



Diane Roy
Director, Regulatory Affairs

FortisBC Energy
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

July 10, 2014

Via Email
Original via Mail

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Inc. (FEI)
Customer Choice Program 2013 Annual Report - Summary of the Sixth Annual General Meeting Issues

Attached is the FEI 2013 Annual Report on the Customer Choice Program.

If further information is required, please contact Howard Mak, Customer Programs Manager, at 778-571-3273.

Sincerely,

FORTISBC ENERGY INC.

Original signed by: Ilva Bevacqua

For: Diane Roy

Attachments

cc (email only): BCPSO
Licensed Gas Marketers



FORTISBC ENERGY INC.

**2013 Customer Choice Annual Report –
Summary of the Sixth Annual General
Meeting Issues**

July 10, 2014

Table of Contents

1. INTRODUCTION	1
2. SIXTH CUSTOMER CHOICE ANNUAL GENERAL MEETING ISSUES SUMMARY	4
2.1 2013 Update on Complaints.....	4
2.2 Midstream Cost Impacts of Releasing Customers Outside of the Anniversary Date and the Process for Doing So.....	4
2.2.1 <i>Intervener Positions</i>	4
2.2.2 <i>Commission Staff Position</i>	5
2.2.3 <i>FEI Position</i>	5
2.3 Inclusion of All Customers Currently Served by FortisBC (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. into the Customer Choice Program Following Amalgamation	9
2.3.1 <i>Timeline for Amalgamation.....</i>	9
2.3.2 <i>Special Licensing Requirement - BCUC.....</i>	10
2.4 Bill-Ready Capability – Topic Limited to Questions Regarding FEI’s Analysis of Just Energy’s Proposal in Exhibit B-30.....	13
2.4.1 <i>Intervener Positions</i>	13
2.4.2 <i>Commission Staff Position</i>	13
2.4.3 <i>FortisBC Position</i>	13
2.5 Modification of the Third Party Verification (TPV) Script.....	13
2.5.1 <i>Intervener Positions</i>	14
2.5.2 <i>Commission Staff Position</i>	14
2.5.3 <i>FEI Position</i>	14
2.6 Addition of Customer Bill Amounts to the Monthly Consumption Files.....	15
2.6.1 <i>Intervener Positions</i>	15
2.6.2 <i>Commission Staff Position</i>	15
2.6.3 <i>FEI Position</i>	16
2.7 Discussion of the Potential for a Commission-led Fulsome Review of the Customer Choice Program.....	16
2.7.1 <i>Intervener Positions</i>	16
2.7.2 <i>Commission Staff Position</i>	17
2.7.3 <i>FEI Position</i>	17



3. NEXT STEPS..... 18

**3.1 Cost / Benefit Analysis to Understanding the Midstream Cost
Impacts of Releasing Customers Outside of the Anniversary on a
Dollar per Customer Basis.....18**

1. INTRODUCTION

On February 3, 2014, the Commission issued Order A-2-14 directing:

1. FortisBC Energy Inc. (FEI) to file its 2013 Customer Choice Program Annual Report – Program Statistics by February 28, 2014 for stakeholder review;
2. FEI and Interveners to submit issues for discussion at the Sixth Customer Choice Annual General Meeting (AGM) by March 14, 2014; and
3. FEI and Interveners to submit reply submissions on those issues by March 28, 2014.

On March 14, 2014, Direct Energy Marketing Limited (Direct Energy), Just Energy (B.C.) Limited Partnership (Just Energy), the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Pensioners' and Seniors' Organization, *et al* (BCPSO) and FEI raised the following ten issues to be discussed at the Sixth AGM:

Table 1-1: Preliminary Issues Raised for Discussion at the Customer Choice Sixth AGM

#	Issue	Raised By
1	Update on Complaints – how complaints are arising and what might be done to close any remaining gaps in consumer protections.	Commission
2	Midstream cost impacts of releasing customers outside of the anniversary date and the process for doing so.	Direct Energy
3	Inclusion of all customers currently served by FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. into the Customer Choice Program following amalgamation.	FEI
4	Bill-Ready Billing Capability – Just Energy submits a 'flat monthly supply price option' for FEI to review.	Just Energy
5	Third Party Verification script – proposal to remove the question asking the customer if he/she would like to get a copy of the agreement for reference.	Just Energy
6	Monthly consumption file – add customer bill amount to the monthly consumption files to retailers for transparency and retailer revenue reconciliation purposes.	Just Energy
7	BCPSO request discussion of the potential for a Commission-led fulsome review of the Customer Choice Program.	BCPSO
8	Program Fees and cost recovery – detailed review	Direct Energy
9	Update on the Pay-As-You-Save (PAYS) program	Just Energy
10	Additional bill line items on the FEI bill pertaining to alternative goods or services provided by the gas marketer.	Just Energy

On March 28, 2014, in its Reply Submission, FEI indicated that items 2, 4, 7, 8, 9 and 10 from the list above did not warrant further discussion at the Sixth Annual General Meeting, as they

1 were out-of-scope, dealt with in past proceedings and decisions and/or sufficiently addressed in
 2 writing in the Reply Submission¹.

