

**SERVICES SCHEDULE NO. 1 TO THE CLIENT SERVICES AGREEMENT DATED JANUARY 1, 2002,
BETWEEN CUSTOMERWORKS LIMITED PARTNERSHIP AND GAZIFERE INC. (the "Agreement")**

1.0 PREFACE

This Services Schedule (the "Schedule") is intended to identify *Customer Support Services* to be provided to Gazifère Inc. (hereinafter referred to as "Services Recipient"), by CustomerWorks Limited Partnership, (hereinafter referred to as the "Services Provider").

This Schedule consists of this document and appendices <A> through <C>.

The Customer Support Services set forth in this Schedule are to be provided to the Services Recipient for a period of five (5) years commencing January 1, 2002. The term of this Schedule may be renewed in accordance with the Section 11.3 of the Agreement.

Pursuant to section 10 of the agreement, this Schedule is subject to a twelve (12) month Transition Period ending December 31, 2002.

Terms not otherwise defined in this schedule shall have the meaning given to them in the Agreement.

2.0 DEFINITION OF SERVICES

The Services Provider agrees to provide the Services Recipient with the following Customer Support Services for all of its Mass Market and Key Accounts on a fee per bill basis and in accordance to policies and practices established and communicated by the Services Recipient

a) **Meter Reading Systems Support Services.** The activities involved in:

- Ensuring that the distributed meter reading system process is operating efficiently for all low pressure gas meters.
- Preparing and managing low pressure reading and billing schedules
- Processing meter reading hand-held input and output files to customer billing systems
- Assigning routes to hand-helds
- Maintaining central and local site dial-up connectivity and security
- Managing server security and archiving specifications
- Printing standard meter reading reports, customer systems standard reports (as set forth in appendix<c>) and consecutive estimate letters and forwarding same to Service Recipient
- Obtaining the correct monthly calorific value and applying it to metered consumption as of cycle day 7 of each billing month. The calorific value will be the "Actual Posted Heat Values" as posted on the TransCanada Pipelines Internet site for the Consumers Eastern Delivery Area.
- Providing technical and operational support including contingency planning and ongoing maintenance of third party software, hardware, and related third party licensed software upgrades. The current standard file format for the meter reading input and output files will be a customized version of Premiere Plus that is required by the billing system. Meter reading services for high pressure and temperature compensated meters are excluded from this Schedule

b) **Mass Market Billing Support Services.** The activities involved in:

- Providing data entry services on an exception basis as per data originated and approved by the Services Recipient
- Forwarding returned mail, Plan Protégé labels, standard customer system reports (as set forth in appendix <C>), selected bills, refund vouchers and cheques, automated customer correspondence, customer statements T5's and return transactions to the Services Recipient
- Printing of refund cheques and vouchers, labels and white copy of monthly statements and listings;

GI-18
Document 4.2
11 pages
Requête 3537-2004

c) **Bill Preparation Services.** The activities involved in:

- Calculating and applying charges according to Services Recipient's approved legislated distribution rates, rental rates, taxes and service fees.
- Processing approved requests from the Services Recipient for new or changed bill messages to be displayed on the bill and criteria to be programmed for enclosing inserts with bills.
- Calculating the bill and collection notice balances
- Aging the arrears balances, and posting receivables to account sub-ledgers and to the financial ledger, as well as gathering the information to be displayed on the bill or notice
- Determining the appropriate bill messages to be presented on each bill and the appropriate inserts to be enclosed with each bill according to criteria approved by the Services Recipient.
- Determining if bill exceptions or special handling applies to the bill and producing the bill records for presentment;

d) **Bill and Notice Production Services** The activities involved in:

- Printing, folding and selective inserting for Mass Market paper bills and notices
- Arranging delivery of mass market bills to Canada Post
- Printing monthly statement bills and forward to the Service Recipient for mailing to Canada Post.
- Inserting includes the return envelope and up to four (4) optional inserts as provided by Services Recipient.

e) **Receivables and Payments Management Services.** The activities involved in:

