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August 10, 2015

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)
2014 Customer Choice Program Seventh Annual General Meeting
FEI Reply Submissions

In accordance with the British Columbia Utilities Commission Order A-4-15, attached are the Reply Submissions of FEI.

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

Sincerely,

FORTISBC ENERGY INC.

Original signed by: Ilva Bevacqua

For: Diane Roy

Attachments

cc (email only): Registered Parties



FORTISBC ENERGY INC.

**2014 Customer Choice Annual Report
Reply Submission**

August 10, 2014

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Appendix A *“It’s Your Choice”* Standard Information Booklet

1. Introduction

This reply submission of FortisBC Energy Inc. (FEI or the Company) responds to the final submissions of interveners that participated in the FEI Customer Choice Seventh Annual General Meeting (AGM) held on June 9, 2015. This submission is organized by the issues discussed at the AGM and addresses new arguments made by interveners in their final submissions. It does not re-summarize intervener positions on every issue discussed at the AGM. The Company's silence on a particular item raised by interveners in their final submission should not be construed as agreement on the matter.

This submission concludes with a brief summary of the Company's position on each of the issues discussed at the AGM.

2. FortisBC Energy Inc. Reply

On July 22, 2015, interested stakeholders, Access Gas Services Inc. (Access Gas), Direct Energy Marketing Limited (Direct Energy), Just Energy (B.C.) Limited Partnership (Just Energy), and the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) submitted their final replies on the Company's Seventh Customer Choice AGM agenda items. New comments/arguments were made on the following issues: general concerns regarding the long-term viability of the Customer Choice Program, the complaints process and awareness, the legal opinion regarding spouses signing a contract, and the request for a working group to discuss the remaining contentious Code of Conduct changes. Below is the Company's reply.

2.1 *General Comments of Direct Energy*

On page one of its final reply submission, Direct Energy submits¹:

As noted in Exhibit A-2, "Article 34 of the Code of Conduct for Gas Marketers requires the Commission to hold an annual general meeting to discuss program improvements or enhancements," [Emphasis added]. However, given the approach to the suggested Code of Conduct for Gas Marketers by Commission staff, and other issues that were raised for discussion at the AGM including the request for a review of the 24 hour waiting period, there does not appear to be a strong desire to improve the program so that all parties might benefit from a more robust and sustainable program. Further restrictive marketing practices and an apparent unwillingness to examine issues proposed by Gas Marketers gives rise to questioning if there has been a change in public policy with respect to Customer Choice. This is unfortunate as DE is not aware of any change in

¹ Direct Energy final submission dated July 22, 2015, page 1

1 sentiment or directive from the Ministry of Energy and Mines to wind down the Customer
2 Choice Program. It appears however that through the lack of support to address retailer
3 issues along with some of the proposed punitive changes to the Code of Conduct, the
4 long term viability of the Program may be at risk. This is very confusing given that
5 customer complaints for the Program are not only at an all-time low, but also that the
6 complaints to sales ratio for the Program would be the envy of other jurisdictions in North
7 America”

8 FEI believes Direct Energy’s comment is misguided. Customer Choice was borne out of the
9 2002 BC Energy Plan aimed to allow competition in the supply of natural gas in BC and to
10 provide choice for natural gas consumers. Specifically, Policy Action no. 19 stated, “Natural
11 Gas Marketers will be allowed to sell directly to small volume customers, and will be licensed to
12 provide consumer protection”² In this regard, the Program is fulfilling the government’s policy
13 objective and is doing so today with fewer customer complaints than ever, as pointed out by
14 Direct Energy.

15 Moreover, in facilitating Customer Choice, the Company is committed to continually improving
16 the Program and ensuring that customers are adequately protected. As such, the Company
17 believes there is no unwillingness to examine issues proposed by Gas Marketers that fall within
18 the intended scope of the AGM. As indicated by Direct Energy, the AGM according to Article 34
19 of the Code of Conduct for Gas Marketers is intended to discuss program improvements or
20 enhancements. That is, issues that improve or enhance the *existing* program. Such issues are
21 deliberated and do result in improvements and enhancements to the Program. For example, the
22 implementation of the Operational Correction Drop code, which allows Gas Marketers to drop
23 customers after the expiration of the 10-day cancellation period, was the result of the AGM
24 process that improved the Program at the request of Gas Marketers. Other examples of
25 Program improvements arising from the AGM process include the redesign and implementation
26 of the standard dispute process and the strengthening of the customer protection measures.
27 The Company, however, does not support examining issues raised by Gas Marketers at the
28 AGM that call for a wholesale change to the Program; in particular proposals that undermine or
29 alter the key elements of the Essential Service Model, which necessarily serves as the
30 foundation of the Program.

31 Finally, FEI submits that the low complaint to sales ratio and the current dispute statistics is
32 persuasive evidence that the current Customer Choice Program and consumer protection
33 measures are working as intended..

