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May 12, 2006

British Columbia Utilities Commission  
6th Floor, 900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Mr. R.J. Pellatt, Commission Secretary

Dear Sir:

**Re: Terasen Gas (Squamish) Inc. ("TG Squamish")  
Application to Cease Operation of Metered Bulk Propane Service  
Response to the British Columbia Utilities Commission (the "Commission")  
Information Request No. 1**

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On May 1, 2006, TG Squamish filed a submission to Cease Operation of Metered Bulk Propane Service. On May 5, 2006 the Commission requested additional information from TG Squamish (Information Request No. 1). This letter and attached responses constitute the reply of TG Squamish to the Commission's Information Requests ("IRs"), all of which is respectfully submitted.

If there are any questions in regard to the letter or responses contained herein, please contact Jason Wolfe at (604) 592-7516.

Yours very truly,

**TERASEN GAS (SQUAMISH) INC.**

*Original signed by: Tom Loski*

*For:* Scott A. Thomson

Attachment





Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 2

- 1.2 On page 1 it references the Ministry of Energy, Mines and Petroleum Resources in its approval of the GBMX main extension. Has the Ministry received a copy of the Application?

**Response:**

Yes, the Ministry has received a copy of the Application.

- 1.3 The Squamish Rate Stabilization Agreement ("RSA") is between TG Squamish and the Province. Under section 3 of the RSA it provides for a reporting role for the Commission.

- 1.3.1 Does the Application require both approval by the Province and the Commission? Please provide the utility's interpretation of the approval process required by the RSA.

**Response:**

TG Squamish believes that approval is only required by the Commission and not the Province. According to the Special Direction, the BCUC "shall fix rates charged by Squamish Gas...in accordance with the Rate Stabilization Agreement". The RSA describes the rate setting mechanism and cost of gas, but does not mention anything with regard to the discontinuance of service to current customers. Therefore TG Squamish believes that the BCUC has sole authority to approve the application under Section 41 of the *Utilities Commission Act*.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 3

## 2.0 Reference: Background, p. 1

On page 1 it states:

"However, as at year end 2005, there were 21 residential and 3 commercial bulk tank service customers that had not connected to Gas service. All of these customers except for one commercial bulk tank customer are "on main" and therefore could receive Gas service."

- 2.1 Is "on main" referring to the GBMX grid? If not, which propane customers are not on the GBMX "on main" grid?

### **Response:**

Yes, "on main" refers to the GBMX grid.

- 2.2 Please elaborate further on the bottled propane service.

2.2.1 Please describe the components of the tank and ancillary equipment such as any meter and connection to the appliance. Who owns the tank and ancillary equipment?

### **Response:**

The propane equipment includes a tank(s), 1<sup>st</sup> stage regulator, copper line from tank to meter set, and meter set. TG Squamish equipment terminates at the outlet of the gas meter (similar to residential natural gas customers). The tanks are owned by Superior Propane and leased to TG Squamish, with the lease payments comprising a portion of the cost of the propane commodity. The remaining equipment noted is owned by TG Squamish.

2.2.2 If the customer owns the tank, is the customer responsible for its maintenance and possible future disposal?

### **Response:**

The customer does not own the tank and is therefore not responsible for its maintenance and disposal. The tank is owned by Superior Propane and leased to TG Squamish. TG Squamish is responsible for the cost of removal. Maintenance is minimal and provided by Superior Propane.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 4

2.2.3 If the utility owns the tank and ancillary equipment, how and what would be the removal and retirement recorded on the utility books? State any assumptions.

2.2.3.1 What is the net book value of the equipment on customer premises for these propane customers?

**Response:**

The tanks are leased and have no book value. The tank regulator and copper line have no salvage value, as the copper line will be capped and remain in the ground and the regulator is likely obsolete. The meterset will likely be recertified and put back into service as a natural gas meter.

2.2.3.2 What is the expected removal cost for each of a residential and commercial customer?

**Response:**

It would take approximately 1 hour (approximately \$60) for a technician to make the tank safe for removal and remove the meterset.

2.3 If TG Squamish ceased to provide bottled propane service:

2.3.1 Would there be any additional one time O&M costs. If so, please identify and quantify.

**Response:**

The only additional one time O&M costs are those associated with preparing the tank for removal as described in response to Question 2.2.3.2.

2.3.2 What would be the annual O&M savings?

**Response:**

TG Squamish would be able to reduce the number of hours of the office clerk position by approximately one hour per customer (24 hours) per month. Approximate fully loaded dollar savings per month would be \$800.

2.3.3 Would there be any impacts to the utility's rate base, plant, depreciation



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 5

and UCC/CCA schedules? If so, please identify, quantify, and provide journal entries.

**Response:**

There would be minimal impact on the utility's gas plant in service and accumulated depreciation for the removal costs of the regulators and copper piping that goes from the tank to the meter (journal entries are below). The meter would be reused at a new location. There would be no impact on the UCC/CCA schedules. The only other impact on rate base would be from a reduction in the working capital from average propane inventory balance and cash working capital effect of the reduced propane expense. Any residual balance in the inventory would be sold to the customer or customer's new service provider.

Action	Debit	Credit
Plant Retirement	Accumulated Depreciation	Gas plant in service
Removal costs	Accumulated Depreciation	Cash
Disposal of propane inventory	Cash	Propane Inventory

2.4 Please provide a general description and the process steps of the utility providing propane service to customers (i.e. back-office functions from the utility's sourcing of propane to the billing of the customer to the use by the customer).

**Response:**

Ongoing Gas Supply:

- ABSU provides a meter reading report monthly that indicates tank volume percentages
- TGS provides Superior Propane with report information and requests tank fills where necessary
- Superior fills tanks and drops off delivery slip to TGS
- Superior bills TGS for propane



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 6

- TGS reconciles Superior's invoices with delivery slips
- TGS/TGI processes invoice payment to Superior

Ongoing Customer Billing:

- ABSU reads customer meters and bills monthly
- TGS handles billing and account inquires when customers call
- TGS consults with ABSU on billing issues (propane customers not on Energy)
- TGS receives customer payments (propane customer bills cannot be paid at back or on-line)
- TGS forwards customer payments to ABSU
- ABSU credits TGS
- ABSU provides TGS with credit & collection reports monthly
- TGS undertakes credit & collection activities with customers

Monthly:

- TGS completes monthly propane volume reconciliations
- TGS/TGI completes financial reports

2.5 From the propane customer's viewpoint please describe the utility service provided (e.g. customer communication, delivery of the propane, the re-fill process, the billing, customer inquiries, repairs, and emergency services).

**Response:**

The delivery, re-fill, and billing processes are described in Response 2.4

- The only customer communication is the bill, unless there is a billing issue and the customer calls TG Squamish, or TG Squamish calls the customer
- Customer may see the propane truck make deliveries. Access to house is not required.
- Repairs are performed on TG Squamish equipment when identified. TG



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 7

Squamish does not perform repairs to customer owned equipment or the propane tank.

- Emergency services are performed upon notification.

2.6 Does the customer pay for the fill-up or what is consumed? Who owns the propane in the tank?

**Response:**

The customer pays for what is consumed. TG Squamish owns the propane that is in the tank.





Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 8

### 3.0 Reference: **Changes to Customer Contact, p. 2**

On page 2 it states: "Call handling continued to be performed by the TG Squamish office in Squamish, in addition to propane related measurement and supply processes. These in-house propane services included all propane customer inquiries, payments, billing and propane procurement activities."

3.1 Please clarify if the call handling was for all TG Squamish customers or just the 24 propane customers.

#### **Response:**

Call handling for all TG Squamish customers continued to be provided by the Squamish office. The lack of integration of back office processes and systems resulted in continued special handling being required for the 24 propane customers.

3.2 Please name the position that performed the call handling. What other duties did this person perform? What was the loaded annual cost of the position in 2005?

#### **Response:**

The call handling function is performed by the "office clerk" in the Squamish office. The other functions that are currently performed by this individual include dispatching of customer service fieldwork, outbound collections and new account set-up. The cost of providing these services in-house in 2005 was \$64,600.

3.3 What was the cost in 2005 to perform the call handling services in-house?

#### **Response:**

.See response to Question 3.2.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 9

#### 4.0 Reference: Changes to Customer Contact, p. 2

On page 2 it states:

"Beginning in late Q2 2006, TGI, through Accenture Business Services for Utilities ("ABSU"), on behalf of CWLP, will begin providing all call handling for TG Squamish Gas customers."

"As a result, the TG Squamish office will no longer perform customer contact activities including inbound call handling."

"This change in call handling services is cost neutral to TG Squamish. In order to effect these changes, TGI will also be amending the customer service agreement with CWLP."

4.1 Please provide the business case and financial justification for this change.

#### **Response:**

A primary objective of the recent integration initiatives was to ensure all Terasen Gas customers, including TG Squamish customers, are provided with the same scope and quality of service as is currently available to TGI customers. Through the standardization of business processes and integration of core systems it is possible for all customers to benefit from extended call centre hours, more timely processing of service requests, and the availability of online customer care services including the user pay credit card option and electronic bill presentment and payment processing through e-Post. The shared services charge for the business functions supported by Utility staff and systems will not change. The incremental additional cost from ABSU for providing call handling services for TG Squamish is \$1.90 per customer per month or approximately \$68,400 per year. This is marginally higher than the avoided staffing cost of \$64,400. The negotiated fee for the additional costs to Accenture will remain fixed through the life of the current Client Services Agreement.

4.2 The November 10, 2005 KMI Decision on page 50 states: "...KMI not to change the geographic location of any existing functions or data currently in TGI's service area without prior approval of the Commission."

4.2.1 Does the change by TG Squamish comply with the Commission direction of not changing the geographic location of any existing functions or data?

#### **Response:**

In the original agreement between Customer Works Limited Partnership (CWLP) and Terasen Gas Inc., TG Squamish was specifically identified as part of "BC Gas or the Company". This agreement was approved by Commission Order No. G-29-02 as part of the disposition of assets effective January 1, 2002. It was at



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 10

this time that TG Squamish started to receive billing services from CWLP (through ABSU). TG Squamish customer data has resided with ABSU since this time and as such TG Squamish is of the opinion that it is not impacted by the KMI decision. Further, the changes in the call handling service for TG Squamish is a continuation of the original integration of the TG Squamish customer care services with the outsourced model utilized by Terasen Gas Inc. ("TGI") as approved by the Commission. This approval was prior to the KMI acquisition and it is the opinion of TG Squamish that it is not impacted by this decision.

- 4.3 Section 44 of the Utilities Commission Act requires a duty to keep records in British Columbia. Has there been any change to the record-keeping location as a result of the change? Please elaborate.

**Response:**

The change to the customer contact activities at the TG Squamish office will not result in any contravention of Section 44 of the *Utilities Commission Act*. Section 44 of the *Act* requires that a utility must keep records and data in British Columbia "required by the Commission to be kept in British Columbia". At the time of the disposition of assets, the Commission had not required that records and data remain in the province and as such there was not requirement to keep records in the province.

The call centre function is one that involves customer data. The Commission recently addressed the issue of customer data in the context of Section 44 of the *Utilities Commission Act* when it made its determination on the relocation of Accenture Business Services for Utilities' ("Accenture" or "CustomerWorks") call centre (which carries out Terasen Gas Inc.'s ("Terasen Gas") call centre function). Commission Letter No. L-96-05, dated November 8, 2005, provided the Commission's response to the Canadian Office and Professional Employees Union regarding the closure of the Kelowna call centre. An excerpt from the letter follows:

*"By the attached letter dated October 20, 2005, Terasen Gas submitted that the Accenture move of the call centre activity does not violate any portion of section 44 of the Act as the Commission has not previously directed Terasen Gas to keep records in British Columbia. Terasen Gas stated that virtually all of its records are in digital form as opposed to hard copy and these records can be accessed by all authorized Terasen Gas employees at all Terasen Gas offices on a 24 hours per day, 365 days per year basis, except for temporary system outages. Terasen Gas also stated that its contractual arrangements with CustomerWorks confirm that Terasen Gas owns and controls the customer data. Terasen Gas expressed confidence that the customer personal data is very secure, utilizing state-of-the-art firewalls and other security measures as required under the Client Service Agreement with CustomerWorks and in compliance with the provincial privacy legislation currently in effect. Terasen Gas also expressed confidence that the personal data would be just as secure if similar software and data were stored electronically on servers outside of British Columbia and there would be continued compliance with provincial privacy legislation.*



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 11

*The Commission has not previously directed Terasen Gas to keep its records in British Columbia. In Order No. G-29-02 which approved the Customer Care Agreements and disposition of property, the Commission stated in its Reasons for Decision, Appendix A, page 10, that "Customer information remains the property of the Utility and CustomerWorks is required to keep it confidential." Terasen Gas has a responsibility to be able to access its customer records at any time. The Commission accepts that Terasen Gas employees in British Columbia have remote access to the Terasen Gas customer records and accordingly, no additional conditions are required at this time on the Accenture relocation of the Kelowna call centre to Fredericton, New Brunswick."*

The customer data for TG Squamish customers has been stored on the Energy system platform for a number of years; since the approval of the disposition of assets by Commission Order No. G-29-02. Although, to date, the Commission has not made any orders or requirements under Section 44 of the *Utilities Commission Act* relating to the customer records of TG Squamish being required to be kept within the Province, TG Squamish and Terasen Gas retain the ability to access from within the service area, at any time, the customer data and records stored on the Energy system servers, and emphasize that only authorized persons can access such data and records, and that appropriate data security measures are maintained.

4.4 Is TG Squamish obligated to report to the Commission any non-arms length transactions or changes in these transactions between itself and other affiliates (excluding shared services costs subject to the Transfer Pricing Policy)? Please elaborate.

**Response:**

As one of the Terasen Utilities affected by Commission Order G-116-05, TG Squamish has certain obligations to comply with conditions of the order and related Decision.

TG Squamish is not aware of any other obligations to report to the Commission any non-arms length transactions or changes in these transactions between itself and other affiliates.

4.5 Please provide the old and new agreement(s) between the utility and each of CustomerWorks and ABSU. Provide a summary of the changes between the old and new contracts.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 12

**Response:**

The Client Services Agreement between Terasen Gas Inc. (including TG Squamish) and CustomerWorks LP, entered into effective January 1, 2002, and approved via Commission Order No. G-29-02, as well as the original and subsequently negotiated service schedules are summarized below and attached as requested (refer to Attachment 4.5).

	DESCRIPTION	EFFECTIVE DATE
Base Agreement	Client Services Agreement	January 1, 2002
Schedule A	Customer Contact Services	January 1, 2002
Schedule B	Billing Support Services	January 1, 2002
Schedule C	Meter Services	January 1, 2002
Schedule D	Credit & Collection Services	January 1, 2002
Schedule E	Industrial and Off-System Support Services	January 1, 2002
Schedule F	Commercial Unbundling Support Services	March 1, 2004
Schedule G	Stable Rate Program Operational Services	March 1, 2004
Schedule H	Terasen Gas (Vancouver Island) Inc. - Services	March 1, 2005

The outsourcing of the services to ABSU is facilitated through a separate agreement between CWLP and ABSU. The Utility is not a party to this arrangement. There is no direct contractual relationship between Terasen Gas Inc. and ABSU.

4.6 Please elaborate on the all services previously provided by CustomerWorks and how it is different from the new situation.

**Response:**

For TG Squamish, beginning January 1, 2002, CustomerWorks provided services related to billing, including statement production and mailing, electronic and direct debit payment processing, automated collections processing and billing exception handling.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 13

Additionally in July 2005 meter reading support services were also transferred through CustomerWorks to ABSU. At that time the part-time meter reader in Squamish retired and the Utility was challenged to obtain a replacement resource. An agreement was negotiated with ABSU to provide these services at no additional cost over the then current cost. Trained meter reading resources were available on a shared basis with the electric meter reading staff in the TG Squamish service area.

The new situation results in the in-bound call handling function moving to CustomerWorks as well as new service set up and the balance of the outbound collections functions. This change will enable the use of the mobile data dispatch application to support the more timely dispatching and completion of customer service fieldwork as well as the use of a standardized customer connection process.

4.7 Please elaborate on all the costs previously charged by CustomerWorks and how it is different from the new situation.

**Response:**

The costs previously charged by CustomerWorks remain unchanged. At the time of the approval of the Disposition of Assets and commencement of the Client Services outsourcing agreement effective January 1, 2002, costs were transferred to CustomerWorks, including a component of capital recovery, to reflect the projected costs that the Utility would have incurred had the services remained in the Utility using 2002 as the base year. A per customer cost for services for an agreed to baseline of 770,000 customers was derived and established at the start of the agreement to be \$54.54 per customer per year for the first five years of the agreement. Beginning in 2007 the costs will be increased annually by ½ of the prior years CPI increase.

Since January 1, 2002 three additional service schedules have been established and are attached as Schedules F, G, and H in Attachment 4.5. The specific new services represented by these changes include support for Commercial Commodity Unbundling, the Stable Rate option for residential customers and Customer care support services for TGV1 and TGW customers following the conversion in March of 2006 of these customers to the Energy CIS platform. All of these changes were approved by the Commission.

The new situation relates only to TG Squamish natural gas customers. The additional cost for these customers will be \$1.90 per customer per month or \$22.80 per customer per year. This is a fixed price arrangement that will remain unchanged for the life of the agreement between Terasen Gas Inc. and CustomerWorks. The additional meter reading costs referred to above in the response to question 4.6 is \$3,275.50 per month. Terasen Gas will document these changes through an additional amendment to the Client Services Agreement and provide it to the Commission for review.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 14

4.8 Please elaborate further on how the change is cost neutral to TG Squamish. Is the cost neutral calculation based on continued call handling services to the 24 propane customers or no call handling services to the 24 propane customers?

4.8.1 If the change was cost neutral why was the change implemented?

**Response:**

The change to move the additional services to the CustomerWorks outsourcing arrangement is cost neutral for the TG Squamish natural gas customers. It assumes that the 24 propane customers will be migrated to a competitive propane supplier. Tank propane service was originally offered by the Utility as a transitional, temporary, measure prior to the construction of the natural gas distribution system, as was noted in the original approved tariff (see response to 7.3.2). Manual systems and processes were developed to handle these customers through the transition. Efforts to standardize systems and processes over the past two years for all Utility functions have highlighted the uniqueness of these customers. In order to continue to support tank propane services non-standard processes and systems will be required to be maintained

For the natural gas customers there are definite advantages to making the change. In addition to longer call centre hours, the more high integrated systems environment will support business processes that are more timely. As well Squamish natural gas customers will be able to participate in additional services including "user pay" credit card payment services, e-Post electronic bill presentment and payment processing, and call centre translation services. These services are currently available to all other Terasen gas customers.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 15

## 5.0 Reference: Changes to Customer Contact, p. 2

On page 2 it states: "TG Squamish evaluated what would be required in order to continue providing service to the 24 propane customers and arrived at two options: continue to provide customer contact in house, or outsource to ABSU. In order to provide in house service, TG Squamish would have to hire staff to procure and manage propane deliveries as well as to continue to provide customer care support and call handling activities. Approximate staffing cost, including benefits, would be \$65,000 per year or approximately \$2,700 per customer per year."

5.1 Why would TG Squamish have to "hire staff to procure and manage propane deliveries" when TG Squamish has been already providing this service previously for many years.

### **Response:**

On the assumption that the TG Squamish natural gas customers would move to the common Customer Care environment for all call handling, billing, meter reading and collections services, a decision would be required about how to handle the unique services and processes required to continue to support the 24 propane customers. The uniqueness of the processes to support the propane customers makes them not a good fit for the standard operating environment applicable to providing natural gas services. Given that the natural gas customers could be easily and cost effectively supported through the existing Terasen Gas systems and processes, an analysis was undertaken to determine the incremental costs associated with retaining the 24 propane customers. Two options were investigated: continuing to support the functions in-house in addition to the other propane specific functions, or outsourcing to ABSU those services where the service provided required general skills in a related area i.e. billing and call handling. In each of these cases, additional costs would be incurred in order to provide service to the 24 propane customers.

As noted in the application, there is currently a staff person that performs propane related duties, other duties such as construction and dispatch activities and call handling services. As part of the integration project, construction and dispatch activities have moved to the Surrey operations centre. If ABSU performs the customer contact activities, the only tasks left to perform are propane related activities. In TG Squamish's opinion this would not be enough to warrant keeping the Squamish office open and staffed. TG Squamish would therefore eliminate the one office administration position in Squamish. As such, in order to continue to provide propane services, TG Squamish would have to either hire a person to perform these activities or outsource this activity to ABSU.

5.2 Is the \$65,000 the fully loaded cost of the person that performed the work in previous years? Would this be a new position?





Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 16

**Response:**

Yes this is the fully loaded cost. It would be a new position that would support the end to end services required to support tank propane services including procurement, consumption measurement, call handling and payment processing.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 17

**6.0 Reference: Changes to Customer Contact, p. 2**

On page 2 it states: "TG Squamish requested that ABSU provide a quote to provide call handling for the 24 propane customers..."

6.1 Please provide the request to ABSU and the quote response from ABSU.

**Response:**

A copy of the quote provided by ABSU is attached as Attachment 6.1.

6.2 Please compare the total cost of the call handling services incurred by the utility in-house in 2005 and the cost of the CustomerWorks/ABSU call handling services costs assuming that the 24 propane customers will remain as customers? Provide the analysis for the first three years.

6.2.1 What are the CustomerWorks/ABSU call handling services costs assuming the 24 propane customers are no longer utility propane customers? Provide the analysis for the first three years.

**Response:**

The cost of in-house call handling services was \$64,600. The projected costs for providing the services over the next three years are described below:

	Year 1	Year 2	Year 3
Est. No. of Customers - Natural Gas	3047	3092	3137
Est. No. of Customers - Propane	24	24	24
<b>Natural Gas Only</b>	<b>\$69,472</b>	<b>\$70,498</b>	<b>\$71,524</b>
Incremental Propane	\$23,760	\$12,960	\$12,960
<b>Natural Gas and Propane</b>	<b>\$93,232</b>	<b>\$83,458</b>	<b>\$84,484</b>

The annual costs have been increased annually based on estimated customer growth.

6.3 What is the incremental call handling cost of one additional natural gas customer?

**Response:**

As discussed in response to Question 4.1, assuming the TG Squamish customers are transitioned to the common outsourced customer environment the incremental call handling cost is \$22.80 per customer per year.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 18

**7.0 Reference: Changes to Customer Contact, pp. 2-3**

On pages 2-3 it states: "Under either scenario, the effect of retaining these customers is that TG Squamish would incur additional costs, which would affect rates of all TG Squamish customers, in order to provide service to 24 propane customers. TG Squamish is of the view that it is not fair and reasonable for its Gas customers to incur these additional costs for the 24 propane customers."

7.1 Please confirm that under the Rate Stabilization Agreement, the Province is the responsible party for any shortfall or excess between the revenues collected and the cost of service.

**Response:**

Correct, if the Rate Stabilization Agreement is in effect, the Province is the responsible party for any shortfall or excess.

7.2 Why would TG Squamish incur additional costs when the costs to provide these services to the 24 propane customers were already embedded in the cost of service for previous years?

**Response:**

As noted in response to Question 5.1, the job functions, with exception of propane related activities, will be performed by either Surrey Operations staff or ABSU staff. The savings from not staffing the Squamish office will be redirected to paying for the services from ABSU. As such, in order to provide propane service only, TG Squamish will incur additional costs.

7.3 Consider the status quo situation was maintained where the CustomerWorks/ABSU contract provided the same services as in previous years.

7.3.1 Would it be regarded as a cost savings if the 24 propane customers were no longer serviced?

**Response:**

Yes, TG Squamish would be able to reduce the hours of the staff person in the Squamish office.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 19

7.3.2 How does the reasoning lead to the conclusion that it is not fair and reasonable to keep or not keep the 24 propane customers?

**Response:**

The original intent of serving the bottled propane customers was to serve the customers until such time as gas service was available.

Service was originally provided to the bottled propane customers under Schedule 1 – General Service Rate, the last Commission approved revision of this, Twenty Six revision effective October 1, 1990, states that the service is for “all uses and consumers connected to the permanent underground grid system, and for *temporary metered bulk tank service*” (emphasis added). After conversion of the grid system from propane to gas, bottled propane customers continued to receive service under the General Service Propane Rate. This service was only available to those customers “who were served by the Company prior to August 1, 1991” (as noted in the approved Tariff pages). These customers continued to receive service as there was no main that served them and as such they could not convert to gas. With the arrival of the GBMX, the propane customers now had the opportunity to switch to gas and therefore no longer receive what was originally temporary service. TG Squamish believes that temporary service is less than the 6 years that the GBMX has been in place. As such TG Squamish has fulfilled its obligation to provide temporary service, however, 24 propane customers have not yet converted.

By moving TG Squamish customers to processes that are available to all other Terasen customers, TG Squamish believes that all but the 24 propane customers will benefit. As noted in the application, TG Squamish customers will receive the standardized benefits of the island integration project including: extended call centre hours, additional payment options, and increased systems and interface automation.

There are no synergies related to the provision of services to the 24 propane customers. TG Squamish natural gas customers could be provided with the same scope and quality of service as is currently available to all Terasen gas customers at no additional cost. The propane customers require unique services that cannot be cost effectively provided using the same systems and processes as have been developed for natural gas customers. As the provision of tank propane services is not a growth business for TG Squamish it is not cost effective to redevelop systems and processes to support such a small customer base.

The unique costs associated with providing service to the 24 propane customers should be viewed incrementally as these services provide no value to the natural gas customers in TG Squamish, nor are the incremental costs likely to decline over time. It would require significant growth in the business area to warrant system or process redevelopment. TG Squamish does not believe this is a line of business that should be pursued by the company as there are viable



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 20

alternatives in the industry to provide these services competitively.

In light of the fact that propane service was never intended to be permanent and the fact that a move to ABSU customer contact will benefit the approximately 3000 natural gas customers, TG Squamish does not believe that it is fair and reasonable to maintain the status quo, or incur additional costs in order to continue serving the 24 propane customers.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 21

## 8.0 Reference: Customer Options – Convert to Gas, p. 3

On page 3 it states: "The cost to convert customer appliances for residential customers from propane to gas is typically in the range of \$500-\$1000 depending upon appliance make up and contractor pricing. This cost would have to be born by the customer along with a \$300 connection fee in order to receive gas service in the GBMX service area."

8.1 Please elaborate on what is required to convert a propane appliance to a gas appliance and the cost range?

### **Response:**

The conversion normally involves changing or adjusting the pressure regulator and orifice in the appliance. Air shutter adjustments are made and the appliance is fine tuned upon startup on gas.

Costs will vary with appliance and contractor. Each appliance may cost in the range of \$200-400.

8.2 Considering the age and conversion potential of existing propane customers, how many customers would be expected to require new appliances if converted to natural gas?

### **Response:**

Most all of these customers were attached in the late 1980's, therefore most appliances should be readily convertible to gas.

8.3 Assuming a new appliance is required to replace the existing propane system, how much would these new appliances typically cost?

### **Response:**

This is unlikely. If the propane appliance is in poor enough condition that it can not be converted to gas, then it should not be in service on propane and should be replaced.

8.4 What would be the cost range to convert appliances for the commercial customers?

### **Response:**

Commercial customers do not necessarily have commercial appliances. The type, size



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 22

and function of commercial appliances vary to such a wide degree that a cost range cannot be provided.

8.5 If the propane customer converted to natural gas would there be any one-time and incremental ongoing O&M costs? If so, please provide the details.

**Response:**

There would be no additional ongoing O&M costs. One time costs capital costs that are the same as any other customer requesting gas service.

8.6 Since TG Squamish is proposing to cease propane service, would it be appropriate to waive the \$300 connection fee? Please explain.

**Response:**

No it would not be appropriate to waive the \$300 fee. All customers, both propane and gas, that have attached to the GBMX system have paid the \$300 connection fee. It would be discriminatory preferential treatment to make an exception for the remaining propane customers. Further, the propane customers still have the option to remain on propane and be served by a local propane provider. Further, TG Squamish, as noted in the application and in response to Question 9, believes that the customer will be better off economically if they switch to gas. Each customer that has attached to the GBMX has made the decision, economic and otherwise, to attach. These customers must make the same decision and do have options available to them. As such, TG Squamish does not believe that it is either fair or warranted to provide an exemption to the connection fee for the last 24 customers.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 23

**9.0 Reference: Customer Options – Convert to Gas, p. 3**

On page 3 it states: "TG Squamish Gas service is substantially cheaper than bottled propane, based on current rates and TG Squamish would expect a customer to recoup their conversion costs within 1-2 years. If TG Squamish rates change as a result of the elimination of the Rate Stabilization Agreement, TG Squamish still expects gas to be more cost effective than bottled propane and as such customers who switch will still see a benefit and will recoup their costs over time."