- Managing all payment processing including cashier, drop box, mail, bank, telephone, pre-authorized and Internet payments
- Making deposits for mailed payments to the Services Recipient's bank accounts,
- Administering correcting adjustments (i.e. duplicate payments) to receivables
- Recording receivable transactions;
- Forwarding any correspondence and post dated cheques received with the payments and all payment exceptions to the Services Recipient;

f) **Key Account Billing Services.** The activities involved in:

- Maintaining key customer accounts
- Calculating gas charges and credits
- Calculating and processing billing adjustments (excluding retroactive billing due to distribution rate changes)
- Processing miscellaneous transactions (including refunds, transfers).
- Pulling and photocopying bills on an as needed basis.
- Performing daily bill checks
- Calculating and processing contract non-compliance transactions consisting of:
 - Unauthorized overrun gas
 - Annual minimum bills
 - Curtailment penalties
 - Curtailment gas purchases
 - Banked gas account dispositions
 - Delivery make-ups, suspensions and title transfers
- Preparing monthly T-service consumption report that details metered consumption volumes for transportation service large volume accounts.
- Printing large volume bills and forward to the Services Recipient for insertion and delivery to Canada Post.

(g) **Customer billing systems.** The activities involved in:

- Maintaining and supporting the day to day operation of customer billing systems
- Processing of routine change requests
- Completing necessary system testing
- Providing emergency service response
- Maintaining system upgrades
- Providing standard reports for existing products & services.
- Accommodating changing business requirements in supporting customer systems, providing estimates for such changes and providing ad hoc reporting;

3.0 RESPONSIBILITIES

Service Provider Responsibilities

- a) Deliver the Services based on policies and practices established and communicated by the Services Recipient and in place at the time of the establishment of the Agreement and as amended from time to time. These policies and practices remain the property of the Services Recipient;
- b) Notify the Services Recipient of any changes to the Service Provider's procedures in the provision of Customer Support Services, and obtain Services Recipient agreement to such changes, where such changes will impact the Services Recipient's operations, in accordance with change procedures set out in the Agreement;
- c) Not change policies regarding the Customer Support Services within this Schedule without prior communication to the Services Recipient.
- d) Perform the Customer Support Services competently in accordance with mutually agreeable requirements, targets, schedules, practices and policies;
- e) Comply with the Services Recipient's policies to perform the Customer Support Services, and comply with conditions as set out in agreements the Services Recipient has with third parties that are used in the provision of the Customer Support Services. Such conditions will be subject to the prior agreement of the Service Provider;
- f) Fulfill Services Recipient requests for billing changes due to regulatory agency directives;
- g) Provide dial-up communication lines where required between the central site and remote sites to receive and transmit meter reading files;
- h) Ensure that adequate supplies of stationery are in hand for use by the Service Provider and Service Recipient for the Customer Support Services defined in this schedule. This includes bill forms, envelopes, collection notices, mail or postal tags, work tickets, monthly statement, copy bills, and refund cheques;
- i) Ensure that all Services Recipient visual, electronic or paper customer data (contained in the customer billing systems or otherwise provided to or accessed by the Services Provider) are kept secure, protected and confidential for the Services defined in this schedule;
- j) Provide performance level reports as referenced in Section 5.0;
- k) Ensure that the requirements for any engagement are fulfilled through regular review and follow up;
- l) Consult with the Services Recipient through the Services Recipient's coordinator or the coordinator's designate on matters related to the Customer Support Services;