34 **2.2 Update on Customer Complaints**

35 With respect to the customer complaint process, BCOAPO submitted on page two of its final
36 submission:³

² “Energy for our future: A plan for BC,” BC Energy Plan, Government of BC, page 9.

³ BCOAPO final submission dated July 22, 2015, page 2

1 It is BCOAPO's view that a complaint process should be accessible. It is difficult to
2 understand the significance of the numbers and types of complaints being filed with the
3 Commission if it is unclear that consumers are aware that filing a complaint against a
4 Gas Marketer at the Commission is an avenue available to them. This information
5 should be required to be provided during a sales interaction with a Gas Marketer. Below,
6 in our submissions on the Code of Conduct amendments relating to *Article 7*, we make a
7 suggestion for how this information could be provided.

8
9 BCOAPO further submits on page three, "We would like the Commission to also order that
10 Gas Marketers must provide on their "leave behind" material information about the complaint
11 process available to consumers at the Commission, including the contact information for making
12 complaints about Gas Marketer conduct."⁴

13 With respect to annual statistical reporting, BCOAPO requested that the Commission provide
14 data similar to those provided on customer disputes prior to the AGM as it may affect the types
15 of issues BCOAPO would like to see discussed at the Meeting.⁵

16 FEI supports BCOAPO's request in their final reply to have the customer complaint data
17 released prior to the AGM similar to the dispute statistics provided by Commission Staff. FEI
18 suggests that all statistics for the prior year be provided to stakeholders at the same time within
19 the first quarter of the year.

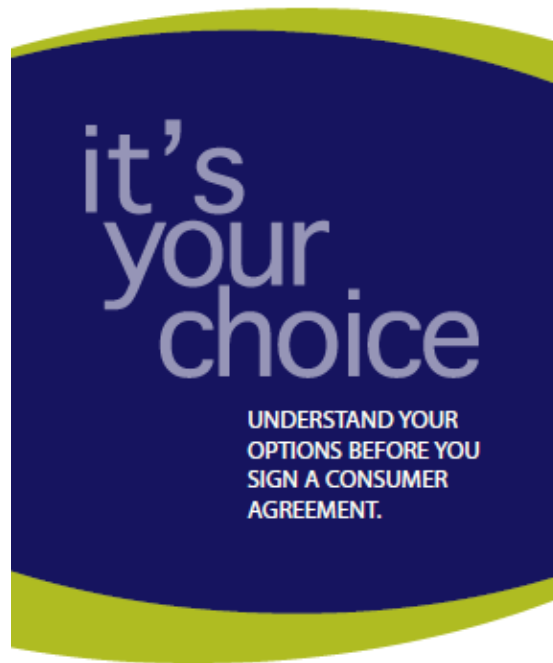
20 FEI notes that information about the complaints process is available to consumers at the door
21 when Gas Marketers leave the Standard Information Booklet entitled "*It's Your Choice*" behind.
22 Pages 12 and 13 of the booklet outlines the process for filing a complaint or contract dispute as
23 displayed in Figure 1 below (see [Appendix A](#) for full information booklet).

⁴ BCOAPO final submission dated July 22, 2015, page 3

⁵ BCOAPO final submission dated July 22, 2015, page 1

1

Figure 1: Standard Information Booklet



THERE IS NO OBLIGATION TO
SIGN A CONSUMER AGREEMENT.

Before you sign an agreement, visit
fortisbc.com/choice to view what
each of the gas marketers has to offer.

Important: Please read this brochure before
your 10-day cancellation period expires.

2

13. What happens if you have a concern about your agreement with a gas marketer?

Remember, the gas marketer is independent of your gas utility. The gas utility is not responsible for resolving complaints or disputes that you may have with a gas marketer.

If you have a concern, you should attempt to resolve it by directly contacting the gas marketer first. If you have any questions or concerns regarding the price of the gas you are paying or will be paying, you must contact your gas marketer.

Call FortisBC if you have any questions about your monthly statement, the delivery of gas, or if you experience a gas emergency.

Submitting a contract dispute or complaint

If you have a contract with a gas marketer, you can log a dispute with the BCUC through FortisBC. There are two ways to do this. You can either log a dispute online at fortisbc.com/marketerdisputes, or call FortisBC at **1-888-224-2710** and a customer service representative will assist you.

Please note, FortisBC is not a party to the dispute with your gas marketer. FortisBC will ensure your dispute record is complete and will forward it to the BCUC for review, investigation and resolution.

If you do not have a contract with a gas marketer but wish to log a complaint about a gas marketer's business practices, please contact the BCUC in writing:

- Email: **customer.choice@bcuc.com**
- Fax: **604-660-1102**
- Mail: 6th Floor - 900 Howe Street
Box 250, Vancouver, BC V6Z 2N3

The BCUC will investigate complaints as outlined in the Rules for Gas Marketers and in the Code of Conduct for Gas Marketers. You can view these documents at www.bcuc.com/NaturalGasMarketers.aspx, under *Commission Orders*.