3 BCPSO, in its Reply Submission, indicated that item 9 and 10 from the list above did not
 4 warrant further discussion as it was out of scope for the Customer Choice Program².

5 On May 23, 2014, the Commission issued Order A-4-14, which finalized the Regulatory
 6 Timetable and Issues list to be discussed at the Customer Choice Sixth Annual General
 7 Meeting proceeding. After reviewing the submissions and reply submissions on the Issues to
 8 be addressed at the AGM, the Commission excluded items 8, 9 and 10 from the issues list
 9 above from the Customer Choice proceeding and issued the following Agenda to be discussed
 10 at an in-person meeting to be held June 26, 2014:

11 **Table 1-2: Agenda for 2013 Customer Choice Program Sixth Annual General Meeting by**
 12 **Order A-4-14**

Issues List
1. Update on complaints - how complaints are arising and what might be done to close any remaining gaps in consumer protections.
2. Midstream cost impacts of releasing customers outside of the anniversary date and the process for doing so.
3. Inclusion of all customers currently served by FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. into the Customer Choice Program following amalgamation.
4. Bill-Ready Billing Capability – Topic limited to questions only regarding FEI’s analysis of this proposal in Exhibit B-3.
5. Third Party Verification script – proposal to remove the question asking the customer if he/she would like to get a copy of the agreement for reference.
6. Monthly consumption file – add customer bill amount to the monthly consumption files to retailers for transparency and retailer revenue reconciliation purposes.
7. BCPSO request discussion of the potential for a Commission-led fulsome review of the Customer Choice Program.

13
 14 The Gas Marketers and interested stakeholders that attended the June 26, 2014 AGM included
 15 the following:

- 16 1. Access Gas Services Inc.
 17 2. Direct Energy Marketing Limited

¹ Exhibit B-3 Letter Dated March 28, 2014 – FEI Reply Submission on Issues for the Sixth Annual General Meeting
² Exhibit C4-3 Letter Dated March 31, 2014 – BCPSO submission on Process and Issues

- 1 3. Just Energy
- 2 4. British Columbia Utilities Commission Staff (Commission Staff)
- 3 5. BCPSO
- 4 6. FEI.

2. SIXTH CUSTOMER CHOICE ANNUAL GENERAL MEETING ISSUES SUMMARY

Sections 2.1 through 2.7 outline the positions of Gas Marketers, Commission Staff and the BCPSO on each issue, as well as the position of FEI and its ensuing recommendation. FEI has done its best to capture the positions of Gas Marketers, Commission Staff and BCPSO correctly according to the agenda items based on the transcripts of the meeting held on June 26, 2014.

2.1 2013 UPDATE ON COMPLAINTS

The Commission began the AGM with a detailed breakdown of standard disputes in 2013. Please refer to 2013 Customer Choice Sixth Annual General Meeting Transcript BCUC Presentation: Customer Choice – Overview of Standard Disputes in 2013 for details.

2.2 MIDSTREAM COST IMPACTS OF RELEASING CUSTOMERS OUTSIDE OF THE ANNIVERSARY DATE AND THE PROCESS FOR DOING SO

Direct Energy submitted this topic for discussion to understand the midstream cost impacts, if any, on a per customer basis of releasing customers from their contracts outside of the anniversary date; and if a means exists to alleviate impacts to the Essential Services Model (ESM) and reduce customer complaints.

2.2.1 Intervener Positions

Direct Energy

Direct Energy would like to understand the annual impact to the Midstream Cost Recovery Account (MCRA) on a dollar-per-customer basis in aggregate to help define what an appropriate ‘exit-fee’ might be in order to allow customers to be released from their contract outside of their anniversary date without impacting the ESM model. The rationale for the fee is to reduce the number of customer complaints and to alleviate the impacts to the MCRA account.

Direct Energy requested a separate process to address this issue outside of the Customer Choice AGM process.

Just Energy

Just Energy believes that while Gas Marketers do reasonably set customer expectations, there will always be customers who will go to the media and “make a huge issue of it” if they are not dropped immediately regardless of any efforts to compensate them for the difference going forward to the anniversary date³.

³ 2013 Customer Choice Sixth Annual General Meeting Transcript, p. 34 lines 10 to 20.