9.1 Please provide the calculations of the 1-2 years payback to the customer.

**Response:**

The payback period is dependent on the customer's consumption and costs of converting from propane to natural gas. The following table is based on the average normal consumption of propane and costs at current rates versus the current rate for natural gas. For residential customers consuming approximately 42 GJ per year, the payback period would be approximately 2.5 to 4 years assuming that the customers costs for conversion are between \$500 and \$1000. For commercial customers who consume approximately 217 GJ, the payback period is approximately 6 months to 11 months. If customers use more or less gas and have higher or lower conversion costs, the payback period will change. As such these figures should only be considered an approximation of the payback period.





Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 24

		Low	High
Cost of Conversion		\$ 500	\$ 1,000
Connection Fee		300	300
Total		<u>\$ 800</u>	<u>\$ 1,300</u>
	Average Annual Usage		
Current Propane Residential			
Average Rate / GJ	42.7	\$ 18.807	\$ 18.807
<b>Average Annual Bill</b>		<b>\$ 803.04</b>	<b>\$ 803.04</b>
Current Natural Gas Residential			
Average Rate / GJ	42.7	\$ 11.26	\$ 11.26
<b>Average Annual Bill</b>		<b>\$ 480.80</b>	<b>\$ 480.80</b>
Current Propane Commercial			
Average Rate / GJ	217.2	\$ 18.291	\$ 18.291
<b>Average Annual Bill</b>		<b>\$ 3,972.91</b>	<b>\$ 3,972.91</b>
Current Natural Gas Commercial			
Average Rate / GJ	217.2	\$ 11.26	\$ 11.26
<b>Average Annual Bill</b>		<b>\$ 2,445.67</b>	<b>\$ 2,445.67</b>
Residential Savings		\$ 322.24	\$ 322.24
<b>Residential Payback Period (Years)</b>		<b>2.48</b>	<b>4.03</b>
Commercial Savings		\$ 1,527.24	\$ 1,527.24
<b>Commercial Payback Period (Years)</b>		<b>0.5</b>	<b>0.9</b>
Note: 42.7 GJ = 150.8 Ccf and \$803 / 42.7 = \$18.807 217.2 GJ = 767.2 Ccf and \$3,973 / 217.2 GJ = \$18.291			

9.2 In the communication letter will the customer be advised of the possible increase in natural gas rates upon the elimination of the Rate Stabilization Agreement so that the propane customer can reasonably estimate and compare the total cost of conversion to natural gas or opt to remain on propane? If not, why not?

**Response:**

TG Squamish is currently in negotiations with the Province to eliminate the Rate Stabilization Agreement. These negotiations have been on going since the fall of 2004 and TG Squamish is hopeful that they will conclude shortly. However, the negotiations may not be successful and the Rate Stabilization Agreement would therefore not be eliminated. Additionally, the nature of these negotiations has not been made public at this time. As a result of this TG Squamish has not included information with regard to the potential elimination of the Rate Stabilization Agreement in the letter that customers will receive, nor does it consider it appropriate to do so at this time.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 25

9.3 If the Rate Stabilization Agreement is eliminated the utility anticipates natural gas to be cost effective for those who switch and will see a benefit and "recoup their costs over time".

9.3.1 If rates were cost based, how long would it take for the customer recoup their costs? Calculate the payback analysis and state the assumptions.

**Response:**

The payback period is dependent on the customer's consumption and costs of converting from propane to natural gas. The following table is based on the average normal consumption of propane and costs at current rates versus the current rate for natural gas adjusted for the receivable to TGVI (RSF 2005 draw). For residential customers consuming approximately 42 GJ per year the payback period would be from 3.5 to 5.5 years. For commercial customers who consume approximately 217 GJ the payback period is approximately 8 months to 1 1/4 years. Including the full receivable from TGVI implicitly assumes, based upon the current cost of gas, that gas customers rates may increase by approximately 18% (\$663,000 / 330,419) / \$11.26).

		Low	High
Cost of Conversion		\$ 500	\$ 1,000
Connection Fee		<u>300</u>	<u>300</u>
Total		<u>\$ 800</u>	<u>\$ 1,300</u>
2005 Actual Gas Revenue	\$ 3,720,646		
Add Recievable from TGVI	<u>663,000</u>		
Total	<u>\$ 4,383,646</u>		
Annual Gas Sales Volume GJ	330,419		
Average Gas Revenue / GJ		\$ 13.267	\$ 13.267
	Ave. Sales Volume (GJ)		
Propane Residential Average Revenue / GJ	42.7	\$ 18.807	\$ 18.807
Propane Commercial Average Revenue / GJ	217.2	\$ 18.291	\$ 18.291
Residential Savings		\$ 237	\$ 237
<b>Residential Payback Period (Years)</b>		<b>3.4</b>	<b>5.5</b>
Commercial Savings		\$ 1,091	\$ 1,091
<b>Commercial Payback Period (Years)</b>		<b>0.7</b>	<b>1.2</b>
Note: 42.7 GJ = 150.8 Ccf and \$803 / 42.7 = \$18.807			
217.2 GJ = 767.2 Ccf and \$3,973 / 217.2 GJ = \$18.291			
See Response to 12.4.			



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 26

**10.0 Reference: Customer Options – Remain on Propane, p. 3**

On page 3 it states: "For those customers who do not wish to convert to Gas, they can continue to receive propane service from either Superior Propane (who currently delivers propane for TG Squamish) or from another local supplier. At current gas station propane rates, customers in TG Squamish would pay virtually the same cost for propane as they currently pay on the TG Squamish rate (see Appendix)".

10.1 Please provide the company names of the propane suppliers that would be available to these 24 propane customers.

**Response:**

To the best of TG Squamish's knowledge, the following retail propane suppliers currently provide service in Squamish:

- Autogas Propane
- Canwest Propane
- Superior Propane
- Super Save Propane

10.2 For Superior Propane please provide the current pricing available to a residential customer who opts to switch to another propane supplier. Identify any fixed and variable costs and all terms and conditions.

**Response:**

Due to the confidential nature of individual contracts between bulk propane suppliers and their customers, current pricing information, fixed and variable costs, and terms and conditions are not available to TG Squamish.

10.3 If a residential customer switched to Superior Propane on April 1, 2005 what would have been be the first full year cost (April 1, 2005 to March 31, 2006) paid to Superior Propane (identify any one time costs such as sign up fees).

10.3.1 How does this compare to the total delivered cost provided by TG Squamish for the same period?

**Response:**

Please refer to Question 10.2, as stated above current Superior Propane pricing information is not available to TG Squamish.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 27

10.4 From the customer's viewpoint how would the supply of the propane service change (e.g. re-filling process, bottle rental, prepayments, billing, contact, etc.)?

**Response:**

TG Squamish propane customers are not currently on Superior Propane's customer information system and thus their tank volume levels are not estimated for a re-filling date. Currently Superior relies upon the delivery driver's local knowledge of the customer's usage. If Superior Propane (or another propane supplier) handled the account, the re-filling dates would be automatically scheduled.

Propane suppliers typically invoice customers based on the volume of the product delivered. Propane suppliers offer 1-800 contact numbers for billing inquiries, deliveries, and emergency response.

10.5 What customer contact and emergency services would be provided by the alternate propane supplier? How would this be different from the service provided by the utility?

**Response:**

Propane suppliers offer 1-800 contact numbers for billing inquiries, deliveries, and emergency response. There would be minimal differences from the TG Squamish provided service.

Customers would benefit from the ability of propane suppliers to repair gas appliances. TG Squamish does not offer this service.

10.6 For those customers who prefer to remain on propane:

10.6.1 Is the utility proposing that it will be the customer's responsibility to find an alternate propane provider?

**Response:**

Yes, the utility is proposing that it will be the customer's responsibility to find an alternate propane provider.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 28

10.6.2 Would the utility provide backstopping service to the propane customer (that finds an alternate supplier) for a period of one to two years to guarantee that the customer receives a dependable propane supply?

**Response:**

No, the utility is not prepared to provide backstopping service. The propane delivery market is well developed with competitive offerings available. Additionally, there are many residences and businesses in the sea to sky corridor that already receive propane service without any backstopping service from a regulated utility. TG Squamish therefore does not believe it is necessary, nor appropriate, to provide a backstopping service in this fully competitive market environment.

10.6.3 Before the propane customers cease to be utility customers, would the utility consider negotiating on behalf of the propane customers, a two to three year bulk supply discount with Superior Propane (the utility's existing propane supplier) to ensure a low cost supply for the propane customers in order to ease the transition to non-utility service?

**Response:**

No, as noted above, TG Squamish believes that there is a well functioning market place for bottled propane delivery and it is the customer's responsibility to determine from whom to buy propane. Some customers may wish to receive supply from Superior Propane, but other customers may find better service or price from another supplier. As noted, in the application, TG Squamish only provided bottled propane service on a temporary basis and it believes that it has fulfilled this obligation and it believes that it should no longer be in the bottled propane marketplace. By negotiating on behalf of the propane customers, TG Squamish would in essence continue to be in the market place and be somewhat responsible for customer service to these customers. This would neither be cost effective from a utility perspective nor would customers necessarily receive better price or service. As such TG Squamish does not believe it should be negotiating prices on behalf of the propane customers.

10.7 Appendix 1: Propane Price Comparison

10.7.1 Does TG Squamish receive bulk prices from Superior Propane? What is the typical discount offered by Superior Propane to the utility for non-bulk purchases?



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 29

**Response:**

TG Squamish receives a discount from Superior for delivery to the metered propane customers.

10.7.2 Considering any bulk discounts received by TG Squamish, why is the cost virtually the same between the TG Squamish price and the gas station propane price?

**Response:**

TG Squamish made an error due to a conversion miscalculation in the original Appendix 1: Propane Price Comparison. The new price comparison shows a slightly greater variance between the retail annual gas station propane costs TG Squamish customers annual propane bill. The revised table, below, shows a variance of \$320 per year if the customer uses 70GJ/year.

Conversions		
1 litre	=	0.0904 ccf
1 ccf	=	11.0619469 litres

Current Terasen Gas (Squamish) Rate	
Minimum Monthly Charge	\$17.71 per month
<300 cf per month	\$17.71 per month
301-7,999 cf per month	\$5.143 per 100 cf
>8,000 cf per month	\$5.077 per 100 cf
Typical Monthly usage	20.604 ccf per month
Typical Monthly bill	\$17.71 + \$5.143 multiplied by 17.604 ccf (20.604 ccf less 3 ccf included) = \$108.25
Typical Annual bill	\$108.25 multiplied by 12 months = \$1,299

Current MJ Ervin Rate	
*Price	0.592 cents per litre
Typical Monthly usage	227.918 litres
Typical Monthly bill	227.918 litres multiplied by 0.592 cents/litre = \$134.94 per month
Typical Annual bill	\$134.94 multiplied by 12 months = \$1,619

\*Source - MJ Ervin & Associates Weekly Pump Price Survey - April 25, 2006  
Average of Vancouver and Victoria Price



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 30

**11.0 Reference: Customer Options – Implementation of Communication Plan, pp. 3-4**

On page 3 TG Squamish provided 7 items of its communication plan.

11.1 Please detail the communication to all the affected customers conducted by the utility prior to the Application?

**Response:**

There has not been any formal communication sent to the customers prior to the application. There has been informal communication with the customers since the completion of the GBMX to convince the customers to switch to gas.

11.2 Have all the affected customers been notified of the Application to cease bottled propane service? If so, please provide the correspondence. If not, why not?

**Response:**

TG Squamish is in the process of drafting a letter to send to customers notifying them of the Application and outlining options for customers should the Application be approved.

11.3 Page 3 indicates that the letter would be "encouraging customers to switch to Gas".

11.3.1 Should the letter be neutral to either remain on propane or switch to natural gas but instead provide the customer information to assess the best option for each customer's particular circumstances?

**Response:**

The proposed customer letter encourages customers to switch to gas as bottled propane was only a temporary service and these customers were always expected to switch to gas when it was available. However, TG Squamish also ensures that the customers are aware that they can continue to use propane through a local propane distributor as TG Squamish wants to ensure that the customers impacted by this change fully understand the options available to them and that the Company will assist them through this transition.

11.3.2 Will the letter fully explain the options available and the detailed total costs to the customer who wish to remain on propane or switch to natural gas?



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 31

**Response:**

Further to the response to Question 11.3.1, the customer letter does explain the customer's options and also presents rough conversion cost estimates. Conversion costs, however, will be specific to each customer's particular application and this is also stated in the letter. If interested in pursuing conversion to natural gas, TG Squamish suggests that the customer approach their local registered gas contractors to determine cost estimates for their homes. To facilitate this, the Company will include gas contractor contact information along with the customer letter.

11.4 Page 3 states: "Additional information to be provided through phone calls based on customer interest".

11.4.1 Will the phone calls to TG Squamish be handled by its call centre or someone knowledgeable about the particular propane service and the various options to either convert to gas or remain on propane?

**Response:**

The customer letter is in the form of a personal communication from one of Terasen Gas Inc. Builder Developer Account Managers. Two contact phone numbers will be provided, both of which will be TG Squamish/Terasen Gas Inc. employees. To arrange for natural gas service, we provide the customer with a contact from our local Squamish office. For further information relating to this change or to assist customers in making the transition to either another propane service provider or seeking out information and advice on natural gas conversion the customer is encouraged to contact the letter writer directly.

11.5 The implementation of the communication plan from first notice to cancellation of propane service is about 5-6 weeks. On page 4 TG Squamish is requesting "...to cease providing service to the 24 bottled propane customers in the Squamish service area effective June 15, 2006..." Is this an aggressive timeline to cease providing propane service?

**Response:**

TG Squamish would like to transition customers to either gas or an independent propane provider before the winter heating season and believes that September 1, 2006 would be appropriate. The transition in providing for any customers not choosing to convert to natural gas will be seamless to the customer. There will be no service interruption required to facilitate the transition and in most cases, it is expected that the customer choosing to remain on propane will contract with the primary provider in the area with whom they already have a relationship related to commodity supply.





Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 32

11.6 Has TG Squamish considered a townhall meeting for these 24 propane customers and an information letter explaining the Application to the Commission?

**Response:**

No, TG Squamish has not considered a townhall meeting for these 24 propane customers. TG Squamish does not consider that a townhall meeting is a useful tool to communicate to customers in this regard.

11.7 Does TG Squamish consider that after notification of the Application to the 24 propane customers a process to seek commentary from the affected customers would be appropriate?

**Response:**

As noted previously in response to Question 7.3.2, the customers who have been provided bottled propane service were originally provided the service with the intent that at such time as facilities were built to delivery gas, the customers would switch. As such, this rate schedule has been closed since 1991. These customers would have first been notified about the arrival of gas service through the application and approval process for the GBMX in 1997 and 1998. Since that time, customers have been communicated with numerous times to attempt to get the customer to convert to natural gas. Over this time, the majority of the customers who were on propane have switched to gas. As a result of the long history of communication with the customers and the original intent to move the customers to gas service with the arrival of the GBMX, TG Squamish does not feel that there would be any benefit in seeking commentary from these customers.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 33

**12.0 Reference: Deferral Account Balance, p. 4**

On page 4 it states: "As at December 31, 2005, there was a credit balance in the Deferred Propane Purchase Costs of approximately \$38,000. This balance has been built up over a period of four years as a result of the propane charge under Small General Service – Schedule 1 General Service Propane Rate being higher than the cost of propane."

12.1 What is the current estimated deferral balance amount?

**Response:**

Please refer to the response to Question 12.2 below.

12.2 Please provide a table of the opening balance, additions, reductions, and closing balance for each year from 2000 to 2005 plus year-to-date activity of this deferral account.

**Response:**

TG Squamish Inc.  
 Propane Costs Deferral Account Balance (Actual)

Year	Opening Balancing	Gross Additions / (Reductions)	Closing Balancing
2000	(\$1,177)	\$2,917	\$1,740
2001	\$1,740	(\$3,682)	(\$1,942)
2002	(\$1,942)	(\$16,746)	(\$18,688)
2003	(\$18,688)	(\$9,729)	(\$28,417)
2004	(\$28,417)	(\$6,863)	(\$35,280)
2005	(\$35,280)	(\$2,750)	(\$38,030)
2006(April)	(\$38,030)	(\$449)	(\$38,479)

12.3 Please provide the number of propane customers (residential and commercial, separately) and annual total volume usage (100 cubic feet) for each year from 2000 to 2005. Also provide 2006 data, if available.

**Response:**

The average number of customers and volumes are provided below.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 34

Average No. of Customer	2000	2001	2002	2003	2004	2005	2006 (April)
Residential	51	42	35	30	28	22	21
Commercial	4	3	3	3	3	3	3

Annual Volume (ccf)	2000	2001	2002	2003	2004	2005	2006 (April)
Residential	8,649	7,038	5,323	4,464	3,743	3,472	1,773
Commercial	1,610	1,444	1,668	1,734	2,478	2,651	930

12.4 What is the typical annual usage (100 cubic feet) and annual cost for each of a residential customer and commercial customer?

**Response:**

The normalized average use for a residential customer is 150.8 Ccf and the cost to the customer at current rates is \$803. The normalized average use for a commercial customer is 767.2 Ccf and the cost to the customer at current rates is \$3,973.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 35

### 13.0 Reference: Deferral Account Balance, p. 4

On page 4 it states: "TG Squamish does not intend to use this deferral account balance to pay for the conversion of the remaining bottle propane customers as this would be unfair to customers that already paid to convert from propane to gas without any financial assistance from TG Squamish. TG Squamish also investigated whether or not it would be feasible to refund the deferral balance to the specific bottle propane customers who received service from 2001-2006 but it determined that it would be costly to administer this process."

13.1 Please identify the number and type of propane customer (residential or commercial) that converted from propane to natural gas for each year from 2001 to 2006.

#### **Response:**

Please see response to Question 1.

13.2 Please discuss the various options of refunding the propane deferral balance to the propane customers?

#### **Response:**

TG Squamish has not proposed, and is therefore not seeking approval of, a mechanism for refunding the deferral balance with this application. In the application TG Squamish indicated that it would seek treatment of a refund of the deferral account by way of separate application. However, some options include:

- Refunding to all customers, past and present, based upon that customer's individual contribution to the deferral account
  - TG Squamish does not recommend this approach as the time and associated costs to arrive at and distribute refunds may be higher than the balance in the deferral account.
- Using the deferral balance to offset gas costs for all customers
  - This approach ensures customers benefit from the deferral account balance with minimal time and costs to implement.
- Refund the deferral account balance to customers who contributed to the account. Using the table below, TG Squamish sees two options for this approach which are outlined below.
  - 1) Refund to each residential and commercial customers an amount that represents the total deferral account build for each class of customer



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 36

divided by the number of customers that contributed to the deferral account build. The deferral account started to build just prior to 2000 at which time there were 51 residential and 4 commercial customers. During this time residential customers accounted for \$27,329, and commercial customers accounted for \$11,150 of the deferral account build. TG Squamish could therefore refund residential customers \$536 per customer (\$27,329/51) and commercial customers \$2,788 (\$11,150/4). The current 24 customers would automatically get the refund and TG Squamish would attempt to contact the other 31 customers to refund the money. However, due to the length of time that the deferral account has built, the current customer may not have resided at the residence for the entire period. As such that customer may not be due the entire amount. This would result in additional time and costs to prorate customer refunds. TG would also have difficulty trying to contact individuals who were no longer customers in order to provide a refund.

- 2) Refund the current 24 residential and commercial customers an amount that represents the average deferral account build that those customers would have been responsible for. In this case the existing residential customers would receive \$874 (\$18,359/21) and existing commercial customers \$3747 (\$11,241/3). Converted customers could also receive a refund based upon their average contribution to the deferral account. For converted residential customers the refund would be \$299 (\$8,970/30) and the converted commercial customer would not receive a refund as a contribution of \$91 would be required

As noted in 1) in either of the two scenario's the current customer at the premises may or may not be the same customer that has been at the premises for the entire time of the deferral account build. As such this approach may not be feasible and TG Squamish would have to revert to the initial option of refunding to all propane customers, past and present, based upon consumption and contribution to the deferral account at the time they were a customer. This could be a long and costly process.

Propane Deferral Account

Year	Amount Deferred	Volumes		Allocated Amount Propane Deferred		Average # of Customers				Allocated Propane Deferral			
		Residential	Commercial	Residential	Commercial	Total Residential	Existing Residential	Total Commercial	Existing Commercial	Converted Residential	Existing Residential	Converted Commercial	Existing Commercial
Pre 2000	\$ (1,177)	8,649	1,610	\$ (992)	\$ (185)	51	21	4	3	\$ (584)	\$ (409)	\$ (62)	\$ (123)
2000	\$ 2,917	8,649	1,610	\$ 2,459	\$ 458	51	21	4	3	\$ 1,447	\$ 1,013	\$ 153	\$ 305
2001	\$ (3,682)	7,038	1,444	\$ (3,055)	\$ (627)	42	21	3	3	\$ (1,528)	\$ (1,528)	\$ -	\$ (627)
2002	\$ (16,746)	5,323	1,668	\$ (12,751)	\$ (3,995)	35	21	3	3	\$ (5,100)	\$ (7,650)	\$ -	\$ (3,995)
2003	\$ (9,729)	4,464	1,734	\$ (7,007)	\$ (2,722)	30	21	3	3	\$ (2,102)	\$ (4,905)	\$ -	\$ (2,722)
2004	\$ (6,863)	3,743	2,478	\$ (4,129)	\$ (2,734)	28	21	3	3	\$ (1,032)	\$ (3,097)	\$ -	\$ (2,734)
2005	\$ (2,750)	3,472	2,651	\$ (1,559)	\$ (1,191)	22	21	3	3	\$ (71)	\$ (1,488)	\$ -	\$ (1,191)
2006	\$ (449)	1,773	930	\$ (295)	\$ (154)	21	21	3	3	\$ -	\$ (295)	\$ -	\$ (154)
<b>Total</b>	<b>\$ (38,479)</b>			<b>\$ (27,329)</b>	<b>\$ (11,150)</b>					<b>\$ (8,970)</b>	<b>\$ (18,359)</b>	<b>\$ 91</b>	<b>\$ (11,241)</b>
				<u>\$ (38,479)</u>						<u>\$ (27,329)</u>	<u>\$ (18,359)</u>	<u>\$ 91</u>	<u>\$ (11,241)</u>
										<u>\$ (8,970)</u>	<u>\$ (18,359)</u>	<u>\$ 91</u>	<u>\$ (11,241)</u>



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 37

13.3 How would it be fair that the propane customers who contributed to the propane deferral account does not receive a refund but the natural gas customers who did not contribute to the account receives the benefit?

**Response:**

TG Squamish has not proposed a refund mechanism with this application. However, some of the current gas customers were propane customers and therefore would receive a benefit.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date:  May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 38

**14.0 Reference: Cost of Service**

14.1 For the propane customers in 2005:

14.1.1 What were the revenues from the propane customers?

**Response:**

	Residential	Commercial	Total
2005 Actual			
Revenue	\$ 18,671	\$ 13,908	\$ 32,579
Cost of Propane	<u>17,502</u>	<u>13,363</u>	<u>30,865</u>
Margin	<u>\$ 1,169</u>	<u>\$ 545</u>	<u>\$ 1,714</u>
Sales Volume Ccf	<u>3,472</u>	<u>2,651</u>	<u>6,123</u>
Unit Margin / Ccf	<u>\$ 0.337</u>	<u>\$ 0.205</u>	<u>\$ 0.280</u>

14.1.2 What was the cost of service (excluding propane cost)?

**Response:**

TG Squamish is not able to provide a separate cost of service for the propane customers because the Company has never allocated common general costs between gas service and propane service customers. The utility's total cost of service for 2005 was \$4,416,225, the cost of service excluding the cost of propane and propane margin was \$4,407,612.

14.1.3 What was the propane cost?

**Response:**

See table in response to Question 14.1.1.

14.1.4 What was the resulting margin (dollar amount and unit usage amount) from the propane customers?

**Response:**

See table in response to Question 14.1.1.



Terasen Gas (Squamish) Inc. ("TG Squamish") Application to Cease Operation of Metered Bulk Propane Service ("the Application")	Submission Date: May 12, 2006
Response to British Columbia Utilities Commission Information Request No. 1	Page 39

14.2 What was the 2005 margin (dollar amount and unit usage amount) from natural gas customers?

**Response:**

2005 Actual	Amount
Revenue	\$ 3,720,646
Add Recievable from TGVl	663,000
Less Cost of Gas	<u>(2,820,463)</u>
Margin (incl. RSF draw)	<u>\$ 1,563,183</u>
Sales Volume (GJ)	330,419
Sales Volume Propane equivalent (Ccf)	1,167,066
Unit Margin / GJ	\$ 4.731
Unit Margin / Ccf	\$ 1.339
GJ / 0.025594 x .0904 = Ccf	



## **Attachment 4.5**



## TABLE OF CONTENTS

1.	Definitions and Interpretations.....	2
2.	Drafting .....	7
3.	Term of Agreement .....	7
4.	CustomerWorks’ Responsibilities .....	9
5.	BC Gas’ Responsibilities .....	13
6.	Client Committee .....	13
7.	Data and Proprietary Interests.....	15
8.	Fees and Invoicing.....	16
9.	Alternative Delivery of Client Services .....	18
10.	Force Majeure .....	20
11.	Insurance.....	22
12.	Representations and Warranties.....	23
13.	Indemnification and Limitation of Liability .....	25
14.	Indemnification for Infringement.....	28
15.	Scope Change Process .....	29
16.	Internal Dispute Resolution .....	30
17.	Mediation and Arbitration .....	32
18.	Early Termination.....	35
19.	Confidentiality .....	40
20.	Notices .....	41
21.	Amendments .....	42
22.	Subcontracting.....	42

23.	Records and rights to audit .....	42
24.	Recruitment and Solicitation.....	43
25.	Entire Agreement.....	43
26.	Time of the essence .....	43
27.	Precedence of Interpretation .....	43
28.	No Waiver .....	43
29.	Rights Cumulative .....	44
30.	Assigns and Successors.....	44
31.	Counterparts/Facsimile.....	44

## CLIENT SERVICES AGREEMENT

**THIS AGREEMENT** (the "Client Services Agreement") effective the 1<sup>st</sup> day of January, 2002 (the "Effective Date").

