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March 25, 2015

**Via Email**  
**Original via Mail**

Canadian Office and Professional Employees Union Local 378  
c/o Quail, Worth & Allevato Barristers and Solicitors  
405-510 West Hastings St.  
Vancouver, BC V6B 1L8

Attention: Mr. Jim Quail

Dear Mr. Quail

**Re: FortisBC Energy Inc. (FEI)**

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019  
approved by British Columbia Utilities Commission Order G-139-14 - Annual  
Review for 2015 Rates (the Application)**

**Response to the Canadian Office and Professional Employees Union Local 378  
(COPE) Information Request (IR) No. 1**

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On February 6, 2015, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-21-15 setting out the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to COPE IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc: Commission Secretary  
Registered Parties (e-mail only)



FortisBC Inc. (FBC or the Company) Application for Approval of 2015 Delivery Rates pursuant to the Multi-Year Performance Based Ratemaking Plan (the PBR Plan) approved for 2014 through 2019 by Order G-139-14 (the Application)	Submission Date: March 25, 2015
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1 **TOPIC: O&M Expense Forecast Outside The Formula**

2 **1.0 Pension and OPEB Expense**

3 **Reference: Exhibit B-1 page 35:**

4 Overall, pension and OPEB expense for 2015 is forecast to be \$4.122 million  
5 lower than what was approved for 2014, of which \$1.979 million resides in O&M.  
6 This decrease is primarily due to the combination of a plan amendment, the  
7 improved funding position of one of the plans, which is expected to require lower  
8 expected contributions and in turn decreases the forecast expense, and a higher  
9 discount rate used in the current projections than existed when the 2014 forecast  
10 was completed.

11 1.1 Which of the plans enjoyed an “improved funding position”?

12

13 **Response:**

14 The Management and Exempt FortisBC Retirement Income Plan improved its funding position  
15 on a solvency basis as determined through the most recent actuarial funding valuation effective  
16 December 31, 2013 and finalized by September 2014.

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19

20 1.2 Please describe the causes, nature and extent of the improved funding position.

21

22 **Response:**

23 The improved solvency funding position was determined by the actuarial funding valuation  
24 performed effective December 31, 2013 and finalized by September 2014. The nature of the  
25 improved funding position is due to higher pension plan assets used to fund the solvency liability  
26 and the accounting discount rate for this plan being greater than the solvency discount rate,  
27 both of which factor into a decrease in the accounting obligation for this plan.

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1 **TOPIC: Service Quality Indicators**

2 **2.0 All Injury Frequency Rate**

3 **Reference: Ex. B-1 p 94:**

4 During 2013, the company experienced a labour disruption with the IBEW union which  
 5 represents the majority of the field workforce. The disruption lasted six months and  
 6 ended on December 20, 2013 with a binding arbitration agreement. The arbitration  
 7 process continued into 2014 and concluded on November 14, 2014 with an arbitrated  
 8 collective agreement. These unusual events have been challenging and created a  
 9 distraction that may have compromised the ability to maintain a safety focus and mind  
 10 on task and thereby contributed to the increased incidents.

11 During the first half of 2013, a period of challenging labour negotiations and partial IBEW  
 12 job action, there were 10 employee injuries and medical treatment incidents recorded,  
 13 up substantially from the five recorded in the first half of 2012. Similarly, in 2014, a  
 14 noticeable number of safety incidents, eight in total, were recorded in the latter half of  
 15 2014, a time when the organization was anxiously awaiting a decision from the binding  
 16 arbitration process.

17 2.1 Please provide the company's performance under this metric for each of the  
 18 three years which are included in the rolling average.

19 **Response:**

20  
 21 The Company's annual performance under the All Injury Frequency Rate SQI for each of the  
 22 three years which are included in the rolling average used to measure performance in 2014 is  
 23 as follows:

Service Quality Indicator	2012 Actual	2013 Actual	2014 Actual	Benchmark	Threshold
All Injury Frequency Rate - annual results	1.72	2.82	3.21	n/a	n/a
All Injury Frequency Rate - three year rolling average	n/a	n/a	2.58	<=1.64	2.39

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1           2.2    When did the company lock out its IBEW bargaining unit?

2

3    **Response:**

4    The lockout of the IBEW bargaining unit commenced June 26, 2013.

5

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8           2.3    When was the IBEW lockout lifted?

9

10   **Response:**

11   The agreement to end the dispute and return employees to work was reached on December 16,  
12   2013. Employees began returning to work immediately following the agreement, however most  
13   employees returned to work on December 20, 2013.

14

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16

17           2.4    When was the arbitration heard?

18

19   **Response:**

20   The arbitration required multiple days of hearing and took place on March 24 to 27, May 27 to  
21   28, June 10 to 12 and June 25 to 27, 2014. The date of the arbitration award was November 4,  
22   2014.

