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August 23, 2013

Via Email
Original via Mail

Coalition for Open Competition
c/o HighCliff Energy Services Ltd.
2920 Highbury Street
Vancouver, B.C.
V6R 3T8

Attention: Mr. Ronald L. Cliff

Dear Mr. Cliff

Re: FortisBC Energy Inc. (FEI)
Application for Approval of a Multi-Year Performance Based Ratemaking Plan
for 2014 through 2018
Response to the Coalition for Open Competition (COC) Information Request
(IR) No. 1

On June 10, 2013, FEI filed the Application as referenced above. In accordance with Commission Order G-99-13 setting out the Preliminary Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to COC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

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

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1.0 Code of Conduct/Transfer Pricing Policy

Reference: AES Inquiry Report (Page 34)

“For new business activities, the challenge lies in determining the costs that should be borne entirely by the new business customer (or the utility shareholder). An approved Transfer Pricing Policy should ensure that costs are allocated on the basis of the higher of fully allocated cost or market pricing and an approved Code of Conduct should ensure that the sharing of operational and management services is appropriate.”

Reference: Application (Page 276)

“The RRA will not address any of the directives in the AES Inquiry Report that relate to Thermal Energy Service (“TES”) because all of the TES projects are undertaken by an affiliated regulated business, FortisBC Alternative Energy Services Inc. (“FAES”).”

1.1 Please confirm that the natural gas utility (FEI) provides services to the affiliate FAES.

Response:

Confirmed.

1.2 Are there other affiliated or related entities to FEI that perform TES services or support for the provision of TES services in British Columbia, other than FAES?

Response:

No.

1.3 Please provide all agreements between FAES and FEI, or other entities related to FEI, that deal with the provision of shared services, common overhead or intercompany charges. Please provide the date at which these agreement(s) were executed and when they became, or will become, effective.

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1 **Response:**

2 The only agreement that exists is for continuing services between FAES and FEI for the
3 operation of certain legacy assets that existed in FAES prior to 2010. This is a take-or-pay
4 contract that is based on the estimated time that FAES requires from FEI to operate these
5 assets.

6 For other shared services and overhead costs between FEI and FAES, Order G-44-12 in the
7 2012-2013 RRA provides guidance. Based on Order G-44-12, FEI natural gas customers are
8 recovering from thermal energy customers approximately \$850 thousand for overheads, by
9 charging the TESDA deferral account that is being recovered from FAES customers. The non
10 rate base TESDA deferral account was previously approved to be set up in FEI with an
11 allocation of overhead costs being approved in each of 2010/2011 and by the decision FEI
12 received in its 2012/2013 RRA. In addition to the overhead allocation, the TESDA deferral
13 account includes labour services provided by FEI. Please refer to BCUC IR 1.202.3 for the total
14 FEI labour by department directly charged to TESDA in 2012 and year-to-date 2013. While the
15 deferral account is approved in FEI, the amounts accumulated in TESDA are for recovery from
16 thermal energy customers and the deferral account balance is not included in FEI's rate base or
17 calculation of delivery rates. For those projects that have been transferred to FAES, an annual
18 charge from the TESDA has been included in those thermal energy customers' rates.

19 Given the direction provided in Order G-44-12 and the requirement to update FEI's Code of
20 Conduct and Transfer Pricing Policy, no formal agreement to govern services between FEI and
21 FAES has been established to-date.

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26 1.4 Does FEI believe that the absence of Code of Conduct and Transfer Pricing
27 Policy will have a detrimental effect on competition or on non-FEI related TES
28 providers? If not, why not?

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30 **Response:**

31 FEI regards this question as not relevant to the issues in this Application, which is a revenue
32 requirements application. We have provided a response only in the interests of being helpful,
33 but may object to further questions on this topic.

34 FEI currently has a BCUC approved Code of Conduct and Transfer Pricing Policy (COC/TPP)
35 governing the transactions and relationship between the regulated utility and related affiliates.

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1 The existing COC/TPP has been in place for a number of years to the benefit of natural gas
2 customers, ensuring recovery of appropriate costs for utility resources and providing additional
3 choice in the marketplace.

4 As discussed in the response to BCUC IR 1.206.5, FEI confirms that it will be undertaking a
5 collaborative process to prepare an updated Code of Conduct and Transfer Pricing Policy. As
6 mentioned in the response to BCUC IR 1.172.5, in discussion with Commission staff in July
7 2013, FEI agreed to target Q1/Q2 of 2014 for FEU to file a proposed COC/TPP update for
8 review and approval by the Commission.

9 FEI believes that a similar COC/TPP should be applied to all competitors in the TES business in
10 order to ensure a level playing field for TES providers.

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2.0 EEC Expenditures

Reference: Application, Page 9:

“9. Continuation of the EEC framework approved by the Commission, with the following changes:

a. Approval of the administration by a neutral third party of EEC funds provided to projects with a third party thermal energy component.”

Reference: Application, Appendix I-4, PWC Proposal:

2.1 Please confirm that is FEI's intention to have PWC review all projects where FAES is involved in a TES project that is applying to receive EEC funds?

Response:

If the proposal for third party review is accepted, it is the Companies' intent to have PwC review all projects that have a third party thermal energy service component, regardless of supplier. This approach would incorporate not only projects where FAES is involved, but projects where other suppliers are involved as well.

2.2 Likewise, please confirm that is FEI's intention to have PWC review all projects where a third party TES provider is applying to receive EEC funds?

Response:

Please refer to the response to COC IR 1.2.1. It should be clarified that it is the customer that applies to receive EEC funds, rather than a third party TES provider.

2.3 What is FEI proposing will happen if the end-use customer is applying for EEC funds directly and there is no mention of a TES provider involved in the project(s)? If it became evident subsequent to the approval of EEC funds for a project that a TES provider (either FAES or other provider) was involved in the project, what process would FEI propose be undertaken?

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Response:

Should the proposal for third party review of applications for EEC funds where there is a thermal energy services aspect to the project be approved, the Companies will incorporate a question up front in commercial program application forms that asks customers whether third party ownership of a thermal energy services project is in place or contemplated. Should third party ownership become a factor during the time that a customer's application for an EEC program is underway, that application would go to PwC for processing until it is complete.

2.4 Will PwC audit and review all TES projects requesting EEC funds or just those that have declared to have third party TES providers?

Response:

Please refer also to the response to COC IR 1.2.3. The Companies' proposal is that PwC only review thermal energy services projects that have a third party ownership component. The Companies are not proposing that PwC review thermal energy services projects where the customer owns the project.

2.5 If a TES project requests EEC funds, either directly by a customer or by a third party TES provider, does FEI take steps to ensure that this information is confidential and is not shared with non-EEC personnel? What assurances can FEI provide to non-FEI related parties that FAES will not learn of such a request for EEC funds before it is generally publicly available?

Response:

The FEU do not make individual customer requests for EEC funding generally publicly available". EEC program information is generally publicly available through various means, primarily the Companies' website. FEU's EEC staff are highly sensitive to the need in the marketplace to maintain an even playing field in the disposition of EEC funds. As noted in previous IR responses in this series, customers will be asked up front when they apply to a program if their project either has in place or contemplates a third party thermal energy services component. Projects that have self-identified as per the above will be sent to PwC for review, and customers will be notified that this is the case. Contact between EEC and FAES staff has

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1 deliberately been minimal, related to regulatory matters, and the FEU anticipate that this will
2 continue to be the case.

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6 2.6 What corrective measure would FEI propose in the event that the EEC screening
7 policy is not followed as proposed? Would the EEC funds be recovered and
8 returned to FEI ratepayers? Would such a measure include financial penalties for
9 the FEI shareholder if FEI is in breach of the policy? If not, why not?

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11 **Response:**

12 This question is entirely hypothetical and as such, the Companies are not able to respond to it in
13 any meaningful way. The third party review as proposed is exactly that: a proposal. It has not
14 been accepted or approved by the Commission. As a result, the Companies have not
15 contemplated a scenario nor a remedy in which the proposed policy is not followed. The
16 Companies will follow the policy that is approved as a result of the current regulatory
17 proceeding. Since the FEU's proposal for third party review has not been approved, since there
18 has been no policy determined, and since no situations have arisen where a policy has been
19 contravened, the FEU would suggest that should such a contravention arise in the future, it
20 would be dealt with on a complaints basis.

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25 **Reference: BCUC IR #1 – IR 1.241.6.1 (Exhibit A-3):**

26 2.7 Further to the Commission's question, if indeed customers apply directly to PwC
27 for EEC funding, when does FEI learn of such requests? Who at FEI is apprised
28 of this information?

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30 **Response:**

31 Please refer to the response to BCUC IR 1.246.1.1. In instances where customers are applying
32 directly to PwC, the FEU's EEC commercial program management staff would be apprised of
33 the application.

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3.0 Confidential Customer Information

Reference: 2012/2013 RRA Response to ESAC 2.3.1 (p. 9) – Exhibit B16

“In the event that FEI is the thermal energy service provider and the natural gas service provider, no formal request is necessary on behalf of the customer for FEI personnel to utilize the historical billing data in the evaluation of the project. This is because the thermal energy service is simply another class of service within the public utility, not a separate entity.”

Reference: AES Inquiry Report (pp. 25-26)

“Key Principles:

i) Customer specific information must be treated as required by the Personal Information Protection Act and, in addition, should only be released with the written consent of the customer.

ii) Customer information (aggregate or customer specific with written consent) should be made available to all Parties (Affiliated Regulated and Unregulated Businesses, separate classes of service, and competitors) on an equal basis.

iii) The control of information should not provide a competitive advantage.”

3.1 Please confirm that personnel in FAES, or other related entities to FEI, do not have direct access to customer information or customer data bases within FEI.

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

There are no “personnel” in FAES.

FEVI and FEW are entities related to FEI. Subject to the Business Ethics Policy and the Privacy Policy (refer to the response to COC IR 1.3.3), customer information may be shared between FEVI, FEW and FEI.

Please also refer to the response to COC IR 1.3.2.

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3.2 Please confirm that FEI personnel with access to customer information do not communicate directly, or indirectly, with FAES or other related entities to FEI, regarding customer information including names, contact information, EEC applications, historical natural gas consumption or any relevant information known to FEI in the course of its business that is not in the public domain?

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

FAES has no personnel FEI confirms that FEI personnel with access to customer information do not communicate with FEI personnel working on FAES' TES projects regarding customer information including names, contact information, EEC applications, historical natural gas consumption or any relevant information known to FEI in the course of its business that is not in the public domain.

Please also refer to the response to COC IR 1.3.1.