**BETWEEN:**

BC GAS UTILITY LTD.  
1111 West Georgia Street  
Vancouver, British Columbia  
V6E 4M4

(hereinafter referred to as the "BC Gas")

**AND:**

CUSTOMERWORKS LIMITED PARTNERSHIP  
80 Allstate Parkway  
Markham, Ontario  
L3R 6H3

(hereinafter referred to as "CustomerWorks")

**WHEREAS:**

- A. CustomerWorks is in the business of providing customer contact, billing support, meter reading and credit and collection services (the "Client Services");
- B. BC Gas has requested and CustomerWorks has agreed to provide Client Services on the terms and conditions set out below;

**NOW THEREFORE** in consideration of the respective covenants, agreements, representations and warranties of the parties hereto and other good and valuable consideration (the receipt and sufficiency of which are hereby confirmed by each of the parties), the parties hereto hereby agree as follows:

## 1. DEFINITIONS AND INTERPRETATIONS

### 1.1 Definitions

For the purposes of this Client Services Agreement:

- (a) **“Abandonment Rate”** shall mean the number of callers that hang up prior to speaking to a Customer representative divided by the total number of calls and multiplied by 100;
- (b) **“Activity Forecast”** shall mean the planned volume for an activity as determined by BC Gas in accordance with the provisions hereof;
- (c) **“Additional Fees”** shall mean fees for Client Services not contemplated by this Client Services Agreement (“Additional Services”) or fees arising from and agreed to through the Scope Change Process in Clause 15;
- (d) **“Affiliate”** has the meaning ascribed thereto in the Canada Business Corporation Act;
- (e) **“Asset Transfer Agreement”** shall mean the asset transfer agreement effective January 1, 2002 between BC Gas Inc. and CustomerWorks;
- (f) **“Base Fees”** shall mean the annual fees set out in each of the Schedules attached hereto, set out at the beginning of each Year based on the Activity Forecast;
- (g) **“Billing Support Services”** shall mean the billing, payment processing, customer accounting, and systems support services provided by CustomerWorks to BC Gas.
- (h) **“BC Gas”** or **“Company”** shall mean BC Gas Utility Ltd., including Squamish Gas Co. Ltd., its wholly owned subsidiary;
- (i) **“Business Day”** shall mean a day other than a Sunday and British Columbia statutory holiday;
- (j) **“Client Services”** or **“Services”** shall mean the Billing Support, Customer Contact, Credit and Collection, Meter Services and Industrial and Off System Support Services to be provided by CustomerWorks to BC Gas hereunder;
- (k) **“Client Services Agreement”** shall mean this Client Services Agreement together with the Schedules attached hereto and forming a part hereof;
- (l) **“Consumer Price Index (“CPI”)** shall mean, as calculated by Statistics Canada, the rate of inflation indicated by the increase of the consumer price index reported as a percentage increase

in the index over a twelve month period, such period being a calendar year;

- (m) **“Credit and Collection Services”** shall mean the arrears notice, credit and collection, Customer contact, payment arrangement, skip tracing, service termination for non-payment, bankruptcy/receivership/orderly payment of debts, external referral, and bad debt collection services provided by CustomerWorks to BC Gas;
- (n) **“Customer”** shall mean a person who is being provided service or who has filed an approved application for service with BC Gas;
- (o) **“Customer Billing System”** shall mean the CustomerWorks’ billing system used to bill BC Gas Customers for services provided by BC Gas;
- (p) **“Customer Contact Services”** shall mean the handling of Customer contact related to emergency service, meter orders, billing inquiries, payment/billing programs, Customer moves, Customer education, new gas service, and additional meter requests that is provided by CustomerWorks to BC Gas;
- (q) **“Customer Systems”** shall mean all systems used to bill and communicate with Customers;
- (r) **“Data”** shall mean the Customer data that is gathered and stored by CustomerWorks in conducting its Client Services business, including analyses or compilations prepared with such data;
- (s) **“Expedited Arbitration”** shall mean the arbitration of a dispute which requires quick resolution under Clause 18 which shall be carried out in accordance with the following process:

Where a dispute is to be submitted to Expedited Arbitration, one or both of the parties shall, within two (2) Business Days of deciding to submit the dispute to expedited arbitration, appoint a Nominated Arbitrator (as defined in Clause 18.1(a)) who shall be assigned the task of finally resolving the dispute between the parties within thirty (30) days from the date of his or her appointment.

In the event the parties cannot agree on the Nominated Arbitrator within two (2) Business Days, the parties shall refer the matter to Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution, or such other mediation or arbitration centre as may be mutually agreed upon in accordance with Clauses 15 and 16 of the Commercial

Arbitration Rules of The Canadian Foundation for Dispute Resolution. The arbitration shall:

- (i) to the extent possible, and with the necessary modifications as determined by the mediator, be administered in accordance with the Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution;
  - (ii) be conducted in Vancouver, British Columbia, Canada; and
  - (iii) be conducted in English.
- (t) “**Industrial**” shall mean the sale or delivery of gas to Customers billed under a rate schedule greater than 3;
  - (u) “**Meter Reading Management System**” shall mean the system used by CustomerWorks to capture meter readings and transfer meter reading and related information between the Customer Billing System interfaces, systems and processes and the meter reading application to BC Gas;
  - (v) “**Meter Services**” shall mean meter reading and related services, meter lock-offs / unlocks, meter relights and other meter order processing for meters and premises located in BC Gas' service areas as specifically set out in Schedule 'C' and the Protocol;
  - (w) “**Off System**” shall mean the sale or delivery of gas to customers outside those areas where BC Gas provides service;
  - (x) “**Project Transfer Agreement**” shall mean the agreement between BC Gas and CustomerWorks which determines the scope and schedule for the completion of the implementation of changes to the Peace "Energy" CIS to support BC Gas' repatriation of its lower mainland Customer base;
  - (y) “**Protocol**” shall mean BC Gas' policies, procedures and schedules existing on the date hereof that will be documented by BC Gas in the Protocol document and need to be followed by CustomerWorks. Questions regarding the base Protocol document as prepared by BC Gas shall be submitted to the Client Committee (defined in Clause 6) for determination. If both parties agree to a change in the Protocol document then it will be revised so that it reflects the current policies, procedures and schedules to be followed by CustomerWorks;
  - (z) “**Tariff**” shall mean the British Columbia Utilities Commission approved General Terms and Conditions and Rate Schedules, revised from time to time to reflect changes to both rates and



conditions of service. The Tariff shall include all BC Gas service areas including Lower Mainland, Inland, Columbia, Fort Nelson and Squamish; and

- (aa) “**Third Party** ” shall mean companies other than BC Gas and Squamish Gas Co. Ltd. that CustomerWorks provides services to on behalf of BC Gas according to a contract.

## 1.2 **Headings and Table of Contents**

The division of this Client Services Agreement into Clauses and Schedules and the insertion of headings and a table of contents are for convenience only and shall not affect the construction or interpretation of this Client Services Agreement.

## 1.3 **Clause References**

Unless otherwise specified, references in this Client Services Agreement to “Clauses”, “Schedules”, “Appendices” and “Attachments” are to Clauses of, Schedules to, Appendices to, and Attachments to this Client Services Agreement.

## 1.4 **Interpretation**

Unless the context otherwise necessarily requires, the following provisions will govern the interpretation of this Client Services Agreement:

- (a) the words “hereof”, “herein” and “hereunder” and similar expressions refer to this Client Services Agreement as a whole and not to any particular provision of this Client Services Agreement;
- (b) each reference to “days” in this Client Services Agreement means calendar days, unless the term “Business Days” is used. Each reference to a time of day in this Client Services Agreement means that time in Vancouver, British Columbia, unless otherwise specified. In computation of periods of time in this Client Services Agreement from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding”;
- (c) the words “include”, “including” and similar expressions mean “including but not limited to”;
- (d) the meanings given to terms defined in this Client Services Agreement apply to both the singular and plural forms of those terms;
- (e) except as otherwise specified in this Client Services Agreement, each reference in this Client Services Agreement to any

agreement (including a reference to this Client Services Agreement):

- (i) includes all schedules, exhibits, appendices, annexes or other attachments thereto; and
- (ii) refers to that agreement as it may be amended, supplemented or otherwise modified from time to time in accordance herewith or therewith as the case may be;
- (f) each reference in this Client Services Agreement to any person will be deemed to include that person's successors and permitted assigns;
- (g) all references in this Client Services Agreement to "Dollars" or "\$" are to lawful money of Canada unless otherwise indicated; and
- (h) where in this Client Services Agreement a term is defined, a derivative of that term will have a corresponding meaning.

#### 1.5 **Statutory References**

Unless otherwise specified, each reference to a statute is deemed to be a reference to that statute and to the regulations made under that statute as amended or re-enacted from time to time.

#### 1.6 **Governing Law**

This Client Services Agreement is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia which shall be deemed to be the proper law of this Client Services Agreement.

#### 1.7 **Severability**

Each provision of this Client Services Agreement is severable. If any provision of this Client Services Agreement is determined to be illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision shall not affect:

- (a) the legality, validity, or enforceability of the remaining provisions of this Client Services Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction;

except that if:

- (c) on the reasonable construction of this Client Services Agreement as a whole, the applicability of the other provisions presumes the validity and enforceability of the particular

provision, the other provisions shall be deemed also to be invalid or unenforceable; and

- (d) as a result of the determination by a court of competent jurisdiction that any part of this Client Services Agreement is unenforceable or invalid and, as a result of this Clause 1.7, the basic intentions of the parties to this Client Services Agreement are entirely frustrated the parties shall use commercially reasonable efforts to amend, supplement or otherwise vary this Client Services Agreement to confirm their mutual intention in entering into this Client Services Agreement.

## 1.8 Schedules

The following schedules ("Schedules") are annexed hereto and form part of this Client Services Agreement and all commitments made under the Client Services Agreement are commitments to perform obligations under the Client Services Agreement including the Schedules:

- Schedule "A" - Customer Contact Services
- Schedule "B" - Billing Support Services
- Schedule "C" - Meter Reading Services
- Schedule "D" - Credit and Collection Services
- Schedule "E" - Industrial and Off System Support Services

## 2. DRAFTING

This Client Services Agreement has been negotiated and approved by the parties and, notwithstanding any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Client Services Agreement.

Each party to this Client Services Agreement has co-operated in the drafting and preparation of this Client Services Agreement. Thus, in any construction to be made of this Client Services Agreement, the same will not be construed against any party.

## 3. TERM OF AGREEMENT

- 3.1 **Commencement.** The term of this Client Services Agreement will commence on January 1, 2002 and continue for a period of five (5) years (the "Term").

### **3.2 Renewal and Renewal Process.**

- (a) This Client Services Agreement shall automatically be renewed for additional terms, each being of one year (an "Additional Term"), unless otherwise agreed to, at prices determined by either:
  - (i) the process set out in Clause 3.2(b) below; or
  - (ii) if BC Gas elects not to issue a Request for Quotation (as defined in paragraph (b) below) the parties agree that any increase in prices for the Client Services for any Additional Term shall not exceed a percentage increase equal to one half ( 1/2) of the annual CPI for each specific Additional Term based on the CPI from the previous calendar year.
- (b) At the end of the fourth year of the Term or the sixth month of any Additional Term, as the case may be, BC Gas may, in its sole and absolute discretion, elect to issue a request for quotation to third parties for the provision of the Client Services (a "Request for Quotation"). CustomerWorks shall have the option of matching the quotation chosen by BC Gas from the responses to the Request for Quotation and where CustomerWorks matches such quotation, as to price and all qualitative metrics set out in the Request for Quotation, this Client Services Agreement shall be renewed for an Additional Term.

### **3.3 Termination at end of Term or Additional Term.**

In the event CustomerWorks elects not to match the successful quotation, this Client Services Agreement shall terminate at the end of the Term or Additional Term as appropriate. Clause 18 of this Agreement shall apply and BC Gas will have no further obligation to CustomerWorks hereunder.

### **3.4 Termination of Specific Client Services at End of Term or Additional Term**

- (a) At the end of the Term or any Additional Term thereafter, BC Gas may elect to terminate a specific Schedule or terminate, reduce or substitute Client Services under a specific Schedule where:
  - (i) such Client Service is no longer to be provided by BC Gas to Customers; or
  - (ii) the Client Service has changed in some way material to its delivery.

- (b) BC Gas shall issue a Request for Quotation to third parties for the reduced Services or the Services to be substituted for existing Client Services. CustomerWorks shall have the option of matching the quotation chosen by BC Gas from the responses to the Request for Quotation. Where CustomerWorks elects to match such quotation the subject Schedule as modified shall be renewed for an Additional Term with the modified Client Services provided in consideration for the fees set out in such quotation.
- (c) BC Gas shall notify CustomerWorks in writing of its election under Clause 3.4 on or before the first day of the fifty fourth (54<sup>th</sup>) month of the Term or on the first day of the sixth month of any Additional Term as appropriate.
- (d) In the event CustomerWorks elects not to match the successful quotation the specific Schedule or modified Client Services provided for in such quotation shall terminate at the end of the Term or Additional Term as appropriate. Clause 18 of this Agreement shall apply and BC Gas will have no further obligation to CustomerWorks with regard to that Schedule or those Client Services except to pay CustomerWorks all accrued obligations or liabilities for Client Services provided prior to such termination in accordance with the terms hereof.
- (e) BC Gas may not outsource the Client Services to a third party, other than as set out above, unless
  - (i) Clause 18.2(c) applies; or
  - (ii) as mutually agreed.Clause 15.6 does not apply to reduction/modification of Client Services or termination of Schedule(s) effected under this provision.

#### 4. CUSTOMERWORKS' RESPONSIBILITIES

- 4.1 **Base Services.** CustomerWorks shall provide Client Services to BC Gas by performing the specific tasks as set out and described in the Schedules ("Base Services") for the Base Fees more specifically described in Clause 8.1.
- 4.2 **Additional Services.** CustomerWorks shall provide the additional Client Services described below ("Additional Services") at BC Gas' request by providing:
  - (a) new Client Services arising out of a Scope Change described in Clause 15;

- (b) Client Services which are incremental or additional to the Base Services; or
- (c) the same Client Services by different means or through different practices, by way of a Scope Change.

BC Gas shall pay Additional Fees for the Additional Services in accordance with Clause 8 below. The Additional Services shall be performed according to the Performance Standards, defined in Clause 4.3 below, and other terms and conditions described in this Client Services Agreement (including the applicable Schedules), except as expressly modified by a Scope Change.

- 4.3 **Performance Standards.** CustomerWorks shall perform Client Services at a service level target as set out in the applicable Performance Measures and Penalties clause in each Schedule and where no service level target is provided for in a Schedule such Client Services shall be provided at service levels substantially similar to current market standards for similar services provided to similar Customers (“Performance Standards”). Where Client Services are to be provided at current market standards in accordance with the foregoing sentence, the Scope Change provisions of Clause 15 shall apply. For greater certainty, the parties agree that it is their intention that Client Services be provided by CustomerWorks at a level consistent with the level of service provided at the effective date hereof by BC Gas. The scope of services and levels of performance documented in the Schedules are intended to be consistent with the level of service BC Gas currently provides to Customers.

The parties acknowledge that it may not be possible for CustomerWorks to attain Performance Standards during the 90 day period following repatriation of the Lower Mainland Customers (the “Adjustment Period”). Accordingly, penalties normally incurred for failure to attain Performance Standards will be suspended during the Adjustment Period.

The parties further acknowledge that Performance Standards will be re-evaluated by the Client Committee at the end of the Adjustment Period, subject to Clause 15.

- 4.4 **Change Management.** CustomerWorks shall, using commercially reasonable efforts, proactively monitor, investigate, assess and report to BC Gas, all material and relevant industry and marketplace changes in technology and in work place practices which may improve the Performance Standards, improve the efficiency or quality of the delivery of Client Services to BC Gas, or lower the cost for the delivery of Client Services to BC Gas. Any material change to CustomerWorks’ practices or procedures in the delivery of Client Services is subject to

the Scope Change process described in Clause 15. Any efficiency gains or cost of service improvements resulting from changes in relation to the Base Services shall be to the benefit of CustomerWorks, and if in relation to the Additional Services, to the benefit of both parties according to the negotiated terms of the Scope Change or the modified pricing terms of the Schedule applicable to the Additional Services.

- 4.5 **Invoice Format.** CustomerWorks shall prepare and deliver invoices to BC Gas each month, in accordance with the format and content requirements set out in the Protocol, in accordance with Clause 8 below.
- 4.6 **Additional Standards.** CustomerWorks shall perform all other obligations arising under this Client Services Agreement in a diligent, timely fashion and in accordance with sound business practices applicable to the task or obligation in question. CustomerWorks shall ensure that all of its personnel are properly trained and qualified in accordance with Canadian industry standards and practices having regard to the function or task such personnel are assigned to perform.
- 4.7 **Compliance with Laws.** CustomerWorks shall perform the Client Services in compliance with all applicable federal, provincial, municipal and other laws, bylaws, regulations and statutes and any regulatory orders, decisions or rulings that may be applicable to CustomerWorks or this Client Services Agreement. Throughout the Term, CustomerWorks shall remain duly qualified to do business in the Province of British Columbia.
- 4.8 **Disaster Plans.** CustomerWorks shall develop, administer and test emergency response plans (“ERPs”) in anticipation of events or disasters of varying types affecting the delivery of Client Services which set out a work continuance plan. The primary goal of the ERPs shall be to minimize Client Service disruption and to restore the affected Client Service in a commercially reasonable manner in as timely a way as is reasonably possible.
- 4.9 **Access Management.** CustomerWorks will provide BC Gas (and its authorized employees, agents, subcontractors and suppliers) with access to its hardware, software, network, and other assets and records as are reasonably required in the use of the Client Services during its normal hours of business. CustomerWorks shall develop and administer appropriate security procedures regarding such access with respect to the maintenance of BC Gas information and Data (including Data back-up procedures) and notify BC Gas of such procedures and any changes made from time to time which are reasonably necessary or desirable to protect and preserve the same and provided such changes do not result in a reduction in

CustomerWorks' capacity or ability to perform any of the Client Services according to the Performance Standards.

- 4.10 **Personal Information Protection.** CustomerWorks shall comply with privacy related obligations under the federal Personal Information Protection and Electronics Documents Act (the "PIP Act") and any and all equivalent and applicable provincial legislation that is in force with respect to the provision of the Client Services. BC Gas shall monitor CustomerWorks' ongoing compliance with the PIP Act on a regular basis in accordance with the process and standards set out in the Protocol.
- 4.11 **Subcontractors.** CustomerWorks shall insure that any subcontractors and suppliers used to assist in the delivery of the Client Services shall be suitably qualified and experienced and that they will comply with all of the terms of the Client Services Agreement that may apply to their activities. CustomerWorks shall be responsible for the actions and omissions of its contractors.
- 4.12 **Account Manager.** CustomerWorks shall appoint an account manager ("Account Manager") whose primary responsibility will be management of the BC Gas account and shall have the authority to bind CustomerWorks. If BC Gas, acting reasonably, is not satisfied with the services of the Account Manager it shall provide notice to CustomerWorks with reasons for its dissatisfaction and request that the person be replaced. CustomerWorks shall, using commercially reasonable efforts, replace the Account Manager with a candidate satisfactory to BC Gas within 4 weeks of the date of notice.
- 4.13 **Service Level Reporting.** CustomerWorks shall be responsible for fulfilling all service level reporting requirements set out in each of the Schedules.
- 4.14 **Business Efficiencies.** CustomerWorks shall use commercially reasonable efforts to proactively, reasonably, investigate, assess and apprise BC Gas of potential business opportunities with third parties or other clients of CustomerWorks that will result in reducing BC Gas' costs for Client Services, increasing Client Services efficiencies and allowing BC Gas to avail itself of any business synergies relating to Client Services.

Any efficiency gains or cost of service improvements resulting from business relationships between CustomerWorks, BC Gas and third parties in relation to the Base Services shall be to the benefit of CustomerWorks and if in relation to the Additional Services, to the benefit of CustomerWorks and BC Gas according to the negotiated terms of the Scope Change or the modified pricing terms of the Schedule applicable to the Additional Services.



- 4.15 **Data Security.** CustomerWorks shall use commercially reasonable efforts to maintain the confidentiality of Data at levels substantially similar to the level of security provided by BC Gas for Data at the Effective Date hereof.

## 5. BC GAS' RESPONSIBILITIES

- 5.1 **Information and Data.** BC Gas shall provide to CustomerWorks such information, access to and use of Data that CustomerWorks may reasonably require to perform the Client Services.
- 5.2 **Payment for Services.** BC Gas shall pay CustomerWorks for all Base Services and any Additional Services at the prices or fees set out in the Schedules and according to the terms of payment described in Clause 8.
- 5.3 **Forecasts.** BC Gas will provide CustomerWorks with forecasts of Client Service requirements as part of the Client Committee's ongoing monitoring and annual planning process described in Clause 6.
- 5.4 **BC Gas Administrator.** BC Gas shall appoint an administrator (the "BC Gas Administrator") who shall have the authority to bind BC Gas. If CustomerWorks, acting reasonably, is not satisfied with the services of the BC Gas Administrator it shall provide notice to BC Gas with reasons for its dissatisfaction.

The BC Gas Administrator will manage and develop the Protocol as required. The BC Gas Administrator and CustomerWorks' Account Manager will, with input from each of the parties' internal personnel, develop a process for amending the Protocol, keeping it up to date and reflecting all current business practices and policies. No change to the Protocol may be made without the express written consent of the BC Gas Administrator and the CustomerWorks' Account Manager.

## 6. CLIENT COMMITTEE

- 6.1 **Purpose.** CustomerWorks and BC Gas will establish a committee of at least two representatives from each firm in addition to the BC Gas Administrator and the CustomerWorks' Account Manager (the "Client Committee") for the purposes of:
- (a) monitoring the ongoing performance of CustomerWorks hereunder;
  - (b) anticipating and predicting future Client Service requirements of BC Gas;

- (c) sharing information and knowledge with respect to industry and marketplace developments in the areas of technology change, work place practices, and competitive pressures;
  - (d) developing an approach to continuous improvement in accordance with the provisions hereof which includes:
    - (i) documenting, on an annual basis, clearly defined goals and objectives;
    - (ii) setting and identifying targets, benchmarks and historical trending against which performance will be compared for improvement in each Client Service area; and
    - (iii) setting improvement targets in each Service area;
  - (e) investigating and resolving billing/invoicing issues/problems;
  - (f) reviewing proposed changes to Client Services resulting from Scope Changes or CustomerWorks' rectification of deficiencies/problems in performance;
  - (g) escalating unresolved issues to the internal dispute resolution process of Clauses 16 and 17;
  - (h) making the Volume Adjustments to the Base Fees as provided for in Clause 8.3;
  - (i) considering and, with the agreement of the parties, modifying the reporting obligations of CustomerWorks as currently described in the Schedules; and
  - (j) determining the requirement for CustomerWorks to submit a Service Interruption Plan in accordance with Clause 9.2.
- 6.2 **Meetings.** The Client Committee shall meet not less than monthly (which meeting may take place by teleconference call) and shall develop its own rules of procedure and protocol. Each of BC Gas and CustomerWorks shall be entitled to change its appointed representatives to the Client Committee at any time by providing written notice of the change to the other party.
- 6.3 **Multi-Client Meetings.** CustomerWorks may from time to time organize meetings of representatives of some or all of its clients, including BC Gas, for the purpose of reviewing and discussing matters of common interest to the clients in relation to the Client Services. CustomerWorks will give BC Gas a minimum of seven (7) days notice of all such meetings supported by an agenda and list of attendees.

## 7. DATA AND PROPRIETARY INTERESTS

- 7.1 **Customer Information.** “BC Gas Property” shall mean all proprietary information, documentation, software and other intellectual property and Data provided by BC Gas to CustomerWorks or used by BC Gas with CustomerWorks, excluding CustomerWorks Property defined in Clause 14.1. BC Gas shall retain control over and the use of all BC Gas Property. The parties acknowledge that all Data is owned by BC Gas and shall only be used by CustomerWorks for the purposes of providing the Client Services. CustomerWorks shall return to BC Gas, promptly upon request, all or any of the BC Gas Property and any Data generated from new Customers in accordance with the provisions of Clause 18. CustomerWorks shall treat BC Gas Property in accordance with Clause 19 below.
- 7.2 **Proprietary Know-How.** Except for proprietary information supplied by BC Gas to CustomerWorks, or as otherwise provided for in Clause 7.3 below, or as otherwise agreed by the parties, CustomerWorks will be responsible for developing or acquiring (by purchase or license) all software and proprietary know-how which may be required to provide the Client Services according to the Performance Standards.
- 7.3 **Ownership-Service Technology.** Ideas, concepts, know how or techniques relating to the Client Services developed or acquired during the Term, other than under the Asset Transfer Agreement (“Service Technology”) shall be treated as follows:
- (a) if developed or acquired by BC Gas personnel it will be the property of BC Gas and BC Gas will grant CustomerWorks a non-exclusive, irrevocable and royalty free license to use the Service Technology during the Term subject to such reasonable restrictions or limitations as BC Gas may impose for competitive, regulatory or other business protection reasons;
  - (b) if developed or acquired by CustomerWorks’ personnel the Service Technology will be the property of CustomerWorks and CustomerWorks will grant BC Gas a non-exclusive, irrevocable and royalty free license to use the Service Technology during the Term subject to such reasonable limitations or restrictions as CustomerWorks may impose for competitive or other business protection reasons;
  - (c) if developed or acquired jointly by the parties hereto the Service Technology will be jointly owned and limitations on its use shall be based on the agreement reached before such development or acquisition by the Account Manager and the BC Gas Administrator considering each party’s contribution, subject to any limitations or constraints which may be imposed

by a third party who either BC Gas or CustomerWorks is bound to with respect thereto, provided that the party hereunder so bound notified the other party.

## 8. FEES AND INVOICING

- 8.1 **Base Fees.** BC Gas shall pay CustomerWorks the annual Base Fees as identified in each of the Schedules attached hereto. The Base Fees are inclusive of all reimbursable expenses and exclusive of all applicable taxes. The Base Fees shall be subject to penalties and adjustments made in accordance with this Client Services Agreement for CustomerWorks' failure to provide Client Services in accordance with the Performance Standards ("Financial Adjustments"). Subject to Financial Adjustments BC Gas shall pay CustomerWorks the Base Fees whether or not actual activity levels for Client Services are less than the Forecasted Activity levels set at the beginning of each year of the Term. The Base Fees shall be paid in monthly installments on the fifteenth day of each month for Client Services rendered in the previous month. Commencing in January 2003 the Base Fees will be adjusted for increases and decreases in Customer volumes in accordance with the volume adjustment methodology described in Clause 8.3.
- 8.2 **Additional Fees.** BC Gas shall pay CustomerWorks additional fees ("Additional Fees") for Additional Services as described in Clause 4.2. The Additional Fees shall be determined:
- (a) at rates set out in Schedule "B" Appendix "B1"; or
  - (b) according to the specific pricing terms of the applicable Schedule; or
  - (c) at lump sum rates as may be negotiated by the parties at the time of the Additional Services as requested as part of the Scope Change or otherwise.
- 8.3 **Volume Adjustments.** Commencing in January 2003 the Base Fees will be adjusted at the end of each calendar month to reflect changes, both increases and decreases, in the volume of Customers supported by CustomerWorks during the month in accordance with this provision ("Volume Adjustments"). Volume Adjustments will be calculated by multiplying the Base Fee times a factor (the "Customer Adjustment Factor"). The Customer Adjustment Factor is calculated by dividing the number of active services reflected in the Customer Systems at the end of the calendar month by 770,000, that being the number of active services used in the determination of the Base Fees as reflected in each of the Schedules. Volume Adjustments will be

applied to the Base Fee in the month following the change. For the purposes of this Clause, “active services” shall mean the number of BC Gas meters installed for use by Customers.

8.4 **Invoicing and Payment Terms.** CustomerWorks will submit invoices to BC Gas on a monthly basis (the “Invoice”) which Invoices will include:

(a) Base Fees

Annual Base Fees set out in each Schedule shall be divided into twelve (12) equal payments and are subject to the monthly Volume Adjustments under Clause 8.3 and any annual adjustments as provided in the applicable Schedule.

(b) Additional Fees

Additional Fees shall be included when Additional Services are used on an “as and when required” basis.

(c) Penalties

Subject to Clause 4.3, penalties for failure to meet Performance Standards are set out in each Schedule and will be deducted from the Invoice following the period the penalty was realized.

Specific invoicing terms may be included in a particular Schedule and will take precedence over the general invoicing and payment terms set out above.

8.5 **Taxes.** In addition to Base Fees and Additional Fees, and with respect thereto, BC Gas shall pay:

(a) applicable British Columbia Social Services tax (“BCSST”); and

(b) federal Goods and Services Tax (“GST”);

The invoice will include:

(a) sufficient information to identify CustomerWorks or CustomerWorks trading name;

(b) CustomerWorks’ GST registration number;

(c) sufficient information to identify the reporting period when the GST, in respect of the Client Services being provided by CustomerWorks, was paid or became payable and the amount of the GST paid or payable;

(d) sufficient information to identify the name or trading name of BC Gas; and

(e) sufficient information to specifically identify the nature of the Client Services being provided and invoiced.

BC Gas shall have no liability or responsibility for the withholding, collection or payment of income taxes, unemployment insurance, statutory or other taxes or payments of any other nature on behalf of or in respect of or for the benefit of CustomerWorks, other than withholding taxes, if any, imposed by the Income Tax Act (Canada) with respect to payments to non-resident persons as defined therein. CustomerWorks agrees to indemnify and hold BC Gas harmless from and against any order, penalty, interest or tax that may be assessed or levied against BC Gas as a result of the failure or delay of CustomerWorks to file any return or information required to be filed by CustomerWorks, by any law, ordinance or regulation relating to the Client Services performed by CustomerWorks herein. Without limiting the generality of the foregoing, BC Gas shall not have liability or responsibility for the payment of any penalty or interest assessed or levied against CustomerWorks as a result of the failure of CustomerWorks to charge or remit the GST as required under the Excise Tax Act of Canada.

