Request No. 2	Monday, November 9
Potential Oral Hearing or Negotiated Settlement Process Commencement	Monday, November 16
<u>FOR ORAL OR WRITTEN HEARING</u>	
TGI Final Argument Submissions	Monday, December 7
Intervenor Final Argument Submissions	Monday, December 21
TGI Reply Argument Submissions	Wednesday, January 6, 2010