23

24

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26           2.5    Please briefly describe the nature of the 10 injuries indicated in 2013 and the 8  
27   recorded in the latter half of 2014, including whether the injured employee was a  
28   member of the IBEW bargaining unit.

29

30   **Response:**

31   Please refer to the response to BCUC IR 1.23.1 for a summary of the 2013 and 2014 incidents,  
32   including the date of occurrence. Note that the total number of injuries for 2013 was 11 (10  
33   during the first half of 2013). In the quoted statement regarding 2014 incidents, FBC was  
34   referring to the 8 injuries that occurred after the beginning of September.



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2.6 Please explain why awaiting an arbitration award caused a deterioration in safety performance in the latter half of 2014. For example, does the company say that managers responsible for safety were too preoccupied with waiting for the award to pay attention to their work? Or does the company say that IBEW members performing hazardous tasks were wondering what the arbitrator would award rather than paying attention to their work?

**Response:**

The binding interest arbitration process created a distraction for FBC employees represented by both COPE (local 378) and the IBEW (local 213) in 2013. The distraction persisted in 2014 as employees represented by the IBEW (local 213) had a significant personal interest in the arbitration proceedings and resulting decision. This interest may have taken focus away from the performance of work tasks and contributed to the safety results discussed above.

The frequency and timing of the incidents contributing to AIFR in 2014 support this as a possible contributing factor. During the 2014 year, there were a total of 14 recordable incidents. In the first two quarters of 2014 there were 3 recordable incidents, and during this time the arbitration hearings between FBC and the IBEW were taking place. These hearings concluded on June 27, 2014, and the frequency of incidents contributing to AIFR increased, with 5 in the third quarter and 6 in the fourth quarter.

Since employees returned to work, the Company has had a clear focus on safety, from initial communications with all employees and regularly through monthly safety meetings. In response to the increasing trend of incidents, where focus and mind on task was found as a contributing factor through the incident investigations, the Company took further efforts through “safety timeouts” to communicate to all field employees on the concerning trend related to safety incidents.

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1     **3.0           Telephone Service Factor (Non-Emergency)**

2     **Reference: Ex. B-1 page 97:**

3           The 2014 result was negatively impacted by a number of items including first verified  
 4           meter readings occurring after the IBEW labour disruption ended in December of 2013,  
 5           introduction of the Residential Conservation Rate, and the integration of the City of  
 6           Kelowna customers. As a result of these items, call volumes at the contact centre in the  
 7           first part of 2014 were more than double the normal volumes. Recruiting and training  
 8           more resources for such a short duration was not a practical alternative to mitigate these  
 9           results. Instead, FBC extended additional hours to existing part time and full time staff  
 10          and offered overtime to handle the increased volume. Despite the lower TSF results,  
 11          customer satisfaction and first contact resolution results remained stable indicating that  
 12          although wait times were longer than normal, customers' issues were being resolved in a  
 13          timely fashion. The TSF results have improved during the last half of 2014.

14          3.1     Please provide the monthly TSF scores through the year.

15

16     **Response:**

17     The table below provides the 2014 monthly TSF percent scores.

Month	Jan-2014	Feb-2014	Mar-2014	Apr-2014	May-2014	Jun-2014	Jul-2014	Aug-2014	Sep-2014	Oct-2014	Nov-2014	Dec-2014
Trail Contact Centre TSF %	25	11	10	33	62	71	69	69	55	67	55	56

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23          3.2     Please provide a time-line indicating the three causative events that are  
 24          suggested in this response and relating them to the month-to-month performance  
 25          levels.

26

27     **Response:**

28     Below is the timeline as requested. Note that although the first bills with actual readings were  
 29     issued in January and February, some customers did not immediately contact the contact  
 30     center. Some customers waited several months before calling the contact center to inquire on  
 31     the amount. In addition, the compounding effect of customers experiencing all of these events  
 32     together on one bill is not easily demonstrated in a time-line such as the one below.



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Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14		
							25%	11%	10%	33%	62%	71%	69%	69%	55%	67%	55%	56%		
							RCR Winter Bills													
							IBEW Labour Disruption													

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3.3 When was the Residential Conservation Rate implemented and when did the company become aware that it would be introduced at that time?

**Response:**

The Residential Conservation Rate (RCR) was implemented on July 1, 2012. The Commission issued its decision and Order G-3-12 on FBC’s Application for Approval of a Residential Inclining Block Rate on January 13, 2012 (Decision). In its Decision, the Commission directed FBC to implement the rate as soon as is reasonably practicable, and by no later than July 31, 2012. Following receipt of the Decision, FBC determined that the rate would be implemented effective July 1, 2012 and filed the corresponding tariff sheets for endorsement on June 11, 2012.