- 8.6 **Late Payment.** Late payments of undisputed Base Fees or Additional Fees shall accrue interest at an interest rate agreed to be the prime rate of interest of the Toronto-Dominion Bank from time to time (or its successor or permitted assign) (Toronto Main Branch) plus one percent (1%) calculated daily from the date the Base Fees or Additional Fees became due. No late fee shall be charged on reasonably disputed Base Fees or Additional Fees.

## 9. ALTERNATIVE DELIVERY OF CLIENT SERVICES

- 9.1 CustomerWorks shall have predetermined Emergency Response Plans ("ERP(s)") in place to respond to interruptions in the delivery by it of Client Services caused by non Force Majeure events, which plans shall have the purpose of mitigating the damages suffered by BC Gas as reasonably as possible. BC Gas shall, acting reasonably, and in any event not more than once every six months have the right to inspect the ERP(s), the results of ERP testing and the general state of CustomerWorks' readiness at any time upon seven (7) Business Days written notice. Where an ERP has not been established by BC Gas in respect of the Client Services prior to the Effective Date CustomerWorks shall prepare a detailed implementation plan for the ERP within the first one hundred and eighty (180) days of the Term and developed and tested the ERP on or before July 1, 2002. ERP development and testing costs shall be shared by the parties. In the event the parties cannot agree on a cost sharing arrangement, the matter shall be escalated to the Client Committee to determine.

- 9.2 In the event that while the ERP is in place it appears to the parties that the delivery of a Client Services will be interrupted for a prolonged period of time, such period to be determined in each specific Service Schedule, the Client Committee shall instruct CustomerWorks to submit a contingency plan to BC Gas which provides for alternative delivery of the Client Services (the "Service Interruption Plan").
- 9.3 BC Gas shall review the Service Interruption Plan as follows:
- (a) Step 1  
The BC Gas Administrator will advise the Account Manager that it intends to review the Service Interruption Plan.
  - (b) Step 2  
The BC Gas Administrator and the Account Manager shall immediately review the Service Interruption Plan and will, as soon as possible and in any event no longer than within 3 hours, or such time as they mutually agree to be reasonable, agree on the plan or elect to escalate the review to the next reporting level.
  - (c) Step 3  
If unresolved at Step 2, the review shall be escalated by either the BC Gas Administrator or the Account Manager to the Client Committee who shall, upon receipt of notification, within 2 Business Days, or such time as they mutually agree, finalize the review or escalate it to the next reporting level.
  - (d) Step 4  
If unresolved at Step 3, the review shall be escalated by the Client Committee to the Vice-President of CustomerWorks selected by the Account Manager and the Vice-President of BC Gas selected by the BC Gas Administrator who shall, upon receipt of notification by the Client Committee, within 5 Business Days, or such time as they mutually agree, finalize the review or elect to escalate it to the next reporting level.
  - (e) Step 5  
If unresolved at Step 4, the review shall be escalated by the Vice-Presidents of each of CustomerWorks and BC Gas to the President of CustomerWorks and the Chief Executive Officer of BC Gas who shall, upon notification by the CustomerWorks and BC Gas Vice-Presidents, within 5 Business Days, or such time as they mutually agree, review the Service Interruption Plan with the result that:
    - (i) BC Gas accepts the Service Interruption Plan; or

- (ii) BC Gas rejects the Service Interruption Plan and in its sole and absolute discretion locates and contracts with an alternative Client Service provider with the reasonable costs of such relocation for the account of CustomerWorks; or
- (iii) the parties submit the dispute over the Service Interruption Plan to the mediation and arbitration process outlined below; or
- (iv) BC Gas terminates the Specific Service Schedule or the Client Services Agreement in accordance with Clause 18.

- 9.4 In the event that BC Gas elects to proceed with Clause 9.3(e)(ii) it may retain Client Services from the alternative Client Service provider:
- (a) as long as it deems necessary; or
  - (b) until the matter is resolved in accordance with Clause 17; or
  - (c) until BC Gas elects, in its sole and absolute discretion to terminate the specific Service Schedule or the Client Services Agreement;

provided that in no event shall the arrangements in Clause 9.3 (e)(ii) continue for more than 12 months from the date of the determination by BC Gas in Clause 9.3 (e)(ii).

- 9.5 If CustomerWorks objects to BC Gas' actions under Clause 9.3 (e)(ii) it may submit a claim to the internal dispute resolution process. If it is determined that its Service Interruption Plan would have reasonably restored Client Services and mitigated disruption to BC Gas, BC Gas will be responsible for all costs incurred by both BC Gas and CustomerWorks as a result of rejecting the Service Interruption Plan.
- 9.6 In the event this Client Services Agreement is terminated in accordance with Clause 9.4(c) above, BC Gas shall pay CustomerWorks the net book value of the licenses described below at the date of termination less any amounts outstanding and owing to BC Gas from CustomerWorks hereunder and CustomerWorks shall forthwith assign its interest in the license agreement between BC Gas and Peace North America dated September 16, 1999 (the "License Agreement") and relevant maintenance agreement then in force and the escrow agreement relevant to the License Agreement and/or maintenance agreement to BC Gas.

## 10. **FORCE MAJEURE**

- 10.1 **"Event of Force Majeure" or "Force Majeure"** means acts of God, public enemy, terror, wars (declared or undeclared), revolutions,



insurrections, civil commotion, fires, floods, slides, epidemics, quarantine restrictions, freight embargoes or power failures, strikes, walkouts (excluding illegal lockouts) or any event or circumstance which reasonably constitutes a material disabling event or circumstances, which is beyond the reasonable control of a party, which does not arise from the neglect or default of a party, and which will or is likely to result, in a material delay, interruption or failure by a party in carrying out its duties, covenants or obligations under this Client Services Agreement, but which does not mean or include any delay caused by a party's lack of funds or financial condition, except where BC Gas suffers a lack of funds or an impaired financial condition caused by an Event of Force Majeure which results in CustomerWorks' inability to provide any or all of the Client Services.

#### 10.2 **Notification of Event of Force Majeure**

Except as otherwise specifically provided for in any Schedule attached hereto where applicable, on the occurrence of an Event of Force Majeure the party claiming Force Majeure will promptly notify the other of the particulars of the relevant event or circumstances and, if reasonably possible, supply supporting evidence. Each party shall use all reasonable commercial efforts to remove, curtail or contain the cause of the delay, interruption or failure, and resume, with the least possible delay, compliance with its respective duties, covenants and obligations under the Client Services Agreement. Neither party shall be liable to the other for any delay, interruption or failure in the performance of its duties, covenants or obligations hereunder if caused by an Event of Force Majeure.

- 10.3 If the Event of Force Majeure is of such a nature that the Client Services to be performed under this Client Services Agreement would be substantially different than those required under a normal state of operation of the Client Services, CustomerWorks shall make reasonable commercial efforts to return the Client Services to the normal state of operations within a reasonable period of time after occurrence of the Event of Force Majeure having regard to the circumstances and in any event not later than two months after the Force Majeure notice described in Clause 10.2 above is given. In the event the Client Services cannot be returned to the pre-Event of Force Majeure level of service within this time period, either party may during the next 30 days initiate negotiations to modify the Client Services and the terms and conditions of this Client Services Agreement to ensure delivery of the Client Services to standards satisfactory to BC Gas acting reasonably in the circumstances and on terms acceptable to both parties. If either party is not satisfied with such negotiations at the end of such thirty (30) day period, such party

may terminate this Client Service Agreement in accordance with Clause 18.

In the event of termination in accordance with this Clause, BC Gas shall pay CustomerWorks the net book value of the licenses subject of the License Agreement less any amounts outstanding and owing to BC Gas from CustomerWorks hereunder and CustomerWorks shall forthwith assign its interests in the License Agreement, any relevant maintenance agreement then in force and the escrow agreement relevant to the License Agreement and/or maintenance agreement to BC Gas.

## 11. INSURANCE

11.1 Customerworks shall, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurances in forms and amounts acceptable to BC Gas acting reasonably:

- (a) Comprehensive General Liability insurance on an occurrence basis, in an amount not less than Three Million Dollars (\$3,000,000) per occurrence against bodily and personal injury, property damage and death. While the policy shall be endorsed to add BC Gas as an additional insured under this policy, CustomerWorks shall be at liberty to name any secured lender providing financing to CustomerWorks as first loss payee on any policy of insurance upon prior written notice to BC Gas. Such insurance shall include, but not be limited to:
  - (i) Blanket Written Contractual Liability
  - (ii) Contingent Employer's Liability
  - (iii) Personal Injury Liability
  - (iv) Non-Owned Automobile Liability
  - (v) Employees as Additional Insureds
  - (vi) Broad Form Property Damage
- (b) Workers' Compensation Insurance in accordance with the statutory requirements in British Columbia for all its employees located in British Columbia engaged in performing the Client Services.
- (c) CustomerWorks shall provide BC Gas with evidence of all required insurance before commencing operation under this Client Services Agreement. Such evidence shall be in the form of a Certificate of Insurance.

- (d) CustomerWorks acknowledges that any requirement or advice by BC Gas as to the amount of coverage under any policy of insurance will not constitute a representation by BC Gas that the amount required is adequate and CustomerWorks acknowledges and agrees that it is solely responsible for obtaining and maintaining policies of insurance in adequate amounts.

11.2 **Property Insurance.** CustomerWorks shall at all times during the Term, insure and keep insured or cause to be insured and kept insured all insurable property belonging to CustomerWorks in an amount not less than the replacement cost thereof against loss or damage by perils of "all risks" (being the perils included in the standard "all risks" policy).

11.3 **Substantial Destruction.** In the event of an insurable event resulting in a substantial destruction or loss to CustomerWorks' assets not dealt with in Clause 9 or 10 BC Gas shall have the right to participate with CustomerWorks in the development of a disaster recovery process in relation to the Client Services using the proceeds of insurance available to CustomerWorks that relate directly to the assets used to provide the Client Service and, either:

- (a) decide on a restorative business plan which is mutually agreeable to both parties; or
- (b) determine the course of disaster recovery actions CustomerWorks is to take.

## 12. REPRESENTATIONS AND WARRANTIES

12.1 **BC Gas' Representations and Warranties.** BC Gas hereby represents and warrants to CustomerWorks that:

- (a) it is duly incorporated and validly existing under the laws of the Province of British Columbia;
- (b) it has the corporate power and the capacity to enter into, and to perform its obligations under this Client Services Agreement. Each of this Client Services Agreement and each of the agreements, contracts and instruments required by this Client Services Agreement to be delivered by it has been duly authorized;
- (c) this Client Services Agreement has been duly executed and delivered by it and is a valid and binding obligation of it, enforceable against it in accordance with its terms subject to applicable bankruptcy and insolvency laws;

- (d) neither the entering into of this Client Services Agreement, nor the performance by it of any of its obligations under this Client Services Agreement and each other agreement required thereunder will contravene, breach or result in any default under the articles, by-laws, constating documents or other organizational documents or resolutions of it or under any mortgage, lease, contract, agreement, other legally binding instrument, license, permit, statute, regulation, order, judgment, decree or law to which it is a party or by which it may be bound;
- (e) its activities in connection with this Client Services Agreement do not and will not constitute a default or breach (or an event which, with the passage of time or giving of notice, would constitute a default or breach) of any agreement by which it or any of its applicable personnel are bound; and
- (f) it shall comply with its privacy rights related obligations under the federal Personal Information Protection and Electronics Documents Act and under any and all equivalent provincial legislation to the extent that such obligations related to privacy rights apply to the other party in respect of Customers.

**12.2 CustomerWorks' Representations.** CustomerWorks hereby represents and warrants that:

- (a) it is established and validly existing as a limited partnership under the laws of the Province of Alberta;
- (b) it has the corporate power and the capacity to enter into, and to perform its obligations under this Client Services Agreement. Each of this Client Services Agreement and each of the agreements, contracts and instruments required by this Client Services Agreement to be delivered by it has been duly authorized;
- (c) this Client Services Agreement has been duly executed and delivered by it and is a valid and binding obligation of it, enforceable against it in accordance with its terms subject to applicable bankruptcy and insolvency laws;
- (d) neither the entering into of this Client Services Agreement, nor the performance by it of any of its obligations under this Client Services Agreement and each other agreement required thereunder will contravene, breach or result in any default under the articles, by-laws, constating documents or other organizational documents or resolutions of it or under any mortgage, lease, contract, agreement, other legally binding instrument, license, permit, statute, regulation, order,

judgment, decree or law to which it is a party or by which it may be bound;

- (e) its activities in connection with this Client Services Agreement do not and will not constitute a default or breach (or an event which, with the passage of time or giving of notice, would constitute a default or breach) of any agreement by which it or any of its applicable personnel are bound; and
- (f) it shall comply with its privacy rights related obligations under the federal Personal Information Protection and Electronics Documents Act and under any and all equivalent provincial legislation to the extent that such obligations related to privacy rights apply to the other party in respect of Customers.

### 12.3 CustomerWorks' Warranties

- (a) **Service Standards.** CustomerWorks warrants that the Client Services will be performed consistent with the Performance Standards and shall perform all other obligations arising under this Client Services Agreement in a diligent, timely fashion. It further warrants that its personnel are properly trained and qualified in accordance with industry standards and practices having regard to the function or task such personnel are assigned to perform.
- (b) **Financial Adjustments.** Subject to Clause 4.3, BC Gas shall make Financial Adjustments to the applicable Base Fees or Additional Fees payable by BC Gas for failure by CustomerWorks to meet the Performance Standards according to the criteria and principles set out in the Performance Measures and Penalties clause in each Schedule.
- (c) **Right to Damages.** If CustomerWorks is unable to satisfactorily cure or rectify the failure to meet Performance Standards and BC Gas has suffered actual damages or loss, BC Gas may recover from CustomerWorks the direct foreseeable damages (excluding lost profits) BC Gas suffers as a result of CustomerWorks' failure to provide a Client Service in accordance with the Performance Standards. CustomerWorks shall not be liable for damages or loss to the extent the damage or loss was caused or contributed to by BC Gas' failure to comply with its obligations under the Client Services Agreement.

## 13. INDEMNIFICATION AND LIMITATION OF LIABILITY

- 13.1 CustomerWorks shall defend and indemnify BC Gas and its servants and agents against all actions, claims and demands (including the cost of defending or settling any action, claim or demand) which may be instituted against BC Gas arising out of or resulting from any breach of warranty, non-fulfillment by CustomerWorks, its employees, agents, subcontractors of any covenant or obligation on the part of CustomerWorks herein or the negligence of CustomerWorks, its agents, employees or any sub-contractor or of any other person for whose acts or omissions CustomerWorks is vicariously liable hereunder and also against any action, claim or demand by CustomerWorks' servants, employees or agents or their personal representatives or dependents arising out of such negligence.
- 13.2 CustomerWorks shall defend, indemnify and hold BC Gas harmless from and against all claims, damages, losses and expenses (including, but not limited to, reasonable legal fees) arising by reason of or resulting from any bodily injury or death of any person or damage to real and/or tangible personal property incurred by CustomerWorks, its personnel or subcontractors, as a result of and to the extent proximately caused by any negligent or wrongful act or omission of CustomerWorks, its personnel or subcontractors in the performance of the Client Services, or arising from claims against BC Gas by third parties caused by the fault or negligence of CustomerWorks, its employees, agents or subcontractors in the performance or non-performance of any of their obligations under this Client Services Agreement.
- 13.3 BC Gas releases and shall defend and indemnify CustomerWorks, its servants and agents against all actions, claims and demands (including the cost of defending or settling any action, claim or demand) which may be instituted against CustomerWorks arising out of or resulting from any breach of warranty, non-fulfillment by BC Gas, its employees, agents, and subcontractors of any covenant or obligation on the part of BC Gas herein or the negligence of BC Gas, its agents, employees or any sub-contractor or of any other person for whose acts or omissions BC Gas is vicariously liable hereunder and also against any action, claim or demand by BC Gas, its servants, employees or agents or its personal representatives or dependents arising out of such negligence.
- 13.4 BC Gas shall defend, indemnify and hold CustomerWorks harmless from and against all claims, damages, losses and expenses (including, but not limited to, reasonable legal fees) arising by reason of or resulting from any bodily injury or death of any person or damage to real and/or tangible personal property incurred by BC Gas, its personnel or subcontractors, as a result of and to the extent proximately

caused by any negligent or wrongful act or omission of BC Gas, its personnel or subcontractors in the performance of the Client Services or its obligations hereunder, or arising from claims against CustomerWorks by third parties caused by the fault or negligence of BC Gas, its employees, agents or subcontractors, in the performance or non-performance of any of its obligations under this Client Services Agreement.

### 13.5 **Conduct of Defence**

Each party seeking indemnification will promptly notify the party from whom indemnification is sought in writing of any claim or action arising as described in this Clause 13 and shall furnish the other party with a copy thereof as well as any documentation and information related thereto reasonably requested by the party providing indemnification. CustomerWorks shall have sole responsibility for the defence of any claim or action under Clauses 13.1 and 13.2. BC Gas shall have sole responsibility for the defence of any claim or action under Clause 13.3 and 13.4. Each party seeking indemnification shall provide reasonable cooperation, at its own expense, in any defence of any such claim or action by the other party.

### 13.6 **Remedy**

Subject to Clauses 9 and 10, if any breach of the Client Services Agreement by CustomerWorks materially prevents, hinders or delays the performance of the Client Services necessary for the performance of BC Gas' critical business functions, then at BC Gas' option, without terminating the Client Services Agreement, BC Gas may stop payment for the affected Client Services and immediately move the affected Client Service to a third party until the problem has been remedied to BC Gas' satisfaction.

### 13.7 **Limitation of Liability**

- (a) During the Term and any Additional Term, the liability of CustomerWorks to BC Gas hereunder shall be limited to damages in the maximum amount of the sum of the Annual Base Fees set out in the Schedules.
- (b) Each party acknowledges and agrees that notwithstanding Clauses 13.1 - 13.4 and except for the party's obligations of confidentiality and indemnification for infringement, in no event shall a party or any of their respective officers, directors, employees, shareholders, agents, or representatives be liable to the other party, any of its Affiliates, or any other party for any special, indirect, incidental, exemplary, or consequential damages or loss of profits or goodwill, whether such liability is

based on contract, tort, negligence, strict liability, products liability or otherwise, in any way arising from or relating to this Client Services Agreement or resulting from the performance or non-performance of any Client Services, including the failure of essential purpose, even if the party has been notified of the possibility or likelihood of such damages occurring. Notwithstanding the foregoing, in no event shall a party be liable for loss of profits arising from (i) a breach of that party's obligations of confidentiality, or (ii) infringement.

#### 14. INDEMNIFICATION FOR INFRINGEMENT

14.1 **Indemnity by CustomerWorks.** Subject to the limitations of liability described in Clause 13.7 above, CustomerWorks will, excluding in respect of (i) software and any other intellectual property transferred by BC Gas Inc. to CustomerWorks under the Asset Transfer Agreement dated on or about December 31, 2001 (the "CustomerWorks Property"); and (ii) BC Gas Property, defend at CustomerWorks' expense, indemnify and hold BC Gas harmless from and against any loss, cost and expense that BC Gas incurs because of a claim that the use of the Client Services infringes any Canadian or United States copyright, patent or other proprietary know-how or trade secret of any third party. CustomerWorks' obligations under this indemnification are subject to the following conditions:

- (a) BC Gas shall promptly notify CustomerWorks of any such claim;
- (b) BC Gas shall in writing grant CustomerWorks the sole control of the defense of any such claim and of all negotiations for its settlement or compromise (subject to BC Gas' right to represent its own interests, at its own expense in such action);
- (c) BC Gas shall cooperate with CustomerWorks to facilitate the settlement or defense of the claim; and
- (d) the claim must have not arisen as a consequence of the negligence or willful act of BC Gas.

14.2 **Substituted Services.** Where a Court of final jurisdiction makes a determination that CustomerWorks has infringed the intellectual property rights of a third party or otherwise prohibits the use by CustomerWorks of intellectual property that is material to the delivery of Client Services (in each case, the "Property"), CustomerWorks shall provide the Client Service in a manner that does not infringe the rights of the third party in respect of the Property at no further expense to BC Gas. Any substituted Client Services must



be substantially equivalent in function as the Client Services being replaced.

This Clause shall not apply to the CustomerWorks Property or the BC Gas Property.

## 15. SCOPE CHANGE PROCESS

15.1 **Triggers.** The parties agree that scope changes to Client Services (a "Scope Change") may be required from time to time for a variety of reasons including, but not limited to:

- (a) need for increased functionality in a system including increased functionality beyond that contemplated in the Project Transfer Agreement;
- (b) increase/decrease in Customer base exclusive of increases due to natural population growth;
- (c) change in BC Gas' needs;
- (d) change in the law or changes initiated by the British Columbia Utilities Commission;
- (e) CustomerWorks' or BC Gas' desire to change some aspect of the Client Services to reflect improvements in prevailing industry standards or practices; or
- (f) other circumstances which reasonably require the parties to request a change in the:
  - (i) scope of Client Services;
  - (ii) Performance Standards; or
  - (iii) Base Fees; or
  - (iv) Client Service delivery practices.

15.2 **Initiating Notice.** Either party may, acting reasonably, initiate a Scope Change by providing the other party with written notice setting out:

- (a) the basis for the proposed Scope Change;
- (b) the expected impact of the change to fees, method of Client Service or Performance Standard or Client Service activity levels; and
- (c) a reasonable time for response which shall not be less than 5 days or any more than 20 days unless the parties mutually agree to a different period of time.

15.3 **Response.** The receiving party may either accept, reject or counter the proposed Scope Change in writing setting out:

- (a) a specific response to the proposed Scope Change; and
- (b) the expected impact in terms of costs and business impacts; and
- (c) in the case of rejection or counteroffer, the specific details of same.

Should a mutually acceptable resolution not be reached, either of the parties may submit the matter to the internal dispute resolution process described in Clause 16, provided that the President, in the case of CustomerWorks, or the Chief Executive Officer, in the case of BC Gas, cannot submit the matter to the mediation and arbitration process of Clause 17.

- 15.4 **BC Gas Compelled Changes.** BC Gas shall retain the right to compel a BC Gas initiated Scope Change subject to CustomerWorks' right to refer the disputed Scope Change (including pricing) to the internal dispute resolution process.
- 15.5 **BC Gas Right to Reject.** Notwithstanding the above, BC Gas, acting reasonably, is not obligated to accept a CustomerWorks initiated Scope Change. In the event BC Gas accepts the Scope Change but rejects the price quoted to effect the Scope Change CustomerWorks may submit the matter of pricing to the internal dispute resolution process for resolution.
- 15.6 **Scope Reduction.** BC Gas, acting reasonably, may, through the Scope Change process, reduce the scope of a particular Service. CustomerWorks shall use commercially reasonable efforts to immediately reduce any variable costs associated with the particular Base Fee and will as soon as reasonably possible and, to the extent possible, mitigate the fixed cost portion over time. In the event the parties cannot agree to a process that will effectively reduce the Base Fee the matter shall be referred to the internal dispute resolution process.
- 15.7 **Minimize Disruption.** The parties shall use reasonable commercial efforts to minimize disruption to the delivery of Client Services and to the business operations of BC Gas and CustomerWorks generally where a Scope Change has been requested.
- 15.8 **Consequential Changes to the Client Services Agreement.** In the event that the parties proceed with the Scope Change (either through agreement or dispute resolution) they shall complete an amendment to the relevant Schedule(s) which shall be attached hereto and become a part hereof.

## 16. INTERNAL DISPUTE RESOLUTION

16.1 **General Objective.** In the event of any dispute, claim, question or difference arising out of or relating to this Client Services Agreement or any breach hereof, the parties hereto shall use their reasonable commercial efforts to settle such dispute, claim, question or difference internally including resolving such dispute or breach. To this effect, they shall consult and negotiate with each other, in good faith and understanding of their mutual interests, to reach a just and equitable solution satisfactory to all parties.

16.2 **Escalation Process.** If an issue as described in Clause 16.1 above arises the parties will, unless otherwise set out in this Client Services Agreements follow the step-by-step correction and resolution procedure set out below to the extent necessary to resolve the dispute:

Step 1

The non breaching party's representative, (BC Gas Administrator/Account Manager) will advise the other party's representative in writing of the alleged breach or dispute.

Step 2

The BC Gas Administrator and Account Manager shall meet to resolve the dispute and will, within forty-eight (48) hours, or such time as they mutually agree, resolve the dispute or elect to escalate it to the next reporting level.

Step 3

If unresolved at Step 2, the dispute shall be escalated by either of the BC Gas Administrator or Account Manager to the Client Committee who shall, upon receipt of notification by the BC Gas Administrator or Account Manager, within two (2) Business Days, or such time as they mutually agree, resolve the dispute or elect to escalate it to the next reporting level.

Step 4

If unresolved at Step 3, the dispute shall be escalated by the Client Committee to the Vice-Presidents of each of CustomerWorks and BC Gas designated by their respective representatives on the Client Committee who shall, upon receipt of notification by the Client Committee, within five (5) Business Days, or such time as they mutually agree, resolve the dispute or elect to escalate it to the next reporting level.

Step 5

If unresolved at Step 4, the dispute shall be escalated by the Vice-Presidents of each of CustomerWorks and BC Gas referred to in Step 4 above to the President of CustomerWorks and the Chief Executive

Officer of BC Gas who shall, upon receipt of notification by the CustomerWorks and BC Gas Vice-Presidents, within five (5) Business Days, or such time as they mutually agree to:

- (a) resolve the dispute; or
- (b) abandon the dispute.

If the parties fail to resolve or abandon the dispute either of the President of CustomerWorks or the Chief Executive Officer of BC Gas may submit the dispute to the mediation and arbitration process outlined below.

## 17. MEDIATION AND ARBITRATION

17.1 **Mediation.** Except where otherwise provided for in this Client Services Agreement, if the parties do not mutually agree on a solution to a dispute, claim, or question, such shall be referred to a mediator. The parties shall use reasonable efforts to appoint a mediator acceptable to both parties.

In the event the parties cannot agree upon and appoint a mediator within two (2) Business Days from the date that a party raised an issue under this Clause, the parties shall refer the matter to the Canadian Foundation for Dispute Resolution, or such mediation or arbitration centre as may be mutually agreed upon in accordance with the Rules of the Institute for the Conduct of Commercial Mediation. The mediation shall:

- (a) to the extent possible, and with the necessary modifications as determined by the mediator, be administered in accordance with the Rules of the Institute for the Conduct of Commercial Mediation;
- (b) be conducted in Vancouver, British Columbia, Canada; and
- (c) be conducted in English.

Notwithstanding the above, no one shall be nominated to act as mediator who is in any way financially interested in the business affairs of either BC Gas or CustomerWorks or any of their respective affiliates.

The mediation shall take place between the parties' designated representatives having the authority to bind their respective company. They shall each make themselves available at such times and such places for mediation as the mediator in his or her sole discretion may decide.

Each party shall bear its own costs of the mediation together with one-half of the mediator's and any third party costs reasonably required by the mediator.

The parties will continue to fulfil their respective obligations pursuant to this Client Services Agreement during the mediation of any dispute in accordance with this Clause 17.1.

If the mediation does not resolve the dispute between the parties within thirty (30) days of the appointment of the mediator, each party may commence arbitration proceedings as otherwise provided herein but only if the party seeking to commence such proceeding has first obtained from the mediator written confirmation it has made itself reasonably available and has made good faith efforts to resolve the dispute through mediation. To the extent allowed at law, neither the subject matter of the mediation nor any records, notes or other documents specifically produced for use in, or created during the mediation shall be admissible or referred to in any subsequent arbitration proceeding.

17.2 **Arbitration.** All disputes arising out of or in connection with this contract in respect of any contract interpretation, claim of breach of contract or other assertion of legal rights or obligations not resolved under the internal dispute resolution and mediation provisions of Clause 16 and Clause 17.1, respectively, shall be referred to and finally resolved by arbitration before a single arbitrator. The award of the arbitrator shall be final and binding upon both parties to the Client Services Agreement.