1 **Access Gas**

2 Access Gas asserts that Gas Marketers “are not asking for a rule that says we can do whatever
3 we want to drop a customer or a contract with a customer”⁴. Rather, the purpose of this rule is
4 to allow Gas Marketers the ability to drop only those customers who want out immediately and
5 who have elected to pay an exit fee⁵. Access Gas notes “It’s not at our election, that’s not what
6 we’re asking for. We’re not trying to game the MCRA account.”⁶

7 **BCPSO**

8 No comments on this issue.

9 **2.2.2 Commission Staff Position**

10 Commission Staff recognized the likelihood of a significant up-front capital cost involved in order
11 to understand the impact to the MCRA on a dollar-per-customer basis and to introduce an ‘exit-
12 fee’ calculation, which, in light of the current funding situation of the Program, would be a very
13 serious consideration⁷. To that end, Commission Staff emphasized a need for a cost-benefit
14 analysis to determine the feasibility of this request in the first place.

15 **2.2.3 FEI Position**

16 FEI does not track the impact to Midstream costs from releasing a customer outside of their
17 anniversary date on a dollar-per-customer basis. An analysis of this granularity to determine an
18 ‘exit-fee’ for customers who are dissatisfied with their contract is impractical due to IT system
19 limitations. The impact to the MCRA account from a customer being released outside of the
20 anniversary date, and the resultant cross subsidization that occurs is best understood by way of
21 example similar to that provided in Exhibit B-3 of this proceeding. Understanding total cost
22 impacts would be impractical as it is dependent on the number of individual drops occurring
23 over a dynamic period of time.

24 The issue of cross subsidization was reviewed extensively during the initial design of Customer
25 Choice. The Anniversary Drop Rule of the ESM was approved and implemented to eliminate
26 this and serve as the program’s foundation. Since customer drops outside their anniversary
27 date were accepted to be in violation of program rules, this functionality to track the impact to
28 the MCRA on a per customer basis was excluded from the original IT build.

29 However, aside from the system limitations that exist, FEI believes that an exit-fee of this type is
30 not only inappropriate for the Program, but also would not be in the best interest of customers.
31 FEI opposes the idea of an ‘exit-fee’ for the following reasons:

⁴ 2013 Customer Choice Sixth Annual General Meeting Transcript, p. 41 lines 24 to 26.

⁵ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 42 lines 1 to 4.

⁶ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 42 lines 1 to 4

⁷ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 39 lines 12 to 16.

- 1 1. **The proposed ‘exit-fee’ charge would likely be borne by customers not Gas**
2 **Marketers and therefore would not be in the best interest of customers.** Currently,
3 Gas Marketers each charge a non-regulated ‘contract exit fee’ that ranges from \$50.00
4 to \$500.00 plus dollars⁸ to those customers who elect to end their contract early. This
5 ‘contract exit fee’ would be in addition to the ‘exit fee’ being contemplated and would
6 ostensibly result in a higher cost burden to those customers who exercise their option to
7 end their contract early. Should the Commission prohibit Gas Marketers from passing
8 on the exit-fee to customers, there are alternative ways beyond the control of the
9 Commission to distribute these costs to customers. For example, Gas Marketers could
10 simply raise their existing non-regulated ‘contract exit fee’ to accommodate the new
11 business expense. As such, it is reasonable to assume that the ‘exit-fee’ charge would
12 be borne by customers in one form or another not Gas Marketers. For this reason, the
13 ‘exit fee’ being contemplated would not be in the best interest of customers, particularly
14 for those who choose to opt-out of their contract early.
- 15 2. **The introduction of an ‘exit-fee’ and its respective calculation would only benefit**
16 **Gas Marketers at the expense of customers and allow them to unduly ‘game’ the**
17 **system’.** Part of the rationale for the Anniversary Drop Rule was to prevent Gas
18 Marketers from ‘gaming the system’. Access Gas notes this at the AGM⁹:

12 | MR. DIXON: And I’m not asking -- marketers aren’t asking
13 | for the Commission to say, “Okay, marketers, you can
14 | drop customers whenever you want to,” because that’s
15 | what the rule is for, is to prevent us from gaming the
16 | system.

17 | MR. HILL: Yeah. Yeah. That’s exactly right.

18 | MR. MAK: That’s exactly it.

19

20 Introducing a means to violate the Anniversary Drop Rule by way of an ‘exit-fee’ would in
21 effect render the rule meaningless and provide Gas Marketers the justification to
22 minimize high maintenance customers that are more costly by simply dropping them
23 whenever they wanted. It would also encourage the type of ‘gaming’ that the
24 Anniversary Drop Rule was meant to prevent.

25 Depending on when a customer is released from their contract, there is a potential for a
26 positive impact to the MCRA arising from a customer being released outside of their

⁸ Generally subject to dollar per GJ, term remaining and consumption remaining

⁹ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 41 lines 12 to 18

1 anniversary date. It is Direct Energy's expectation that should the 'exit-fee' calculation
2 indicate a positive impact to the MCRA, a credit would be issued to the Gas Marketer¹⁰:

4 MR. HILL: And so that's -- so in the end, it's that cost
5 we'd calculate. You would -- the marketer or the
6 customer would pay that fee. And then you would be
7 done. And there would be no -- and that \$118 would go
8 -- payment to the mid-stream account.