3.3 Please provide a copy of any FEI policies relating to the use and sharing of customer information (including customer specific or aggregated information) for (a) use internally within FEI, (b) use within FEI affiliates, including FAES, and (c) third party entities.

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

Please refer to Attachment 3.3 which contains the Business Ethics Policy and the Privacy Policy.

3.4 Please confirm that since November 2011, FEI no longer, directly or indirectly, has used the natural gas consumption history data of a customer to market an

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alternative energy system on behalf of FEI, FortisBC or any affiliate including FAES.

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

Not confirmed, as the date cited in the question - November 2011 - precedes the outcome of the AES Inquiry. FEI has transitioned its sales and marketing efforts in compliance with the AES Inquiry Report recommendations made on December 27, 2012 (refer to the response to BCUC IR 1.204.1), and has always operated, to the best of its knowledge, in compliance with Business Ethics and Privacy corporate policies which are provided in Attachment 3.3 in response to COC IR 1.3.3.

Reference: Application, page 156 – Exhibit B-1

“FEI has developed a billed consumption database which was facilitated by the in-sourcing of the Customer Information system (CIS). The billed consumption database is used by 200+ internal users across the organization, including staff in Energy Solutions, Customer Service and EEC. It has resulted in greater efficiencies and timeliness in responding to customer enquiries related to their historical gas-use. This database allows staff to efficiently extract customer consumption history by premise to investigate individual usage patterns. In addition, an almost unlimited number of ad-hoc aggregations can be developed to investigate queries like historic consumption by premises in a postal code or to plot monthly industrial consumption by region and rate class”

3.5 Please provide the titles and departments of the 200 plus internal users that have access to the “billed consumption database”.

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

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- 1 The following table shows the title and department for the 272 Billed Consumption Database
- 2 users.

Title	Department
Financial Accounting Analyst	Finance & Planning
Senior Customer Service Representative	Customer Services
Marketing Program Specialist	Energy Efficiency & Conservation
Senior Billing Analyst	Customer Services
Customer Service Leader	Customer Services
Technologist 1 - Capacity Planning	System Capacity Planning
Sr. Billing Analyst	Customer Services
Commercial & Industrial Account Manager	Commercial & Industrial Sales
Marketing Program Specialist	Residential
Customer Energy & Forecasting Manager	Market Development
Manager, Business Performance & Finance	Market Development
Business Development Specialist	Business Development
Regulatory Governance Advisor	Regulatory Compliance & Administration
Operations Technician	Operations Interior North
Construction Customer Representative	Construction Services Contact Centre
Team Manager	Customer Services
Application Support Analyst	Information Technology
Contact Centre Team Manager	Contact Centre Team
Contact Centre Team Manager	Contact Centre Team
Manager, Regulatory Compliance & Admin	Regulatory Compliance & Administration
Customer Service Representative	Customer Services
EEC Energy Solutions Manager	Residential Sales
Energy Technology Specialist	Technical Sales
Financial Planning Manager	Financial Planning
Industrial Billing Representative	Customer Services
Contact Centre Team Manager	Contact Centre Team
Energy Solutions Manager	Residential Sales
EEC Specialist	Marketing & Customer Communications
Manager, Cost of Service	Cost of Service
Junior Engineer	Asset Management
Rates and Calculations Manager	Customer Services
Senior Rates Analyst	Gas Accounting
EEC Communications & Outreach Manager	Energy Efficiency & Conservation
Financial Accounting Analyst	Gas Accounting

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Title	Department
Senior Billing Analyst	Customer Services
Government Relations and Public Affairs Manager	External Relations
Operations Support Assistant	Customer Services
EEC Program Manager	Energy Efficiency & Conservation
Construction Customer Representative	Construction Services Contact Centre
Commercial & Industrial Account Manager	Commercial & Industrial Energy Solutions
Industrial Billing Representative	Customer Services
Tariff and Rate Design Specialist	Regulatory Compliance & Administration
Customer Service Leader	Customer Services
Market Analyst, Midstream	Midstream Services
Billing Lead	Customer Services
Construction Customer Representative	Construction Services Contact Centre
Community Energy Solutions Manager	Business Development Manager
Construction Customer Representative	Construction Services Contact Centre
Senior Billing Analyst	Customer Services
Business Development Manager	Business Development
Comm, Aboriginal & Gov	Business Development
Construction Customer Representative	Construction Services Contact Centre
Business Integration Manager, Energy Supply	Transportation Services
Commercial Program Specialist - Internship	Energy Solutions
RNG Sales Manager	Business Development
Contact Centre Team Manager	Customer Services
Operations Process Analyst 2	Process
Customer Service Leader	Contact Centre Team
Marketing Program Specialist	Marketing
Business Development Manager	Business Development
Operations Process Lead	Logistics Team
Industrial Billing Representative	Industrial Billing
Senior Billing Analyst	Customer Services
Customer Service Leader	Contact Centre Team
Administrative Assistant	Market Development
Senior Customer Service Representative	Customer Services
EEC Program Manager	Energy Efficiency & Conservation
Regulatory Policy Manager	Regulatory
Energy Technology Specialist	Energy Products and Services

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Title	Department
Manager, Billing Production	Customer Services
Operations Process Lead	Information Technology
Cost of Service Manager	Regulatory Affairs
Energy Products & Services Manager	Market Development
Business Development Manager	Business Development
Tariffs, Rate Design & Proj Coordinator	Regulatory Compliance & Administration
Operations Process Lead	IT Enterprise Application
SAP Analyst-Finance	Information Technology
Manager, Business Development	Business Development
Habanero Consultant	Information Technology
Product Marketing & Relationship Manager	Energy Solutions Marketing
Customer Service Reporting Supervisor	Customer Services
Customer Service Leader	Customer Services
Marketing Program Specialist	Recruiting & Staffing Centre
Energy Supply Market Analyst	Energy Supply & Resource Development
Contact Centre Team Manager	Customer Services
Contact Centre Team Manager	Contact Centre Team
Director, Regulatory Affairs (Energy Policy & Cust. Solutions)	Regulatory Affairs
Counsel	Legal Services
Energy Utilization Manager	Market Development
Senior Regulatory Work Leader	Financial Planning
Project Assessment Manager	Business Development
Manager, Commercial & Industrial Energy Solutions	Commercial & Industrial Sales
Habanero Consultant	Information Technology
Manager, Industrial Billing	Customer Services
Customer Service Leader	Customer Services
Planning & Design Workleader	Install Centre IC2
Energy Utilization Manager	Market Development
Billing Analyst	Customer Services
Billing Exceptions Manager	Customer Services
Construction Customer Representative	Construction Services Contact Centre
Contact Centre Team Manager	Contact Centre Team
OSR3	Distribution Ops
Commercial & Industrial Account Manager	Commercial & Industrial Energy Solutions
Billing Assistant	Customer Services

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Title	Department
Customer Service Leader	Customer Services
Complex Billing Leader	Customer Services
Billing Analyst	Customer Services
Commercial Program Specialist	Corporate & Marketing Community
Customer Service Representative	Customer Services
Billing Analyst	Customer Services
Energy Products & Services Manager	Energy Products and Services
Meter Reader Coordinator	Customer Services
Billing Assistant	Customer Services
Project Director	Gas Metering (Natural Gas)
Special Assignment Manager	Special Assignments
Billing Analyst	Customer Services
Senior Billing Analyst	Customer Services
Senior Billing Analyst	Customer Services
Billing Analyst	Billing Exceptions
Manager, Business Performance & Finance	Customer Service
Operations Process Lead	Customer Services
FortisBC Street Team	Marketing
Manager - Planning and Design	Operations Center
Planning & Design Workleader	Install Centre - IC1
Regulatory Policy Manager	Regulatory
EEC Program Mgr, Innovative Technologies	Energy Efficiency & Conservation
Billing Analyst	Billing Exceptions
Billing Analyst	Customer Services
Commercial Key Account Manager	Community Energy Sales
Senior Customer Service Representative	Customer Services
Customer Service Process Analyst	Customer Contact Manager
Customer Service Representative	Customer Services
Senior Billing Analyst	Corporate & Marketing Community
Construction Customer Rep	Operations Support
Energy Supply Market Analyst	Energy Supply & Resource Development
Process Manager	Process
Senior Billing Analyst	Customer Services
Contact Centre Team Manager	Contact Centre Team
System Capacity Planning Engineer	System Capacity Planning
Billing Assistant	Customer Services

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Title	Department
EEC Program Mgr - Efficiency Partners	Energy Efficiency & Conservation
Energy Products & Services Manager	Technical Sales
Gas Supply Operations Analyst	Gas Accounting
Senior Rates Analyst	Regulatory Affairs
Billing Lead	Customer Services
Senior Billing Analyst	Customer Service Systems
Commercial & Industrial Account Manager	TGVI Commercial Energy Services
OSR2	Dispatch
Construction Customer Representative	Construction Services Contact Centre
Energy Solutions Manager	Residential Sales
EEC Program Manager, Industrial	Commercial & Industrial
Customer Service Admin Clerk	Customer Services
Contact Centre Team Manager	Contact Centre Team
Business Development Analyst	Business Development
Community Energy Solutions Manager	Business Development Manager
Contact Centre Team Manager	Contact Centre Team
Customer Programs Analyst	Customer Programs
Customer Service Leader	Payments and Collections
Technologist 2 - Capacity Planning	System Capacity Planning
Operations Support Assistant	Measurement Services
Cost of Service Manager	Cost of Service
Billing Analyst	Billing Exceptions
Billing Analyst	Customer Services
Senior Billing Analyst	Customer Services
Contractor	Finance
Director, Contact Centres	Customer Services
OSR 2	Operations Engineering
Manager, Commodity	Energy Supply & Resource Development
Energy Products & Services Manager	Market Development
Marketing Coordinator, Energy Efficiency & Conservation	Information Technology
Junior Engineer	Engineer In Training
Consultant	Energy Solutions
Competency Administrator	Human Resources
Senior Billing Analyst	Customer Services
Senior Research Analyst	Market Research