In the event the parties cannot agree upon and appoint an arbitrator within two (2) Business Days from the date that a party raised an issue under this Clause, the parties shall refer the matter to The Canadian Foundation for Dispute Resolution, or such mediation or arbitration centre as may be mutually agreed upon in accordance with the Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution. The arbitration shall:

- (i) to the extent possible, and with the necessary modifications as determined by the arbitrator, be administered in accordance with the Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution;
- (ii) be conducted in Vancouver, British Columbia, Canada; and
- (iii) be conducted in English.

Notwithstanding the above, no one shall be nominated to act as an arbitrator who is in any way financially interested in the business

affairs of either BC Gas or CustomerWorks or any of their respective Affiliates.

The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The arbitrator will allow discovery as required by law in arbitration proceedings.

If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator shall be appointed in accordance with these provisions. If the parties are unable to agree on a new arbitrator or if the appointment of a new arbitrator is terminated in the manner provided for above, then any party to this Agreement shall be entitled to apply to a judge of the British Columbia Supreme Court to appoint an arbitrator and the arbitrator so appointed shall proceed to determine the matter *mutatis mutandis* in accordance with the provisions of this Clause.

The arbitrator shall have the authority to award:

- a) money damages;
- b) interest on unpaid amounts from the date due;
- c) specific performance; and
- d) permanent relief.

The costs and expenses of the arbitration proceedings, but not those incurred by the parties in connection with their attendance and representation at the arbitration, shall be shared equally, unless the arbitrator determines that a specific party prevailed. In such a case, the non-prevailing party as determined by the arbitration shall pay all costs and expenses of the arbitration proceedings, but not those of the prevailing party.

The parties will continue to fulfill their respective obligations pursuant to this Client Services Agreement during any arbitration in accordance with this Clause 17.2.

If either BC Gas or CustomerWorks is or becomes involved in any legal proceeding with any other party and the factual or legal issues of such legal proceeding require the joinder of either or both BC Gas or CustomerWorks in that proceeding, then on the application of either party to the court having jurisdiction the court may, if it determines that it is just and convenient in all the circumstances, order a stay of the arbitration proceedings or order that the above provisions regarding arbitration are not applicable, in which case any or all disputes referred to shall be determined by that court or a court of competent jurisdiction in British Columbia such that all factual and

legal issues between CustomerWorks and BC Gas shall be resolved in one forum.

## 18. EARLY TERMINATION

### 18.1 Definitions

For the purpose of this Clause:

- (a) **“Nominated Arbitrator”** shall mean the arbitrator selected by the parties for the Expedited Arbitration in accordance with Clause 1.1(s);
- (b) **“Service Level Termination Problem”** shall mean a failure by CustomerWorks to meet a service level target as set out in the “Performance Measures and Penalties” clause in each of the Schedules:
  - (i) which is within CustomerWorks’ scope of responsibility;
  - (ii) which is predominately within CustomerWorks’ control; and
  - (iii) where the resolution of such problem is predominantly within CustomerWorks’ control.
- (c) **“Specified Time Period”** shall mean a period of time within which CustomerWorks must respond to a problem as specified in each relevant Schedule, or as may otherwise be agreed to by the parties acting reasonably.

### 18.2 Termination of a Schedule With Cause

- (a) Service level qualifiers:

CustomerWorks will not be responsible for any failure to meet Service levels where such failure is attributable to:

  - (i) the actions or inactions of BC Gas or its Affiliate or a BC Gas designated third party or a subcontractor or agent of BC Gas; or
  - (ii) a delay in getting any required approval from or in respect of BC Gas.
- (b) Service Level Termination Problems
  - (i) If BC Gas believes that CustomerWorks has failed to resolve a Service Level Termination Problem within a Specified Time Period it shall notify CustomerWorks in writing within fifteen (15) days of the last day of the Specified Time Period.

- (ii) If CustomerWorks is in agreement with BC Gas that it has failed to resolve a Service Level Termination Problem within the Specified Time Period, it shall so commit in writing and CustomerWorks shall take commercially reasonable corrective action to cure such failure and to prevent further failures by CustomerWorks to resolve that Service Level Termination Problem within the Specified Time Period.
  - (iii) In the event that CustomerWorks and BC Gas fail to agree upon whether CustomerWorks has failed to resolve a Service Level Termination Problem within the Specified Time Period, then the parties shall submit the Service Level Termination Problem to Expedited Arbitration.
  - (iv) If it is determined by the Nominated Arbitrator that CustomerWorks has failed to resolve a Service Level Termination Problem within the Specified Time Period, CustomerWorks shall:
    - (A) take corrective steps as recommended by the Nominated Arbitrator;
    - (B) pay BC Gas's reasonable legal costs associated with the Expedited Arbitration; and
    - (C) acknowledge that the Service Level Termination Problem be counted in accordance with 18.2(b) (i).
  - (v) If it is determined by the Nominated Arbitrator that CustomerWorks has not failed to resolve a Service Level Termination Problem within the Specified Time Period, then:
    - (A) BC Gas shall revoke its allegation that CustomerWorks failed to resolve a Service Level Termination Problem within the Specified Time Period;
    - (B) BC Gas shall take corrective steps as recommended by the Nominated Arbitrator; and
    - (C) BC Gas shall pay CustomerWorks' reasonable legal costs associated with the Expedited Arbitration.
- (c) BC Gas may terminate a Schedule upon sixty (60) days written notice to CustomerWorks, for CustomerWorks' failure to resolve Service Level Termination Problems with respect to



that Schedule being sought to be terminated within the Specified Time Periods on:

- (i) two or more occasions during any period of six (6) consecutive months; or
- (ii) four or more occasions in any twelve (12) month period.

### **18.3 Termination of the Client Services Agreement with Cause**

BC Gas may terminate this Client Services Agreement at its sole option immediately upon providing notice in writing to CustomerWorks:

- (a) if CustomerWorks is in material breach of the Client Services Agreement as a whole (and not only one or more of the individual Schedule(s)) and such breach is not remedied to the reasonable satisfaction of BC Gas within sixty (60) days from the date of written notice by BC Gas to CustomerWorks; or
- (b) if CustomerWorks becomes, or threatens to become subject to any insolvency administration and such insolvency administration is not remedied within sixty (60) days from the date of the written notice by BC Gas to CustomerWorks.

In the event BC Gas terminates this Client Services Agreement in accordance with Clause 18.3 (a), BC Gas shall pay CustomerWorks the net book value of the licenses subject of the License Agreement less any amount outstanding and owing from BC Gas to CustomerWorks hereunder. CustomerWorks shall forthwith assign its interest in the License Agreement and relevant maintenance agreement then in force and the escrow agreement relevant to the License Agreement and/or maintenance agreement to BC Gas and from Customer Works.

In the event BC Gas terminates this Client Services Agreement in accordance with Clause 18.3(b), CustomerWorks shall forthwith assign its interest in the License Agreement and relevant maintenance agreement then in force and the escrow agreement relevant to the License Agreement and/or maintenance agreement to BC Gas.

### **18.4 BC Gas' Rights Upon Termination of the Client Services Agreement**

Upon termination of this Client Services Agreement by BC Gas or CustomerWorks, all accrued obligations or liabilities to pay for Client Services provided prior to termination will remain in effect.

If this Client Services Agreement is terminated by BC Gas in accordance with Clause 18.3, in addition to terminating this Client Services Agreement, BC Gas:

- (a) may, subject to Clause 13.7, recover from CustomerWorks the amount of any direct loss or damage sustained as a result of the termination;
- (b) subject to Clauses 12, 14, 18.5, and 19, may be regarded as discharged from any further obligations under this Client Services Agreement;
- (c) may, subject to the terms hereof, pursue any additional or alternative remedies provided by law; and
- (d) shall not be responsible to CustomerWorks for any losses, lost profits, failure to realize income, indirect or consequential damages or costs, and any amounts in excess of the payments previously received by CustomerWorks to the date of termination other than all accrued obligations on liabilities to pay for Client Services provided prior to termination.

#### **18.5 BC Gas' Rights Upon Termination of All or Any Schedules**

Upon termination of all or any of the Schedules by BC Gas or CustomerWorks, all accrued obligations or liabilities to pay for Client Services provided prior to termination will remain in effect.

Upon termination or expiration of all or any of the Schedules, CustomerWorks will provide commercially reasonable assistance and use its commercially reasonable efforts to return to BC Gas, or its designates, in an orderly and expeditious manner all of the BC Gas Property, as determined under Clause 7, and in accordance with Clause 18.8, at BC Gas' cost unless the termination is under Clause 18.2.

#### **18.6 Upon Termination/Expiration of the Client Services Agreement**

Upon termination or expiration of the Client Services Agreement, CustomerWorks will, without additional cost to BC Gas, provide all reasonable assistance and use its commercially reasonable efforts to returning to BC Gas, or its designates, in an orderly and expeditious manner all of BC Gas Property, as determined under Clause 7, and in accordance with Clause 18.7.

#### **18.7 Return of BC Gas Property Upon Termination of this Client Services Agreement**

Upon termination of this Client Services Agreement, howsoever occasioned, BC Gas will have the right to require CustomerWorks to do any one or more of the following:

- (a) to deliver to BC Gas all copies of BC Gas Property then in CustomerWorks' possession or control; and

- (b) to erase or destroy all or any of BC Gas Property then in CustomerWorks' possession from whatever media they are stored.

If upon termination of this Client Services Agreement, howsoever occasioned, BC Gas requires CustomerWorks to deliver up any of BC Gas Property on magnetic media, CustomerWorks will:

- (c) deliver up such BC Gas Property on industry compatible magnetic media at BC Gas' cost unless the termination is under Clause 18.3; and,
- (d) supply to BC Gas free of charge all Data and information relating to Customers held by CustomerWorks on BC Gas' behalf in a data file acceptable to the customer information system used by CustomerWorks in place at the date of termination.

Except where the Client Services Agreement is terminated by BC Gas under Clause 18.3, CustomerWorks' obligations under Clause 18.7 will be conditional upon BC Gas having paid all fees then due to CustomerWorks under the terms of the Client Services Agreement.

#### **18.8 Return Of BC Gas Property Upon Termination Of Any or All Schedule(s)**

Upon termination of any Schedules, howsoever occasioned, BC Gas will have the right to require CustomerWorks to do any one or more of the following:

- (a) to deliver to BC Gas all copies of BC Gas Property then in CustomerWorks' possession or control which relate solely to such Schedules; and
- (b) to erase or destroy all or any BC Gas Property then in CustomerWorks' possession which relate solely to such Schedules from whatever media they are stored.

If upon termination of any Schedules, howsoever occasioned, BC Gas requires CustomerWorks to deliver up any of BC Gas Property, on magnetic media which relate solely to such Schedules, CustomerWorks will:

- (c) deliver up such BC Gas Property on industry compatible magnetic media in a format acceptable to BC Gas at BC Gas' cost unless the termination is under Clause 18.2; and,
- (d) supply to BC Gas free of charge all Data and information relating to Customers held by CustomerWorks on BC Gas' behalf in a data file acceptable to the customer information

system used by CustomerWorks in place at the date of termination.

Except where any Schedules are terminated by BC Gas as a result of any material breach by CustomerWorks of its obligations under the Schedule(s), CustomerWorks' obligations under this Clause 18.8 will be conditional upon BC Gas having paid all fees then due to CustomerWorks under the terms of such Schedules.

#### **18.9 Winding Up Assistance**

Subject to the following sentence, BC Gas may, by ninety (90) days written notice to CustomerWorks before the effective termination of all of the Schedules, defer the actual termination date of the Schedules, or any part of them, up to six (6) months to enable BC Gas to make appropriate provision for the handling of the functions performed by CustomerWorks without loss of performance. Any extension will be on the terms and conditions contained herein and in the Schedules, except for pricing which will be as agreed by the parties. CustomerWorks is only required to provide one such extension under the terms and conditions of this Client Services Agreement.

18.10 If BC Gas fails to make payment to CustomerWorks when due under this Client Services Agreement, other than in cases where BC Gas disputes the amount or entitlements of CustomerWorks to some or all of a payment, and such breach is not remedied within ten (10) days from the date payment is due, CustomerWorks, may without prejudice to other rights or remedies it has, terminate this Client Services Agreement by giving BC Gas sixty (60) days written notice.

#### **18.11 Express Rights of Termination Only**

The sole rights of the parties to terminate this Client Services Agreement or any of the Schedule(s) are as set out above.

### **19. CONFIDENTIALITY**

CustomerWorks will keep confidential all Customer information, BC Gas Property, processes and procedures provided to it by BC Gas or information generated from new Customers whether or not it is described or marked as confidential and will abide by all relevant privacy legislation.

CustomerWorks will keep confidential all such Customer information and other Data and other information that is provided to it by BC Gas and described or marked as confidential and will only disclose such information to:

- (a) those authorized to receive the Data; and

- (b) CustomerWorks' personnel and subcontractors with a need to know or use the Data.

BC Gas shall keep confidential all Data and information provided to it by CustomerWorks that is disclosed and marked confidential, or which it is otherwise aware is confidential.

Neither party will be required to keep confidential information or Data supplied to the other which is in the public domain or which in the future enters the public domain through no fault of the recipient; which is already known to the recipient at the time of its disclosure to the recipient; which, following its disclosure, is received by the recipient without obligation of confidentiality from a third party who the recipient had no reason to believe was not lawfully in possession of that information free of any obligation of confidence; which must be disclosed by compulsion of law; or which is independently developed.

The parties will use commercially reasonable good faith efforts to cooperate and notify and support each other in responding to and resisting, if possible, any public disclosure of sensitive information, pursuant to applicable freedom of information legislation or otherwise.

The terms of this Client Services Agreement, proposed and/or accepted Scope Changes and the Protocol are deemed to be confidential and shall only be disclosed to the extent required by law, judicial or administration process.

## 20. NOTICES

Any notices or communications to be given or made hereunder will be deemed to be properly given or made:

- (a) if hand delivered to the intended recipient to its last known address and marked for the attention of the following persons or offices; or
- (b) on the day of transmission of a facsimile message embodying such notice or communication supported by a confirmation of receipt notice.

Such notice will be made to the following persons and addresses:

**CustomerWorks:**

CustomerWorks Limited Partnership  
80 Allstate Parkway  
Markham, Ontario, L3R 6H3  
Facsimile: (905) 943-6268  
Attention: President

**BC Gas:**

BC Gas Utility Ltd.

1111 West Georgia Street  
Vancouver, B.C., V6E 4M4  
Facsimile: (604) 443-6626  
Attention: BC Gas Administrator

Either party may change its address for notice by providing notice of such change by any of the methods provided in this Clause. Delivery of a facsimile notice will be deemed to be delivery of the original notice.

**21. AMENDMENTS**

No amendment, modification, supplement, or other purported alteration of this Client Services Agreement will be binding upon the parties hereto unless it is in writing and is signed on behalf of the parties by their duly authorized representatives and unless such amendment, modification, supplement or alteration expressly references this Client Services Agreement.

**22. SUBCONTRACTING**

22.1 CustomerWorks shall notify BC Gas promptly and in writing, of any proposed subcontractors where the work subcontracted:

- (a) results in a material change to the delivery of the Client Services;
- (b) represents a substantial part of the Client Services; or
- (c) is a material element of the Client Services.

22.2 BC Gas shall have the right to reject the assignment to any such subcontractors within five (5) Business Days of receiving such notice, subject to BC Gas acting reasonably.

22.3 If CustomerWorks determines that BC Gas' reasons for rejecting such subcontractors are unreasonable, it shall submit the matter to the internal dispute resolution process and any resolution under such process shall be final and binding upon the parties.

**23. RECORDS AND RIGHTS TO AUDIT**

23.1 With respect to Volume Adjustments, Additional Services and Additional Fees, CustomerWorks shall maintain accurate and complete records of its time, activities, finances and operations relating to this Client Services Agreement ("Records") in accordance with Canadian generally accepted accounting principles.

23.2 CustomerWorks agrees that BC Gas, or its authorized representative, shall upon reasonable notice, have access to and the right to audit the Records.

23.3 The right to audit shall include the right to examine, copy or transcribe all documents, reports, records, worksheets and databases of CustomerWorks relating to the provision of the Client Services.

23.4 Inspection may take place at the office of CustomerWorks or at any other location where the Records are kept. BC Gas shall be entitled to perform such audit only during CustomerWorks' regular business hours during the Term of the Client Services Agreement and, in connection with the Client Services only, for a period of seven (7) years from the termination date.

**24. RECRUITMENT AND SOLICITATION**

Both parties covenant and agree that during the Term and any Additional Term and for a period of one (1) year thereafter, they will not, directly or indirectly, hire, retain or engage as an employee, or in any capacity whatsoever, any person, firm, company or other entity whatsoever who is, or who was at the time, so engaged by the other party for the purposes of the Client Services Agreement without the prior written consent of the other party.

**25. ENTIRE AGREEMENT**

This Client Services Agreement, together with any annexes, Schedules, addenda and writings expressly referred to, constitutes the entire agreement between the BC Gas and CustomerWorks with respect to the subject matter hereof, and supersedes all prior agreements, proposals, or other communications between them, relative to the subject matter of this Client Services Agreement. There are no terms, conditions or warranties express or implied governing BC Gas and Customer Works hereunder other than those contained in this Client Services Agreement.

**26. TIME OF THE ESSENCE**

The parties agree that time is of the essence in all aspect of the provision of the Client Services.

**27. PRECEDENCE OF INTERPRETATION**

If there is any conflict between the terms of the 31 Clauses of this agreement and those specified in the Schedules, the terms as stated in the Clauses herein will prevail.

**28. NO WAIVER**

Any waiver by either party of any right or obligation under this Client Services Agreement will not be effective unless made in writing and will not be considered to be a waiver of any other breach of the same obligation.

**29. RIGHTS CUMULATIVE**

Any express statement of a right of BC Gas or CustomerWorks under this Client Services Agreement is without prejudice to any other right of BC Gas or CustomerWorks expressly stated in this Client Services Agreement or arising at law.

**30. ASSIGNS AND SUCCESSORS**

This Client Services Agreement will enure to the benefit of and be binding on the respective successors and permitted assigns of each of the parties hereto. This Client Services Agreement may not be assigned by CustomerWorks without the previous written consent of BC Gas which may not be unreasonably withheld.

Provided that BC Gas is not in default under this Client Services Agreement and that the assignee specifically assumes all of BC Gas' obligations hereunder BC Gas may assign its interest in this Client Services Agreement with the prior written consent of CustomerWorks. Upon such assignment, BC Gas shall be released of any and all of its obligations under the Client Services Agreement as of the date of such assignment, subject to fulfillment by BC Gas of any financial obligations incurred prior to the date of such assignment.

**31. COUNTERPARTS/FACSIMILE**

31.1 This Client Services Agreement may be executed in counterparts with the same effect as if both parties had signed the same document. The counterparts will be construed together and will constitute one and the same agreement.

31.2 This Client Services Agreement may be executed by the parties and transmitted by facsimile transmission and if so executed and transmitted this Client Services Agreement will be for all purposes as effective as if the parties had delivered an executed original Client Services Agreement provided that an executed original counterpart of this Client Services Agreement is received by the other party within seven days of the transmission by facsimile by the first party.

IN WITNESS WHEREOF, the parties have executed this Client Services Agreement, on the date set forth below.

**CUSTOMERWORKS LIMITED PARTNERSHIP**

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**Client Services Agreement**



By: Its General Partner, 630319 B.C. Ltd.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Dated: \_\_\_\_\_

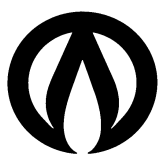
**BC GAS UTILITY LTD.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Dated: \_\_\_\_\_

# CLIENT SERVICES AGREEMENT



December 2001





**TABLE OF CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	1
3. SERVICE GUIDELINES .....	4
4. REPORTS.....	6
5. CUSTOMER ISSUE MANAGEMENT .....	7
6. PRICING.....	7
7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES	8

**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

**2. SCOPE OF SERVICES**

2.1. CustomerWorks agrees to provide BC Gas with the following Customer Contact Services for all BC Gas' accounts in accordance with the policies and procedures outlined in the Protocol and as set out below with the exception of Services specifically defined in Schedule E, Industrial and Off System Support Services. Generally, Billing Support Services. The scope of Services and level of performance documented in this Services Schedule is intended to be consistent with the level of service BC Gas currently provides to its customers.

2.2. Generally, CustomerWorks will provide all Customer contact services ("Customer Contact Services") related to:

- (a) **Emergency Service Call Handling.** Emergency service call handling components of the Customer Contact Services include activities involved in responding to emergency order requests and creating a work order for dispatch by BC Gas. Specific information regarding the nature of the emergency will be collected and input in the Customer Systems and advice will be provided to the caller to ensure their safety until BC Gas' inspector arrives;
- (b) **Billing Inquiries.** The billing inquiry component of the Customer Contact Services include activities involved in responding to inquiries regarding BC Gas' Customer accounts including:

**Schedule "A"**  
**Customer Contact Services**

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- (i) updating of Customer information in the Customer Information System ("CIS") and related systems;
  - (ii) investigation and correction of billing or payment errors;
  - (iii) issuing special meter reading and meter service requests;
  - (iv) explaining rate changes; and
  - (v) recording Customer meter readings;
- (c) **Payment/Billing Programs.** The payment/billing program component of the Customer Contact Services shall include activities involved in initiating, canceling and responding to inquiries for billing programs such as the equal payment plan ("EPP"), and pre-authorized payment plan ("PPP");
- (d) **Customer Move Orders.** The Customer move order component of the Customer Contact Services shall include activities involved in:
- (i) creating a new account; and/or
  - (ii) finalizing an existing account at the Customer's request.
- (e) **Customer Complaints.** The Customer complaint component of the Customer Contact Services shall include activities involved in responding to and documenting Customer complaints;
- (f) **Customer Education.** The Customer education component of the Customer Contact Services shall include activities involved in responding to questions regarding gas safety, deregulation, gas utilization, energy efficiency, demand side management programs, rate changes, or any other pertinent information. CustomerWorks shall respond through live interaction with the Customer or through the use of the interactive voice response ("IVR") and brochure mailings;
- (g) **Gas Service Line and Meter Requests.** The gas line service and meter request component of Customer Contact Services shall include activities involved in responding to Customers' requests for:

- (i) new gas service line (including meter set); and
- (ii) requests to abandon existing gas service line and/or meter set.

CustomerWorks will issue the order in the Customer Information Systems ("CIS") for dispatch by BC Gas in accordance with the Protocol. This activity includes the collection of Customer information for input into the CIS which is forwarded to BC Gas' operations support group as required;

- (h) **Key Account Handling.** Select Customer groups may require special handling. For example, the builder call component of the Customer Contact Services shall include activities involved in issuing orders for setting a meter, pre-inspections, new service unlocks, and installation of new services; and
- (i) **Interactive Voice Response.** CustomerWorks shall maintain and operate the IVR system in accordance with the requirements specified by BC Gas in the Protocol.

### 2.3. Customer Contact

CustomerWorks shall provide Customer Contact Services in response to all Customer contact issues including:

- (a) telephone calls to contact Customer Contact Service centres which will be handled by:
  - (i) IVR; or
  - (ii) a Customer service representative;
- (b) e-mail and other electronic correspondence; and
- (c) written and faxed correspondence.

### 2.4. CustomerWorks' Responsibilities

CustomerWorks will:

- (a) perform the Customer Contact Services with sufficient and adequately trained staff in accordance with mutually agreeable policies and practices and sufficient to meet the service levels, all of which are set out in this Schedule and the Protocol;

- (b) support and maintain BC Gas specific call pathing options within the call centre environment, to be changed from time to time as directed by BC Gas in accordance with the Protocol;
- (c) consult with BC Gas through BC Gas' co-ordinator or the co-ordinator's designate on matters related to the Services;
- (d) ensure that adequate and appropriate systems, Customer contact technology and equipment are available to meet the Performance Measures;
- (e) provide a priority service for emergency telephone calls from BC Gas' Customer's to ensure the performance measure for emergency calls is met. Emergency service orders will be issued in accordance with the Protocol;
- (f) provide appropriate and timely support through expert personnel and/or technology as required for special campaigns and Customer education programs;
- (g) consult with BC Gas prior to enacting any changes to the service levels resulting from unusual or emergency situations whenever practical to do so. In the event a decision needs to be made by CustomerWorks immediately, CustomerWorks will communicate to BC Gas as soon as reasonably possible and in any event within twenty-four (24) hours; and
- (h) provide access to BC Gas for monitoring purposes on request.

### **3. SERVICE GUIDELINES**

#### **3.1. Service Levels**

CustomerWorks will:

- (a) record and update accurately all Customer, premise and account information in the CIS;
- (b) provide quality call handling, through internal measures, as defined in the Protocol in accordance with Section 4.3 below;
- (c) maintain existing BC Gas call back metrics of 80% of Customers not calling back more than once per month;
- (d) complete all post call processing in a timely fashion;



## Schedule "A" Customer Contact Services

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- (e) from January 1, 2002 to June 30, 2002 CustomerWorks will maintain the emergency service order queue during the period Monday - Friday, 7:00 am - 6:00 pm Pacific Standard Time ("PST"). For all other times CustomerWorks will transfer calls to BC Gas Emergency Dispatch or as otherwise set out in the Protocol;
- (f) from January 1, 2002 to June 30, 2002 CustomerWorks will maintain the non-emergency service order queues during the period Monday - Friday 7:00 am - 6:00 pm PST;
- (g) beginning July 1, 2002 CustomerWorks will maintain the emergency service order queue 7 days per week for 24 hours per day ("7 x 24"). Emergency calls will be handled in BC during the call centre hours outlined in Section 3.1(f) above;
- (h) beginning July 1, 2002 CustomerWorks will maintain the non-emergency service order queues during the period Monday - Friday 7:00 am - 8:00 pm and Saturday 9:00 am - 5:00 pm PST;
- (i) obtain and maintain Performance Measures described in Section 6.3 below;
- (j) will use best efforts to resolve all calls at the first point of contact. The established contact escalation process set out in the Protocol will ensure that calls referred to BC Gas staff will be a last resort, except where BC Gas determines that specific calls should be referred to a special subject matter expert or sales representative within BC Gas;
- (k) send literature and correspondence related to Customer Contact Services provided by BC Gas or CustomerWorks to the Customer. This includes maintaining form letters and an inventory of BC Gas literature available for distribution to Customers. Provide four (4) business day turnaround on all requests for in-stock literature prior to July 1, 2002 and two (2) business day turnaround thereafter; and
- (l) notify BC Gas of any changes to CustomerWorks' procedures or policies in the provision of Customer Contact Services, and obtain BC Gas agreement prior to such changes, where such changes will impact Customer service, BC Gas' operations or BC Gas' systems, in accordance with the Scope Change procedures set out in the Client Services Agreement.

### 3.2. BC Gas' Responsibilities

BC Gas will:

## Schedule "A" Customer Contact Services

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- (a) provide all necessary Data, schedules, Activity Forecasts, special forms or other information to CustomerWorks in accordance with the Protocol;
- (b) consult with CustomerWorks through CustomerWorks' Account Manager or his designate on matters related to the Services;
- (c) ensure the accuracy, legibility, completeness and timeliness of all information supplied to CustomerWorks at the commencement of the Client Services Agreement;
- (d) permit CustomerWorks' employees and agents, as may be authorized by CustomerWorks, access to BC Gas' Data at such times and for such purposes as is necessary to allow CustomerWorks to perform its obligations under this Schedule;
- (e) as reasonably required, provide information in addition to that specified herein as CustomerWorks may occasionally require in performing the Services;
- (f) provide CustomerWorks with a minimum of two (2) hours notice of it's intent to monitor call centre activity to ensure resource availability; and
- (g) notify CustomerWorks of any changes to BC Gas' procedures which impact the provision of Services through the change control process outlined in Clause 15 of the Client Services Agreement prior to such changes, where such changes will impact CustomerWorks' operations.

### 3.3. Policies and Practices

3.3.1 CustomerWorks shall deliver the Customer Contact Services in accordance with the Protocol.

3.3.2 BC Gas will:

- (a) retain final approval rights for scripts, training materials and other materials for any Customer communications including approval of delivery method or channel;
- (b) retain the right to monitor call quality.

## 4. REPORTS

CustomerWorks shall provide all management reports to BC Gas in accordance with the Protocol which may be amended, from time to time.