9 MR. FORSTER: Ric Forster. And ultimately it would be
10 credited back if it was --

3
4 The introduction of an 'exit-fee' and its respective calculation as proposed by Direct
5 Energy would allow Gas Marketers to identify the months in which a credit would be
6 issued for each prospective customer thinking about breaking their contract. In other
7 words, Gas Marketers would understand on a dollar basis the periods in which customer
8 consumption exceeded their Gas Marketer supply. With this, it is possible for Gas
9 Marketers to 'game the system' by allowing or strongly encouraging contract breaches
10 only in the months in which the 'exit-fee' calculation indicates the most favorable credit to
11 the Gas Marketer. In effect, Gas Marketers would be receiving a credit for gas that they
12 did not supply to FEI in addition to the monies received from the 'contract exit fee' paid
13 by their customer.

14 In another scenario, it is possible for Gas Marketers to aggressively acquire customers
15 during high consumption months and offer to release them during the low consumption
16 months to 'reduce customer complaints,' with the intention of capturing the difference
17 between the customer's actual consumption and Gas Marketer MSR amounts in the
18 credit they receive from the 'exit-fee' calculation. Gas Marketers 'gaming the system' in
19 this way again would be receiving payment in the form of a credit for gas that they did
20 not supply to FEI and would ultimately benefit from contract breaches.

21 While Access Gas asserts that Gas Marketers would not be "gaming the MCRA¹¹", the
22 key point is that there would be little opportunity for Commission oversight with respect
23 to the administration of the fee and enforcement of any rule other than the existing
24 Anniversary Drop Rule to prevent 'gaming' would be administratively impractical.
25 Therefore, when taking into consideration that 'exit-fee' charges to Gas Marketers would
26 likely be passed on to customers and the real potential for 'gaming', it is clear that the

¹⁰ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 37 lines 4 to 10

¹¹ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 42 lines 1 to 4

1 'exit fee' proposed would not be in the best interest of customers, but rather be only in
2 the best interests of Gas Marketers.

3 3. **The statistics on complaints do not indicate that the Anniversary Drop Rule is a**
4 **main driver of customer complaints, with six people in 2013 filing a dispute on**
5 **that basis.** Since program inception, disputes have decreased dramatically in light of
6 strengthened consumer protection measures introduced over the years. FEI is
7 encouraged to see this trend result in 151 standard disputes in 2013, down from
8 approximately 322 in 2012, and believes that customers are more informed today in their
9 choice to enter fixed-rate plans with Gas Marketers.

10 Of the disputes filed in 2013, only six customers filed on the basis of the Anniversary
11 Drop Rule. It would be these six customers to which the contemplated 'exit-fee' would
12 have been applied to in 2013. From a high-level cost/benefit perspective, the statistics
13 on complaints related to the Anniversary Drop Rule indicates that an 'exit-fee' would
14 have benefited 0.0001% of total Customer Choice customers in 2013 and reduced
15 customer complaints by only 4%. In other words, on a high level, there seems to be very
16 meagre benefits associated with what will likely be significant upfront costs.

17 If Direct Energy's endeavour is to further reduce customer complaints and to "improve
18 the visibility or the view of the Customer Choice Program from customers at large"¹²,
19 then focus and rigor should be spent on addressing the main drivers for customer
20 complaints: Invalid Contracts (38% of disputes¹³) and Marketing Concerns (26% of
21 disputes). These complaint drivers represent 64% of total customer disputes in 2013
22 and primarily include customer complaints over unauthorized contract signatures, and
23 Gas Marketer misrepresentation of their rate, term and/or identity. These complaint
24 drivers related to Gas Marketer conduct suggest that continual refinement of Gas
25 Marketer practices is necessary.

26 4. **Significant IT system enhancements would be required to track, calculate, and**
27 **administer the fee.** As previously mentioned, the current IT system does not track and
28 calculate the impact to Midstream costs on a per customer basis that results from
29 releasing customers from their contracts outside of the anniversary date. Doing so
30 would require major system enhancements that would involve significant upfront costs to
31 enable this functionality. In light of the six customers who disputed against the
32 Anniversary Drop Rule in 2013, FEI reiterates that attention and resources would be
33 better utilized by focusing on Gas Marketer conduct in order to continually reduce
34 instances of unauthorized signatures and Gas Marketer misrepresentation of their
35 products and identity.

¹² 2013 Customer Choice Sixth Annual General Meeting Transcript p. 38 lines 7 to 10

¹³ 2013 Customer Choice Sixth Annual General Meeting Transcript BCUC Presentation: Customer Choice – Overview of Standard Disputes in 2013

1 **5. The Anniversary Drop Rule remains the simplest and most effective way to**
2 **prevent undue ‘gaming’ of the system while upholding the principles of the**
3 **Essential Service Model.** The rule ensures – to the greatest extent possible– that
4 marketer supply matches customer consumption on an annual basis to ensure cross
5 subsidization does not occur and it also safeguards against undue gaming the system
6 as described above.