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Title	Department
EEC Administrator	Marketing
Sales Support Assistant	Energy Solutions
Cost of Service Manager	Reg Strategy & Bus Analysis
Manager, Community, Commercial & Industrial Energy Solutions	Marketing
Senior Billing Analyst	Customer Services
Energy Solutions Manager EEC	Energy Services
Technologist 1 - Capacity Planner	Operations Engineering
Manager, Financial Planning & Control	Financial Planning & Control
Technologist 1 - Capacity Planner	System Capacity Planning
Energy Technology Specialist	Marketing
Sr Billing Analyst	Customer Services
Commercial & Industrial Account Manager	Commercial & Industrial Sales
Energy Solutions Manager	Marketing
Planning & Design Workleader	Install Centre - IC1
Mgr, Business Planning & Performance	Business Planning & Performance
Regional Energy Solutions Manager, LM	Residential Sales
EEC Program Manager - Portfolio Projects	Energy Efficiency & Conservation
Operations Manager, Pressure Control	Regional Managers
Regulatory Policy Manager	Regulatory Affairs
Construction Customer Representative	Construction Services Contact Centre
Planning & Design Workleader	Install Centre IC2
Construction Customer Representative	Construction Services Contact Centre
Integrated Resource Planning Analyst	Market Development
Marketing Coordinator	Energy Solutions
EEC Program Development Lead	EEC Program Development
System Capacity Planning Manager	System Planning
Market Development Analysis Manager	Market Development Analysis
Contact Centre Team Manager	Contact Centre Team
Cost of Service Manager	Regulatory
Contact Centre Team Manager	Contact Centre Team
Marketing Program Specialist	Marketing
Energy Products & Services Manager	Market Development
Construction Customer Representative	Construction Services Contact Centre
Technical Sales Support Assistant	Commercial & Industrial Energy Solutions
Billing Lead	Customer Services

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Title	Department
Energy Solutions Manager (LM)	Residential Sales
EEC Program Manager	Energy Efficiency & Conservation
Billing Analyst	Customer Services
Customer & Energy Forecasting Manager	Asset Management
Senior Billing Analyst	Customer Services
Customer Service Representative	Customer Services
Integrated Resource Planning Mgr	Market Development
Director, Regulatory Affairs (Gas)	Regulatory Affairs (Gas)
Senior Billing Analyst	Customer Services
Customer Programs Analyst	Customer Choice
Customer Service Leader	Customer Services
Transportation Services Manager, Energy Supply	Transportation Services
Marketing Program Specialist	
Customer Service Leader	Customer Services
Senior Billing Analyst	Complex Billing
Regional Sales Support Assistant	Interior Sales
Marketing Coordinator, Innovative Technologies	Energy Solutions
Sr. Billing Analyst	Customer Services
Billing Exceptions Manager	Billing Exceptions
Technologist 2 - Capacity Planning	System Capacity Planning
Operations Process Lead	IT Enterprise Application
Gas Supply Operations Analyst	Gas Accounting
Senior Customer Service Representative	Customer Services
Customer Service Leader	Customer Services
Operations Process Lead	IT Enterprise Application
Customer Service Representative	Customer Services
Senior Billing Analyst	Customer Services
Director, Energy Efficiency & Conservation	Energy Efficiency & Conservation
Construction Customer Representative	Construction Services Contact Centre
Senior Billing Analyst	Customer Services
Measurement Services Business Analyst	Measurement Services
Business Support Manager	Process
Technologist 1 - Capacity Planning	System Capacity Planning
Billing Analyst	Customer Services
Energy Solutions Manager	Interior Sales

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Title	Department
Manager, Billing Support	Customer Services
Marketing Program Specialist	Marketing
EEC Energy Solutions Manager	Energy Solutions
Commercial & Industrial Account Manager	Commercial & Industrial Energy Solutions
Contact Centre Team Manager	Customer Services
Energy Solutions Manager	Residential Sales
System Capacity Planning Engineer	System Planning
Construction Customer Work Leader	Construction Services Contact Centre
Customer Service Leader	Customer Services
Customer Service Performance Manager	Customer Services
Contact Centre Team Manager	Contact Centre Team
Billing Assistant	Customer Services
Operations Support Representative 3	Construction Services Contact Centre
Natural Gas for Transportation Solutions Manager	Natural Gas Transportation Solution
Contact Centre Team Manager	Customer Services
Sr. Billing Analyst	Customer Services
EEC ESM	Energy Solutions
Director, Market Development	Market Development
EM & V Specialist	Market Development
Integrated Resource Planning Manager	Market Development
Senior Billing Analyst	Customer Services
Application Support Manager	Information Technology
Senior Research & Evaluation Analyst	Market Research
Senior Billing Analyst	Customer Service Projects
Billing Analyst	Customer Services
OSR 2	Operations Engineering

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3.6 Specifically, do the “Energy Solutions Managers” listed on your website have direct access to this database?

Response:

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FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

Nine of the 16 Energy Solutions Mangers lists on the website (<http://www.fortisbc.com/EnergySolutions/WorkingWithFortisBC/Pages/Energy-Solutions-Managers.aspx>) have access to the database.

3.7 Please provide any user manuals or internal policies developed with this database that instruct those internal users with access as to how the information is to be or not to be used.

Response:

FEI regards this question as not relevant to the issues in this Application, which is a revenue requirements application. We have provided a response only in the interests of being helpful, but may object to further questions on this topic.

The Billed Consumption database is not supported by any application specific user manuals or internal policies. However all staff are required to adhere to strict security and privacy policies for all the forms of data we work with. The data in the Billed Consumption database is one of many systems covered by a set of over-arching policies and training programs.

For example, upon being hired and then once every three years thereafter employees are required to take the following courses relevant to data and security:

IT Security and Awareness

- Explain the intentions and principles of the Code of Business Conduct.
- Provide examples of appropriate and inappropriate personal use of IT systems and assets.
- Identify employee's responsibilities as a user of FortisBC (Gas) IT systems and assets.
- Describe methods for protecting sensitive and confidential information.
- List the types of IT usage that are governed by the IT Usage Rules.
- Describe some of the types of use that are considered malicious.

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1 **Privacy Awareness**

2 This is an awareness course. Its purpose is to introduce our employees to the FortisBC Privacy
3 Policy and general topics about privacy.

4 This course introduces topics such as:

- 5 • Federal and Provincial privacy legislation
- 6 • The collection, use, and disclosure of personal information
- 7 • FortisBC's responsibilities for maintaining accurate information
- 8 • Customer access to their personal information
- 9 • Unauthorized disclosure of information

10
11
12
13 3.8 Are these internal users specifically informed that this information is confidential
14 to the natural gas utility? If not, why not?

15
16 **Response:**

17 FEI regards this question as not relevant to the issues in this Application, which is a revenue
18 requirements application. We have provided a response only in the interests of being helpful,
19 but may object to further questions on this topic.

20 At FEI, data confidentiality and data integrity are paramount. Users must comply with company
21 principles when using any IT assets, which include maintaining integrity and confidentiality of
22 information and avoiding conflicts of interests.

23 The individual responsible for training in 2012, for instance, confirms that he made users aware
24 that the data is confidential and accessible only to internal users that have specific permission
25 and access rights to use this data.

26 In addition, please refer to the response to COC IR 1.3.7.

27

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4.0 Use of FEI Resources by Affiliates

Reference: 2012/2013 RRA Application (Exhibit B-1), Appendix H – FEI Organization Charts

4.1 Please provide the FEI Organization Charts that were included in the 2012-13 RRA Application updated for the current application.

Response:

Please refer to the response to BCUC IR 1.75.1.

4.2 Please indicate which of FEI employees included in the updated Organization Charts, by job title, have direct or indirect interaction or communication with FAES employees, consultants, or customers in the course of their work activities, including those employees that administer EEC funds.

Response:

Employees from several FEI departments communicate or interact when a Thermal Energy Service (TES) project of FAES is being developed or after it is in service. For instance, please refer to the response to BCUC IR 1.204.1 where the Energy Solutions department's role is described.

The program managers, coordinators and specialists of the EEC group interact with customers and consultants in the marketplace in their regular course of business, some of whom may also be consultants to or customers of thermal energy services providers generally. These would include customers of both FAES and the members of the associations and businesses comprising the COC, and the associations themselves. The Director, EEC, interacts occasionally with staff within FAES, primarily on regulatory matters, and with the Director, Business Development, responsible for FAES, but this is in the context of regular management meetings.

As for FEI employees outside the Energy Solutions and the EEC groups, some of these employees may have had direct or indirect communications regarding TES projects of FAES during project development or after the TES projects are in service, and listing them in this IR response is not practical. However, when FEI employees work on a TES project of FAES, they will charge appropriate time to the project, unless their charges/costs are captured in the TESDA allocations. The costs for those employees included in the TESDA allocations, such as

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1 finance, regulatory, executive and other support functions are included in the approximately
2 \$850 thousand allocation to TESDA when they work on projects of FAES.

3
4
5
6 4.3 Please indicate if FEI employees currently, in 2013, record their time that is being
7 done for the benefit of FAES or other affiliated entities. Does FEI propose to
8 change that policy in the 2014-18 PBR period?
9

10 **Response:**

11 FEI employees who provide services to affiliate entities charge those entities via timesheet
12 entries or through the TESDA allocation. FEI is proposing to move those FEI employees who
13 spend a significant amount of time working on TES activities to an affiliated entity starting
14 January 1, 2014. It is expected that this would be 12 to 14 employees. Other FEI employees,
15 who only spend a small amount of time on TES related activities, will continue to charge via
16 completing timesheets.

17
18
19
20 4.4 If and when FEI employees record their time to be shared with affiliates, does
21 FEI use positive reporting or exception reporting? In other words, does each
22 employee need to account for 100% of their time or only that spent on FEI
23 affiliates?
24

25 **Response:**

26 With the exception of temporary employees, FEI employees charge time on an exception basis.
27 This is true whether the time is spent working on affiliates or on any other project.

28
29
30
31 4.5 In order to better understand the FEI Application, do the departmental O&M
32 Expenditure amounts include costs that will be allocated to FAES or are the FEI
33 departmental O&M expenditure amounts net of what is allocated to FAES?
34

35 **Response:**

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1 These departmental costs are net of what is directly charged by way of timesheets to TESDA or
2 an FAES capital project. The TESDA allocation of approximately \$850 thousand is included as
3 a credit (recovery) in the Corporate department.

4
5
6
7 4.5.1 By way of example, “**Table C3-17: Energy Solutions/External**
8 **Relations O&M Review**” at page 158 of the Application and “**Table C3-**
9 **18: Energy Solutions/External Relations O&M Forecast**” at page 160
10 show Labour and Non-Labour O&M. Do these tables include costs that
11 will be or have been charged to FAES?
12

13 **Response:**

14 This response addresses COC IRs 1.4.5.1 and 1.4.5.2

15 The O&M costs are shown as net of what is directly charged to TESDA or an FAES capital
16 project with the exception of the overhead recoveries that are recovered through the TESDA
17 overhead allocation. For the TESDA-overhead related costs, the costs reside in the individual
18 departments and the recovery resides in the Corporate department.