**5. CUSTOMER ISSUE MANAGEMENT**

CustomerWorks and BC Gas shall work together to resolve Customer issues in a timely manner. All Customer issues and resolutions will be tracked and reported in accordance with the Protocol. Customer issues shall be resolved as follows:

- (a) all issues raised by Customers directly to the attention of CustomerWorks shall be resolved within five (5) Business Days or in a time frame agreed to with the Customer. Any issues requiring escalation to BC Gas for final resolution will be forwarded to a person appointed by the BC Gas Administrator within BC Gas as soon as reasonably possible;
- (b) all issues raised by Customers directly to BC Gas or the British Columbia Utilities Commission regarding Services provided by CustomerWorks shall be forwarded to a single contact person as designated by the CustomerWorks Account Manager. Depending on the nature of the issue CustomerWorks will be asked to:
  - (i) respond directly to the complainant, either verbally or in writing as soon as reasonably possible, or
  - (ii) provide a draft response in writing to BC Gas;

All issues shall be resolved or responded to within five (5) Business Days of receipt from BC Gas or in a time frame agreed to with BC Gas or BC Gas Customer.

- (c) all correspondence sent directly to BC Gas Customers by CustomerWorks shall be on BC Gas letterhead; and
- (d) all issues and resolutions in items a) and b) shall be tracked and reported monthly to the BC Gas Administrator.

**6. PRICING**

6.1. CustomerWorks will provide the Services described in this Schedule for five (5) years at the fixed fees (the "Base Fees") shown in the following table:

<b>Base Fees/Year</b>					
	<b>2002 Base Fee</b>	<b>2003 Base Fee</b>	<b>2004 Base Fee</b>	<b>2005 Base Fee</b>	<b>2006 Base Fee</b>
Customer Contact	\$13,745,180	\$16,857,047	\$16,857,047	\$15,857,047	\$15,857,047

**Schedule "A"**  
**Customer Contact Services**

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Services					
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The Base Fees will be adjusted monthly in January 2003 to reflect changes to the number of Customers as defined in Section 8 of the Client Services Agreement.

**7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

- 7.1. The following table outlines the Performance Measures for all Customer Contact Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet Performance Measures to the extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.2.
- 7.2. The Performance Measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Notwithstanding the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Client Services Agreement.

7.3. Customer Contact Service

<b>Service</b>	<b>Performance Measure</b>	<b>Deficiency Period</b>	<b>Cure Period</b>	<b>Penalty</b>
General/Billing Inquiry	75/30*	1 month	1 month	\$25,000/ month
	65/30*	1 month	1 month	\$50,000/month
Emergency	95/30*	1 month	1 month	\$25,000/ month
	70/30*	1 month	1 month	\$50,000/month
Other Inquiries - email, web, fax, mail, etc.	98% Response in four (4) Business Days for the period of January 1, 2002 to June 30, 2002. Respond in two (2) Business Days for the period of July 2002 to the end of the term of this Agreement	2 consecutive months	1 month	\$10,000/month
Call Quality	95% based on current format	2 consecutive months	1 month	\$25,000/month
All Trunks Busy	99% availability	1 month	1 month	\$25,000/month
Total Inbound Access	Abandon below 40%	2 consecutive months	1 month	\$25,000/month

“Cure Period” shall mean the time allotted to CustomerWorks to resolve or rectify the deficiency.

"Penalty" shall mean that amount charged to CustomerWorks at the time the deficiency is identified and shall apply for each month the deficiency occurs including the Cure Period. Failure to meet Performance Measures for more than 2 consecutive months will result in repetitive doubling of the monthly penalty until the deficiency is resolved or rectified.

- \* General / billing inquiry and emergency telephone service levels are the percentage of service calls answered or abandoned in 30 seconds or less.

If the actual call volumes exceed the Activity Forecast in any month by greater than 10%, neither a deficiency nor a penalty will be charged to CustomerWorks. Activity Forecasts will be reviewed and revised monthly in accordance with the Protocol.



**Table Of Contents**

<b>Clause</b>	<b>Page</b>
1. DEFINITIONS.....	1
2. SCOPE OF SERVICES.....	1
3. SERVICE GUIDELINES .....	6
4. REPORTS.....	11
5. CUSTOMER ISSUE MANAGEMENT .....	11
6. PRICING.....	12
7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES.....	12



**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

**2. SCOPE OF SERVICES**

**2.1 General**

CustomerWorks agrees to provide BC Gas with the following Billing Support Services for all BC Gas' accounts in accordance with the policies and procedures outlined in the Protocol and as set out below. The scope of Services and level of performance documented in this Services Schedule is intended to be consistent with the level of Service BC Gas currently provides to its Customers.

CustomerWorks shall provide all billing support services ("Billing Support Services") required by BC Gas for the entire "meter to cash" process with the exception of Services specifically defined in Schedule E, Industrial and Off System Support Services. Generally, Billing Support Services shall include:

- (a) billing;
- (b) payment processing;
- (c) payment transfer to BC Gas;
- (d) Customer accounting;
- (e) information and interpretation of Data and processes in response to BC Gas staff inquiries; and
- (f) systems support.

**2.2 Billing**

CustomerWorks shall provide billing for metered and unmetered products and services for all Customers of BC Gas in adherence to the Tariff and in accordance with the Protocol. The Billing Support Services shall be supported by the Customer Information System ("CIS") and shall include the following:

- (a) preparing meter reading and billing schedules to support monthly billing in accordance with the Protocol;

**Schedule "B"**  
**Billing Support Services**

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- (b) sending and receiving meter reading Data and managing exceptions;
- (c) providing support for meter readers;
- (d) calculating Customer bills by:
  - (i) calculating usage conversion factors and usage including estimated usage;
  - (ii) reviewing and resolving reading and premise exceptions which have stopped during the billing process;
  - (iii) reviewing and resolving billing exceptions, including, but not limited to, switched and non-registering meters;
  - (iv) applying the appropriate tariff and rate schedules;
  - (v) calculating and applying the applicable taxes and franchise fees;
  - (vi) applying appropriate special charges including application fees and calculating and applying late payment charges;
  - (vii) calculating and applying security deposits to Customer accounts;
  - (viii) applying appropriate adjustments and producing corrected bills as required;
  - (ix) calculating and revising equal payment plan installments and periodically reconciling to actual gas used charges and taxes;
  - (x) applying charges for unmetered products and services including:
    - A. a standing periodic charge;
    - B. a one-time charge; and
  - (xi) calculating the balance due on bills and aging arrears balances;
- (e) producing and distributing the bill including:
  - (i) formatting, printing and delivering the bill. Delivery methods may include:
    - A. mail;
    - B. electronic presentment;

- (ii) selective insertion of return envelopes and up to 5 different BC Gas brochures per billing workday and per Company;
- (iii) selective printing of messages on the bill;
- (iv) sending bill to the Customer and paying any associated costs such as postage, bill stock and envelopes; and
- (v) consolidating the invoices for a number of meter premises or meters to be billed and paid by a single Customer.

Bill presentation will be in a form similar to that attached hereto in Appendix "B2", unless a change is requested or approved by BC Gas;

- (g) calculating and reporting charges and taxes for BC Gas owned premises;
- (h) coordinating the meter dispute process;
- (i) maintaining premises information and verifying accuracy of CIS taxation jurisdiction boundary information by comparing to BC Gas records;
- (j) initiating fieldwork requests for work related to billing exceptions and meter identification; and
- (k) calculating fees due to municipalities and forwarding information to BC Gas for cheque production and distribution.

### **2.3 Payment Processing**

The bill payment processing aspect of the Billing Support Services shall include the following:

- (a) Payment Processing
  - (i) processing payments received on Customer accounts;
  - (ii) processing returned payments and any associated charges;
  - (iii) administering BC Gas' payment options including pre-authorized payment; and
  - (iv) investigating payment problems, processing adjustments and verifying and processing refunds;

- (b) Payment Options

CustomerWorks shall provide the following options for the payment or collection of accounts receivable and shall manage the

relationship with all external service providers in accordance with Protocol:

- (i) mail payment;
- (ii) drop box payment;
- (iii) payment agency payment;
- (iv) pre-authorized payment;
- (v) telephone payment;
- (vi) internet payment;
- (vii) financial institution payment; and
- (viii) collection agency payment;

**2.4 Payment Transfer to BC Gas**

The payment transfer aspect of the Billing Support Services provided by CustomerWorks shall include:

- (a) daily electronic transfer of all payments collected on BC Gas' behalf and Customer payments returned; and
- (b) reports on payment transfer in accordance with the Protocol.

**2.5 Customer Accounting**

The Customer accounting aspect of the Billing Support Services provided by CustomerWorks shall include the updating of accounting records related to Customer billing and payments, and specifically shall include:

- (a) allocating charges, payments and adjustments to the appropriate accounting codes of BC Gas; and
- (b) reporting accounting code totals to BC Gas.

**2.6 Information and Interpretation of Data and Processes in Response to BC Gas Staff Inquiries**

CustomerWorks shall provide information and interpretation services to BC Gas staff, which shall include, but is not limited to:

- (a) Tariff application;
- (b) billing Data and processes;
- (c) payment Data and processes;
- (d) meter reading Data and processes; and

- (e) collection Data and processes;

## **2.7 Systems Support**

CustomerWorks shall provide support for the Customer Systems used to provide billing, Customer contact, credit and collection, meter reading and other Client Services to BC Gas. This aspect of the Billing Support Services shall include the following:

- (a) providing expert support on the Customer Systems as defined in the Protocol;
- (b) operating and maintaining the Customer Systems, including:
  - (i) system administration activities required to support BC Gas' operational access to Customer information during normal business hours;
  - (ii) communication of or training related to system or process changes or system availability;
  - (iii) regular review of BC Gas' Customer database to ensure optimum online performance; and
  - (iv) investigating, documenting, prioritizing and facilitating the resolution of system defects;
- (c) acting as the expert knowledge source in directing work to maintain, repair or enhance the Customer Systems used and work jointly with BC Gas on the integration of new applications or technology required by BC Gas;
- (d) managing system parameters, including tables of products and services, and chargeable rates for those products and services;
- (e) complying with and implementing changes required by regulatory agencies, including from time to time updating rate tables and implementing new billing requirements; and
- (f) supporting all reporting requirements necessary for CustomerWorks or BC Gas in the delivery of the Billing Support Services and providing BC Gas with ad hoc and special reports and Data extracts as required from BC Gas' Data in the Customer Systems.

**3. SERVICE GUIDELINES**

**3.1 Service Responsibilities**

CustomerWorks will:

- (a) perform the Billing Support Services as defined herein with sufficient staff levels and in accordance with the Protocol;
- (b) consult with BC Gas through the BC Gas Administrator or his designate on matters related to the contracted Services;
- (c) comply promptly with BC Gas' requests for billing modifications due to regulatory agency directives;
- (d) inform BC Gas in a timely manner of any problems that will affect the delivery of the Services;
- (e) notify BC Gas of any changes to CustomerWorks' procedures or policies in the provision of Billing Support Services, and obtain BC Gas agreement prior to such changes, where such changes will impact Customer service, BC Gas' operations or BC Gas' systems, in accordance with the Scope Change procedures set out in the Client Services Agreement;
- (f) obtain BC Gas' prior written consent for any changes to the Customer Systems when the change will impact Customer service or BC Gas' operations; and
- (g) provide Billing Support Services using stable, supportable technical platforms for billing related applications, versioned from time to time to reflect core application upgrades. Where required electronic interfaces linking these systems to BC Gas will be maintained and supported by CustomerWorks. Specific systems and interfaces are further described in the Protocol.

**3.2 Service Levels**

3.2.1. CustomerWorks will:

- (a) control the execution of batch processes, billing processes, interface files, message based services, and report jobs each business day as scheduled or required;
- (b) print and distribute reports to BC Gas each business day as scheduled or required and as outlined in the Protocol;
- (c) calculate Customer account balances accurately;

**Schedule "B"**  
**Billing Support Services**

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- (d) print and mail invoices to Customers each Business Day as scheduled or required ensuring that alternative facilities are available in the case of hardware failure;
- (e) process all payments received accurately and in a timely fashion;
- (f) process all payments received before 12:00 pm PST within the same business day of receipt and credit the related payments to BC Gas' bank account;
- (g) process all refunds within four (4) business days of receipt of request by the Customer;
- (h) report all receivables and other transactions to the appropriate BC Gas accounting code accurately and in accordance with the Protocol, and support reconciliation analyses as required;
- (i) ensure that the number of days from billing to delivery to Canada Post will be no more than two (2) business days;
- (j) apply all payments received to BC Gas' current or overdue receivables;
- (k) provide 24 hour x 7 day support for all Customer Systems;
- (l) provide during regular Customer contact hours complete CIS on-line availability at least 95% of the time and limited or complete functionality at least 99% of the time as measured by the system administrator;
- (m) provide meter reading support coverage for the hours listed in the Protocol;
- (n) provide staff coverage for all other Billing Support areas from at least 8 am to 4 pm PST for outgoing and incoming calls with Customers, Customer contact center and BC Gas staff. Any incoming calls after 4 pm PST will at minimum be recorded by voice mail and returned the next Business Day;
- (o) respond to Customer Systems emergency situations within two (2) hours of being informed of the emergency, inform BC Gas of any situations that will affect provision of the Services for a period lasting longer than one (1) hour, including an estimate of how long the problem will last;
- (p) respond to BC Gas' request for information on existing processes, Systems or Customer complaints within two (2) Business Days;

- (q) provide adequate expert resources in a timely fashion, to design and implement Customer System or CustomerWorks process changes required by BC Gas due to regulatory or government direction, new product or service requirements, or other business requirements, based on a schedule and budget agreed to by both parties;
- (r) respond to requests for Customer System modifications and other special requests within ten (10) Business Days with an estimate of the time to delivery and expected cost;
- (s) consult with BC Gas when setting priorities in relation to other Customer System work requests;
- (t) upon request by BC Gas selectively print bill messages or include with Customer bills the return envelope and up to five other inserts per Company each billing work day by the date requested by BC Gas and in accordance with the Protocol; and
- (u) maintain an archival of billing and consumption information as required to support audit compliance with taxation authorities, regulatory requirements and to support Customer requests.

3.2.2. BC Gas will:

- (a) provide all necessary Data, rate and price schedules, activity forecasts, or other materials to CustomerWorks' key contact in the format requested, on schedule or in a timely fashion to enable CustomerWorks to provide the Billing Support Services in accordance with the Protocol;
- (b) consult with CustomerWorks through CustomerWorks' Account Manager or designate on matters related to the Billing Support Services;
- (c) ensure the accuracy, legibility, completeness and timeliness of rate and price schedules, forecasts or other material including Customer communication on an ongoing basis;
- (d) permit CustomerWorks' employees and agents as may be authorized by CustomerWorks, access to BC Gas' Data at such times and for such purposes as is necessary to allow CustomerWorks to perform its obligations under the Client Services Agreement;
- (e) as reasonably required provide information in addition to that specified in the Client Services Agreement as CustomerWorks may



occasionally require in performing the Billing Support Services and as specified in the Protocol;

- (f) work with CustomerWorks to establish a forecast of annual system development activity and provide adequate lead time for any Customer System changes required and submit to CustomerWorks a scope change as specified in the Client Services Agreement;
- (g) attempt to print and deliver bill inserts five (5) Business Days prior to the insertion start date to CustomerWorks or a third party location identified by CustomerWorks. In the event the 5 day requirement cannot be met, CustomerWorks will insert on schedule as long as the inserts are received the day before the insertion is scheduled. If they are not received the day before, a revised schedule will be negotiated between the parties;
- (h) provide notice of content for new bill messages and specifications for new stuffers in accordance with the Protocol; and
- (i) notify CustomerWorks of any changes to BC Gas' procedures which impact the provision of Services through the scope change process outlined in Clause 15 of the Client Services Agreement prior to such changes, where such changes will impact CustomerWorks' operations.

### **3.3 Performance Measures**

Section 7 sets out the service Performance Measures for the Billing Support Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet Billing Support Service levels to the extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.2.2.

Where there are Billing Support Services performed currently, but no existing performance standards are recorded it is agreed by both parties that as soon as standards can be measured (with consideration given to industry standards) and validated by the Client Committee, they will be incorporated into this Schedule.

The service levels and measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Subject to the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Schedule.

### **3.4 Planning and Budgeting**

CustomerWorks shall be responsible for all planning and budgeting of its Billing Support Services provided pursuant to this Schedule. CustomerWorks shall work in cooperation with BC Gas to forecast activities pursuant to this schedule.

**3.5 Billing Support Services Infrastructure and Support**

CustomerWorks shall provide any and all Billing Support Services infrastructure and support in order to provide Billing Support Services to BC Gas. All infrastructure and support costs, including maintenance costs, are to be provided at CustomerWorks' expense. Such infrastructure and support shall include:

**(a) Software and Hardware**

CustomerWorks shall provide all software and hardware required for its day to day operation in its provision of the Billing Support Services.

**(b) Buildings and Equipment**

CustomerWorks shall provide all space and equipment including transportation requirements required for its day to day operations in its provisions of the Billing Support Services.

**3.6 Title to and Ownership of Data**

BC Gas shall retain title to, and ownership of, any and all Data regarding Customers and any derivatives to this Data, that is collected, generated, compiled or stored by CustomerWorks while conducting the Billing Support Services whether such Data is in paper, electronic or any other form. Copies of such Data shall be provided to BC Gas upon request.

**3.7 BC Gas Bills**

In accordance with and in the spirit of Clause 4.14 of the Client Services Agreement, CustomerWorks shall endeavor to reduce the cost of BC Gas' bills by identifying parties to BC Gas who potentially would share bill space. BC Gas may, in its sole and absolute discretion, elect to participate in bill sharing proposals as submitted and shall be party to any negotiations with potential proponents where issues of shared bill space are concerned.

**3.8 Emergency Response and Contingency Plans**

CustomerWorks shall have the unfettered authority to respond immediately to Billing Support Service problems and shall have full responsibility to maintain and test a contingency plan for the supply of Billing Support Services to BC Gas that ensures the uninterrupted supply

of such Billing Support Services to BC Gas. CustomerWorks shall ensure that the level and type of response provided to BC Gas in the event of an emergency is equal to the level and type of response provided to BC Gas' Customers prior to the Effective Date of the Client Services Agreement. CustomerWorks shall maintain disaster recovery plans and options for BC Gas equivalent to those maintained by BC Gas for its Customers prior to the Effective Date of the Client Services Agreement.

**3.9 Approval Process for Changes Affecting Customers**

Changes to Billing Support Services shall be made in accordance with the scope change process in the Client Services Agreement.

**4. REPORTS**

CustomerWorks shall provide to BC Gas, management and financial reports related to Billing Support Services in accordance with the Protocol.

**5. CUSTOMER ISSUE MANAGEMENT**

CustomerWorks and BC Gas shall work together to resolve Customer issues in a timely manner. All Customer issues and resolutions will be tracked and reported in accordance with the Protocol. Customer issues shall be resolved as follows:

- (a) all issues raised by Customers directly to the attention of CustomerWorks shall be resolved within five (5) Business Days or in a time frame agreed to with the Customer. Any issues requiring escalation to BC Gas for final resolution will be forwarded to a person appointed by the BC Gas Administrator within BC Gas as soon as reasonably possible;
- (b) all issues raised by Customers directly to BC Gas or the British Columbia Utilities Commission regarding services provided by CustomerWorks shall be forwarded to a single contact person as designated by the CustomerWorks Account Manager. Depending on the nature of the issue CustomerWorks will be asked to:
  - (i) respond directly to the complainant, either verbally or in writing as soon as reasonably possible, or
  - (ii) provide a draft response in writing to BC Gas;

All issues shall be resolved or responded to within 5 Business Days of receipt from BC Gas or in a time frame agreed to with BC Gas or BC Gas Customer.

**Schedule "B"**  
**Billing Support Services**

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- (c) all correspondence sent directly to BC Gas Customers by CustomerWorks shall be under BC Gas letterhead; and
- (d) all issues and resolutions in items a) and b) shall be tracked and reported monthly to the BC Gas Administrator.

**6. PRICING**

6.1 CustomerWorks will provide the Services described in this Schedule for five (5) years at the fixed fees (the "Base Fees") shown in the following table:

	<b>2002 Base Fee</b>	<b>2003 Base Fee</b>	<b>2004 Base Fee</b>	<b>2005 Base Fee</b>	<b>2006 Base Fee</b>
Billing Support Services	\$14,897,575	\$17,622,210	\$17,622,210	\$17,622,210	\$17,622,210

The Base Fees will be adjusted monthly beginning in January 2003 to reflect changes to the number of Customers as defined in the Client Services Agreement.

- 6.2 Customer Systems work done as a result of requests from BC Gas for a scope change, excluding changes to existing rate schedule prices and to system tables, and for ad hoc and special reports and Data extracts in excess of 600 hours per year will be charged based on the fees contained in the Professional Services Schedule attached hereto as Appendix "B1"; and
- 6.3 Incremental costs incurred by CustomerWorks due to errors made by CustomerWorks which are not recovered in the Base Fees outlined herein will not be billed to BC Gas. Incremental costs incurred by CustomerWorks due to an error made by BC Gas will be billed based on the fees set out in Appendix "B1" attached hereto. Such incremental charges are subject to prior mutual agreement as determined by the Client Committee.

**7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

7.1 CustomerWorks will provide BC Gas with a summary of CustomerWorks' performance of the measures in Section 7 within ten (10) Business Days of the month-end. Any under performance by CustomerWorks will be addressed and improvement realised by the end of month after the performance failure was reported.

**7.2 Key Contacts**

CustomerWorks

For questions regarding billing issues, the CustomerWorks Manager of Billing Services will be the key contact or as described in the Protocol.

For questions regarding system outages or other system problems, and the status of special projects including rate changes, the key contact will be the CustomerWorks Manager of Billing Services or a designate or as described in the Protocol.

For problems with delivery on Performance Measures or Services not meeting client expectations, the CustomerWorks Account Manager will provide the key contact. The CustomerWorks Account Manager will undertake to resolve the problems as expeditiously as possible.

For new Services, special requests, or changes to existing Services the CustomerWorks Account Manager will be the key contact or as described in Protocol.

BC Gas

For questions regarding Billing Support Services the key contact will be the BC Gas Administrator or as described in the Protocol.

7.3 Performance Measure deficiencies will be brought to the attention of CustomerWorks and appropriate measures will be implemented to correct the performance issues. The following chart outlines the Deficiency Period, Cure Period and Penalty for non-performance for the key Billing Support measures:

**Billing Support Services**

<b>Service</b>	<b>Performance Measure</b>	<b>Deficiency Period</b>	<b>Cure Period</b>	<b>Penalty</b>
Accuracy	99.9% of bills accurate based upon input	1 month	1 month	\$25,000/ month

**Schedule "B"**  
**Billing Support Services**

	data			
Timeliness	95% of bills delivered to Canada Post within two (2) business days of the date that the statement file is created.	1 month	1 month	\$25,000/ month
Completion	95% of Customers billed within two (2) business days of the scheduled billing date	1 month	1 month	\$25,000/ month

“Penalty” shall mean that amount charged to CustomerWorks at the time the deficiency is identified and shall apply each month the deficiency occurs including the cure period. Failure to meet the Performance Measure for more than two (2) consecutive months will result in repetitive doubling of the monthly penalty until the deficiency is resolved or rectified.

## Appendix "B1" Professional Services Schedule

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Hourly charge out rates for system personnel performing Scope Change work or work over 600 hours per year on ad hoc and special reports and Data extracts for BC Gas shall be as follows:

Senior Project Manager	\$150
Senior Consultant	\$100
Intermediate Consultant	\$85
Junior Consultant	\$70

**Appendix "B1"**

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**Professional Services Schedule**



**Appendix "B2"**

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**Bill Format**

TABLE OF CONTENTS

CLAUSES	PAGE
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	2
3. SERVICE GUIDELINES .....	6
4. CUSTOMER ISSUE MANAGEMENT AND REPORTS.....	10
5. PRICING.....	11
6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES .....	11

**1. DEFINITIONS**

Capitalized terms which are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

- 1.1 **"Hydro"** shall mean British Columbia Hydro and Power Authority.
- 1.2 **"Interior"** shall mean BC Gas' distribution network including premises located outside the Lower Mainland, and includes the Inland, Columbia, Fort Nelson and Squamish service areas.
- 1.3 **"Lower Mainland"** shall mean BC Gas' distribution network for all premises located in Greater Vancouver and the Fraser Valley and excluding premises defined as being located in the Interior.
- 1.4 **"Meter Reading Services"** shall mean management of meter reading activities for gas meters, back-office duties, certain meter order work, and management of the meter reading hardware and software including electronic or automated meter reading applications.
- 1.5 **"Meter Services"** shall include but are not limited to meter reading, surveys, route management, fieldwork initiation of meter lock-offs, meter unlocks, orders for appliance relights, meter investigations, meter identifications, high bill complaints as well as meter order completion processing for meter sets and premises located in BC Gas' service areas. For the Lower Mainland the Meter Services shall include fieldwork activities related to meter lock-offs and high bill complaints.
- 1.6 **"Off-Site Meter Reading (OMR)"** shall mean meter reading requiring the use of an upgraded Hand Held Terminal (HHT) to down load data from a special Encoder Receiver Transmitter (ERT) equipped meter. These meter locations may be identified by BC Gas for special Customer requests, difficult access, and /or safety concerns.
- 1.7 **"Special Meter Reading"** shall mean a meter reading requiring a special visit to a premises outside of the regular meter reading routine, such as when a Customer moves or disputes a bill.
- 1.8 **"Special Survey Questions"** shall mean a special request by BC Gas for additional Data to be collected in conjunction with obtaining the routine meter readings. Such Data is usually collected by means of the HHT. This Data will be collected to identify and report specific information about BC Gas' metering facilities. Examples would include, but are not limited to,

gas odours, condition of protection posts, sunken risers or strained piping, specific gas code violations, types of regulating equipment on site, meter sets buried in snow or ice, general hazards, etc.

## **2. SCOPE OF SERVICES**

### **2.1 General Description of Services**

- (a) CustomerWorks agrees to provide BC Gas with the following Meter Services for all BC Gas' accounts in accordance with the policies and procedures outlined in the Protocol and as set out below. The scope of Services and level of performance documented in this Services Schedule is intended to be consistent with the level of Service BC Gas currently provides to its Customers.
- (b) CustomerWorks shall provide Meter Services to BC Gas under the Client Services Agreement which services shall include the capture of meter Data and meter reading Data required by BC Gas in order to support BC Gas' operational requirements as well as premise and Customer Data related to the installation of new services and meter order completion. This information includes, but is not limited to premise information, meter locations, access instructions, no read conditions and service order initiation and order closing details.
- (c) The Meter Services will be supported using stable, supportable technical platforms for meter related applications, versioned from time to time to reflect core application upgrades. Where required electronic interfaces linking these systems to BC Gas will be maintained and supported by CustomerWorks.
- (d) New premise and service order completion information will be provided by BC Gas to CustomerWorks in accordance with the schedule set out in the Protocol.
- (e) Meter reading frequency will be generally based on a bi-monthly basis subject to the special read requirements listed in the Meter Services section of the Protocol.
- (f) All work will be performed in a professional manner in accordance with the Meter Services section of the Protocol.