To clarify, the 2014 TSF results were negatively impacted by the impact of the RCR, as well as other factors, on winter bills in 2014. The RCR, combined with the first actual readings after the labour disruption and the integration of City of Kelowna, had a greater impact on call volumes in 2014 than it did in 2013.

(i) Did the company not anticipate that this event would cause an increase in the number of calls? If not, why not?

**Response:**

The Company did not anticipate that the second year of winter RCR bills would cause more volume than the first year did. Staffing levels were planned based on the previous year’s

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1 experience. As noted in the responses to COPE IR 1.3.2 and 1.3.3, the higher than normal call  
2 volumes were not attributable to the RCR independently of other factors, but instead were due  
3 to the contributing factors referenced in the Application all happening at the same time and  
4 impacting one another.

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8 (ii) What steps did the company take in anticipation of this impact to deal with  
9 the predictable increase in the number of calls?

10

11 **Response:**

12 Although the magnitude of the increase in calls was unanticipated, certain steps were taken in  
13 response to the increased volume. This included extending additional hours to temporary and  
14 part time staff, offering overtime hours and making use of automated messaging within the  
15 telephone system when appropriate.

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19 3.4 When was the City of Kelowna integration implemented and when did the  
20 company become aware that would occur at that time?

21

22 **Response:**

23 FBC filed the Application for a Certificate of Public Convenience and Necessity (CPCN) for the  
24 Purchase of the Utility Assets of the City of Kelowna on November 13, 2012, which requested  
25 approval to purchase the City of Kelowna utility assets effective March 31, 2013. The  
26 Commission issued Order C-4-13 on March 1, 2013, followed by its Reasons for Decision on  
27 March 26, 2013, granting a CPCN to FBC to purchase the City of Kelowna utility assets  
28 effective March 31, 2013 subject to certain conditions. FBC confirmed its acceptance of the  
29 conditions set out in Order C-4-13 on March 29, 2013 and the City of Kelowna utility asset  
30 purchase was implemented effective March 31, 2013 as originally proposed by FBC in the  
31 Application.

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1 (i) Please explain how the timing of the Kelowna implementation affected the  
2 2014 TSF?  
3

4 **Response:**

5 The Kelowna customers experienced the same challenges experienced by other customers  
6 including receiving a larger than normal catch-up bill after six months of estimates and the  
7 impact of the RCR on winter bills. In addition, they also had integration related queries including  
8 questions about the new bill format, inquiries relating to payments during the transition period  
9 and inquiries about payment methods. FBC anticipated and staffed for a higher contact rate  
10 from Kelowna customers in the first quarter due to the transition. However, FBC did not  
11 anticipate the timing of the labour disruption ending and could not predict the extent of  
12 inaccurate meter reading estimates or that these two things together would exacerbate the  
13 impact of winter RCR bills and cause unanticipated call volumes.

14  
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17 3.5 Please confirm that locking out the IBEW bargaining unit in 2013 was a decision  
18 freely taken by the company as employer.  
19

20

20 **Response:**

21 Collective bargaining between the Parties commenced on January 7, 2013. The negotiations  
22 continued into March and culminated with the IBEW issuing strike notice on March 13, 2013.  
23 The Company applied for an Essential Services Order with the B.C. Labour Relations Board  
24 and was issued an Essential Services Order on April 23, 2013. The IBEW re-issued strike  
25 notice on May 13 and began partial job action on May 16, 2013.

26

27 In late June, job action reached a point that ongoing staffing levels in the System Control Centre  
28 (represented by IBEW) were uncertain and posed a threat to public and employee safety, and  
29 the safety and reliability of the electrical system. In order to preserve staffing levels and mitigate  
30 this risk, the Essential Services Order was enacted. The only Company mechanism available to  
31 enact the Essential Services Order was to declare a lockout, which it did on June 26, 2013.  
32 This ensured continued staffing levels with the System Control Centre to maintain system safety  
33 and reliability.

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1  
2 (i) Did the company not anticipate that the recommencement of meter reads  
3 would cause an increase in the number of calls? If not, why not?  
4

5 **Response:**

6 FBC had no reason to believe that the billing estimates generated during the labour dispute,  
7 which were based on historical consumption, would not accurately represent current  
8 consumption. In addition, the Company could not anticipate the timing of the end of the labour  
9 disruption, Therefore, there was no way to predict that these two things together would further  
10 exacerbate the impact of winter RCR bills and cause an increase in calls.

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13  
14 (ii) What steps did the company take in anticipation of this impact to deal with  
15 the predictable increase in the number of calls?  
16

17 **Response:**

18 The magnitude of the increase in calls was not predictable. FBC had no reason to believe that  
19 the estimates that were being used for billing were inaccurate and therefore was not predicting  
20 an increase in calls over and above what had been forecasted.