19
20
21
22 4.5.2 Please show where in the FEI Application the labour and non-labour
23 amounts, by FEI department, are charged to FAES? If these are not in
24 the Application, please provide this information.
25

26 **Response:**

27 Please refer to the response to COC 1.4.5.1.
28

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1 5.0 Marketing and Advertising

2 Reference: Full Page advertisement used at the Education Facility Management
3 Association (EFMA) 2013 Annual Conference
4 (see "Attachment 5.0")

COC IR #1
Attachment 5.0
July 30, 2013



Students in the Central Okanagan School District ride natural gas-fuelled buses.

The energy of the future is in schools today

At FortisBC, we touch the lives of British Columbians every day. We deliver the energy needed by schools in 135 communities throughout British Columbia, from natural gas, piped propane and electricity to district energy and geexchange. We help schools reduce energy use, emissions and costs by offering rebates for installing energy-efficient equipment. And we work with you to create energy solutions that fit your needs.

Learn more at fortisbc.com.

FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., FortisBC Energy (Whistler) Inc., and FortisBC Inc. do business as FortisBC. The companies are indirect, wholly owned subsidiaries of Fortis Inc. FortisBC uses the FortisBC name and logo under license from Fortis Inc.

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5.1 Please confirm that “Attachment 5.0” to this information request is an advertisement provided by FEI for the conference materials handed out at the EFMA Annual Conference held June 4-7, 2013 and that FortisBC was a “Platinum Sponsor” at this event.

Response:

The attached advertisement was provided by the company for the **2012** EFMA conference and as such appeared in the 2012 conference materials and not in those distributed in June 2013.

FEI was a Platinum Sponsor of the 2013 event, as part of a sponsorship package for 2012/13.

5.2 The advertisement mentions “We deliver the energy needed by schools... .. to district energy and geoexchange”. Please confirm that FEI does not own, operate or deliver district energy or geoexchange services?

Response:

FEI confirms that it does not own, operate or deliver district energy or geoexchange services (although there are costs accumulated in TESDA that are pending allocation to FAES for which FEI has approval to hold in FEI’s non rate base TESDA deferral account).

This advertisement is not current. It was provided to the EFMA for the **2012** EFMA conference, not the 2013 EFMA conference as contemplated in the preamble. Please refer to the response to COC IR 1.5.4 for details of the cost allocation to TESDA for the 2012 sponsorship which included this ad placement.

5.3 As FAES appears to be in the business of “district energy and geoexchange” services, why was FAES not mentioned in the footnote along with the numerous other “FortisBC” companies listed?

Response:

This advertisement was provided to the EFMA in 2012 for the 2012 conference materials, not in the June 2013 conference materials. It was prior to the issuance of the AES Report by the Commission on December 27, 2012, which provided the guidelines that TES Projects are most

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appropriately undertaken through an Affiliated Regulated Business. The use of the FortisBC brand name, as done so in this advertisement, to promote AES is still acceptable practice based on the AES Inquiry Report. Furthermore, an appropriate portion of the costs of this 2012 sponsorship and advertisement were allocated to the TESDA; please refer to the response to COC IR 1.5.4.

5.4 What portion of the cost of this advertisement (included the development of the advertisement and its placement) was funded by FEI and what portion was funded by FAES? Where in the Response to IR 1.4.5.2, above, is this information contained?

Response:

The pictured materials are from 2012, not 2013.

The total cost for sponsorship of the 2012 EFMA event, which included the advertisement placement in 2012 was \$5,000, of which 20 per cent was charged to the TESDA. The costs allocated to the TESDA are not included in this Application as they do not form part of the natural gas delivery rates.

5.5 Please explain why this advertisement does not lead the reader to believe that FEI does not directly own and operating district energy and geoexchange services?

Response:

Please refer to the response to COC IR 1.5.3.

5.6 Regarding the EFMA Conference in June 2013[TBC?]:

5.6.1 How many employees of FEI were present?

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1 **Response:**

2 Note that the above advertisement is not from 2013 as the preamble suggests. It is from 2012.

3 Six FEI employees were present in 2013.

4 Please refer to the response to COC IR 1.5.6.2 which outlines the areas of the organization
5 these six employees represented and hence the appropriate allocation of their costs.

6

7

8

9 5.6.2 What were their positions in the FEI Organization Charts?

10

11 **Response:**

12 This response addresses COC IRs 1.5.6.2 and 1.5.6.3.

Functional Group in Organization Chart	Count	Expense Allocation
Energy Solutions	1	General O&M
*EEC	1 plus 2 temporary summer students	EEC Deferral Account
TES	2	TESDA (Deferral account set up to capture costs for Thermal Energy Initiatives)

13 **Note:**

14 * Activities related to EEC Program awareness, education and communication are appropriately charged
15 to the EEC account as they pertain to increasing future EEC program enrollment. EFMA attendees
16 include school district Energy Managers & Energy Specialists, building operators as well as facilities
17 staff from Secondary and Post-Secondary institutions, who often play a large role in deciding whether
18 their institution should participate in the FEUs Commercial EEC Programs. Education facilities
19 generally make extensive use of natural gas in space and domestic hot water, and the stock of gas
20 burning appliances is by and large ageing and in need of replacement. As such it is essential to ensure
21 that these customers are aware of both the benefits of high efficiency technology and the availability of
22 incentives in order to avoid lost opportunities for natural gas savings.

23

24 The specific purpose of attendance at this event as it relates to EEC was to accomplish the
25 following objectives:

26 • Answer specific inquiries from attendees surrounding Commercial Programs

27 • Identify the satisfaction level with the FEU's EEC Commercial Program offerings

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- Identify what energy saving projects school districts are working on and which are eligible for our programs
- Meet and strengthen relationships with Energy Managers, Facility Managers, and Energy Specialists

5.6.3 Were the salary and out-of-pocket expenses covered by general O&M or were these expenses added to the EEC deferral account for collection in future rates?

Response:

Please refer to the response COC IR 1.5.6.2.

5.6.4 What percentage of these costs was cross-charged to FAES?

Response:

One hundred percent of the out-of-pocket employee expenses, including the registration fee for the 2013 EFMA event incurred by the two FEI employees representing AES were appropriately charged to the TESDA account for ultimate recovery from thermal energy customers.

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1 6.0 FortisBC.com Website

2 Reference: www.fortisbc.com specific pages re: Energy Solutions
3 (see "Attachment 6.0")


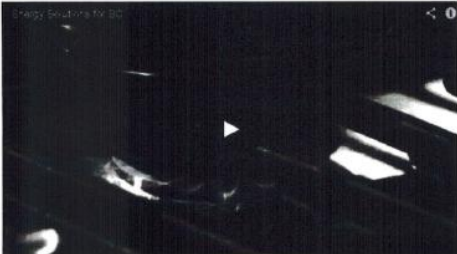
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NATURAL GAS ELECTRICITY **ENERGY SOLUTIONS**

Build With Natural Gas Project Case Studies District Energy Systems Geoexchange Systems Working With FortisBC Share

Worry-free integrated energy solutions

When FortisBC delivers the energy system for your project's heating and cooling needs, you know you're getting a complete solution. We can develop, finance, build, own and operate district energy and geoexchange systems throughout BC and we're ready to provide the alternative energy solution best suited to your needs and the needs of the surrounding community.

You will be provided with a single point of contact to help design and build your alternative energy system; and, you can rest assured that only qualified experts will be preparing the detailed engineering designs required to meet your project's unique needs. We demand the best so we can always stand behind our work every step of the way.

We've got you covered

High standards, operational excellence, industry expertise and a commitment to deliver the best solution for your needs are all backed by our world-class customer support. We believe this is what sets us apart from other energy solution providers.


Upon completion of your project, FortisBC will provide ongoing system support and maintenance to ensure your alternative energy system is safe and reliable over the long term. Billing and payment options are provided along with 24x7x365 emergency response services. Our integrated energy solutions also meet all regulations established by governing bodies. In fact, these standards provide the very basis for our approach to system operations and maintenance.

More information about FortisBC is available in the 2010 corporate report

Find out more

We're ready to help you develop an alternative energy plan and then put that plan into action.

[Contact an energy solutions manager](#)



■ We're hiring

District energy systems

Our district energy systems are ideal for projects requiring a conditioned indoor environment.

[Learn more](#)

Geoexchange systems

Efficiency and lower emissions are just the beginning with a geoexchange system.

[Learn more](#)

FortisBC Energy solutions Working with FortisBC

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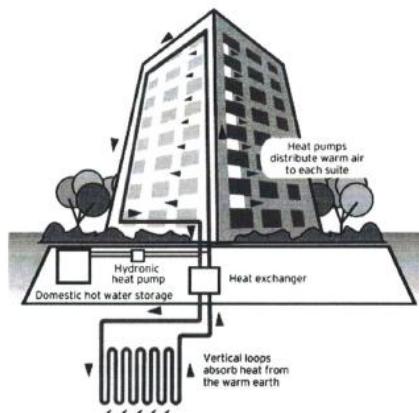
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Geoexchange systems

FortisBC owned & operated means peace of mind

FortisBC can build, own and operate geoexchange systems for multifamily residential, commercial and industrial developments, reducing operational risk for both you as the developer and end users. We work with qualified experts for preparing the detailed designs for your project and all systems are operated to utility standards.

From the pipes in the ground to the central mechanical equipment, our ownership also alleviates the significant capital investment you would otherwise make in the alternative energy system for your project. This frees up your critical operating capital, letting you reallocate these funds to other key areas of your business. Even if you have already begun to develop your geoexchange system, we can purchase this system subject to a standard due diligence process.



[Read more about how geoexchange works](#)

Cost effective & energy efficient

High efficiency is one of the defining characteristics of geoexchange. Heat pump efficiency is measured as a Coefficient of Performance (COP), or the ratio of the output energy to the energy input. A COP of 3.5 means for every kilowatt of electricity needed to operate the heat pump, 3.5 kilowatts of heat energy is delivered. Many geoexchange systems in Canada achieve a COP of 3.0 or better and this may translate into lower energy costs and reduced CO₂ and other greenhouse gas emissions compared to conventional heating and cooling systems – a win-win for you and the environment!

Our stable operating and maintenance rates also provide strata corporations and building owners with a degree of insulation from energy price volatility.

More information about FortisBC is available in the company's 2011 corporate report.

How geoexchange systems work



Watch how geoexchange systems provide heating, cooling and hot water.

[View presentation](#)

Projects using geoexchange

We're helping builders & developers implement geoexchange systems.

[View the projects](#)

Find out more

We're ready to help you develop an alternative energy plan and then put that plan into action.