### **2.2 Specific Services**

#### **2.2.1 Meter Reading Services shall include:**

- (a) Regular Reads

## Schedule "C" Meter Services

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- (i) activity forecasts will be specified in the Meter Services section of the Protocol;
  - (ii) Lower Mainland reads will be synchronized to be performed in the same scheduled month as Hydro's electric meter reads; and
  - (iii) other operational Data will be captured and / or updated at the time of reading to support BC Gas' operational requirements as identified in the Meter Services section of the Protocol;
- (b) Pick-Up / Partial Reads
- (i) Pick-Up/Partial Reads are based on specific inclusion parameters as specified in the Meter Services section of the Protocol and generate read requests in non-read months;
  - (ii) inclusion parameters are subject to change from time to time in accordance with the Meter Services section of the Protocol; and
  - (iii) activity forecasts for pick-up reads will be specified in the Meter Services section of the Protocol;
- (c) Special / Final / AMR Check Reads will be provided by CustomerWorks for the Lower Mainland service area only. The responsibility for special / final /check reads for the Interior service area will remain with BC Gas
- (i) special /final / AMR check reads are requests that require a special visit to a premises outside of the regular meter reading schedule;
  - (ii) read requests will be supported outside the standard meter reading application as specified in the Meter Services section of the Protocol; and
  - (iii) activity forecasts for pick-up reads will be specified in the Meter Services section of the Protocol;
- (d) Surveys
- (i) Surveys will be requested by BC Gas for the capture of specific information at the time of reading to be entered into

the handheld device in accordance with the Meter Services section of the Protocol;

- (ii) Data captured will be reported and forwarded to BC Gas for analysis; and
- (iii) for the Lower Mainland survey requests will be limited to one complete meter survey per year or up to 535,000 individual meter requests for the Meter Reading and Related Services Agreement dated December 14, 2001;

(e) Route Management

Route Management to support meter reading route efficiency including opportunities for joint meter reading synergies with other utilities; and

(f) Operational Reporting as specified in the Meter Services section of the Protocol;

2.2.2 Meter order processing services shall include:

(a) Meter Lock Off/ Read Meter shall apply for the Lower Mainland service area only. The responsibility for meter lock offs in the Interior will remain with BC Gas:

- (i) meter lock offs will be generated based on operational requirements in accordance with the Meter Services section of the Protocol; and
- (ii) activity forecasts for meter lock offs will be specified in the Meter Services section of the Protocol;

(b) Meter order processing:

- (i) meter order processing will include the initiation of fieldwork as well as the data capture associated with completion of fieldwork related to BC Gas' Customer requests, internal operational requests and collection activities excluding fieldwork requiring Customer appointment scheduling related to BC Gas' meter exchange programs. Such orders will include, but are not limited to alterations to meter sets, pressure changes, additional meter(s), meter removals and relocation of meter sets as specified in the Meter Services section of the Protocol; and

- (ii) the effective date for Services associated with the Data capture related to fieldwork completion will be July 1, 2002;
- (c) High bill investigations:
  - (i) high bill investigations include analyzing consumption history, reviewing billing factors and, if required initiating a field order to validate the current meter reading;
  - (ii) validation of meter readings will be performed by CustomerWorks for Lower Mainland Customers, Interior fieldwork will be performed by BC Gas;
  - (iii) high bill investigation field orders will be processed in accordance with the Meter Services section of the Protocol; and
  - (iv) activity forecasts for high bill investigations will be specified in the Meter Services section of the Protocol;
- (d) Initiate Meter investigations
  - (i) initiate meter investigations will include, but are not limited to initiating fieldwork for AMR equipment checks, meter disputes, switched meters, non-registering meters, stopped meters, noisy meters and general customer complaints pertaining to meter sets;
  - (ii) fieldwork associated with meter investigations will be performed by BC Gas'; and
  - (iii) activity forecasts for meter investigations will be specified in the Meter Services Protocol;
- (e) Initiate Meter identification:
  - (i) initiate meter identification will be performed by CustomerWorks and will include, but is not limited to the initiation of fieldwork to determine which meter(s) serve which premise(s), whether new or existing meters as specified in the Meter Services section of the Protocol;
  - (ii) fieldwork associated with meter identifications will be performed by BC Gas'; and

- (iii) activity forecasts for meter identifications will be specified in the Meter Services section of the section of the Protocol.

### **3. SERVICE GUIDELINES**

#### **3.1 CustomerWorks will:**

- (a) provide Meter Services in a manner that meets the same or similar standards of service as experienced by BC Gas' Customers prior to the execution of this Agreement and in accordance to Meter Services section of the Protocol;
- (b) prepare monthly reading and billing schedules;
- (c) maintain all meter reading inclusion criteria, estimating factors, meter location codes, no read codes, access codes and service order codes;
- (d) manage the initiation and completion of Customer related fieldwork;
- (e) ensure compliance with policies and procedures applicable to industry standards and specific BC Gas standards as identified in the Meter Services section of the Protocol;
- (f) support new meter services technologies and enhanced metering services;
- (g) provide meter systems support including:
  - (i) activities involved in ensuring that the meter systems are operating efficiently;
  - (ii) resolving technical problems;
  - (iii) maintaining related third party software;
  - (iv) managing server security and archiving specifications; and
- (h) manage the capture of Customer, premise, meter and access information required for BC Gas' operational purposes; and
- (i) maintain keys to premises held by CustomerWorks for the purpose of providing meter services in a secure and locked location when not being used for the purposes of providing the services specified in this Agreement. Authorized BC Gas personnel will be provided access to keys for operational purposes as required; and



- (j) notify BC Gas of any changes to CustomerWorks' procedures or, policies in the provision of Meter Services, and obtain BC Gas agreement prior to such changes, where such changes will impact Customer service, BC Gas' operations or BC Gas' systems, in accordance with the scope change procedures set out in the Client Services Agreement.

**3.2 BC Gas will:**

- (a) consult with CustomerWorks through CustomerWorks' Account Manager or his designate on matters related to the Services;
- (b) ensure the accuracy, legibility, completeness and timeliness of all information supplied to CustomerWorks at the commencement of the Client Services Agreement;
- (c) permit CustomerWorks' employees and agents, as may be authorized by CustomerWorks, access to BC Gas' Data at such times and for such purposes as is necessary to allow CustomerWorks to perform its obligations under this Schedule;
- (d) as reasonably required provide information in addition to that specified herein as CustomerWorks may occasionally require in performing the Services;
- (e) respond promptly to requests for Customer service fieldwork for activities related to meter lockoffs in the interior, meter unlocks and relights, meter investigations and high bill investigations; and
- (f) notify CustomerWorks of any changes to BC Gas' procedures which impact the provision of Services through the change control process outlined in the Client Services Agreement prior to such changes, where such changes will impact CustomerWorks' operations.

**3.3 Performance Measures for Meter Services**

**3.3.1 Regular Reads – Pick Up/ Partial Reads**

- (a) Accuracy
  - (i) This measure is calculated as the number of correct regular and pick up reads captured by CustomerWorks divided by the total number of regular and pick up reads requested on a monthly basis stated as a percentage.
  - (ii) Statistical reporting summarizing the total number of correct regular reads and correct pick up reads as a percentage of

the total number of regular and the total number of pick up reads requested will be provided by CustomerWorks.

- (b) Completion
  - (i) This measure is captured at a meter reading route level and identifies the number of actual regular meter reads and pick up meter reads captured / transferred as a percentage of regular and pick up reads requested stated as a percentage on a monthly basis.
  - (ii) Statistical reporting summarising the total number of regular meter reads and the total number of pick up reads captured/transferred as a percentage of total number of regular and the total number of pick up reads requested will be provided by CustomerWorks.
  
- (c) Timeliness
  - (i) This measure is calculated as the number of regular and pick up meter reads captured/transferred on or before the scheduled meter reading date divided by the number of regular meter reads and pick up meter reads requested on or before the scheduled meter reading date stated as a percentage on a monthly basis.
  - (ii) Statistical reporting summarising the total number of regular meter reads and the total number of pick up reads captured/transferred as a percentage of the total number of regular meter reads and the total number of pick up reads requested on or before the scheduled meter reading date will be provided by CustomerWorks.

### 3.3.2 Special/Final/AMR Check Reads

- (a) Accuracy
  - (i) This measure is calculated as the number of correct special, final or check reads captured by CustomerWorks divided by the total number of special, final or check reads requested on a monthly basis stated as a percentage.
  - (ii) Statistical reporting summarizing the total number of correct special/final and AMR check reads captured as a percentage

of the total number of special/final/AMR check reads requested will be provided by CustomerWorks.

- (b) Completion
  - (i) This measure identifies the number of actual special, final and check reads completed on or before the required date as a percentage of special, final and check reads requested on a monthly basis stated as a percentage.
  - (ii) Statistical reporting summarising the total number of special, final and check reads completed as a percentage of total number of special, final and check reads requested will be provided by CustomerWorks.
- (c) Timeliness
  - (i) Special and check reads
    - A. This measure is calculated as the number of special and check read requests completed divided by the number of special and check reads requested within two business days of the date of request.
  - (ii) Final reads
    - A. This measure is calculated as the number of final reads completed divided by the number of final reads requested on the working date specified in the request or the immediately preceding working day if the date requested is a weekend or holiday. This measure assumes that the read request is made at least two working days prior to the required date.
    - B. Statistical reporting summarising the total number of special, final and check reads completed as a percentage of total number of special, final and check reads requested will be monitored by CustomerWorks.

### 3.3.3 Meter Order Processing

- (a) Customer initiated orders will be sent to BC Gas immediately upon completion of the initiation process as specified in the Meter Services section of the Protocol.

- (b) Fieldwork closing will be processed within the timeframe supported by the automated interface. If an interface is not available fieldwork closing will be processed within two (2) business days of field completion.
- (c) Policies and procedures related to meter order processing are outlined in the Meter Services section of the Protocol.

### **3.4 Relation of Meter Services to Other Services**

CustomerWorks shall use reasonable efforts to achieve a balance between Meter Reading Services with other BC Gas Operations Departments as follows:

- (a) maintenance of systems and processes supporting interfaces between CustomerWorks and BC Gas Operations as described in the Meter Reading section of the Protocol;
- (b) co-ordination of future initiatives to promote new technologies in the area of meter processing;
- (c) promotion of value added services that align with industry standards as a Meter Services provider; and
- (d) coordination with BC Gas of the provision of timely access to meters where a Customer key is required.

## **4. CUSTOMER ISSUE MANAGEMENT AND REPORTS**

### **4.1 Reports**

CustomerWorks shall provide to BC Gas, management and financial reports related to Meter Services in accordance with the Protocol.

### **4.2 Customer Issue Management**

CustomerWorks and BC Gas shall work together to resolve Customer issues in a timely manner. All Customer issues and resolutions will be tracked and reported in accordance with the Protocol. Customer issues shall be resolved as follows:

- (a) all issues raised by Customers directly to the attention of CustomerWorks shall be resolved within five (5) Business Days or in a time frame agreed to with the Customer. Any issues requiring escalation to BC Gas for final resolution will be forwarded to a person appointed by the BC Gas Administrator within BC Gas as soon as reasonably possible;

**Schedule "C"**  
**Meter Services**

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- (b) all issues raised by Customers directly to BC Gas or the British Columbia Utilities Commission regarding services provided by CustomerWorks shall be forwarded to a single contact person as designated by the CustomerWorks Account Manager. Depending on the nature of the issue CustomerWorks will be asked to:
  - (i) respond directly to the complainant, either verbally or in writing as soon as reasonably possible; or
  - (ii) provide a draft response in writing to BC Gas;

All issues shall be resolved or responded to within five (5) Business Days of receipt from BC Gas or in a time frame agreed to with BC Gas or BC Gas Customer.

- (c) all correspondence sent directly to BC Gas Customers by CustomerWorks shall be under BC Gas letterhead; and
- (d) all issues and resolutions in items a) and b) shall be tracked and reported monthly to the BC Gas Administrator.

CustomerWorks and BC Gas shall work together to resolve Customer issues related to meter services in a timely manner and in accordance to the protocol.

**5. PRICING**

CustomerWorks shall provide the Services described in this Schedule for five years at the fixed fees ("Base Fees") shown in the following table:

	<b>2002 Base Fee</b>	<b>2003 Base Fee</b>	<b>2004 Base Fee</b>	<b>2005 Base Fee</b>	<b>2006 Base Fee</b>
Meter Services	\$4,804,187	\$5,063,309	\$5,063,309	\$5,063,309	\$5,063,309

The Base Fees will be adjusted monthly beginning in January 2003 to reflect changes to the number of Customers as defined in the Client Services Agreement.

**6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

6.1 The following table outlines the Performance Measures for all Meter Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet Performance Measures to the

**Schedule "C"**  
**Meter Services**

extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.2 of this Schedule.

- 6.2 The Performance Measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Notwithstanding the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Client Services Agreement.

<b>Service</b>	<b>Performance Measure</b>	<b>Deficiency Period</b>	<b>Cure Period</b>	<b>Penalty</b>
Accuracy - Regular and Pick Up Reads	99%	1 month	1 month	
Completion - Regular and Pick Up Reads	98%	1 month	1 month	
Timeliness - Regular and Pick Up Reads	96%	1 month	1 month	
Accuracy - Special, Final and Check Reads	99%	1 month	1 month	
Completion - Special, Final and Check Reads	98%	1 month	1 month	
Timeliness - Special, Final and Check Reads	96%	1 month	1 month	

"Cure Period" shall mean the time allotted to CustomerWorks to resolve or rectify the deficiency.

Specific penalties in this area are reflected in the Billing Support Services Schedule of the Client Services Agreement. Penalties will be charged based on billing services being accurate, timely and complete as identified in Schedule "B".



**Table Of Contents**

<b>Clause</b>	<b>Page</b>
1. DEFINITIONS.....	1
2. SCOPE OF SERVICES.....	1
3. SERVICE GUIDELINES .....	3
4. REPORTS.....	5
5. CUSTOMER ISSUE MANAGEMENT .....	5
6. PRICING.....	6
7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES...	6



**1. DEFINITIONS**

Capitalized terms which are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

**2. SCOPE OF SERVICES**

2.1 CustomerWorks agrees to provide BC Gas with the following Credit and Collection Services in accordance with the policies and procedures outlined in Section 3 below and as specifically set out in the Protocol for all of BC Gas' accounts excluding the Customers specifically addressed in Schedule "E", Industrial and Off System Support Services. The scope of Services and level of performance documented in this Services Schedule is intended to be consistent with the level of Service BC Gas currently provides to its Customers.

Generally, Credit and Collection Services shall include:

**(a) Collection Management Service.**

The collection management Services component of the Credit and Collection will include:

- (i) producing and reviewing automated arrears summaries for current and finalized Customer accounts;
- (ii) performing outbound collection services for overdue accounts;
- (iii) responding to inbound Customer collection enquiries;
- (iv) negotiating and monitoring payment arrangements;
- (v) reporting collection performance, arrears status and bad debt statistics;
- (vi) skip tracing services;
- (vii) initiating fieldwork for service terminations for non-payment through BC Gas' Distribution Operations;
- (viii) handling special payment arrangements such as bankruptcies and large dollar debit adjustments;
- (ix) managing external referrals and the relationship with external collection agents; and
- (x) managing of bad debts.

- (b) **Credit Approval Service.** The credit approval component of Credit and Collection Services include activities involved in providing a credit designation based on a review of the Customer's gas account history, for the purpose of determining whether a security deposit is required;
- (c) **Credit Monitoring.** The credit monitoring component of Credit and Collection Services include activities involved in periodically reviewing Customer's credit information, for the purpose of monitoring the Customer's credit standing;
- (d) **Security Deposit Administration.** The security deposit administration component of Credit and Collection Services include activities involved in administering a Customer security deposit program including calculating interest, issuing refunds, and issuing tax receipts in accordance with the Protocol; and
- (e) **Administration of Other Security.** CustomerWorks will administer the activities involved in obtaining letters of credit in lieu of security deposits for large volume Customers including annually reviewing Customer credit activity and arranging for the replacement of expiring letters as required.

## 2.2 CustomerWorks' Responsibilities

CustomerWorks will:

- (a) perform the Credit and Collection Services as defined herein in accordance with the Protocol; and
- (b) consult with BC Gas through BC Gas' Administrator or his designate on matters related to the Credit and Collection Services.

## 2.3 Customer Contact

CustomerWorks shall provide Credit and Collection Services in response to all Customer contact including:

- (a) telephone calls related to Credit and Collections , which will be handled by:
  - (i) integrated voice response ("IVR"); or
  - (ii) a Customer service representative;
- (b) e-mail and other electronic correspondence; and
- (c) written and faxed correspondence.

**3. SERVICE GUIDELINES**

**3.1 Volume of Work**

Activity forecasts for Credit and Collection Services activities will be specified in the Protocol.

**3.2 Standards of Service:**

CustomerWorks will:

- (a) manage the current and finalized overdue accounts to sustain optimal overdue and uncollectable balances for BC Gas' receivables in accordance with the service levels outlined in this Schedule and further described in the Protocol;
- (b) accurately calculate Customer credit ratings and administer security deposits and letters of credit on behalf of BC Gas;
- (c) manage collection agencies to achieve the success rate of collections in accordance with the Performance Measure defined in this Schedule and the Protocol;
- (d) arrange service terminations for non-payment and reconnections as required, in accordance with the Protocol; and
- (e) use commercially reasonable efforts to achieve an efficient exchange of information between Credit and Collection Services and outside service providers and to BC Gas Operations as set out in the Protocol.

**3.3 BC Gas' Responsibilities**

BC Gas will:

- (a) provide all necessary Data, sales and Customer forecasts, or other information to CustomerWorks in the format requested, on schedule or in a timely fashion to enable CustomerWorks to provide the Services; and
- (b) consult with CustomerWorks through CustomerWorks's Account Manager or his designate on matters related to the Services;
- (c) ensure the accuracy, legibility, completeness and timeliness of all information supplied to CustomerWorks at the commencement of the Client Services Agreement;

- (d) as reasonably required provide information in addition to that specified herein as CustomerWorks may occasionally require in performing the Credit and Collection Services; and
- (e) prepare annual bad debt write-off forecasts and analyses jointly with CustomerWorks.

**3.4 Service Levels**

3.4.1. CustomerWorks shall perform Credit and Collections Services as set out below and in accordance with the Protocol:

- (a) maintain collections hours of operation as set out in the Protocol;
- (b) respond to inbound inquiries such that:
  - (i) 65% of calls are answered in 30 seconds; and
  - (ii) written, fax or e-mail responses to Customer are made within four (4) Business Days;
- (c) manage current accounts receivable such that the current aging percentages in each aging category measured at the end of each calendar month do not exceed

	% of revenue
Over 31 days	40%
Over 61 days	20%
Over 91 days	10%
Over 120 days	7%

The percentages set out above are preliminary and will be finalized at the end of the first year of the Term.

- (d) manage finalized accounts receivable such that the aging percentages in each category measured at the end of each calendar month do not exceed

	% of revenue
Over 31 days	85%
Over 61 days	66%
Over 91 days	52%



**Schedule "D"**  
**Credit & Collection Services**

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- (d) all issues and resolutions in items a) and b) shall be tracked and reported monthly to the BC Gas Administrator.

**6. PRICING**

CustomerWorks shall provide the Services described in this Schedule and the Protocol for five (5) years at the fixed fees ("Base Fees") shown in the following table:

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
	<b>Base Fee</b>	<b>Base Fee</b>	<b>Base Fee</b>	<b>Base Fee</b>	<b>Base Fee</b>
Credit and Collection Services	\$1,710,110	\$2,045,062	\$2,045,062	\$2,045,062	\$2,045,062

The Base Fees will be adjusted monthly beginning in January 2003 to reflect changes to the number of Customers as defined in the Client Services Agreement.

**7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

- 7.1 The following table outlines the Service Performance Measures for all Credit and Collection Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet the Performance Measures to the extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.3 above.
- 7.2 The Performance Measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Notwithstanding the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Client Services Agreement.

**Schedule "D"**  
**Credit & Collection Services**

7.3 Credit and Collection Services

<b>Service</b>	<b>Performance Measure</b>	<b>Deficiency Period</b>	<b>Cure Period</b>	<b>Penalty</b>
Inbound Collection Inquiries	65/30	1 month	1 month	\$25,000/month
Current Arrears Aging See note 1 below.	Current levels are reflected in Section 3.4.1(c)	1 month	1 month	\$25,000/month
Finalized Arrears Aging See note 1 below	Current levels are reflected in Section 3.4.1 (d)	1 month	1 month	\$25,000/month
Call Quality	95% based on current format	2 consecutive months	1 month	\$25,000/month

Note 1: The Performance Measures related to current arrears aging and finalized arrears aging will be monitored and defined at the end of the first year of the Term. Neither a Deficiency Period or Penalty will be applied to CustomerWorks in the first year of the Term.

“Cure Period” shall mean the time allotted to CustomerWorks to resolve or rectify the deficiency.

“Penalty” shall mean that amount charged to CustomerWorks at the time the deficiency is identified and shall apply for each month the deficiency occurs including the Cure Period. Failure to meet Performance Measures for more than 2 consecutive months will result in repetitive doubling of the monthly Penalty until the deficiency is resolved or rectified.





**Schedule "E"**  
**Industrial and Off System Support Services**

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**TABLE OF CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	1
3. SERVICE GUIDELINES .....	5
4. REPORTS.....	9
5. CUSTOMER ISSUE MANAGEMENT .....	10
6. PRICING.....	10
7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES .....	11

**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

1.1. "Industrial Services" shall mean the industrial Customer marketing department of BC Gas Utility Ltd.

**2. SCOPE OF SERVICES**

2.1. CustomerWorks agrees to provide BC Gas with the following Industrial and Off System Support Services for all BC Gas' large volume accounts in accordance with the policies and procedures outlined in the Protocol and as set out below. The scope of Services and level of performance documented in this Service Schedule is intended to be consistent with the level of Service BC Gas currently provides to its Customers.

Industrial and Off System Customers will include all large volume Customers including all transportation service, seasonal, off system and pipeline customers. Specific rate classes will include but are not limited to rates 4, 5, 6, 7, 10, 13, 14, 22, 23, 25, 27, 30 and 40 in addition to off system and pipeline contractual arrangements which are subject to negotiated terms and prices.

**2.2. General**

CustomerWorks will provide Industrial and Off System Support Services required by BC Gas related to:

- (a) account management and billing;
- (b) payment processing;
- (c) payment transfer to BC Gas;
- (d) inquiry handling;
- (e) Customer accounting and early stage collections in accordance with the Protocol;
- (f) information and interpretation of Data and processes in response to BC Gas staff inquiries; and
- (g) systems support.

**2.3. Account Management and Billing Services**

Account management includes the activities involved in establishing Customer information for the purposes of billing including entering contract information and entering and maintaining Customer contact information. Billing services will include importing usage from internal utility systems, calculating charges, applying applicable taxes and delivering statements to customers in a timely manner. CustomerWorks shall provide account management and billing Services for Industrial and Off System Customers including:

- (a) establishing and maintaining Customer , contract and Tariff Data in the CIS system;
- (b) accepting time-of-use volume and usage information from other systems and using the Data for billing;
- (c) managing Tariff rates and parameters and override prices for specific Customers as determined by the Customer contract;
- (d) applying negotiated prices either as specified in the tariff or as provided by Industrial Services at BC Gas;
- (e) calculating and applying the applicable taxes and franchise fees and maintaining Customer and premise tax exemption information;
- (f) applying appropriate special charges including application fees and calculating and applying late payment charges;
- (g) calculating and applying security deposit requests and refunds including accrued interest;
- (h) administering letters of credit including facilitating renewals;
- (i) applying charges for unmetered products and services including:
  - (i) a standing periodic charge
  - (ii) a one-time charge
  - (iii) other special charges as may be required;
- (j) calculating the balance due on billing and aging arrears balances;
- (k) producing and distributing Customer statements including:
  - (i) formatting, printing and delivering the bill. Delivery methods may include:
    - A. mail;
    - B. fax;
    - C. electronic presentment;

**Schedule "E"**  
**Industrial and Off System Support Services**

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- (ii) selective insertion of up to five different brochures in each statement;
  - (iii) selective printing of messages on the bill; and
  - (iv) sending bills to Customers and paying any associated costs including but not limited to printing, postage, bill stock and envelopes; and
- (l) aggregating Customer consumption across meters and premises as required and consolidating invoices for Customers with multiple premises onto a single statement

**2.4. Payment Processing and Payment Transfer to BC Gas**

2.4.1 The payment processing services of the Industrial and Off System Support Services shall include the following:

- (a) processing payments received on Customer accounts;
- (b) processing returned payments and any associated charges;
- (c) administering BC Gas' payment options including pre-authorized payment requests and withdrawals;
- (d) administering pre-payment plan for credit risk Customers;
- (e) facilitating the transfer of payment information for large industrial customers paying through wire transfer directly to BC Gas; and
- (f) investigating payment problems, processing adjustments and verifying and processing refunds.

2.4.2 The payment transfer aspect of the Industrial and Off System Support Services shall include:

- (a) daily electronic transfer of all payments received on behalf of BC Gas; and
- (b) reports on payments transferred.

**2.5. Inquiry Handling**

The inquiry component of the Industrial and Off System Support Services shall include activities involved in responding to inquiries regarding BC Gas' Industrial and Off System Customer accounts as follows:

- (a) updating Customer and contract information in the CIS;
- (b) investigating and correcting billing, contract or payment errors;
- (c) initiating fieldwork;
- (d) explaining rate calculations and changes; and

- (e) transferring calls as appropriate to the BC Gas marketing group responsible to managing the Customer relationship.

**2.6. Customer Accounting and Collections**

The Customer accounting aspect of the Industrial and Off System Support Services provided by CustomerWorks shall include the updating of accounting records related to Customer billing and payments. The collections component shall be performed in accordance with the Protocol. The Customer accounting and collections activities shall include:

- (a) billing for payment security;
- (b) managing Customer letters of credit;
- (c) monitoring and actioning overdue balances;
- (d) performing outbound collections including sending notices; and
- (e) initiating fieldwork disconnections and reconnections.

**2.7. Information and Interpretation of Data and Processes in Response to BC Gas Staff Inquiries**

CustomerWorks shall provide information and interpretation services to BC Gas staff which shall include but is not limited to:

- (a) Tariff application;
- (b) billing data and processes;
- (c) payment data and processes; and
- (d) credit and collections data and processes.

**2.8. Systems Support**

CustomerWorks shall provide support for the Customer Systems used to provide Industrial and Off System Support Services to BC Gas. This aspect of the Industrial and Off System Support Services shall include the following:

- (a) providing expert support on the Customer Systems related to Industrial and Off System Customers;
- (b) operating and maintaining the Customer Systems, including:
  - (i) Customer Systems administration activities required to support BC Gas' operational access to Customer information during normal business hours; and

**Schedule "E"**  
**Industrial and Off System Support Services**

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- (ii) communication of or training related to Customer Systems or process changes or Customer Systems availability;
- (c) acting as the expert knowledge source in directing work to maintain, repair or enhance the Customer Systems used and work jointly with BC Gas on the integration of new applications, modifications or technology required by BC Gas;
- (d) managing system parameters, including specific contract overrides and predetermined charges received from an external source;
- (e) complying with and implementing changes required by regulatory agencies, including from time to time updating rate tables and implementing new billing requirements; and
- (f) supporting all reporting requirements necessary for CustomerWorks or BC Gas in the delivery of the Billing Support Services and providing BC Gas with ad hoc and special reports and Data extracts as required from BC Gas' Data in the Customer Systems.

**3. SERVICE GUIDELINES**

**3.1. CustomerWorks' Responsibilities**

CustomerWorks will:

- (a) perform the Industrial and Off System Support Services with sufficient and adequately trained staff in accordance with mutually agreeable policies and practices, all of which are set out in this Schedule and the Protocol;
- (b) consult with BC Gas through BC Gas' co-ordinator or the co-ordinator's designate on matters related to the Industrial and Off System Support Services;
- (c) ensure that adequate and appropriate systems and interfaces are available to meet the Performance Measures;
- (d) comply with BC Gas' requests for billing modifications due to regulatory agency directives;
- (e) answer billing, payment and collections inquiries with specialized representatives skilled and knowledgeable with respect to Industrial and Off System Customer accounts and in accordance with the Protocol;
- (f) provide appropriate and timely support through expert personnel and/or technology as required for special inquiries and Customer information extracts;

**Schedule "E"**  
**Industrial and Off System Support Services**

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- (g) inform BC Gas in a timely manner of any problems that will affect the delivery of the Industrial and Off System Support Services;
- (h) notify BC Gas of any changes to CustomerWorks' procedures in the provision of Services and obtain BC Gas' agreement prior to such changes, where such changes will impact BC Gas' operations; and
- (i) consult with BC Gas prior to enacting any changes to the Service levels.

**3.2. BC Gas' Responsibilities**

BC Gas will:

- (a) provide all necessary Data, schedules, Activity Forecasts, special forms or other information to CustomerWorks in accordance with the Protocol;
- (b) consult with CustomerWorks through CustomerWorks' Account Manager or his designate on matters related to the Services;
- (c) permit CustomerWorks' employees and agents, as may be authorized by CustomerWorks, access to BC Gas' Data at such times and for such purposes as is necessary to allow CustomerWorks to perform its obligations under this Schedule;
- (d) provide information in addition to that specified herein as CustomerWorks may reasonably and occasionally require in performing the Industrial and Off System Support Services;
- (e) provide sufficient notice of regulatory and rate changes as outlined in the Protocol;
- (f) provide notice of content for new bill messages and specifications for new stuffers in accordance with the Protocol; and
- (g) will notify CustomerWorks of any changes to BC Gas' procedures which impact the provision of Services through the change control process outlined in Clause 15 of the Client Services Agreement prior to such changes, where such changes will impact CustomerWorks' operations.