14. What about billing?

If you choose to purchase your natural gas from a gas marketer, FortisBC will still send you a monthly gas statement for your total monthly cost. Your statement will separately list FortisBC's delivery and storage and transport charges, and the gas marketer's cost of gas. The gas marketer's charge is for the cost of gas only and all other charges will remain with FortisBC.

1

2

3 Additionally, the guide to Customer Choice is available on the FortisBC website under Customer
4 Choice - frequently asked questions.

5 [http://www.fortisbc.com/NaturalGas/Homes/CustomerChoice/FrequentlyAskedQuestions/Pages/
6 default.aspx](http://www.fortisbc.com/NaturalGas/Homes/CustomerChoice/FrequentlyAskedQuestions/Pages/default.aspx)

1 Information can be found about filing a complaint or contract dispute on the FortisBC website
2 under Customer Choice – complaints and contract disputes.

3 [http://www.fortisbc.com/NaturalGas/Homes/CustomerChoice/Pages/Complaints-and-contract-
disputes.aspx](http://www.fortisbc.com/NaturalGas/Homes/CustomerChoice/Pages/Complaints-and-contract-
4 disputes.aspx)

5 FEI agrees with BCOAPO that Gas Marketers should leave behind information about the
6 complaint process as well as identify the Gas Marketer sales representative at the time of the
7 sales interaction. FEI believes that leaving the Standard Information Booklet with consumers at
8 the door may satisfy the suggestions added to the Code of Conduct for Gas Marketers, Article
9 7 - Identity of the Gas Marketer – Business Card Requirements by BCOAPO regarding “leave
10 behind” material. There is also space on the back of Standard Information Booklet to stamp the
11 Gas Marketer Name and sales agent name and/or number to fill in by hand.

12 **2.3 Code of Conduct for Gas Marketers**

13 On page two of its final reply, Direct Energy submits⁶:

14 DE believes it is unreasonable to introduce 31 changes to the code of conduct with little
15 time to review, seek legal opinion, and assess operational and commercial impacts in
16 the short window provided between the issuing of the proposed changes by Commission
17 Staff on May 28th, and the AGM on June 9th. This is demonstrated in Table 2-4 in the
18 report, where no less than 14 of these issues are flagged as “items requiring further
19 attention” (as being highlighted in yellow by at least one party), and where eight issues
20 are flagged with “stakeholder dissent” (as being highlighted in red). Given the significant
21 number of items requiring further attention, DE respectfully requests that the
22 Commission defer any Decision on this matter, and ask Commission Staff to establish a
23 working group process with the parties present at the AGM to resolve the outstanding
24 issues, to the extent possible. The final recommendations of the working group could
25 then be presented to the Commission for adjudication.

26
27 On page one of its reply submission, Just Energy submits⁷:

28 With respect of the BCUC draft changes to the Code of Conduct for Gas Marketers
29 (“Code”), Just Energy submits that the number of changes made is quite extensive and
30 require further discussion on the impact of the same.”

31
32 The Company submits that forming a working group to undertake future changes to the Code of
33 Conduct may be more appropriate. This would give stakeholders more time to review the
34 material and confer with counsel regarding proposed changes. FEI believes the information
35 submitted to date should provide sufficient information to make a determination on the proposed

⁶ Direct Energy final submission dated July 22, 2015, page 2

⁷ Just Energy final submission dated July 22, 2015, page 1

1 changes to the Code of Conduct for Gas Marketers. However, FEI can facilitate further
2 discussion if deemed necessary.

3 For reference, FEI has included the summary table of proposed changes to the Code of
4 Conduct below in Table 1. Items that were supported are shown in green. Items requiring further
5 attention are depicted in yellow. Red items identify stakeholder opposition regarding specific
6 proposals. References to “NP” indicate “No Position”.

7 **Table 1: Discussion of Proposed Changes in Code of Conduct for Gas Marketers**