7 For the reasons described above, FEI believes that an ‘exit-fee’ is an inappropriate means of
8 reducing customer complaints. The best way to reduce complaints is to ensure customers
9 understand the specific terms and conditions of their fixed rate commodity contract. And the
10 best way to alleviate adverse impacts to the ESM remains continued enforcement of the
11 Anniversary Drop Rule. Rather than finding a way of letting customers out of their contract
12 without affecting the ESM, our mutual efforts should target the root cause of customer
13 dissatisfaction. As dispute statistics presented by Commission Staff clearly show,
14 dissatisfaction falls largely on selling practices. Statistics from 2013 show that 26% of the
15 disputes filed were associated with Gas Marketers either misrepresenting their rate, their term
16 or their identity. Only 4% of disputes involved the Anniversary Dispute Drop rule¹⁴.

17 If Gas Marketers set the right expectations from the onset, then customers would understand
18 that (1) Customer Choice is not about saving money, and (2) that they are signing a binding,
19 contract for a fixed term, during which the rate will not change unless it is on the anniversary
20 date. This understanding would be the most effective way to reduce customer complaints even
21 for those who decide to opt-out of their contract early since they would understand that they
22 could do so only at the anniversary date of their contract.

23 For the reasons discussed above, FEI opposes the idea and introduction of an ‘exit-fee’.

24 **2.3 INCLUSION OF ALL CUSTOMERS CURRENTLY SERVED BY FORTISBC** 25 **(VANCOUVER ISLAND) INC. AND FORTISBC ENERGY (WHISTLER) INC. INTO** 26 **THE CUSTOMER CHOICE PROGRAM FOLLOWING AMALGAMATION**

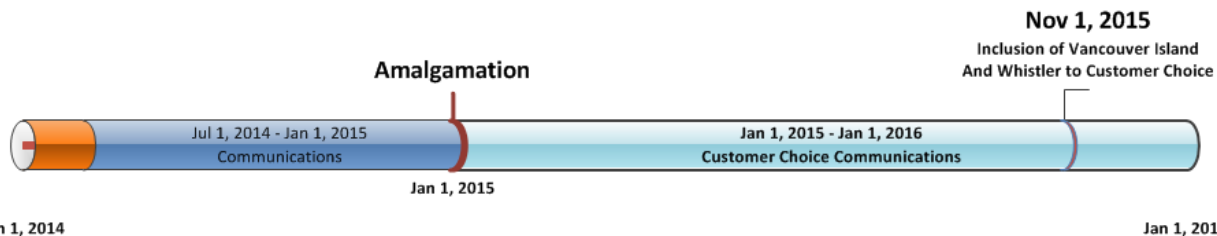
27 In light of BCUC Decision Order G-26-13 issued February 26, 2014 approving amalgamation
28 and common rates for FortisBC Energy Utilities¹⁵, FEI raised this topic to discuss the steps
29 required to include customers of FortisBC Energy (Vancouver Island) Inc. (FEVI) and FortisBC
30 Energy (Whistler) Inc. (FEW) in the Customer Choice program.

31 **2.3.1 Timeline for Amalgamation**

32 At the AGM, FEI presented the timeline for amalgamation indicating the following key dates:

¹⁵ Comprised of FEI, FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc.

1 **Figure 2-1: Proposed Timeline for Amalgamation**



2 Jun 1, 2014 Jan 1, 2016

3 FEI also presented its anticipated communication strategy to Vancouver Island and Whistler and
 4 indicated its plan to cover the Vancouver Island and Whistler communication activities within the
 5 existing \$300 thousand Customer Education budget. See 2013 Customer Choice Sixth Annual
 6 General Meeting Transcript - 2014 Customer Choice Annual General Meeting: Issues List
 7 Discussion Points Presentation.