**3.3. Service Levels**

CustomerWorks will:

- (a) perform the Industrial and Off System Support Services with sufficient and adequately trained staff sufficient to meet the service levels, all of which are set out in this Schedule and the Protocol;
- (b) accurately record and update all Customer, contract, premise and account information in the Customer Systems;

**Schedule "E"**

**Industrial and Off System Support Services**

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- (c) control the execution of batch processes, billing processes, interface files, message based services, and report jobs each business day as scheduled or required;
- (d) print and distribute reports to BC Gas each business day as scheduled or required;
- (e) calculate Customer account balances accurately;
- (f) deliver invoices to Customers each Business Day through the determined bill delivery mechanism as scheduled or required;
- (g) process all payments received before 12:00 pm PST within the same business day as the day of receipt;
- (h) process all refunds within four (4) Business Days of receipt of request by the Customer;
- (i) post all receivables, Tariff components and other transactions to the appropriate BC Gas accounting code accurately and in a timely fashion, and provide reconciliation assistance as required and as outlined in the Protocol;
- (j) ensure that the number of days from billing to delivery will be no more than two (2) Business Days;
- (k) provide staff coverage for all Industrial and Off System Support areas from at least 8 am to 4 pm PST for outgoing and incoming calls with Customers and authorized BC Gas staff. Any incoming calls after 4 pm PST will at minimum be recorded by voice mail and returned the next Business Day;
- (l) respond to BC Gas' request for information on existing processes, Systems or Customer complaints within two (2) Business Days and for individual Customer data extracts within five (5) Business Days;
- (m) provide adequate expert resources in a timely fashion, to design and implement Customer System or process changes required by BC Gas due to regulatory or government direction, new Tariff or service requirements, or other business requirements, based on a schedule and budget agreed to by both parties;
- (n) respond to requests for structured data extracts related to groups of Customers within seven (7) Business Days;
- (o) respond to requests for Customer System modifications and other special requests within ten (10) Business Days with an assessment of the time and expected cost;
- (p) upon request by BC Gas selectively print bill messages or include with Customer bills up to five other inserts per Company each



**Schedule "E"**  
**Industrial and Off System Support Services**

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billing work day by the date requested by BC Gas and in accordance with the Protocol;

- (q) maintain Service levels described herein;
- (r) manage the distribution of other billing or collections Customer correspondence related to Industrial and Off System Customers provided by CustomerWorks to the Customer;
- (s) follow the collection timeline established in the Protocol subject to acceleration for individual Customers at the direction of BC Gas; and
- (t) maintain an archival of billing and consumption information as required to support audit compliance with taxation authorities, regulatory requirements and a minimum of five years of consumption history to support Customer requests.

**3.4. Policies and Practices**

3.4.1 CustomerWorks shall deliver the Industrial and Off System Support Services in accordance with the Protocol.

3.4.2 BC Gas will:

- (a) retain final approval rights for scripts, training materials and other materials for any Customer communications; and
- (b) retain the right to monitor call and bill quality.

CustomerWorks will notify BC Gas of any changes to CustomerWorks' procedures in the provision of Services and obtain BC Gas' agreement prior to such changes, where such changes will impact BC Gas' operations.

**3.5. Performance Measures**

CustomerWorks shall provide the Industrial and Off System Support Services in accordance with the Service levels described herein which at a minimum shall meet BC Gas' Service levels for the same or similar Industrial and Off System Support Services provided by BC Gas prior to the completion of the transition of the Industrial and Off System Support Services to CustomerWorks.

Section 3.3 sets out the Service level measures for the Industrial and Off System Support Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet Industrial and Off System Support Service levels to the extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.2.

Where there are Industrial and Off System Support Services performed currently, but no existing Performance Measures are recorded it is agreed that as soon as standards can be measured (with consideration given to industry standards) and validated by the Client Services Committee, they will be incorporated into this Schedule.

The service levels and measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Subject to the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Schedule.

**3.6. Planning and Budgeting**

CustomerWorks shall be responsible for all planning and budgeting of its Billing Support Services provided pursuant to this Schedule.

**3.7. Industrial and Off System Support Services Infrastructure and Support**

CustomerWorks shall provide any and all Industrial and Off System Support Services infrastructure and support in order to provide Industrial and Off System Support Services to BC Gas. All infrastructure and support costs, including maintenance costs, are to be provided at CustomerWorks' expense. Such infrastructure and support shall include:

**(a) Software and Hardware**

CustomerWorks shall provide all software and hardware required for its day to day operation in its provision of the Industrial and Off System Support Services.

**(b) Buildings and Equipment**

CustomerWorks shall provide all space and equipment including transportation requirements required for its day to day operations in its provisions of the Industrial and Off System Support Services.

**(c) Approval Process for Changes Affecting Customers**

Changes to Industrial and Off System Support Services shall be made in accordance with the scope change process in the Client Services Agreement.

**4. REPORTS**

CustomerWorks shall provide to BC Gas, management and financial reports related to Billing Support Services in accordance with the Protocol.

**5. CUSTOMER ISSUE MANAGEMENT**

CustomerWorks and BC Gas shall work together to resolve Customer issues in a timely manner. All Customer issues and resolutions will be tracked and reported in accordance with the Protocol. Customer issues shall be resolved as follows:

- (a) all issues raised by Customers directly to the attention of CustomerWorks shall be resolved within five (5) Business Days or in a time frame agreed to with the Customer. Any issues requiring escalation to BC Gas for final resolution will be forwarded to a person appointed by the BC Gas Administrator within BC Gas as soon as reasonably possible;
- (b) all issues raised by Customers directly to BC Gas or the British Columbia Utilities Commission regarding services provided by CustomerWorks shall be forwarded to a single contact person as designated by the CustomerWorks Account Manager. Depending on the nature of the issue CustomerWorks will be asked to:
  - (i) respond directly to the complainant, either verbally or in writing as soon as reasonably possible; or
  - (ii) provide a draft response in writing to BC Gas.

All issues shall be resolved or responded to within five (5) Business Days of receipt from BC Gas or in a time frame agreed to with BC Gas or BC Gas Customer.

- (c) all correspondence sent directly to BC Gas Customers by CustomerWorks shall be under BC Gas letterhead; and
- (d) all issues and resolutions in items (a) and (b) shall be tracked and reported monthly to BC Gas.

**6. PRICING**

6.1. CustomerWorks will provide the Services described in this Schedule for five (5) years at the fixed fees ("Base Fees") set out in the following table:

	<b>2002 Base Fee</b>	<b>2003 Base Fee</b>	<b>2004 Base Fee</b>	<b>2005 Base Fee</b>	<b>2006 Base Fee</b>
Industrial and Off System Support	\$354,968	\$404,667	\$404,667	\$404,667	\$404,667

**Schedule "E"**  
**Industrial and Off System Support Services**

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The Base Fees will be adjusted to reflect changes to the number of Customers as defined in the Client Services Agreement. Additionally:

- (a) Base Fees will include 300 hours per year for ad hoc and special reports and Data extracts specifically related to supporting Industrial and Off System Customer requests;
- (b) Customer Systems work done as a result of requests from BC Gas for a scope change, excluding changes to existing rate schedule prices and to system tables, and for ad hoc and special reports and Data extracts in excess of 300 hours per year will be charged based on the fees contained in the Professional Services Schedule attached hereto as Appendix "E1"; and
- (c) incremental costs incurred by CustomerWorks due to material errors made by CustomerWorks which are not recovered in the fees outlined herein will not be billed to BC Gas. Incremental costs incurred by CustomerWorks due to material errors made by BC Gas will be billed based on the fees set out in Appendix "E1" attached hereto. Such incremental charges are subject to prior mutual agreement as determined by the Client Committee.

6.2. All Base Fees will be billed monthly.

**7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

- 7.1. The following table outlines the Performance Measures for all Industrial and Off System Support Services. CustomerWorks shall not be responsible for, nor shall BC Gas be entitled to any remedies for failure to meet Performance Measures to the extent that such failure was caused by the failure of BC Gas to meet the requirements of Section 3.2.
- 7.2. The Performance Measures shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Notwithstanding the above, Performance Measures will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of the Client Services Agreement.
- 7.3. CustomerWorks will provide BC Gas with a summary of CustomerWorks' performance of the measures in Section 7 within ten (10) Business Days of the month-end.

**7.4. Key Contacts**

CustomerWorks

For questions regarding billing issues, the Manager of Billing Services , or as otherwise identified in the Protocol, will be the key contact.

For questions regarding system outages or other system problems, and the status of special projects including rate changes, the key contact will be the Manager of Billing Services or a designate or as described in the Protocol.

For problems with delivery on performance measures or Industrial and Off System Support Services not meeting client expectations, the CustomerWorks Account Manager will provide the key contact. The CustomerWorks Account Manager will undertake to resolve the problems as expeditiously as possible.

For new services, special requests, or changes to existing Industrial Off System Support Services the CustomerWorks Account Manager or as otherwise designated in the Protocol will be the key contact.

BC Gas

For questions regarding Industrial and Off System Support Services the key contact will be the Administrator or as described in the Protocol.

- 7.5. Performance deficiencies will be brought to the attention of CustomerWorks and appropriate measures will be implemented to correct the performance issues. The following chart outlines the Deficiency Period, Cure Period and Penalty for non-performance for the key Industrial and Off System Support Services measures:

**Industrial and Off System Support Services**

<b>Service</b>	<b>Performance Measure</b>	<b>Deficiency Period</b>	<b>Cure Period</b>	<b>Penalty</b>
Accuracy	99.5% of bills accurate based upon input data.	1 month	1 month	\$10,000/ month
Timeliness	95.0% of bills delivered by the method specified within two (2) Business Days of the date the billing file is	1 month	1 month	\$10,000/ month

**Schedule "E"**  
**Industrial and Off System Support Services**

	created.			
Completion	95.0% of bills generated within two (2) Business Days of the receipt of all necessary billing information.	1 month	1 month	\$10,000/ month
Collections	Provide to BC Gas a monthly summary of Customers in arrears two (2) Business Days after all billing is completed for the month.	1 month	1 month	\$5,000/month
Collections	Customers with an arrears balance greater than \$1000 will be contacted by CustomerWorks regarding their overdue balance within 21 days of the due date.	1 month	1 month	\$5,000/month
Collections	Monthly collection status meetings will be held within five (5) Business Days of the monthly summary of customers in arrears being provided to BC Gas unless the meeting is delayed by BC Gas request.	1 month	1 month	\$2,500/month

“Penalty” shall mean that amount charged to CustomerWorks at the time the deficiency is identified and shall apply each month the deficiency occurs including the cure period. Failure to meet the Performance Measures for more than two (2) consecutive months will result in repetitive doubling of the monthly penalty until the deficiency is resolved or rectified.

**Appendix "E1"**  
**Professional Services Schedule**

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Hourly charge out rates for system personnel performing Scope Change work or work over 600 hours per year on ad hoc and special reports and Data extracts for BC Gas shall be as follows:

Senior Project Manager	\$150
Senior Consultant	\$100
Intermediate Consultant	\$85
Junior Consultant	\$70

**Schedule "F"**  
**Commercial Unbundling Operational Services**

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**TABLE OF CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	1
3. SERVICE GUIDELINES .....	2
4. REPORTS.....	4
5. PRICING.....	4
6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES .....	5
7. TERMINATION OF SCHEDULE "F" .....	5



**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

- 1.1. "Commercial Unbundling Program" shall mean a British Columbia Utilities Commission ("BCUC") approved initiative which provides large and small commercial Customers with an opportunity to purchase their gas commodity from a supplier other than Terasen.
- 1.2. "Marketers" shall mean a party licensed by the BCUC to contract with end use Customers to provide gas commodity.

**2. SCOPE OF SERVICES**

- 2.1. CustomerWorks agrees to provide Terasen with the following services for all Terasen's large and small commercial Customers in accordance with the policies and procedures outlined in the Protocol and as set out below for the Commercial Unbundling Program.
- 2.2. Generally, CustomerWorks will provide Commercial Unbundling Operational Services (the "Services") as follows:
  - (a) Customer inquiry services related to billing and enrollment including calls related to the midstream gas components, Marketer names and phone numbers as well as participant status;
  - (b) Customer inquiry services resulting from Terasen's Customer education campaign;
  - (c) data capture and data transfer services related to Customer enrollments, rate changes, enrollment rejections, exception handling and rejection processing;
  - (d) financial reporting support identifying charges directly related to the new marketer tariffs;
  - (e) adjustment processing for retroactive rate changes resulting from Customer disputes;
  - (f) compilation and distribution of Customer consumption history at a premise based on authorized requests from Marketers; and

- (g) Tariff set-up and maintenance related to the new marketer tariffs and Terasen midstream components.

### **3. SERVICE GUIDELINES**

#### **3.1. CustomerWorks' Responsibilities**

CustomerWorks will:

- (a) perform the Services with sufficient and adequately trained staff in accordance with mutually agreeable policies and practices and sufficient to meet the service levels, all of which are set out in this Schedule and the Protocol;
- (b) consult with Terasen through Terasen's coordinator or the coordinator's designate on matters related to the Services;
- (c) ensure that adequate and appropriate systems, Customer contact technology and equipment are available to meet the service levels; and
- (d) provide reasonable access to Terasen for monitoring purposes on request.

#### **3.2. Terasen' Responsibilities**

Terasen will:

- (a) be responsible for pre-validating transaction files and will own the relationship with Marketers and be responsible for all Marketer related communications with CustomerWorks;
- (b) provide timely notification of changes to the requirements for Commercial Unbundling or the parameters used to determine pricing; and
- (c) provide timely information and decisions on the Commercial Unbundling Program and related business process issues.

**3.3. Program Assumptions**

- (a) Only existing large and small commercial Customers on Rates 2, 3, and 23, within the Lower Mainland, Inland and Columbia divisions, are eligible to participate in the Commercial Unbundling Program, excluding propane customers in Revelstoke;
- (b) The initial Commercial Unbundling Program customer billing start date will be November 1, 2004. Subsequently, the Commercial Unbundling Program will support quarterly entry dates beginning in May 2005;
- (c) Marketers will be required to maintain a 24/7 telephone service to support Customer inquiries related to Marketer provided rates and contract terms as well as advising of appropriate emergency contact procedures;
- (d) Marketers will be limited to one rate change annually per pricing option; and
- (e) CustomerWorks will not handle disputes between Customers and Marketers.

**3.4. Service Levels**

- (a) Terasen will receive monthly reporting of complaints directly related to the Commercial Unbundling Program;
- (b) CustomerWorks will report monthly financial information by Tariff class in accordance with the timelines as established by Terasen and as set out in the Protocol;
- (c) Enrolment transactions and rejection responses will be processed each business day;
- (d) Customer correspondence related to the Commercial Unbundling Program will be responded to within four (4) Business Days of receipt;
- (e) Exceptions will be processed within three (3) Business Days; and
- (f) Authorized Marketer requests for consumption history will be processed within five (5) Business Days of receipt.

**Schedule "F"**  
**Commercial Unbundling Operational Services**

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**3.5. Policies and Practices**

3.5.1 CustomerWorks shall deliver the Commercial Unbundling Operational Services in accordance with the Protocol.

3.5.2 Terasen will:

- (a) retain final approval rights for scripts, training materials and other materials for any Customer communications including approval of delivery method or channel;
- (b) retain the right to monitor call quality.

**4. REPORTS**

CustomerWorks shall provide all management reports to Terasen in accordance with the Protocol which may be amended, from time to time.

**5. PRICING**

5.1. CustomerWorks will provide the Services described in this Schedule for three (3) years at the fees set out in the following table:

	2004	2005	2006
Commercial Unbundling Operational Services - Base Fees	\$ 77,329	\$ 121,632	\$ 121,632
Enrolment Exception Transaction - per occurrence	\$ 23.70	\$ 23.70	\$ 23.70
Marketer Group Set-up Request - per group	\$1,776	\$1,776	\$1,776
Marketer Rate Change Request - per rate change per group	\$ 91	\$ 91	\$ 91
Request for Customer consumption information - per request	\$ 30	\$ 30	\$ 30

Note: Base fees will be billed monthly. Transactional fees will be billed monthly as incurred.

**Schedule "F"**  
**Commercial Unbundling Operational Services**

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The base and variable fees are based on the following assumptions related to market participation and the program assumptions described in Section 3.3 of this Schedule.

- a) Two Marketers are expected to participate in the first year of the program, each offering two pricing options. In the next two years participation is expected to increase to four additional Marketers each offering four pricing options; and
- b) The number of enrolment requests is expected to be 10,000 requests per year with an exception handling rate of 15% in the first year and decreasing to 10% in the two following years.

**6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

The performance Measures, Deficiency Cure Periods and Penalties set out in Schedule "A" and Schedule "B" shall apply.

Note: For the first ninety (90) days after the midstream charges are shown separately on commercial bills, any billing accuracy errors that are directly attributable to the calculation or presentment of these charges will be exempt from the calculation of billing accuracy for penalty determination purposes. In addition, for the first ninety (90) days after the start of billing Marketer tariffs in November 2004, any billing accuracy errors that are directly attributable to the calculation or presentment of these charges will be exempt from the calculation of billing accuracy for penalty determination purposes.

**7. TERMINATION OF SCHEDULE "F"**

Notwithstanding Clause 3.4 of the Client Services Agreement, the parties agree that Terasen may terminate this Schedule upon thirty (30) days written notice with no penalties or damages. All costs, reasonably and directly incurred by CustomerWorks or its subcontractors related to the Commercial Unbundling Operational Services, shall be paid by Terasen.

**TABLE OF CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	1
3. SERVICE GUIDELINES .....	2
4. REPORTS.....	4
5. PRICING.....	4
6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES .....	5
7. TERMINATION OF SCHEDULE "G" .....	5

**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

- 1.1. "Stable Rate" or "Stable Commodity Rate" shall mean a gas commodity rate established as a fixed annual rate and offered by Terasen as an alternative to the standard rate.
- 1.2. "Stable Rate Program" shall mean a British Columbia Utilities Commission ("BCUC") approved initiative which provides residential Customers with an opportunity to select a gas commodity purchase alternative that guarantees the price of the commodity for a one year term.

**2. SCOPE OF SERVICES**

- 2.1. CustomerWorks agrees to provide Terasen with the following services for all Terasen's residential Customers in accordance with the policies and procedures outlined in the Protocol and as set out below for the Stable Rate Program.
- 2.2. Generally, CustomerWorks will provide Stable Rate Operational Services ("Services") as follows:
  - (a) Customer inquiry services resulting from Terasen's Customer education campaign;
  - (b) Customer inquiry services related to program enrolment, rejections, participation requirements and billing of the new Stable Rate tariff ;
  - (c) data capture services related to processing Customer enrollment requests, rejection processing, rate change processing and exception handling;
  - (d) confirmation services to provide Customers with written notice of their acceptance or rejection status at the time of enrolment;
  - (e) data update services related to the reversion of Customers to the standard offering in response to Customer requests;
  - (f) reporting of Stable Rate metrics related to Customer participation;

- (g) financial reporting support identifying charges directly related to the stable rate Tariff; and
- (h) Tariff set-up and maintenance related to the new Stable Rate option.

### **3. SERVICE GUIDELINES**

#### **3.1. CustomerWorks' Responsibilities**

CustomerWorks will:

- (a) perform the Services with sufficient and adequately trained staff in accordance with mutually agreeable policies and practices and sufficient to meet the service levels, all of which are set out in this Schedule and the Protocol;
- (b) consult with Terasen through Terasen's coordinator or the coordinator's designate on matters related to the Services;
- (c) ensure that adequate and appropriate systems, Customer contact technology and equipment are available to meet the Service levels; and
- (d) provide reasonable access to Terasen for monitoring purposes on request.

#### **3.2. Terasen's Responsibilities**

Terasen will provide:

- (a) timely notification of changes to the requirements for the Stable Rate Program or the parameters used to determine pricing; and
- (b) timely information and decisions on the Stable Rate Program and related business process issues.



**3.3. Program Assumptions**

- (a) Only existing Terasen Gas residential Customers on Rate 1, within the Lower Mainland, Inland and Columbia divisions, are eligible to participate in the Stable Rate Program, excluding propane customers in Revelstoke.
- (b) There will be only one Stable Rate alternative available within each Terasen operating division.
- (c) The Stable Rate Option Program customer billing start date will be January 1, 2005 and will run for one year. A one year optional extension is anticipated.
- (d) The stable rate Tariff will remain unchanged during the term of the Stable Rate Option Program.

**3.4. Service Levels**

- (a) Customer enrollments and confirmation / rejection letters will be processed within five (5) Business Days of receipt unless exceptions occur, in which case the transaction will be processed within (6) Business Days.
- (b) Cancellation requests in response to confirmation letters will be processed within five (5) Business Days of being advised by customers.
- (c) Customer correspondence related to the Stable Rate Program will be responded to within four (4) Business Days of receipt;
- (d) All enrollment / rejection transactions will be captured in the customer information system for tracking and audit purposes.
- (e) CustomerWorks will report monthly financial information by Tariff class within the timelines as established by Terasen and as set out in the Protocol.
- (f) All Customer requested removals from the Stable Rate Option will be processed within five (5) Business Days of receipt.

**Schedule "G"**  
**Stable Rate Program Operational Services**

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**3.5. Policies and Practices**

- (a) Customer issue management shall be dealt with in accordance with Schedule "A".
- (b) CustomerWorks shall deliver the Stable Rate Program Operational Services in accordance with the Protocol.
- (c) Terasen will:
  - (i) retain final approval rights for scripts, training materials and other materials for any Customer communications including approval of delivery method or channel; and
  - (ii) retain the right to monitor call quality.

**4. REPORTS**

CustomerWorks shall provide all management reports to Terasen in accordance with the Protocol which may be amended, from time to time.

**5. PRICING**

5.1. CustomerWorks will provide the services described in the Schedule for three (3) years at the fees set out in the following table:

	2004	2005	2006
2005 Stable Rate Program - Base Fees	\$ 36,600	\$ 73,200	
Stable Rate Enrolment Transaction - per occurrence	\$ 26.00	\$ 26.00	
Optional 2006 Stable Rate Program - Base Fee		\$ 50,580	\$ 101,160
Stable Rate Enrolment Transaction - per occurrence		\$ 30.00	\$ 30.00

Note: Base Fees will be billed monthly. Transactional fees will be billed monthly as incurred.

**Schedule "G"**  
**Stable Rate Program Operational Services**

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The Base Fees and variable fees are based on the following assumptions related to market participation and the program assumptions described in Section 3.3 of this Schedule.

- a) The Base Fees and variable fees are based on the assumption that participation will not exceed 20,000 enrollments in each of the two years of the Stable Rate Program.

**6. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

The performance measures, deficiency cure periods and penalties shall be in accordance with those set out in Schedules "A" and "B".

**7. TERMINATION OF SCHEDULE "G"**

Notwithstanding Clause 3.4 of the Client Services Agreement, the parties agree that Terasen may terminate this Schedule upon thirty (30) days written notice with no penalties or damages. All costs, reasonably and directly incurred by CustomerWorks or its subcontractors related to the Stable Rate Program Operational Services, shall be paid by Terasen.

**TABLE OF CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS .....	1
2. SCOPE OF SERVICES .....	1
3. SERVICE GUIDELINES .....	2
4. TERASEN RESPONSIBILITIES.....	2
5. CUSTOMER ISSUE MANAGEMENT .....	2
6. PRICING.....	3
7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES	3

**1. DEFINITIONS**

Capitalized terms that are contained in this Schedule and are not defined herein shall have the respective meanings set out in Clause 1 of the Client Services Agreement.

For the purposes of this Schedule:

**"TGVI Customer"** shall mean customers of Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc.

**"Services"** shall mean the Client Services set out in Schedules "A" through Schedule "D" attached to the Client Services Agreement.

**2. SCOPE OF SERVICES**

2.1. CustomerWorks agrees to provide Terasen with the Services for all Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. Customers in accordance with the policies and procedures outlined in the Protocol and as set out below. The Scope of Services and level of performance applicable to Customers of Terasen will apply to TGVI Customers, and for the purposes of determining actual service levels achieved by CustomerWorks, Customers will include TGVI Customers, subject to Section 3 of this Schedule "H".

2.2. CustomerWorks will provide the Services in accordance with the Service Guidelines specifically set out in each of Schedule "A" through Schedule "D" attached to the Client Services Agreement.

2.3. The effective date of this Schedule will coincide with the Banner to Energy Data Conversion completion date set out in the agreement between Terasen Gas (Vancouver Island) Inc. and Accenture Business Services For Utilities Inc. dated April 14, 2005.

**2.4. Meter Reading**

Terasen agrees that TGVI Customer meters shall be read bi-monthly based on the same inclusion criteria for reads in a non-read month as currently applicable to Terasen under Schedule "C". The majority of meters shall be read jointly with the Hydro meters, which will require reconfiguration of most TGVI Customers' meter reading cycles.

**2.5. Emergency Call Handling**

The Services in Schedule "A" shall replace the current proposal between Terasen and Accenture Business Services For Utilities Inc. dated June 3, 2004 for the provision of after hours emergency call handling for TGVI Customers, which after hours emergency call handling services Accenture Business Services For Utilities Inc. is currently carrying out.

**3. SERVICE GUIDELINES**

**Service Levels**

CustomerWorks will provide Terasen all the Services at the service levels set out specifically in Schedule "A" through Schedule "D", as appropriate. The addition of the TGVI customers will be accounted for in the overall Service Level metrics from the effective date of this service schedule with the exception of billing accuracy which will included in the determination after 60 days from the effective date of this schedule. [

**4. TERASEN RESPONSIBILITIES**

Terasen will obtain the software licenses required to add TGVI Customers to the Peace Energy System.

**5. CUSTOMER ISSUE MANAGEMENT**

CustomerWorks and Terasen shall work together to resolve any TGVI Customer issues in a timely manner. All TGVI Customer issues and resolutions will be tracked and reported in accordance with the Protocol. TGVI Customer issues shall be resolved as follows:

- (a) all issues raised by TGVI Customers directly to the attention of CustomerWorks shall be resolved within five (5) Business Days or in a time frame agreed to with the TGVI Customer. Any issues requiring escalation to Terasen for final resolution will be forwarded to a person appointed by the Terasen Administrator within Terasen as soon as reasonably possible;
- (b) all issues raised by TGVI Customers directly to Terasen or the British Columbia Utilities Commission regarding Services provided by CustomerWorks shall be forwarded to a single contact person as designated by the CustomerWorks Account Manager. Depending on the nature of the issue CustomerWorks will be asked to:

**Schedule "H"**

**Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. -  
Services**

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- (i) respond directly to the complainant, either verbally or in writing as soon as reasonably possible, or
- (ii) provide a draft response in writing to Terasen;

All issues shall be resolved or responded to within five (5) Business Days of receipt from Terasen or in a time frame agreed to with Terasen or TGVI Customer.

- (c) all correspondence sent directly to TGVI Customers by CustomerWorks shall be on Terasen letterhead; and
- (d) all issues and resolutions in items a) and b) shall be tracked and reported monthly to the Terasen Administrator.

**6. PRICING**

- 6.1. CustomerWorks will provide the Services for the balance of the Term remaining in the Client Services Agreement at fixed fees (the "Schedule "H" Base Fees") of \$34.94 per TGVI Customer per year. Schedule "H" Base Fees shall be payable to CustomerWorks on a pro rata basis per TGVI Customer for any period that is less than one year.
- 6.2. Commencing January 1, 2006, the Schedule "H" Base Fees will be adjusted by 50% of the CPI rate experienced in the prior year.
- 6.3. The Schedule "H" Base Fees do not include costs related to bill print, collection notices and postage. Terasen will pay CustomerWorks actual costs of bill print, collection notices and postage. The current estimated annual cost for bill print, collection notices and postage is \$6.952 per TGVI Customer.

**7. PERFORMANCE MEASURES, DEFICIENCY CURE PERIODS AND PENALTIES**

The Performance Measures Deficiency Cure Periods and Penalties set out in Schedule "A" through Schedule "D", as applicable, shall apply to the Services set out in this Schedule.

## **Attachment 6.1**