| Issue | Description | Code Page | Trans Page | FEI | BCO/PO | Access | BlueStream | Just Energy | Direct Energy |
|-------|---|-----------|------------|-----|--------|--------|------------|-------------|---------------|
| 1 | Adjust definition of Consumer’s Agreement(s) | 4 | N/A | ● | ● | ● | ● | ● | ● |
| 2 | Delete Internet Marketing definition. | 5 | 66-67 | ● | ● | ● | ● | ● | ● |
| 3 | Adjust Marketing definition | 5 | 67-71 | ● | ● | ● | ● | ● | ● |
| 4 | Delete phrase in first paragraph that references rollover provisions | 6 | 71-72 | ● | ● | ● | ● | ● | ● |
| 5 | Add reference to applicable consumer protection legislation | 7 | 72-73 | ● | ● | ● | ● | ● | ● |
| 6 | Business card requirements of sales representatives | 8 | 73-82 | ● | ● | ● | ● | ● | ● |
| 7 | Identification Badge Requirements | 8 | 82-83 | ● | ● | ● | ● | ● | ● |
| 8 | Deletion of Article 12, moving relevant content to other articles in the document | 11 | 83-84 | ● | ● | ● | ● | ● | ● |
| 9 | Copy addition regarding Consumer consent to hear recorded offer | 12 | 85-86 | ● | ● | ● | ● | ● | ● |
| 10 | Proposed training and testing requirements for gas marketer Salespersons | 15 | 86-87 | ● | ● | ● | ● | ● | ● |
| 11 | Copy deletion regarding sub-contractors | 16 | 87 | ● | ● | ● | ● | ● | ● |
| 12 | Reference to Consumer’s Agreement | 17 | 88-90 | ● | ● | ● | ● | ● | ● |
| 13 | Copy adjustment to clarify use of Title field on Consumer’s Agreement | 18 | 90-92 | ● | ● | ● | ● | ● | ● |
| 14 | Copy deletion referencing “spouse.” | 18 | 92-108 | ● | ● | ● | ● | ● | ● |
| 15 | Copy adjustments to clarify legal authority to enter into an Agreement | 18 | 108-115 | ● | NP | ● | ● | ● | ● |
| 16 | Copy additions to clarify start and end date of the Agreement | 18 | 116-120 | ● | ● | ● | ● | ● | ● |
| 17 | Copy deletion to account for removal of rollover provisions | 18 | 120 | ● | ● | ● | ● | ● | ● |
| 18 | Copy adjustment to clarify date field and signatory requirement | 18 | 121-122 | ● | ● | ● | ● | ● | ● |
| 19 | Copy addition to reference federal and provincial legislation | 18 | 122-123 | ● | ● | ● | ● | ● | ● |
| 20 | Article addition to address requirements for New Agreements | 18 | 123-126 | ● | ● | ● | ● | ● | ● |
| 21 | Copy addition clarifying renewal package requirements | 19-20 | 126-130 | ● | ● | ● | ● | ● | ● |
| 22 | Clarifying rules surrounding written or electronic signatures, TPV calls | 19-20 | 130-130 | ● | ● | ● | ● | ● | ● |
| 23 | Adjust copy in Consumer Agreement via Voice Contract | 20 | 131-132 | ● | ● | ● | ● | ● | ● |
| 24 | Adjust copy to refer to new Article | 21 | 130 | ● | ● | ● | ● | ● | ● |
| 25 | Add copy regarding time and date stamp to TPV | 22 | 132-138 | ● | NP | ● | ● | ● | ● |
| 26 | Add copy regarding pace and tone of TPV call | 22 | 138-139 | ● | ● | ● | ● | ● | ● |
| 27 | Adjust copy to clarify when TPV calls are not required | 22 | 140-174 | ● | ● | ● | ● | ● | ● |
| 28 | Add copy regarding Automated TPV calls | 22 | 175-178 | ● | ● | NP | ● | ● | ● |
| 29 | Adjust copy for skip logic regarding authorization to enter into a contract | 24 | 178-181 | ● | ● | ● | ● | ● | ● |
| 30 | Copy change to clarify reference to price | 25 | 181-182 | ● | ● | ● | ● | ● | ● |
| 31 | Add copy to clarify that the AGM can be a written or in-person process | 26 | 183 | ● | ● | ● | ● | ● | ● |

8
9 **2.4 Legal Opinion on Role of Spouse**

10 In order to clarify the role of spouse entering into gas marketing contracts, Commission Staff
11 requested a legal opinion from David Bursey of the law firm Bennett Jones LLP. The question
12 posed to David Bursey was as follows:⁸

13 Is the spouse of a FortisBC account holder (the "Spouse") authorized at law to enter into
14 a gas marketing agreement for a residential premise on behalf of the FortisBC account
15 holder (the "Accountholder"), as a sole result of being the spouse (i.e., there is no other
16 legal basis for the authorization, e.g., being listed on the FortisBC account as an
17 authorized party, power of attorney, etc.)?

⁸ Exhibit A2-1, Memo dated June 30, 2015, legal opinion on spousal authority

1 On June 30, 2015 In response to the question posed, David Bursey concluded the following:

2 The spouse of the Accountholder is not authorized at law to enter into a gas marketing
3 agreement for a residential premise on behalf of the Accountholder, solely as a result of
4 being the spouse...Absent an express grant of authority from the Accountholder to the
5 Spouse, an agency relationship would only arise in exceptional circumstances. The
6 circumstances surrounding a gas marketing agreement would not likely give rise to
7 those exceptional circumstances.