8 **2.3.1.1 Intervener Positions**

9 No comments on this issue

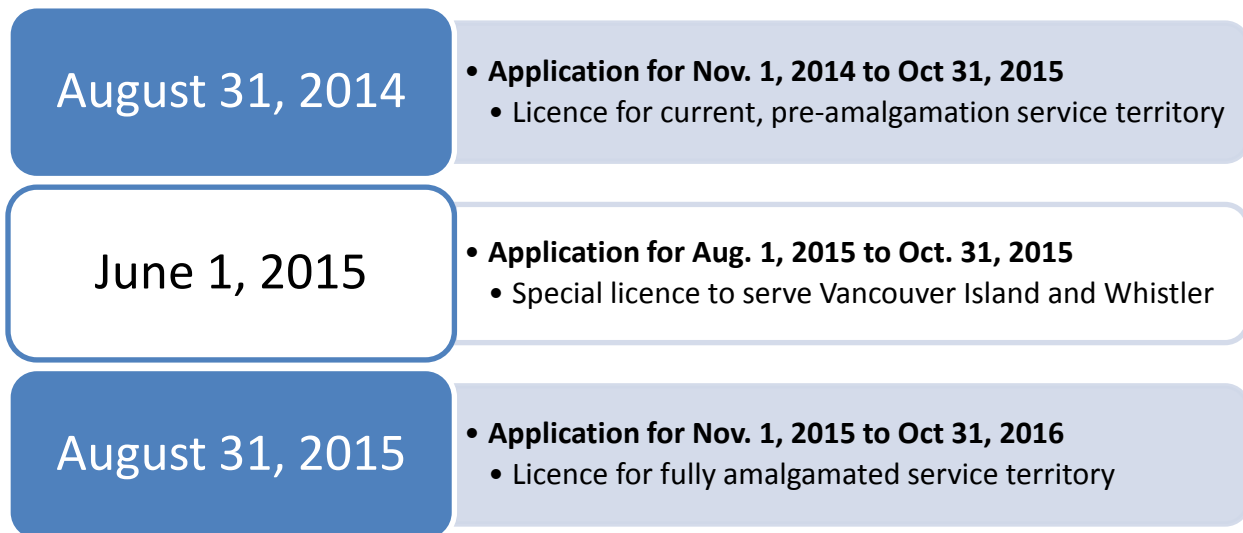
10 **2.3.1.2 Commission Staff Position**

11 No comments on this issue

12 **2.3.2 Special Licensing Requirement - BCUC**

13 Commission Staff introduced the possibility of requiring a one-time special licence for Gas
 14 Marketers to sell to customers currently served by FEVI and FEW. The specifics of the special
 15 license contemplated are outlined below in Figure 2-1 and Table 2-1:

16 **Figure 2-2: Potential Special Licensing Timeline: 2015 to 2016**



17

1

2

Table 2-1: Potential Components of June 1, 2015 Special Application

Special License Specifics	Description
Applicability:	<ul style="list-style-type: none"> • Optional license only for those who wish to market to customers served by FEVI and FEW
Description of Marketing Plan:	<ul style="list-style-type: none"> • Target areas • Method of sales • List of sales agents, including: Employee ID SIN Date of Birth
Marketing Plan Management:	<ul style="list-style-type: none"> • Oversight of sales agent • Hiring process (i.e. level of experience required, background, reference checks etc.) • Plans to ensure consistent sales activity with current service area • Sales agent mix (i.e., new hires to experienced agent ratio)
Cost of Application:	\$1000.00

3

2.3.2.1 Commission Staff Position

4

Commission Staff made clear that they have concerns about the roll out of Customer Choice to Vancouver Island and Whistler in light of the problems seen when the Program was introduced to the Lower Mainland gas customers in 2007. It is the intention of Commission Staff to ensure that the roll out of Customer Choice is done in a smooth, positive and proactive way¹⁶:

5

6

7

¹⁶ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 61 to 62 lines 7 to 25 and 1 to 5 respectively

7 MS. BIENERT: This is Kristine. It is no secret that we
8 are concerned with the roll out that occurred in the
9 Lower Mainland from years ago, with very, very,
10 different security measures in place, and the like.
11 We are hoping that the transition into the Vancouver
12 and Whistler areas, would be as smooth as possible.
13 So part of this would be to ensure that any of the
14 transitional plans that take place, i.e. there could
15 be a large hiring of new agents, and other sorts of
16 considerations of that sort. We have a new set of
17 customers who are very inexperienced in understanding
18 unbundled bills. And also to make sure that people in
19 that community are going to see the roll out as being
20 one that is done in a proactive and positive way, as
21 opposed to something that would be seen by the local
22 people and the media as a situation that causes great
23 grief to a number of particular customer groups.

24 So, part of this is trying to proactively
25 ensure that we plan a roll out, and we all think about
26 this roll out. This is the reputation of the entire

1 program. And to maintain that reputation – which is
2 in the best interest of all the gas marketers – to
3 make this something that everybody puts some effort
4 and some thought in to, so that it is not thought of
2 5 as just an expansion and business as usual.

1 **2.3.2.2 Intervener Positions**

2 No objections were expressed at the AGM.

3 **2.3.2.3 FEI Position**

4 FEI believes that a special licence requirement would provide an important layer of additional
5 protection to FEVI and FEW customers who are very inexperienced in understanding unbundled
6 bills. For that reason FortisBC strongly supports Commission Staff's endeavour to introduce
7 special licensing requirements to market to customers currently served by FEVI and FEW.