- m) Complete the Customer Support Services and business resumption planning according to Services Recipient's policies and practices, and the timeframes specified in the reading and billing schedules;
- n) Promptly report when Customer Support Services cannot be completed as scheduled to the Services Recipient such as force majeure situations and system downtimes, and provide frequent problem and resolution status. All reasonable efforts will be made to provide Customer Support Services according to this Schedule;
- o) Provide operational support to the Services Recipient during normal Service Provider business hours that are currently 7:30 AM through 4:30 PM Eastern Standard Time Monday to Friday excluding statutory holidays. The Service Provider will make its best effort to resolve all reported problems according to the level of criticality. Subject to provisions relating to force majeure set forth in the Agreement, critical problems impacting customers or negatively impacting the Services Recipient's business operation will be responded to within four (4) hours. All problems will be addressed within twenty-four (24) hours in which time a course of action will be determined and communicated;
- p) Provide application support during periods of application availability as detailed in Appendix ;
- q) Prior to the first day of August in each year during the term of this Schedule, and from time to time within the term of this Schedule (as necessary), the Service Provider and the Services Recipient, will set the reading and billing schedules for the 12-month period following the first day of October in the said year. Any subsequent revisions to the reading and billing schedule must be approved by the Parties. The Services Provider will adhere to the billing schedule, report the average reading to billing lag on a monthly basis and review exceptions with the Services Recipient;
- r) Control the execution of batch processes, billing processes, interface files and report applications each Business Day as scheduled or required;
- s) Print and distribute reports to the Services Recipient each Business Day as scheduled or required;
- t) Mass Market and Key customer account balances will be arithmetically correct according to the data and transactions that are input;
- u) Print and mail bills and notices to customers each Business Day as scheduled or as required during exceptional circumstances;
- v) Apply payments to the billing application(s) accurately within two (2) Business Days of making the bank deposit, excluding payments received by the Services Recipient and payment exceptions identified by the third party payment remittance processor;
- w) Print all refunds cheques and forward them to the Services Recipient within two (2) Business Days of the date of the refund listing (reports refunds as requested by the Services Recipient), provided that the daily volume of work is within 10% of the expected activity forecast and the Services Recipient has provided all information and materials to the Service Provider that is required in order to complete the work;
- x) Apply receivables and other transactions to the account sub-ledgers and the financial ledger accurately within one (1) business day of successful posting, and provide reconciliation assistance as required;
- y) Administer the billing process to meet the delivery requirements and incentive rates of Canada Post;
- z) Respond to requests for additional work in accordance to the terms outlined in the Consulting and Professional Services Schedule. Consult with the Services Recipient when setting priorities in relation to other workload. Guidelines for notice and completion times for anticipated additional work are listed in Section 4.0;

Services Recipient Responsibilities

- a) Provide all necessary data, rate and price schedules, or other materials to the Services Provider's key contact in the format requested, on schedule or in a timely manner to enable the Services Provider to provide the Services as agreed upon in various schedules including the meter reading and billing schedule;
- b) Inform the Services Provider of amendments to the "Act" (as referred to in section 1.10 of the Agreement) or its successor legislation and all applicable Quebec provincial legislation. Also inform the Services Provider of changes to Rules made by La Regie de l'energie of which the Services Recipient has been advised have or are proposed to be implemented and which regulate the delivery of the Services to the Services Recipient.
- c) Ensure meter reading hardware is compatible with the Service Provider's meter reading software specifications in order for the Service Provider to fulfil its responsibilities;
- d) Perform its responsibilities as they relate to the Customer Support Services in accordance with mutually agreeable requirements, targets, schedules, practices and policies;
- e) Adhere to the meter reading schedule and review reading to billing lag exceptions with the Service Provider;
- f) Review business plans and business activity forecasts with the Service Provider on an annual basis to enable the Service Provider to provide the Customer Support Services;
- g) Consult with the Service Provider through the Service Provider coordinator or the coordinator's designate on matters related to the Customer Support Services;
- h) Comply with the Service Provider's policies to perform the Customer Support Services, and comply with conditions as set out in agreements the Service Provider has with third parties that are used in the provision of the Customer Support Services. Such policies and conditions will be subject to the prior agreement of the Services Recipient;
- i) Provide access to information and resources including personnel and documents within its control that the Service Provider reasonably requires to fulfill its responsibilities;
- j) Provide up-to-date guidelines and detailed business requirements pertaining to the Customer Support Services to the Service Provider that enable the Services Recipient to meet its regulatory requirements and perform the Customer Support Services according to established policies on a consistent basis;
- k) Ensure the accuracy, legibility and completeness of all data, rate schedules, forecasts or other material supplied to the Service Provider, and be responsible for the results obtained provided that the Service Provider performed as instructed;
- l) Permit the Service Provider's employees and authorized agents as may be authorized by the Service Provider, access to the Services Recipient's systems and data at such times and for such purposes as is necessary to allow the Service Provider to perform its obligations under this Schedule;
- m) Consult with the Service Provider to provide and co-ordinate the installation of automatic meter reading devices on gas meters as required;
- n) Maintain the mass market customer database to reflect customer additions, deletions and other changes in customer and meter information, and investigate bill and meter reading exceptions, including maintaining efficient meter reading routes and coordinating mass route changes with the Service Provider. Mass route changes in excess of 100 meters will be dealt with according to the Consulting and Professional Services schedule.;
- o) Respond to all customer enquiries, perform all collection activities and field meter readings, and manage the delivery of products and services to customers;