8 In its final reply, BCOAPO submitted:

9 It is the opinion of BCOAPO that in order to ensure the contracts entered into by Gas
10 Marketers are legally valid, the Code of Conduct must be amended so that spouses are
11 no longer said to be permitted to sign contracts on behalf of account holders without any
12 other legal basis for the authorization".⁹

13 FEI accepts the legal opinion obtained by the Commission and agrees with BCOAPO that the
14 Code of Conduct should be amended to state that spouses are no longer permitted to sign
15 contracts on behalf of account holders without any legal basis for authorization. This will ensure
16 that all Customer Choice contracts signed are legally valid. FEI notes there is no verification
17 process done by the IT systems or manually to authenticate the account holder is the name
18 submitted by the Gas Marketer during the enrollment process. Gas Marketers are able to submit
19 any name on the enrollment file. The confirmation letter is sent to the account holder so he or
20 she is aware their natural gas commodity provider is changing. FEI also supports BCOAPO's
21 suggestion in their final reply¹⁰ that the Code of Conduct for Gas Marketers should be available
22 for public viewing on the BCUC website so consumers understand there is a governance
23 document regarding the behaviour of Gas Marketers.

24 **3. Summary of FEI Positions**

25 **3.1 AGM Item 1: Update on Customer Complaints**

26 FEI has no further comments on the presentation of customer complaint statistics by
27 Commission Staff.

28 **3.2 AGM Item 2: Customer Protection Education Activities**

29 FEI is amenable to BCOAPO's recommendation that Consumer Protection BC be regularly
30 informed of disputes and complaints data and suggests that this data could be made available
31 for review annually when the dispute and complaints statistics are distributed. FEI agrees that

⁹ BCOAPO final submission dated July 22, 2015, page 3

¹⁰ BCOAPO final submission dated July 22, 2015, page 2

1 Consumer Protection BC is the appropriate party to target education activities that are related to
2 complaints and disputes.

3 **3.3 AGM Item 3: Expansion of the Customer Choice Program to** 4 **Vancouver Island and Whistler**

5 The tasks required to prepare the FEI IT systems for the inclusion of the new service areas,
6 FortisBC Energy (Vancouver Island) Inc. (FEVI) and FortisBC Energy (Whistler) Inc. (FEW)
7 were implemented successfully in July 2015. The Gateway for Energy Marketers (GEM) and
8 applicable interfaces were tested extensively to ensure the enrollments, drops and dispute data
9 would process as intended effective August 1, 2015. All enrollments within the new service
10 areas will have an entry date of November 1, 2015 or later. Contract drops and disputes will be
11 accepted after August 1, 2015 relating to future dated contracts after November 1, 2015. Logic
12 has been programmed into the Customer Information System to ensure contracts with
13 customers in the current eligible regions will port to the new regions if the customer moves on
14 November 1, 2015 or later. If a customer moves to a new eligible region prior to November 1,
15 2015, their gas contract will terminate. Future dated contracts with customers in the new regions
16 will port to any eligible region and begin flow on the scheduled contract date. For example, if a
17 Vancouver Island customer is enrolled for November 1, 2015, but moves to Vancouver on
18 October 1, 2015, their contract will port to their new Vancouver premise when they move and
19 will begin flow on November 1, 2015.

20 The customer education plan for the new service areas, Vancouver Island, Whistler, Powell
21 River and the Sunshine Coast rolled out at the end of July 2015 with print, digital, CHEK TV
22 tags, radio ads and social media. Advertising will continue until mid-November 2015.

23 **3.4 AGM Item 4: Review of Transaction Fee Charges to Gas** 24 **Marketers**

25 FEI submits that in order to avoid an estimated Program shortfall of approximately \$200,000¹¹
26 for 2015, transaction fees should be increased retroactive to January 2015. FEI proposes
27 increasing the customer billing fee and confirmation letter fee following the fee structure¹² of the
28 previously approved rate recovery. FEI believes this is the best way to address the current
29 shortfall until a more extensive review of the Program's fees can be done. BCOAPO supports
30 FEI's current proposal for fee adjustments as it is their view that Gas Marketers need to cover
31 the total operating costs of the Program.

32 The existing and proposed Customer Bill Fee and Confirmation Letter Fee adjustments are
33 listed below in Table 2.

¹¹ 2014 Customer Choice Seventh Annual General Meeting Transcript Volume 2, Exhibits Book, FEI Slides, p. 13.

¹² Order C-6-06, Commodity Unbundling Project for Residential Customers CPCN Application Decision, p. 2, item #3.

1

Table 2: Existing and Proposed Transaction Fees

| Fees | | 2007 | 2015 |
|----------------------------|--------------|-------|--------|
| Customer Bill | Postage | \$.38 | \$.80 |
| | Admin | \$.02 | \$.02 |
| | <i>Total</i> | \$.40 | \$.82 |
| Confirmation Letter | Postage | \$.38 | \$.80 |
| | Admin | \$.22 | \$.22 |
| | <i>Total</i> | \$.60 | \$1.02 |

2

3 FEI requests that clarification be provided by the Commission establishing whether the total
4 operating costs for the Program excluding customer education costs should be borne by Gas
5 Marketers. This will aid FEI with preparing a recommendation for setting an appropriate fee
6 structure for the Program. Just Energy also seeks clarification as to whether Gas Marketers are
7 responsible for the total operating costs of the Customer Choice Program as stated in their final
8 submission.¹³

9 **3.5 AGM Item 5: Code of Conduct For Gas Marketers**

10 FEI proposes that going forward, it would be beneficial for Gas Marketers and Commission Staff
11 to look at changes to the Code of Conduct for Gas Marketers outside of the AGM process. FEI
12 suggests a digital review of content changes would be an appropriate method for addressing
13 stakeholder comments and review. If the Commission determines it necessary, FEI is amenable
14 to participating in a working group to help facilitate the Code of Conduct review process.