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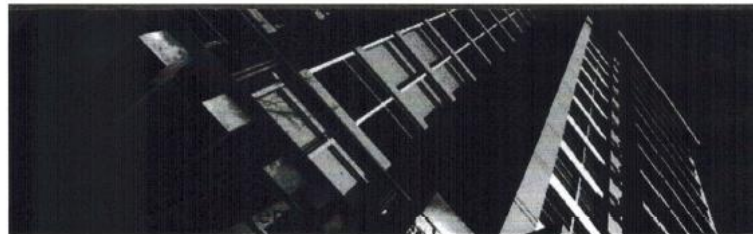
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Meeting the energy needs of today... and tomorrow

FortisBC is committed to delivering alternative energy sources that address the energy needs of British Columbians, while also reducing the impact these sources have on our environment.

[Read more about how district energy systems work.](#)

A leader in alternative energy systems

Whether it's a new development or an existing community, FortisBC has the experience and resources needed to execute all phases of your district energy system project. FortisBC can finance, build, own and operate district energy systems for large-scale developments and existing communities to deliver energy efficiencies that address the need for higher capacity and lower emissions. These district energy systems provide a cost effective, higher performance solution than self-cooling and heating for any building that requires a conditioned indoor environment.

Our commitments to safety & efficiency standards

Through our commitment to always operate in a safe and environmentally responsible manner, we strive to ensure employee safety and the safe and efficient use of energy resources. This includes delivering alternative energy sources to BC.

In the event of an outage, FortisBC has well-established emergency response procedures to ensure our customers regain full service as safely and quickly as possible. This includes making sure our customers receive timely updates through the most effective communication channels when system issues arise.

How district energy systems work

A short presentation demonstrating how district energy systems provide space heating, air conditioning and domestic hot water.

[View](#)

Find out more

We're ready to help you develop an alternative energy plan and then put that plan into action.

[Contact an energy solutions manager](#)

FortisBC [Energy solutions](#) [District energy systems](#)

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Energy Solutions Managers

Let us show you how we can help build the attraction of natural gas into your next development. Contact an account manager or representative in your region.

Lower Mainland

Dan Noel

Regional Energy Solutions Manager
Tel: 604-592-7410
Cell: 604 816 8472
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Email: dan.noel@fortisbc.com

Whistler, Squamish, West Vancouver, North Vancouver, and Vancouver**Wayne Cankovic**

Energy Solutions Manager
Tel: 604-932-8941
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Fax: 604-932-4107
Email: wayne.cankovic@fortisbc.com

Delta, North Delta, and Surrey/White Rock**Brad Ricketts**

Energy Solutions Manager
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Langley/Township of Langley, Abbotsford, Chilliwack, Mission, Agassiz, Hope, Pitt Meadows, and Maple Ridge**Dean Turner**

Energy Solutions Manager
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Burnaby, Richmond**Michael Liu**

Energy Solutions Manager
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Fax: 604-576-7122
Email: michael.liu@fortisbc.com

New Westminster, Coquitlam, Port Coquitlam, Port Moody, and Anmore**Ben Nishi**

Energy Solutions Manager
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Fax: 604-576-7122
Email: benjamin.nishi@fortisbc.com

Richmond & Fraser Valley (Energy Efficiency & Conservation)

Solutions that work

We work with forward-thinking developers & builders to find state-of-the-art energy solutions for new condos, homes, and businesses.

[Learn more](#)

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Metro Vancouver & Tri-Cities (Energy Efficiency & Conservation)

Della Bond
Energy Solutions Manager, EEC
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Cell: 778-867-4603
Fax: 604-317-8984
Email: della.bond@fortisbc.com

Vancouver Island-Sunshine Coast

Gibsons-Sechelt, Capital Regional District (Conversion Inquiries)

John Drazic
Regional Energy Solutions Manager
Tel: 250-751-8338
Toll free: 1-888-250-1866
Cell: 250-755-9957
Fax: 250-751-8338
Email: john.drazic@fortisbc.com

Capital Regional District (New Construction)

Tom Richey
Energy Solutions Manager
Tel: 250-380-5780
Cell: 778-679-6506
Fax: 250-388-6876
Email: tom.richey@fortisbc.com

Campbell River south to Nanoose Bay, and Powell River

James Klassen
Energy Solutions Manager
Tel: 250-703-6814
Toll free: 1-866-225-1188
Fax: 250-338-7952
Email: james.klassen@fortisbc.com

Port Alberni east to Nanaimo and south to Mill Bay

John Moncur
Energy Solutions Manager
Tel: 250-751-8303
Toll free: 1-866-371-3131
Fax: 250-751-8332
Email: john.moncur@fortisbc.com

Vancouver Island-Sunshine Coast (Energy Efficiency & Conservation)

Shanna Wilson
Energy Solutions Manager, EEC
Tel: 250-380-5725
Tel: 855-680-5725
Cell: 250-888-4191
Email: shanna.wilson@fortisbc.com

Interior

For information about electricity solutions and rebates, speak to one of our [PowerSense Team Members](#)

Kootenay region, Interior & Northern B.C.

Brent Hunt
Regional Energy Solutions Manager
Tel: 250-868-4522
Toll free: 1-888-868-4522

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July 30, 2013

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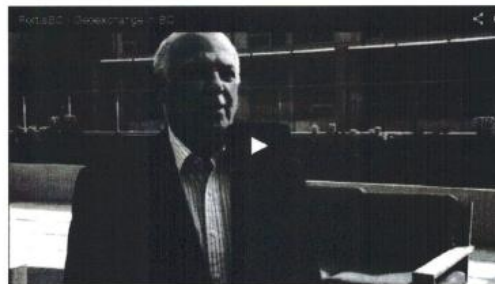


Originally built 90 years ago as the historic Hudson's Bay Company, this building was purchased and rehabilitated by the Townline Group in 2005. Located on Douglas Street in bustling downtown Victoria, this once grand department store has now been converted into 152 modern flats, double-height lofts, and penthouses. As part of their mandate for down-to earth solutions for sustainability, Townline contemplated every detail: non-toxic paints, energy-efficient window systems, Energy Star® certified appliances, low-flow faucets and toilets, and geoexchange heating and cooling.

Download this project overview

[The Hudson](#) (328 KB)

The Hudson



Something old, something new

Knowing this building would be a historic legacy to the city of Victoria, Townline wanted to implement the best system for building innovative, sustainable energy systems in order to create something special for the strata and its residents.

This was easier said than done. Rehabilitating such an old building to accommodate a cutting-edge energy solution was a daunting task, but one the team at Townline Group knew was critical. They made a commitment to improve energy efficiency from the very start of the building's development, and wanted to make good on that promise, no matter how difficult it could prove to be.

The Townline Group also wanted to be able to leverage the energy solution they implemented as a selling feature, as well as gain the ability to scale the energy system to meet the needs of future phases of the development. Right out of the gate, they liked the idea of geoexchange energy — but they had concerns over the potential cost and the building's physical capacity to accommodate the system.

A combined effort

FortisBC engaged Townline Group during the planning phase of the development and suggested a geoexchange heating and cooling system for The Hudson. Providing

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Townline with a detailed analysis of this approach, FortisBC proactively brought in its experts to work closely with Townline's engineers and develop a solution to address their concerns about price and feasibility.

Together, they were able to define a plan which aligned with their vision for an energy efficient solution and one that fit within Townline's budget. By listening closely to Townline's concerns, FortisBC and the project team were able to address the many unique nuances of the project, including finding a way to enter the existing shell of the structure to drill the large wells required for the geoechange system, without compromising the integrity of this beautiful heritage building.

Here's how it works

A geoechange system consists of three main components: the ground loop heat exchanger, the heat pump and the distribution system. According to FortisBC's director of business development for alternative energy services, Gareth Jones, a geoechange system typically uses only a third to a quarter of the natural gas or electricity required by conventional heating and cooling systems.

Because in-suite heating units have few moving parts such as fans, geoechange is quieter than conventional home heating and cooling systems, and requires little maintenance.

Producing scalable results

Not only can the Townline Group feel good about having a stake in one of the first condominium complexes in Victoria to have geoechange as its primary energy source, but they can also rest easy knowing that the energy system was delivered on time, with a continuous and clear commitment to project goals.

According to mechanical engineer Rob Walter of AME Consulting, geoechange heat, when compared to electric heat, can significantly reduce end users' energy consumption. As a result, both the residents and developer know they are doing the right thing for the environment. With the geoechange system, The Hudson's carbon footprint is reduced by up to 55 per cent annually, compared to a traditional system. What's more, the energy system was structured to be scalable to future phases of the development, so more people will be able to take advantage of the benefits of this innovative energy system.

In the end, FortisBC aligned its integrity, commitment and values with Townline's philosophy on the environment and sustainability to make the project a success.

The FortisBC advantage

What if you could build a state-of-the-art energy system into your next development—without having to carry the cost and the risk? With FortisBC, you can. We used to be Terasen Gas, "the gas company." Now, as FortisBC, we're "the district energy system, geoechange, combined heat and power, electrical generation/ distribution, biomass, biogas and natural gas company."

We don't just design the energy component, we cover up to 100 per cent of the development cost. When you work with FortisBC, we have a stake in the outcome.

And you have more in your budget for the features and capabilities your customers want.

You benefit from industry leaders and energy experts with practical, real-world experience. As well as sharing the load, we help you shape your energy strategy, with knowledge that could help you meet the new provincial greenhouse gas emissions targets and take advantage of available government incentives.

Interested in learning more?

[Contact your local FortisBC representative today.](#)

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At page 1, the website states: “We can develop, finance, build, own and operate district energy and geexchange systems throughout BC...”

6.1 Please confirm that FEI does not develop, finance, build, own and operate district energy and geexchange systems throughout BC. If FEI does, please provide the names, locations and CPCN references for these projects.

Response:

Confirmed. FAES provides these services. Projects that were developed by FEI have been or are being transferred to FAES. Please refer to the response to COC IR 1.6.2.

6.2 Assuming that FEI does not operate such systems, please explain why the statement exists on the website? In particular, why does the website not mention the presence of FAES which presumably undertakes such projects?

Response:

This response addresses COC IRs 1.6.2, 1.6.9, and 1.6.10.