- p) Provide adequate advance notice to the Services Provider when the Services Recipient will require an unusual volume of data processing and when operational support may be required outside of normal Services Provider hours;
- q) Perform a daily reconciliation to ensure payments and other receivables are posted accurately to the Services Recipient's general ledgers;
- r) Advise the Services Provider of general bill insert and message requirements 3 months in advance, and detailed insert and message requirements one month in advance complying with weight and size specifications required to maintain postage incentive rates and to maintain the current level of 2 page bills (10%). The Services Recipient agrees to assume the additional costs where it has been determined that the Services Recipient is responsible for the increase in costs related to the bill production process;
- s) Provide customer communication specifications for bill messages and notices to the Services Provider according to guidelines in the policies and practices. Print and deliver bill inserts five (5) business days prior to the insertion start date to the Services Provider or a third party location identified by the Services Provider;
- t) Provide feedback on the performance and progress of resources assigned to engagements when an engagement is managed by the Services Recipient;

4.0 PERFORMANCE MEASURES & PENALTIES

The following table outlines the Service Level Targets for the Customer Support Services. The Services Provider shall not be responsible for, nor shall the Services Recipient be entitled to any remedies for failure to meet Customer Support Service Levels to the extent that such failure was caused by the failure of the Services Recipient to meet the requirements of Section 3.0.

The Service Levels and Service Level Targets shall be reviewed from time to time and may be revised upon mutual agreement of both parties. Subject to above, Service Level Targets will be reviewed annually and may be revised upon mutual agreement of both parties on the anniversary date of this Schedule.

NOTE: Where the Billing Support Services are currently performed and specific performance is not measured, it is agreed that measures will be established and recorded within the transition period noted in Section 1.0 of this Schedule.

<u>Key Service</u>	<u>Performance Level</u>	<u>Target Success Factor</u>	<u>Penalty</u>	<u>Frequency</u>
Reading to billing lag for low pressure meters	Number of average calendar days between reading and billing are less than seven (7) calendar days	99% TBD	Note 1	TBD
Billing Accuracy – Key Accounts	Number of bills without system errors excluding customer system limitations (measured daily)	98% TBD	Note 1	TBD
Billing Accuracy – Mass Market Accounts	Number of bills without an out-of-balance condition (measured daily)	98% TBD	Note 1	TBD
Billing Controls and Reporting Accuracy	Accuracy of amounts reported to the condition of balance	99.9% TBD	Note 1	TBD
Deliver bills to Canada Post	Same day as printed by 3:00 PM EST	98% TBD	Note 1	TBD
Special Requests	Modifications are completed successfully, on schedule and within budget	99% TBD	Note 1	TBD