15 **3.6 AGM Item 6: Third Party Verification (TPV) Enhancement**

16 FEI supports the use of alternative electronic means to allow customers to verify their marketer
17 contract as long as the new process provides the same level of consumer protection as the
18 current TPV call.

¹³ Just Energy Final Submission, Review of Transaction Fee Charged to Gas Marketers, p. 1

1 **3.7 AGM Item 7: Anniversary Drop Rule**

2 FEI provided Gas Marketers with an option to exit contracts outside of the anniversary date
3 when it submitted the Cost Estimate to Add Functionality to Calculate Midstream Cost Revenue
4 Account (MCRA) Impact of Early Cancellations in December 2014. Gas Marketers did not
5 support this approach and claimed that early commodity contract exits would not result in
6 additional MCRA costs. This claim was addressed in an AGM presentation by Access Gas. FEI
7 suggests claims made within the presentation represent a simplistic view that represented a
8 sliver of contracted volume. Pursued broadly, the elimination of penalties for early contract exits
9 as suggested by Gas Marketers would open the marketplace to potential gaming and
10 fundamentally alter the principals of the ESM. Furthermore, it would essentially turn the
11 marketer product into a variable rate commodity offering. The Company continues to maintain
12 that customers who choose not to participate in Customer Choice should not be affected by
13 unfulfilled Customer Choice commodity contracts. Early exit fee mechanisms are currently
14 available to those customers in need.

15 **3.8 AGM Item 8: Cost Recovery, Fees and Mechanisms**

16 FEI proposes a retroactive transaction fee adjustment to recover the 2015 total operating costs
17 of the Customer Choice Program. FEI will then review the transaction fee changes and the
18 inclusion of Vancouver Island, Whistler, Powell River and the Sunshine Coast to assess the
19 impacts of these changes. FEI intends to submit a separate application in Q1 2016 after
20 conducting a fulsome review of the Program's transaction fees.

21 **3.9 AGM Item 9: Potential for Review of Essential Services Model**

22 FEI submits that it has no interest in reviewing the existing Essential Services Model. The ESM
23 is working as intended and fully meeting the goals of the Customer Choice Program providing
24 an alternative to the default variable price offering for consumers. It is not possible for FEI to
25 investigate any changes to the model while under a cost of services Performance Based Rates
26 mechanism. Further, it is not in the best interest of ratepayers and FEI would require a
27 Commission directive to pursue any changes to the Program model.

28 BCOAPO agrees with FEI's position that a review of the ESM is not warranted at this time and
29 would prove to be a costly and unnecessary expenditure for ratepayers.

Appendix A

“IT’S YOUR CHOICE” STANDARD INFORMATION BOOKLET

it's your choice

UNDERSTAND YOUR
OPTIONS BEFORE YOU
SIGN A CONSUMER
AGREEMENT.



CUSTOMER
CHOICE

STANDARD
INFORMATION
BOOKLET

THERE IS NO OBLIGATION TO
SIGN A CONSUMER AGREEMENT.

Before you sign an agreement, visit
fortisbc.com/choice to view what
each of the gas marketers has to offer.

Important: Please read this brochure before
your 10-day cancellation period expires.

What questions should you ask a gas marketer?

Before you sign an agreement with a gas marketer, be sure that you have done your homework. These questions may help you gather the information you need to make an informed decision.


1. What is your price per gigajoule of gas?
2. How long is the term of this agreement?
3. Is the price per gigajoule of gas fixed over the entire term of the agreement?
4. How does your gas price compare to other gas marketers' fixed prices and to FortisBC's variable prices?
5. What are the benefits and risks involved in a fixed term agreement?
6. What commitments will be made on my behalf?
7. What are the financial obligations and potential additional charges?
8. What are the renewal provisions of the agreement?
9. What is your company's track record in supplying natural gas?
10. Who is authorized to sign an agreement with a gas marketer?
11. If I am not satisfied with the agreement and want to cancel within the 10-day cancellation period, what is the best way to contact you?
12. Will you provide me with a confirmation number telling me the cancellation process is complete?
13. After my 10-day cancellation period has ended, what are the rights and penalties for early termination of the agreement? Is there a minimum agreement term?
14. How many days does it generally take for my agreement to be sent and enrolled with FortisBC? How would I know when my 10-day cancellation period ends?
15. If I move to a new home, what information do I need to provide your company and FortisBC? Does the agreement follow me to my new home?