The FortisBC website at the URL: www.fortisbc.com provides for a single website address that encompasses all the FortisBC regulated services and therefore includes gas, electric and TES. It is designed with the customer in mind and the type of energy service they are seeking, as opposed to being designed around specific corporate entities. As such the FortisBC website provides a single point of access for all FortisBC’s regulated services, thus facilitating a positive interaction for its customers. This approach is consistent with the Commission’s Determination in regards to use of the FortisBC brand name as outlined on pages 40-41 of the AES Inquiry Report:

“2.8.2 Use of the FortisBC Brand Name

The Panel finds that the use of the FortisBC brand name in the AES and New Initiatives market spaces is an acceptable business practice”

Currently, FortisBC is in the process of updating its website in order to recognize that FAES is the entity marketing and providing TES to customers. The first phase of this update is now complete and is described in the response to COC IR 1.6.5, which ensures compliance with the Commission Determination. “..Care should be taken to distinguish between the services offered by the traditional natural gas utility and services offered by Affiliated Regulated or Non-

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1 *Regulated Businesses.*”(pages 40-41). As such, the website provides for segregation between
2 gas, electric and TES offerings so while the initial landing page is a common site, it allows for
3 the customer to select the type of service(s) they are interested in.

4
5
6
7
8 **Reference: AES Inquiry Report, page 34: (emphasis added)**

9 *“An approved Transfer Pricing Policy should ensure that costs are allocated on the basis*
10 *of the higher of fully allocated cost or market pricing and an approved Code of Conduct*
11 *should ensure that the sharing of operational and management services is appropriate.”*

12
13 6.3 What contribution does FAES make for the mention of district energy and
14 geoexchange offerings on the www.fortisbc.com website?

15
16 **Response:**

17 The quote in the preamble to this IR is from the AES Inquiry Report issued on December 27,
18 2012, after the allocations and amounts of \$854 thousand for 2013 were set. Further, the quote
19 is a recommendation that FAES and FEI are taking into consideration as part of the review of
20 the COC/TPP.

21 As FEI filed in its 2012-2013 RRA, the overhead allocation of \$500 thousand to the TESDA
22 includes IT support costs. In the 2012-2013 RRA decision, this allocation was increased to
23 \$854 thousand for 2013. The contribution that FAES makes to the above mentioned website is
24 covered by the \$854 thousand.

25
26
27
28 6.4 Has FEI attempted to quantify the value that non-FEI related TES providers
29 would place on having an exclusive business lead generation system integrated
30 in the regulated gas utility website? If so, what value was estimated? If not, why
31 not?

32
33 **Response:**

34 FEI does not currently have a sophisticated “business lead generation system” incorporated into
35 the website. The website provides a means for customers to educate themselves about the
36 various energy options that they might be considering. Contact information is made available

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1 for follow up, but FEI would expect that sophisticated district energy/ geoexchange customers
2 would explore alternative services offerings prior to making a final decision on their service
3 provider.

4 In any event, any potential “exclusive business lead generation system integrated in the
5 regulated gas utility website” developed by FEI would be for the sole benefit of the natural gas
6 utility and its employees. The AES Inquiry Report was issued on December 27, 2012, long after
7 Order G-141-09 was issued. Order G-141-09 approved the provision of Alternative Energy
8 Services by FEI. Since then, the Commission has recommended greater separation of FAES
9 services from FEI and the FEU intend to follow that recommendation. Therefore, there is no
10 value in performing such an analysis.

11
12
13 **Reference: Attachment 6.0, pages 1, 2 & 3:**

14 *“Find out more*

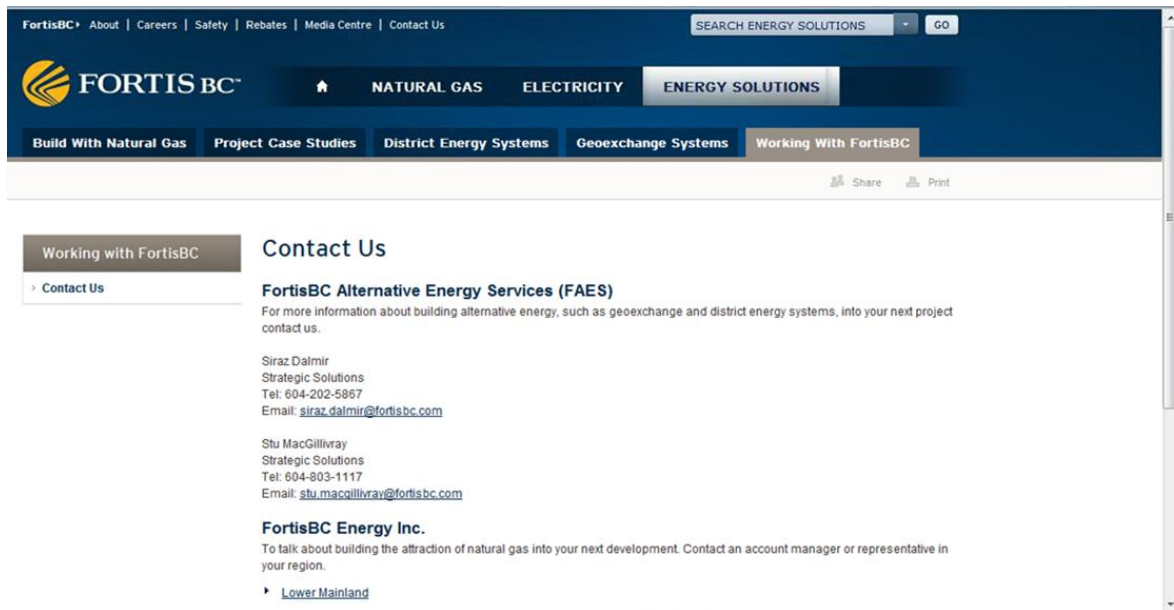
15 *We’re ready to help you develop an alternative energy plan and then put that plan into*
16 *action”*

17 6.5 Please confirm that when you click the “Contact an energy solutions manager”
18 that you are led to pages 4-6 of Attachment 6.0.
19

20 **Response:**

21 While the methodology for appropriate cost allocations to FAES from FEI according to the
22 COC/TPP is already in place, such items as the marketing of a new corporate name and
23 thereby the creation of a distinct web page for FAES are currently still under development; as
24 would be expected with the creation of any new company. As such, FEI appreciates the COC
25 bringing this issue to their attention and has since provided for a new landing page for contact
26 information that provides for greater clarity to its customers, that FAES is the entity offering
27 TES. The screen shot of the updated website is provided below as a reference.

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6.6 Where do the “Energy Solutions Managers” listed on pages 4-6 reside in the FortisBC organization? Are they FEI or FAES employees?

Response:

The Energy Solutions Managers reside in the Energy Solutions Group in FEI or FEVI according to the service territory they service.

6.7 Do the Energy Solutions Managers have instructions on how to direct enquiries from potential customers into district energy or geoexchange projects? Are they specifically told to mention FAES as an alternative or are they specifically told to not mention FAES as an alternative?

Response:

Energy Solutions Managers are instructed to help customers identify the best solution for their needs. If the best solution for the customer is to use a TES provider, Energy Solutions Managers are instructed to inform the customer of their options, including contacting FAES. FEI

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staff are trained to help customers find the best energy solution for their needs with the ideal objective incorporating natural gas use. FEI staff will therefore advise customers accordingly.

Are they specifically told to mention FAES as an alternative? No

Are they specifically told not to mention FAES as an alternative? No

In order for FEI to add new customers and increase natural gas throughput, FEI's preference is that those customers opting for a direct energy or geexchange system as their main energy solution, use natural gas for peaking, back-up and/or for their lifestyle appliances. For this reason, it is in FEI's interest that FEI Energy Solutions Managers are involved in determining the optimal energy solution for potential new customers. Without this engagement or interaction, existing FEI customers may not gain the benefit of adding new customers with natural gas throughput.

6.8 Please provide the instructions or policy documents. If there is no such instruction or policy, please explain why no such policy exists?

Response:

As outlined in BCUC IR 1.202.2, FEI communicates the use of the Code of Conduct and Transfer Pricing Policy via posting on its internal website. The Transfer Pricing Policy and Code of Conduct have been in place for many years and as such FEI employees are familiar with charging both other regulated and non-regulated entities for time and the incurrence of expenditures on behalf of other companies. While the AES Inquiry Report was issued on December 27, 2012, FEI has had the Transfer Pricing and Code of Conduct in place for many years. Additionally, as requested by the AES Inquiry, FEI will be updating the Code of Conduct and Transfer Pricing and the companies are the process of developing greater separation for FAES.

Reference: Attachment 6.0, page 8:

"Now, as FortisBC, we're "the district energy system, geexchange, combined heat and power, electrical generation/distribution, biomass, biogas and natural gas company."

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1 6.9 How can this statement be reconciled with the fact that the company FEI is not
2 directly providing geoexchange and district energy projects?
3

4 **Response:**

5 Please refer to the response to COC IR 1.6.2.
6
7

8
9 6.10 Please explain how a reasonable person reading the FortisBC website, including
10 potential TES customers, would have even the slightest notion that the company
11 that will install, own and operate geoexchange and district energy projects is not
12 the natural gas utility?
13

14 **Response:**

15 Please refer to the response to COC IR 1.6.2.
16

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7.0 Corporate Services Allocation

Reference: Application (Exhibit B-1), page 278:

“The Massachusetts Formula is extensively used in industry and is composed of the arithmetical average of (1) operating revenue, (2) payroll, and (3) average net book value of capital assets plus inventories. The use of these factors represents the total activity of all business segments as a means to allocate costs that cannot be directly assigned.”

Reference: Application, Appendix F2 (Exhibit B-1-1), KPMG: Fortis Inc. and FortisBC Holdings Inc. – Corporate Services Cost Allocation Model.

7.1 Please confirm that this methodology is being applied only to the corporate overheads listed in the KPMG report; specifically those items listed on page 12 of Appendix F2:

- Executive
- Treasury and Taxation
- Investor Relations
- Financial Reporting
- Internal Audit
- Board of Directors

Response:

Not confirmed. The six functions listed on page 12 of Appendix F2 were in reference to costs incurred at Fortis Inc. which are then allocated to FortisBC Holdings Inc. using net assets of each of the Fortis Inc subsidiaries (not the Massachusetts Formula). This allocation is then added to the costs incurred at the FortisBC Holdings Inc. level and the total is allocated to FEI using the Massachusetts Formula. The end result is that both the net assets and Massachusetts Formula have been used in the allocation.

7.2 Please explain why a fixed figure of \$1,500,000 for “Fortis Properties Management Fee Revenue” is being used (at page 13 of Appendix F2) rather than the same methodology used for other Fortis entities?

Response:

Fortis Inc. charges a \$1.5 million annual management fee to Fortis Properties, a non-regulated subsidiary of Fortis Inc. The management fee is for shared services such as

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1 strategic planning, financing, risk management and governance provided to Fortis
2 Properties by Fortis Inc. Unlike the other regulated utilities under Fortis Inc., Fortis
3 Properties does not operate as autonomously and is more reliant on support from the
4 parent company. As a result, the management fee is higher than it would otherwise be if
5 net assets were used to allocate the management fee.