8 **2.4 BILL-READY CAPABILITY – TOPIC LIMITED TO QUESTIONS REGARDING**
9 **FEI'S ANALYSIS OF JUST ENERGY'S PROPOSAL IN EXHIBIT B-30**

10 In Exhibit C3-2, Just Energy raised the Bill-Ready Billing Capability issue for discussion and
11 introduced the prospect to offer a Flat Monthly Supply price (FMSP) option.

12 In Exhibit B-3, FEI assessed the feasibility of the FMSP option against the ESM model and
13 demonstrated that the FMSP option is in effect a variable rate option that would result in cross
14 subsidization¹⁷.

15 The Commission emphasized at the AGM that this topic for discussion was limited to questions
16 related to FEI analysis of the FMSP option only¹⁸.

17 **2.4.1 Intervener Positions**

18 No questions related to FEI's analysis of Just Energy's FMSP option were raised.

19 **2.4.2 Commission Staff Position**

20 No questions related to FEI's analysis of Just Energy's FMSP option were raised.

21 **2.4.3 FortisBC Position**

22 FEI has demonstrated that Just Energy's FMSP option is in effect a variable rate option that
23 would not work within the ESM model and would result in cross subsidization.

24 **2.5 MODIFICATION OF THE THIRD PARTY VERIFICATION (TPV) SCRIPT**

25 Just Energy proposes to modify the following TPV question:

¹⁷ See Exhibit B-3, Appendix A, p. 5 -8 for full analysis.

¹⁸ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 65 lines 18 to 25

1 **3. Have you been left with a copy of your signed agreement?**

2 If no - the call shall be terminated

3 **If yes - would you like to get your copy of the agreement for reference?**

4 Y/N (Must be permitted)

5 In particular, Just Energy proposed removing or modifying the portion highlighted in red above
6 to better the flow of the call and to avoid customer confusion.

7 **2.5.1 Intervener Positions**

8 ***Direct Energy***

9 Direct Energy indicated that they have also experienced a lot of issues on this particular
10 question with respect to customer confusion and supports Just Energy's request to
11 eliminate/modify the highlighted portion of question 3 above¹⁹.

12 ***Access Gas***

13 No comments on this issue.

14 ***BCPSO***

15 BCPSO is opposed to removing the line because it is an important measure for customer
16 protection, and that customers will have a much better understanding of what they have agreed
17 to if they can look at the terms of the contract while the call is happening.²⁰

18 **2.5.2 Commission Staff Position**

19 Commission Staff believes that customers should be asked to get a copy of their contract at
20 some point during the TPV call. Commission Staff also believes that re-wording question 3 of
21 the TPV script under the Code of Conduct is not warranted at this time but is amenable to
22 reviewing submission from Gas Marketers with proposed revisions of the TPV script for
23 approval to improve the flow of the call.

24 **2.5.3 FEI Position**

25 FEI agrees with BCPSO and Commission Staff, and believes that customers should be given an
26 opportunity to get their contract to review during the TPV calls. FEI would support a change to
27 the TPV script only if it does not result in a degradation of consumer protection and therefore
28 supports Commission Staffs' proposed process to review and approve Gas Marketer requests

¹⁹ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 76 lines 17 to 23

²⁰ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 77 to 78 lines 22 to 26 and 1 to 2 respectively

1 for revisions. FEI further proposes that such requests for revisions to the script be open for
2 stakeholder review and comments as well.

3 **2.6 ADDITION OF CUSTOMER BILL AMOUNTS TO THE MONTHLY CONSUMPTION** 4 **FILES**

5 At the AGM, Just Energy clarified their request to have customer bill amounts included in the
6 monthly consumption file to mean the inclusion of the customer's commodity charge dollar
7 amount and not customer's total bill amount²¹. Just Energy indicated that this additional
8 information would help Just Energy reconcile their revenues.

9 FEI highlighted the fact that although the commodity charge dollar amount does not appear on
10 the consumption file, the marketer group code does, which is tied to a dollar per GJ amount.
11 With this information, Gas Marketers could calculate the commodity charge dollar amount
12 independently²².

13 FEI also indicated that the addition of this information would require an IT enhancement that
14 would impact all Gas Marketer monthly consumption files and that those enhancement costs
15 would also apply to all Gas Marketers²³.

16 **2.6.1 Intervener Positions**

17 **Direct Energy**

18 Direct Energy agreed that the commodity charge dollar amount can be calculated independently
19 with the existing information found in the monthly consumption file.

20 **Access Gas**

21 Access Gas indicated that this change to the consumption file would impact their systems and
22 also agrees that the commodity charge dollar amount can be calculated independently and
23 therefore the cost to implement may not be prudent. In general, Access Gas expressed
24 opposition to the proposed change²⁴.