Know what to compare

When it comes to comparing a gas marketer's fixed rate and FortisBC's variable rate, there is only one number you need to compare—the cost of gas per gigajoule.

Cost of gas (6.4 GJ at **2.486** per GJ)*

Your FortisBC natural gas statement

|  | Name: Service address: Rate class: Billing date: | BOB SMITH 1245 MAIN STREET ANYTOWN Residential Apr 13, 2015 | |
|---|---|---|-----------------------|
| Account number | Due date | Amount due | Amount paid |
| 555555 | May 22, 2015 | \$72.01 | |
| Previous bill | | | 168.82 |
| Less payment - Thank you | | | <u>168.82 CR</u> |
| Balance from previous bill | | | 0.00 |
| Delivery charges | | | |
| Basic charge (30 days at 0.3890 per day) | | | 11.67 |
| Delivery (6.4 GJ at 3.547 per GJ) | | | <u>22.70</u> |
| | | | 34.37** |
| Commodity charges | | | |
| Storage and transport (6.4 GJ at 1.334 per GJ) | | | 8.54 |
| Cost of gas (6.4 GJ at 2.486 per GJ) | | | <u>15.91</u> |
| | | | 24.45** |
| Other charges and taxes | | | |
| Carbon Tax (6.4 GJ at 1.4898 per GJ) | | | 9.53 † |
| Clean Energy Levy (0.40% of + amounts) | | | 0.24 |
| GST (5% of > amounts) | | | 3.42 |
| Please pay | | | <u><u>\$72.01</u></u> |

*This sample bill may not reflect the current variable rate.
FortisBC's rates are reviewed quarterly by the BC Utilities Commission.
Visit fortisbc.com/rates for to view the most current variable rate.

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1. What is Customer Choice?

Customer Choice offers you the freedom to choose who you buy natural gas from, and how. Independent gas marketers offer natural gas at long-term fixed prices. Customers can purchase natural gas from a gas marketer or from their local natural gas utility. It's the customer's choice.

Gas marketers sell fixed rate agreements that vary in length from one to five years. The contracts are available to both residential and business customers.

With a fixed rate, the price you pay for your natural gas will remain the same for the duration of the agreement. It will not fluctuate with the daily changes of energy prices.

Your local natural gas utility offers a rate that can change as often as four times per year. Their variable rate is reviewed quarterly by the BC Utilities Commission (BCUC) and adjusted up or down to reflect current changes in market conditions.

Your local natural gas utility, or a gas marketer. It's your choice.

2. Why do we have a choice?

Customer Choice was developed in response to the provincial government's 2002 energy policy. Similar programs are available in Ontario, Manitoba and Alberta, as well as in other areas throughout North America.

Customer Choice is overseen by the BCUC.

To participate in Customer Choice, gas marketers must be qualified, approved and licensed by the BCUC. Although not regulated like a utility, gas marketers must adhere to the BCUC's Rules for Gas Marketers and Code of Conduct for Gas Marketers.

These publications are available for review at www.bcuc.com/NaturalGasMarketers.aspx under *Commission Orders*.

3. Assessing your options

Fixed price Consumer Agreements offered by gas marketers provide price security and potential cost savings. This choice is comparable to a homeowner locking into a mortgage at a fixed rate as opposed to choosing a variable rate where the price can change.

There are a number of reasons consumers may select one option over another. **A rate comparison chart is available at [fortisbc.com/choice](https://www.fortisbc.com/choice).**

The BC Utilities Commission (BCUC)

The BCUC is the provincial body for regulating utilities in British Columbia and helps to ensure that consumers receive safe, reliable and non-discriminatory energy services at fair rates.

The Commission will rule on Consumer Agreement disputes and investigate complaints related to the marketing practices of gas marketers.

4. Potential risks of your choice

By signing a Consumer Agreement with a gas marketer, you are committing to buying natural gas at a fixed price for one to five years. The amount you pay over that period could end up being more or less than what you would have been charged by your natural gas utility for the same period. It all depends on the future market price of natural gas.

Please note, there is no guarantee that a fixed-rate agreement will save you money.

5. Certainty behind your choice

No matter which option you choose, your natural gas utility will continue to deliver your natural gas, safely and reliably. And you'll continue to enjoy the same range of services and payment options you enjoy today.* You will not receive an additional statement. The gas marketer's charges will appear on your utility statement.

Should your gas marketer surrender or lose its licence, your account will be returned to your local natural gas utility with no interruption in gas supply. **However, you may be charged for gas at a higher rate than the current FortisBC regulated rate.**

*Exceptions may apply. For example, Customer Choice customers cannot be concurrently enrolled in FortisBC's renewable natural gas program. If the customer has previously enrolled in a program for which Customer Choice customers are ineligible, their Customer Choice contract will take precedence and they will automatically be removed from the other program.

6. Understanding how a gas marketer operates

While the BCUC oversees gas marketers' marketing activities, the BCUC does not regulate the prices they offer. As in any competitive market, gas marketers are free to offer different prices and terms to each consumer.