6 This management fee and in the past, non-regulated pole revenue earned at Fortis Inc.,
7 served to reduce the operating costs to be allocated to and recovered from the utilities.
8 If Fortis Inc. used the same methodology as used for the other Fortis entities, the
9 allocation of costs to Fortis Properties would be approximately 50% less than the current
10 \$1.5 million management fee charge, due to its much smaller asset base. As a result, a
11 larger portion of recoverable operating costs would be allocated to the larger Canadian
12 regulated utilities. In particular, FortisBC Holdings Inc. (FHI) allocated operating costs
13 would increase on average approximately \$300 thousand annually.

14
15
16
17 7.3 Please confirm that “Fortis Properties” is a non-regulated endeavour.
18

19 **Response:**

20 Confirmed.
21
22

23
24 7.4 In the Application, the first factor mentioned (at page 278) is “Operating
25 Revenue”. In the KPMG report the first factor mentioned (at page 22) is “Gross
26 Margin”. Can FEI confirm that this is the same figure in all instances across all
27 applicable companies? If not, which is being proposed to be used in this
28 Application?
29

30 **Response:**

31 Confirmed.
32
33
34

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1 7.5 The Massachusetts Formula is a well-known and accepted methodology for the
2 allocation of common costs across established utilities under common
3 ownership. Does FEI believe that it is still appropriate in the case of a
4 development activity that may not yet have significant, if any, Gross Margin or
5 Assets in operation? Would FEI specifically discuss why a start-up operation,
6 such as FAES, should be allocated two-thirds of drivers which are virtually
7 meaningless at its current stage of development?

8
9 **Response:**

10 FEI does not believe it is appropriate to use the Massachusetts Formula or other similar type of
11 allocators to allocate costs to a business under development, like FAES and has stated so in
12 past proceedings. As pointed out in the question, the allocators used in the Massachusetts
13 Formula are not always the most meaningful method to allocate common costs. For this
14 reason, FEI did not use an allocator to try and allocate costs to FAES but instead has relied on
15 management estimates or timesheets of those individuals involved to charge time to FAES.

16
17
18
19 7.6 Per the KPMG Report, the weighted allocation of Payroll yields that 2.1% of the
20 corporate costs would be allocated versus the simple weighted average of 0.8%
21 (per Table 6.6 on page 22). Please confirm that the Massachusetts formula
22 yields an allocation for FAES (and others) that is approximately 38% of what
23 would be the case if only payroll was used as a driver.

24
25 **Response:**

26 The payroll costs listed under other are for the employees at FortisBC Holdings Inc. only. FAES
27 does not have any direct employees as at December 31, 2012. So if only payroll was used as
28 the sole allocator, there would not be any change in the allocation of costs. Please also refer to
29 the response to COC IR 1.7.5 which outlines why FEI believes that the use of the
30 Massachusetts Formula does not appropriately allocate costs to a business under development
31 and therefore has not applied the formula in allocating costs to FAES.

32
33
34
35 7.7 In the event that only payroll was used as an allocation factor, please confirm
36 that the proposed \$100,000 allocation for corporate services (Application, page



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1 278) would rise to approximately \$262,000 in the event that Payroll was used as
2 the sole driver.

3
4 **Response:**

5 Please refer to the response to COC IR 1.7.6.

6

Attachment 3.3

BUSINESS ETHICS POLICY

Statement of Commitment

FortisBC (“the Company”) is committed to being a corporate leader in ethical practices and will maintain highly ethical standards in its activities, and fairness and honesty in its business relationships. All representatives of the Company must observe the highest standards of business and personal ethics while performing any duties on behalf of the Company. The Company will not tolerate any conduct by an employee, individual or group engaged in business activity on its behalf that is outside of the law or gives the appearance of impropriety or unethical conduct.

Principles of the Business Ethics Policy

- Doing what is right
- Respecting the rights of others
- Obeying the law
- Maintaining the integrity and confidentiality of information
- Avoiding conflicts of interest
- Conducting ourselves appropriately

Representatives of the Company must not only consider whether they are in compliance with this policy but also how their decisions and actions will appear to an outside party. The perception of wrongdoing is potentially as damaging as an actual breach of ethics. Therefore, it is essential that representatives not only conduct Company business according to high ethical standards but also be seen to do so.

Scope

This policy applies to all directors, officers and employees, contractors, vendors, agents and any other representatives (“personnel” or “representatives”) of FortisBC while engaged in official business and involved with other activities that promote the objectives and interests of the Company.

This Policy is not intended to prohibit any ordinary business or social exchanges that occur in the course of business relations. The Company recognizes the importance of good business relations and encourages networking with our vendors and customers. It is acceptable within the guidelines of this policy to accept meals and invitations of nominal value to events from vendors and to extend such courtesies to vendors and customers. Vendor sponsored events with a more than nominal value require VP approval prior to acceptance of the invitation. Irrespective of rewards or other incentives that may be offered, however, representatives of the Company are expected to conduct business in the most cost effective manner.

Definitions

Conflict of interest - any situation or activity where a representative's personal or private interests (including the interests of family members) affect, or can reasonably be perceived to affect, the discharge of the representative's obligations to the Company. An interest includes gifts, commissions, payments or loans greater than nominal value either to or from a vendor as well as product or service discounts from a vendor not widely offered to all personnel or across the industry. An interest also includes an employee's ownership of a vendor or a personal connection with a vendor that could give the perception of a conflict. Nominal value is defined as items of usefulness but of immaterial monetary value individually and collectively. Examples include inexpensive meals, event tickets, promotional gifts and published reward programs such as airline miles.

Confidential Information - any Company, employee, vendor or customer information that has been obtained or created within a trusted relationship and that would not ordinarily or explicitly be disclosed. Any information which has not been publicly disclosed should be treated as confidential.

Vendor - any unaffiliated person or firm that is an actual or potential supplier of services, materials or equipment to the Company.

Customer - any person or firm that is an actual or potential purchaser of services, materials or equipment from the Company.

Guidelines

The following guidelines are meant to provide representatives with an overview of the activities covered by this policy. The absence of guidelines covering other particular situations does not relieve representatives of their responsibility to use good judgment and act in a manner which exhibits the highest ethical standards to which FortisBC is committed.

1. Customers

All representatives will treat customers fairly, honestly, with courtesy and in good faith at all times. The Company's capabilities must not be misrepresented and there must not be any attempt to unfairly influence customer decisions relative to our products and services.

Representatives must not accept any form of personal remuneration for any work performed by the Company on a customer's behalf. While performing duties for customers of the Company, representatives are prohibited from soliciting personal employment or business activities from those customers. Similarly, representatives are not permitted to recommend or refer customers to other businesses in which representatives have personal interests.

Customer relationships are critical to the continuing success of the Company. All representatives will respect and ensure the confidentiality and privacy of customer personal information unless disclosure is required by law or order of a regulatory agency. Representatives are expected to comply with the Company's Privacy Policy with respect to protecting the confidentiality and privacy of customer personal information to which they have access in the course of their

employment.

2. Vendors

Representatives dealing with outside vendors should carry out their duties free from any conflict of interest. Gifts or invitations with greater than nominal value must not be accepted.

Representatives dealing with outside vendors must not personally request gifts, invitations or other forms of financial rewards, including discounted products or services that may explicitly or implicitly be considered in exchange for preferred vendor status. Vendor sponsored events with a more than nominal value require VP approval prior to acceptance of the invitation.

Relationships with vendors must always be arm's length, consistent with accepted business practices, the Company's policies, and in accordance with applicable laws. In dealing with vendors, representatives will conduct themselves with fairness, courtesy and good faith. All interactions with vendors must conform to the requirements of the section of this policy addressing conflict of interest.

3. Government or Regulatory Agencies

Representatives shall not directly or indirectly give, offer or promise anything of value to employees of government or regulatory agencies in an attempt to improperly influence their dealings with the Company.

4. Company Records and Accounting Practices

All information held by the Company, whether for internal or external use, must be recorded and reported fairly and honestly. Prior to release, any disclosure or publication of confidential information must receive explicit approval from an appropriate Company official.

5. Personal Use of Company Property and Data

The involvement of Company personnel or the use of equipment, facilities or data for business and/or activities other than Company business, community activities or other approved programs is prohibited. Users of Social Media streams are expected to adhere to Company policy.

6. Compliance With This Policy

It is critical to the Company's success that all representatives conduct themselves ethically and legally in every aspect of their business activities. Every representative of the Company is required to comply with this Business Ethics Policy.

Personnel in leadership positions must assume a responsibility for the actions and conduct of other employees who report to them. Supervisors and managers can fulfill this responsibility through prudent management practices such as:

- Ensuring this Business Ethics Policy is clearly communicated to all reporting employees and Contractors on a regular basis;
- Establishing and maintaining internal and management controls designed to prevent or detect breaches in corporate policies;

- Leading by example and exhibiting high standards of ethical behaviour;
- Appropriately investigating situations which may indicate a breach of this policy; and,
- Dealing with known breaches of this policy in an appropriate manner, including disciplinary action where warranted.

Compliance, both personal and by reporting employees / Contractors, will be a factor in Managers' and Supervisors' periodic performance reviews. Violations of this policy will result in the Company taking appropriate action, including possible discharge from employment. All personnel should also be aware that potential personal liability does not end with the discipline undertaken by the Company. Depending on the circumstances, an individual may also face civil or criminal charges and penalties (including imprisonment).

7. Reporting Violations

Anyone who reasonably believes a violation of this policy has occurred, including questionable financial reporting, safety violations, fraud, waste, abuse or internal control matters, has an obligation to report the violation promptly to an appropriate Company official. Possible violations should be reported to an appropriate supervisor in the employee's work area. However, where there is uncertainty as to how a violation of this policy should be reported, the reporter may consult with the Director, Internal Audit or any officer of the Company in confidence, or use the EthicsPoint hotline.

The EthicsPoint hotline is a confidential reporting tool that is managed by an independent entity and is available 24 hours a day, seven days a week. The Company encourages all representatives to use the EthicsPoint hotline to report any activity that may be a cause for concern. Anonymous reports can be made on line at www.ethicspoint.com or by calling **1-866-294-5534**. All reported information is secure and held in the strictest confidence. No report is ever shared with implicated parties, their peers or subordinates.

The Company will not take or allow any reprisal against a representative for, in good faith, reporting a suspected violation of this policy. Any such reprisal will in itself be considered a very serious breach of this policy and offenders will be subject to disciplinary action.

All reported violations will be investigated. Where an investigation determines that a violation has occurred, appropriate action will be taken.