<u>Key Service</u>	<u>Performance Level</u>	<u>Target Success Factor</u>	<u>Penalty</u>	<u>Frequency</u>
Distribution Rate Change - Requires an update to an existing price on the gas rate table - No change to rate structure - No manual billing by Service Provider	1. Minimum number of business days the Services Recipient must allow from time they make the initial request to the time of implementation 2. Number of days Service Provider will take to complete the estimate. 3. Time to complete request after full approval has been received.	20 business days 10 business days 10 business days	Note 1	TBD
Distribution Rate Table Change & Rebill - Requires an update to an existing price on the gas rate table - No change to rate structure - Manual billing required by Service Provider	1. Minimum number of business days the Services Recipient must allow from time they make the initial request to the time of implementation 2. Number of days Service Provider will take to complete the estimate. 3. Time to complete request after full approval has been received.	40 business days 10 business days 30 business days	Note 1	TBD
New Distribution Rate or Structure - Require a new rate to be added to the gas rate table or a redesign of an existing rate structure - Manual billing required by Service Provider	1. Minimum number of business days the Services Recipient must allow from time they make the initial request to the time of implementation 2. Number of days Service Provider will take to complete the estimate. 3. Time to complete request after full approval has been received.	60 business days 10 business days 50 business days	Note 1	TBD
Over Earnings and/or Variance Account Adjustment - Require a retroactive rate adjustment be made to active and final accounts - May include preparation of refunds or manual billing by Service Provider	1. Minimum number of business days the Services Recipient must allow from time they make the initial request to the time of implementation 2. Number of days Service Provider will take to complete the estimate. 3. Time to complete request after full approval has been received.	50 business days 10 business days 40 business days	Note 1	TBD

NOTE 1:

It is agreed that a system of performance credits will be developed, approved by both parties and implemented within the transition period noted in Section 1.0 of this Schedule

A credit point schedule will be established for the purpose of assigning financial penalty amounts to various credit point levels. Service level attainment will be measured each month and reported by the 15th day of the month following attainment. In the event that the credit point total translates into a financial penalty based on the penalty schedule, this financial penalty will be applied as a credit to the invoice prepared by the Services Provider for the next month.

In the case of missed point targets, the Services Provider is expected to provide a continuous improvement action plan that addresses resolution of the issues resulting in non performance to service level targets.

5.0 MANAGEMENT AND PERFORMANCE REPORTING

Performance Measures

The Services Provider will provide the Services Recipient with a monthly report on performance to the Service Level Targets. Any under performance by the Services Provider will be addressed during a monthly performance management review.

The Service Provider will provide additional reporting to the Services Recipient at a mutually agreeable level and frequency.

Key Contacts

For the Services Provider:

For ongoing day-to-day operational issues and questions, the Key Contacts are as follows:

- ◆ For Billing Services, the key contact will be the Manager of Billing Services.
- ◆ For Key Account Services, the key contact will be the Manager, Key Account Services
- ◆ For all other Services provided under this agreement, or as alternative to the above contacts, the key contact will be the Service Provider Account Manager

For problems with delivery on Performance Measures or Services not meeting client expectations, the Services Provider Account Manager will be the key contact. The Account Manager will undertake to resolve the problems as expeditiously as possible. Failing resolution, the Dispute Resolution procedures identified in the Agreement will be followed.

Any concerns with respect to the performance related to the work undertaken within this agreement will be brought to the attention of the Services Recipient's Key Contact prior to initiating the escalation process defined within the Agreement, if the concern cannot be resolved with the Service Provider Account Manager.

If the parties cannot reach agreement on the remedial action within 10 business days of the original written communication from the Services Recipient, the Dispute Resolution process described in the Agreement may be implemented.

For the Services Recipient to advise of any new marketing or customer communications initiatives that may impact any of the services provided under this agreement, the initial key contact will be the Account Manager. A designate may then be assigned as key contact for the particular program.

For new Services, or changes to existing Services, the Services Provider Account Manager will be the key contact. A designate may then be assigned as key contact for the particular program.

For the Services Recipient:

- ◆ For Customer Support Services, the key contact will be the Supervisor, Customer Accounting and Call Centre.
- ◆ For all other Services provided under this agreement, or as an alternative to the above contact, the key contact will be the Supervisor, Financial Accounting.