25 **BCPSO**

26 No comments on this issue

27 **2.6.2 Commission Staff Position**

28 No comments on this issue

²¹ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 79 lines 22 to 26

²² 2013 Customer Choice Sixth Annual General Meeting Transcript p. 81 lines 19 to 26

²³ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 81, lines 9 to 14

²⁴ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 82 line 10 to 16

1 **2.6.3 FEI Position**

2 The inclusion of the commodity charge dollar amount to the monthly consumption file will
3 require an IT enhancement that would affect Gas Marketers across the board both in terms of
4 costs to implement and file structure. As such, FEI is reluctant to implement this request unless
5 there is consensus amongst the Gas Marketers that it would be beneficial to all parties affected.

6 **2.7 DISCUSSION OF THE POTENTIAL FOR A COMMISSION-LED FULSOME REVIEW**
7 **OF THE CUSTOMER CHOICE PROGRAM**

8 BCPSO raised this issue for discussion to determine whether or not a wholesale review of the
9 Customer Choice program is warranted at this time to determine whether or not the Program
10 should continue.

11 At the AGM, BCPSO expressed concern over the vulnerability of their clients and the enormous
12 disconnect between the FEI's variable rate and some fixed rate offerings and sought to
13 understand the drivers behind these cost differences.

14 Many of BCPSO's concerns around the enormous differential between FEI's current variable
15 rate and the price points of some active Gas Marketer contracts were addressed through
16 discussion around the natural gas commodity market dynamics, Gas Marketer product pricing
17 methods and Gas Marketer product offerings.

18 With respect to a review, BCPSO indicated that "there may be less drastic ways to start this,
19 rather than a wholesale review. Like, customer satisfaction surveys among participating
20 customers"²⁵.

21 **2.7.1 Intervener Positions**

22 ***Direct Energy***

23 Direct Energy believes that there is a lot of benefit at this particular juncture in the natural gas
24 market that can be afforded to customers through this program²⁶. Therefore, any review should
25 focus on how Customer Choice can be enhanced since the Program is government policy and
26 engrained in legislation.

27 ***Access Gas***

28 Access Gas agrees with Direct Energy's position²⁷.

²⁵ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 86 line 21 to 26

²⁶ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 94 to 95

²⁷ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 95 line 7 to 8

1 ***Just Energy***

2 Just Energy agrees with Direct Energy's position²⁸

3 **2.7.2 Commission Staff Position**

4 Commission Staff commented that the Program existed because of government legislation
5 aimed to provide choice to customers for their supply of natural gas. For that reason,
6 Commission Staff indicated that the scope of a review, if a review was determined to be
7 necessary, would need to be focused on how effective the Program has carried out the
8 government's objectives when they first initiated the program, not whether or not the program is
9 good or not²⁹.

10 **2.7.3 FEI Position**

11 With respect to the need for a fulsome review, FEI believes it is not warranted at this time since
12 the code of conduct is seemingly being adhered to, the strengthened consumer protective
13 measures have been effective, and Customers are more informed in their decisions to enter into
14 a fixed rate contract. FEI agrees with Gas Marketers that there are benefits at this particular
15 juncture in the natural gas market that can be afforded to customers through this program

16 FEI agrees with Commission Staff that if a review was determined to be necessary, it would
17 need to be focused on how effective the Program has carried out the government's objectives
18 when they first initiated the program.

19 FEI does not support the Gas Marketers' position that if a review was determined to be
20 necessary, it should be focused on how the Program can be enhanced. Such a review would
21 be redundant in light of the current regulatory process, which facilitates the proposal,
22 deliberation and administration of program enhancements.

²⁸ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 95 line 3 to 6

²⁹ 2013 Customer Choice Sixth Annual General Meeting Transcript p. 87 to 90

1 **3. NEXT STEPS**

2 **3.1 *COST/BENEFIT ANALYSIS TO UNDERSTANDING THE MIDSTREAM COST***
3 ***IMPACTS OF RELEASING CUSTOMERS OUTSIDE OF THE ANNIVERSARY ON A***
4 ***DOLLAR PER CUSTOMER BASIS***

5 Commission Staff requested FEI undertake a cost/benefit analysis for an 'exit-fee' calculation, to
6 be submitted in a separate proceeding outside of this Annual Report proceeding.

7 FEI agreed to address this in a separate proceeding but would lay out the timetable for that
8 proceeding in this filing. As such, FortisBC proposes the following:

- 9 1. Assess the costs associated with developing an 'exit-fee' calculation and submit these
10 cost estimates to the Commission and interested stakeholders before the end of the
11 year.
- 12 2. Determine next steps once cost estimates are realized.

13 FEI reiterates that, from a high level cost/benefit perspective, the statistics on complaints related
14 to the Anniversary Drop Rule indicates that an 'exit-fee' would have benefited 0.0001% of total
15 Customer Choice customers in 2013, with six people disputing against the Anniversary Drop
16 Rule. On a high level, there seems to be little to no benefit associated with a change that will
17 necessitate significant costs.