Managers and Supervisors must report all breaches of this policy, including incidents of theft or fraud, to any officer of the Company, the Director, Internal Audit, or through the EthicsPoint hotline.

Effective Date

This policy is updated and effective as of July 28, 2011.

FORTISBC – PRIVACY POLICY

1 GENERAL

1.1 Our Commitment to Protecting Your Privacy

We, at FortisBC, value your privacy and we strive to ensure that our customers are aware that their privacy is of the utmost importance to us. We collect, use and disclose personal information about our customers to enable us to establish and manage the relationship necessary to provide services to you. While FortisBC places a high priority on the protection of personal information shared with us by our customers, legislation is in place that governs how personal information must be managed and protected. We are committed to complying with the legislation. We want you to understand why and how we collect, use, disclose, retain and secure your information.

1.2 Definitions

“collection” – the act of gathering, acquiring, recording, or obtaining Personal Information from any source, including sources other than the Individual to whom the Personal Information belongs, by any means.

“Consent” – voluntary agreement to the collection, use or disclosure of Personal Information for defined purposes.

“disclosure” – making Personal Information available outside FortisBC.

“Employee” – means an employee or ex-employee of FortisBC.

“FortisBC” means the group of FortisBC companies and their affiliates, including but not limited to, FortisBC Inc., FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., FortisBC Energy (Whistler) Inc. and FortisBC Holdings Inc..

“identified purposes” – means the purposes identified in this Policy.

“Individual” – any person, who directly or indirectly provides his or her Personal Information to FortisBC as described in the Policy.

“Personal Information” – means information about an identifiable Individual, and therefore does not include information that cannot be associated with a specific individual.

“Privacy Legislation” – means, the British Columbia *Personal Information Protection Act* and associated regulations as amended from time to time; and the Canada *Personal Information Protection and Electronic Documents Act* and associated regulations as amended from time to time, as applicable.

“Privacy Officer” – means the privacy officer of FortisBC.

“use” – the treatment, handling, management and retention of Personal Information.

1.3 Scope

FortisBC provides electricity, natural gas, piped propane and integrated energy solutions throughout the province of British Columbia. This Policy applies to each of the entities which are collectively defined as “FortisBC” in section 1.2 above.

The Policy does not impose any limits on the collection, use or disclosure of the name, title, business address, business email address, business telephone number or business fax number, of any employee

at FortisBC or any other organization, if that information is collected, used or disclosed for the purpose of contacting individuals in that person's capacity as an employee of FortisBC or any other organization.

This Policy does not impose limits on the collection, use or disclosure of personal information without consent where that collection, use or disclosure is in accordance with the Privacy Legislation.

1.4 Scope of Accountability

FortisBC is responsible for Personal Information in its custody and under its control, and have designated a Privacy Officer who is generally accountable within the organization and is responsible for our compliance with this Policy, and for ensuring that the Policy complies with the Privacy Legislation.

2 PURPOSES FOR COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

2.1 Purposes Identified at Time of Collection

We identify the purposes, through either direct explanation (ie. this Privacy Policy, verbally over the phone, etc.) or use of other notification means, for which we collect Personal Information at or before the time of collection from an Individual, and collect only that information necessary for such identified purposes.

2.2 New Purposes

When we wish to use or disclose the Personal Information for a new purpose, we will identify the new purpose prior to such use or disclosure and obtain consent at that time, unless such use or disclosure without consent is permitted or required by law. In certain circumstances, Consent for the use or disclosure for a particular purpose may be sought after the information has been collected, but before it is used or disclosed (for example, when we want to use the Personal Information for a new purpose).

2.3 Purposes Limited

We ensure that the purposes for collection, use and disclosure are limited to purposes that a reasonable person would consider appropriate in the circumstances.

Some of the purposes for which we collect, use and disclose or communicate Personal Information are:

- To create and maintain an effective business relationship;
- For quality assurance purposes such as the recording of telephone calls to our call centers;
- To facilitate account, billing, credit, collections and customer services, this may include the collection of contact information, emergency contact information, consent to complete a credit check for new customers;
- To provide ongoing electricity, natural gas, propane and various other services to its customers;
- To avoid and investigate fraud and identity theft;
- To enable energy efficiency and enhanced customer energy consumption feedback, including the collection of hourly consumption data;

- To reduce energy and revenue theft which may include the collection of outage, voltage, load profile and consumption information;
- To further develop, enhance and market products and services offered by FortisBC, which may include contacting our customers to offer them energy efficiency rebates or other programs;
- To understand customer needs and preferences, which may include contacting our customers to ask them to participate in a survey regarding our programs and services;
- To meet legal and regulatory requirements;
- To manage FortisBC's business and operations.

3. CONSENT FOR COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

3.1 Types of Consent

We may seek Consent in various ways, depending on the circumstances and the type of information collected, including, for example, using an application form and/or a check-off box, or collecting oral consent - in particular, when information is collected over the telephone.

3.2 Withdrawal of Consent

An Individual may withdraw Consent at any time, on reasonable notice, subject to legal or contractual restrictions. We will inform the Individual of the implications of such withdrawal, which in some cases may be an inability for FortisBC to continue to provide services to the Individual.

3.3 Exceptions to Requirement for Consent

The Privacy Legislation set out specific circumstances under which FortisBC may collect, use or disclose personal information without the knowledge or Consent of the individual.

4. LIMITING COLLECTION, USE, DISCLOSURE AND RETENTION OF PERSONAL INFORMATION

4.1 Collection

FortisBC limits both the amount and type of Personal Information collected to that which is necessary to fulfil the identified purposes.

With your consent, we may collect Personal Information from you in person, at one of our offices, over the telephone or by corresponding with you via mail, email or the Internet. By providing your Personal Information to or otherwise corresponding with FortisBC via email you acknowledge that you are aware that email is not a secure form of communication. Furthermore, with your consent, we may collect Personal Information from other sources including, but not limited to credit bureaus.

The type of Personal Information we collect and maintain in your customer file, may include, but is not limited to your: name, mailing and property address, email address, telephone number, social insurance number, date of birth, credit history, transaction history, electricity consumption, driver's license number and other payment and billing information.

4.2 Use and Disclosure

FortisBC limits the use and disclosure of Personal Information for purposes other than those identified purposes, unless the Consent of the Individual has been obtained or if the use and disclosure is permitted or required by law.

Unless we have your explicit consent to do so, we will not sell, rent or lease your personal information to third parties.

There are some instances where FortisBC may disclose your Personal Information to fulfill regulatory and legislative obligations and to conduct our business in the ordinary course. In those instances where we do provide information to third parties, we provide only that Personal Information that is required in the circumstances and we include various provisions in our contracts that have been designed to protect privacy and security of your Personal Information. Third parties may include, but are not limited to:

- (a) a collection agency for the purpose of collection of accounts payable; and
- (b) a service provider that has been engaged by FortisBC to perform certain services for us, which may include partners, consultants and suppliers to FortisBC.

We may further disclose your Personal Information without your consent, in the following circumstances:

- (a) as permitted or required by applicable law or regulatory requirements;
- (b) to comply with valid legal processes such as search warrants, subpoenas or court orders;
- (c) during emergency situations or where necessary to protect the safety of a person or group of persons; or
- (d) any other circumstances permitted or required under PIPA.

4.3 Retention Limited

FortisBC has developed guidelines for the retention of Personal Information, which include minimum and maximum retention periods in compliance with the Privacy Legislation. The underlying principle of these retention guidelines is to keep Personal Information only as long as remains necessary or relevant for the identified purposes; and as required by law.

5. Accuracy, Correction and Access

5.1 Accuracy

We endeavor to keep Personal Information in our custody and control accurate, complete, and up-to-date as this will allow us to provide the best service to our customers. Our customers can assist us by ensuring that the information they provide to FortisBC is current and accurate.

5.2 Correction Requests

Individuals may make a request to correct or rectify Personal Information held by FortisBC. The request must be made in writing and provide sufficient detail to allow FortisBC to identify the Personal Information, and the correction being sought. If the Individual successfully demonstrates that the Personal Information is inaccurate or incomplete, we will correct the Personal Information, as required, and send the corrected Personal Information to any third party to which we disclosed the Personal

Information in the prior year. If no correction is required to be made, we will note the request for correction and annotate the file accordingly.

For clarity, the requirement for a correction request to be made in writing does not pertain to requests to change contact information such as address, telephone number or email address. These changes may still be made over the telephone by contacting one of our customer service representatives.

5.3 Access Requests

An Individual may make a request for access to his or her Personal Information in the custody or control of FortisBC. The request must be made in writing and provide sufficient detail to allow FortisBC to identify the Personal Information they desire access to.

FortisBC will:

- a) inform the Individual of the existence, use and disclosure of his or her Personal Information, as requested;
- b) provide the Individual with access to the requested Personal Information, subject to statutory exemptions; and
- c) respond to the Individual within the time limits prescribed by the Privacy Legislation.

5.4 Fees for Access

Where we are entitled to charge a fee in order to implement the access request, we will advise the Individual of the amount of the fee and the statutory entitlement to challenge the amount of the fee or request a fee waiver.

6. Security

6.1 Security Safeguards

To protect Personal Information, regardless of the format in which it is held, against loss or theft, unauthorized access, collection, disclosure, copying, use, or modification, we have implemented security safeguards which are appropriate to the sensitivity of the information that has been collected, the amount, distribution, format of the information, and the method of storage.

The methods of protection used include, but are not limited to:

- physical measures, for example, locked filing cabinets and restricted access to offices and data centres;
- organizational measures, for example, limiting access on a “need-to-know” basis; and
- technological measures, for example, the use of passwords and encryption.

From time to time, we may store your Personal Information outside of Canada, where it may be subject to the lawful access requirements of the jurisdiction in which it is being held.

7. Updates

7.1 Updates to Privacy Policy

Any updates to this Privacy Policy shall be acknowledged and updated in a timely manner. We may add, modify, or remove portions of this Privacy Policy when we feel it is appropriate to do so.

This Privacy Policy was last updated on R | ~~ACFC~~

8. Compliance and Contacts

7.1 Complaint to Privacy Officer

An Individual can submit a complaint in writing to the Privacy Officer concerning our compliance with the above principles. We will receive and respond to inquiries or concerns/complaints about our policies and practices relating to the handling of Personal Information.

7.2 Privacy Officer Contact Information

All inquiries should be in writing and addressed to the Privacy Officer as follows:

Chief Privacy Officer
Suite 100, 1975 Springfield Road
Kelowna, British Columbia
V1Y 7V7
Email: privacyofficer@fortisbc.com