21  
22  
23  
24 3.6 Does FortisBC take the position that its performance under this indicator calls for  
25 the imposition of a penalty by the Commission? If so, please indicate the nature  
26 and quantum of the penalty. If not, please explain why not.  
27

28 **Response:**

29 Performance under this indicator does not call for the imposition of a penalty by the Commission  
30 in the circumstances. In particular, FBC notes the following:

- 31
- 32 • The combination of issues that caused the 2014 results was transitory in nature as it was the result of several one-time events occurring concurrently.
  - 33 • The transitory nature of the 2014 results is demonstrated by the fact that levels of  
34 service were improved in the last half of the year.



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- 1       • The Company could not have predicted the impact and timing of these issues happening  
2       at the same time. See the responses to COPE IRs 1.3.1 to 1.3.5.
  
- 3       • The Company took reasonable actions it could to manage the service levels and serve  
4       customers. This included extending additional hours to temporary and part time staff,  
5       offering overtime hours and making use of automated messaging within the telephone  
6       system when appropriate. Recruiting and training more resources was not a practical  
7       alternative given the short duration of the events.
  
- 8       • The longer wait times did not materially impact the delivery of safe, reliable and  
9       adequate service. For example, customer satisfaction and first contact resolution results  
10      remained stable as compared to the previous year.
  
- 11      • The Company did not achieve savings as a result of the performance under this  
12      indicator. As noted above, the Company extended additional hours to existing part time  
13      and full time staff and offered overtime to handle the increased volume, which increased  
14      the Company's costs.
  
- 15

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1     **4.0           Telephone Abandon Rate**

2     **Reference: Exhibit B-1 page 97:**

3           The Telephone Abandon Rate, an informational indicator as approved by the  
4           Commission, measures the percent of calls abandoned by the customer before speaking  
5           to a customer service representative. Abandon rates are not always an indication of a  
6           negative experience. Customers may abandon due to waiting times, or due to them  
7           receiving their required information through informational messages in our Interactive  
8           Voice Response (IVR) system such that the customer no longer needs to speak to an  
9           agent.

10          4.1     Please confirm that the provision of information through messages in the IVR  
11           system was not initiated in 2014.

12

13     **Response:**

14     It is confirmed that the ability to add informational messages to the IVR system was not new in  
15     2014. This functionality has been used regularly since 2005, most commonly in response to  
16     outages.

17

18

19

20          4.2     Please describe what changed between 2013 and 2014 that made the dramatic  
21           deterioration of this metric reflective of an increase in positive experience for  
22           customers?

23

24     **Response:**

25     FBC does not agree with the premise in the question, nor did it state in the Application, that an  
26     increase in the abandon rate is reflective of an increase in positive experience for customers.

27     The description in the preamble to the IR provides information on what causes a customer to  
28     abandon their call and differentiates between “good abandons” and “bad abandons”. An  
29     example of a good abandon is if the Company puts messaging onto the IVR during an outage  
30     that lists the areas impacted and the estimated restoration time, which information is then  
31     received by a customer who then hangs up as he or she has received the information that he or  
32     she was seeking. In this situation, the abandoned call is not an indication of a negative  
33     experience. An example of a bad abandon is a customer that hangs up due to long waiting  
34     times.

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1 **Reference: Ex. B-1 page 98:**

2 The 2014 result was 13 percent, higher than previous years' results (i.e. 2012 at 1.9  
3 percent and 2013 at 2.0 percent).

4 The 2014 result was negatively impacted by the events described above, including first  
5 verified meter readings occurring after the IBEW labour disruption ended in December of  
6 2013, introduction of the Residential Conservation Rate, and the integration of the City of  
7 Kelowna customers. As noted above, as a result of these items, call volumes at the  
8 contact centre in the first part of 2014 were more than double the normal volumes.  
9 Recruiting and training more resources for such a short duration was not a practical  
10 alternative to mitigate these results. Instead, FBC extended additional hours to existing  
11 part time and full time staff and offered overtime to handle the increased volume. In order  
12 to help customers during the longer than normal wait times, answers to common  
13 questions were provided within hold messaging. This helped customers to receive the  
14 answers they needed without having to speak to a representative. Although this service  
15 was helpful to customers, it did impact the abandon rate, increasing it overall. The  
16 abandonment rate has improved during the last half of 2014.

17 4.3 If the 2013 IBEW lockout was one of the primary reasons for the deterioration of  
18 this metric, why was the 2013 score more or less consistent with that in 2012?  
19

20 **Response:**

21 The 2013 score was more or less consistent with that in 2012 as the impact was not felt until the  
22 labour disruption ended and bills with the first actual verified readings in six months were issued  
23 to customers starting in December 2013.

24