Appendix A

	Pricing Mechanism	Price	Annual Estimated Volume (2002)
Bill Production	Cost per bill	\$1.08	303,000 (Includes 1,800 Key Accounts)
Collection Notices	Cost per notice	\$0.14	25,000
CIS Services Agreement	Monthly Flat Fee	\$22,761 \$23,535 \$24,361 \$25,217	2002 2003 2004 2005

Notes to Appendix A:

- a) Cost per bill and cost per notice excludes postage and pre-printed stationery. The cost per bill includes up to 10% two-page bills at no additional cost. Two page bills, over the 10%, will be billed at a cost of \$.02 per page.
- b) The Services Recipient will pay for flow through costs including the fee charged to the Services Provider by a third party vendor for the storage and printing of stationery, postage and for consulting or professional fees charged by third parties.
- c) If the average monthly volume of work (measured on a quarterly basis) exceeds by more than ten (10) percent of the average monthly level established in the Annual Forecast, as agreed upon by the Services Recipient and the Services Provider, the Services Provider shall use reasonable efforts to supply sufficient capacity to meet such business volume. The Services Provider shall not be responsible for, nor shall the Services Recipient be entitled to any remedies for failure to meet Service Levels to the extent that such failure was caused by the excess of average monthly level permitted by this Section.

Appendix B

Service Provider Applications

Application	Application Usage by Service Recipient			Application Usage by Service Provider		Application Support Coverage
	Sales	Call Centre	Operations	Billing	Meter Reading	
MUMR	No	No	No	No	No	08:00 – 17:00 M-F
MVRS	No	No	No	No	Yes	08:00 – 17:00 M-F
OSIM	Yes	No	Yes	Yes	No	08:00 – 17:00 M-F
DASH	No	No	No	Yes	No	08:00 – 17:00 M-F
RNTL	No	Yes	No	Yes	No	08:00 – 17:00 M-F
RVST	No	No	No	Yes	No	08:00 – 17:00 M-F
LVB	No	No	No	Yes	No	As per Batch schedules M-F
LVRIA	No	No	No	Yes	No	08:00 – 17:00 M-F
LVRB	No	No	No	Yes	No	08:00 – 17:00 M-F
LVTS	No	No	No	Yes	No	08:00 – 17:00 M-F
LSDS	No	Yes	No	Yes	No	08:00 – 17:00 M-F
AMBS	No	No	No	Yes	No	08:00 – 17:00 M-F
CURT	No	No	No	Yes	No	08:00 – 17:00 M-F
CATS	No	No	Yes	Yes	No	08:00 – 17:00 M-F
TELE	No	No	No	No	No	N/A
Vision-R	Yes	Yes	Yes	Yes	No	08:00 – 17:00 M-F
Group-1	Yes	Yes	No	Yes	No	08:00 – 17:00 M-F
ELVIS	No	Yes	No	Yes	No	Supported by ECS not Service Provider
CGRT	No	No	No	Yes	No	As per Batch schedules M-F
Ref/Res	No	No	No	No	No	08:00 – 17:00 M-F
CIS (batch) reports	Yes	Yes	Yes	Yes	No	As per Batch schedules M-F
CIS (online)	Yes	Yes	Yes	Yes	No	08:00 – 17:00 M-F
BFQ	No	No	No	No	No	N/A
CRR	No	No	No	Yes	No	08:00 – 17:00 M-F
RVCL	No	No	No	Yes	No	08:00 – 17:00 M-F
RFND	No	No	No	Yes	No	08:00 – 17:00 M-F
CIMS	No	Yes	No	Yes	No	08:00 – 17:00 M-F
ACORS	No	No	No	No	No	08:00 – 17:00 M-F
PACN	No	No	No	No	No	08:00 – 17:00 M-F
ICSS	Yes	Yes	Yes	Yes	No	24 * 7 * 365
SWMS	No	No	No	Yes	No	08:00 – 17:00 M-F
ARMS						ARMS isn't used by Service Recipient
Billcalc	No	Yes	Yes	Yes	No	Not supported by IT (historically client owned and operated – no IS involvement)