As a customer, you are free to decide if a fixed rate is right for you and, if so, which offering from which gas marketer best meets your needs. Gas marketers are allowed to offer agreements for the supply of natural gas with fixed prices for terms lasting from one to five years.

This is not the case, however, with your local natural gas utility. As a regulated utility, it must offer the same price to all consumers in the same rate class. FortisBC cannot offer different prices to consumers in the same rate class.

Once you make a commitment with a gas marketer, you must fulfill the terms of the agreement.

For residential customers—if you change residences, your natural gas Consumer Agreement will move with you unless you move into an area ineligible for participation in Customer Choice such as Revelstoke or Fort Nelson.

For commercial customers—if you move to another location, your Consumer Agreement will be cancelled. If you would like to re-enrol you will need to contact your preferred gas marketer.

You can review the Rules for Gas Marketers and the Code of Conduct for Gas Marketers at www.bcuc.com/NaturalGasMarketers.aspx under *Commission Orders*. You can also access the list of currently licensed gas marketers at the BCUC website or by visiting fortisbc.com/choice.

7. Understanding how a gas marketer makes money selling natural gas

Gas marketers make money by selling natural gas under different terms and conditions related to pricing. They use a variety of buying strategies to acquire long-term, fixed-price natural gas agreements. And, they are able to purchase large blocks of natural gas at wholesale prices that are not usually available to smaller volume consumers. They then offer natural gas at a fixed-price to consumers using different pricing arrangements that allow them to earn a profit. Gas marketers also make money by buying and selling natural gas in the wholesale market.

Gas marketers may also be able to offer different commodity prices over different time periods that take into consideration a customer's specific needs.

Unlike the gas marketers, FortisBC is a distribution utility that operates under regulations set out by the BCUC. The natural gas utility's regulated rate for natural gas is based on recent gas purchases and what the utility forecasts it will have to pay in the future to provide gas to its customers. The cost for the natural gas passes directly to customers. Rates are reviewed by the BCUC and may change on a quarterly basis.

8. Understanding how a gas marketer will deliver natural gas to you

Should you opt to purchase your gas from a gas marketer, there will be no interruption to your natural gas service. FortisBC will continue to deliver your natural gas, just as it currently does—through the same pipelines and through the same meter.

Gas marketers are legally obligated to meet their gas delivery requirements as set out by FortisBC. Should a marketer fail to meet its gas delivery requirements, FortisBC will step in as the Supplier of Last Resort. This is your assurance that you will continue to receive an uninterrupted supply of gas.

The gas marketer will be liable for financial penalties for any failure to deliver.

9. Understanding your Consumer Agreement

There are two documents that you, as the consumer, need to sign if you decide to participate in Customer Choice. These documents are provided to you by the gas marketer.

a) Notice of Appointment of Marketer

The Notice of Appointment of Marketer is a form that you must sign in order to enter into a supply agreement with a gas marketer. The signed form ensures that you have given the authorization FortisBC requires, under privacy legislation, to release your consumption history to the gas marketer. It also ensures that you are proactively participating in the process and have agreed to their billing and collections arrangements. And, in the event your marketer fails to meet its gas delivery requirements, the signed form serves as the authorization FortisBC needs to continue delivery of natural gas to your home or business.

b) Consumer Agreement with the marketer

The Consumer Agreement with the gas marketer outlines the terms and conditions of the supply agreement between you and the gas marketer. It will include these essential elements of the offer:

- price in Canadian dollars per gigajoule
- length of term
- renewal provisions
- penalties and terms for early termination of Consumer Agreement, including minimum agreement term
- conditions that may affect the price or term of the offer

Lastly, your gas marketer is required to conduct a Third Party Verification (TPV) for all consumers. Third Party Verification is a digitally recorded telephone call between the gas marketer and the consumer to confirm the consumer's understanding of the Offer, Consumer Agreement, Confirmation Letter and Cancellation Rights.

10. Cancelling your Consumer Agreement

If, after signing with a gas marketer, you decide that Customer Choice is not for you, the BCUC has mandated a cancellation period during which you can cancel your agreement without penalty.

The period begins 10 calendar days from the date that the utility receives the enrolment request from the gas marketer. This generally coincides with the date on the Confirmation Letter sent to you by the natural gas utility.

After signing an agreement with a gas marketer

Customers receive a Confirmation Letter from the local gas utility that provides a summary of the agreement entered into with the gas marketer. It also provides a deadline date by which time consumers must call the gas marketer if they want to cancel the agreement. This is the 10-day cancellation period.

11. What happens if you move to a new home?

For residential customers, once you have signed a Consumer Agreement you have an obligation to ensure your agreement moves to your new residence, as long as it is in an area served by Customer Choice (note: Customer Choice is not available to residents of Revelstoke or Fort Nelson). For commercial customers, your Consumer Agreement is cancelled when you move. You will need to contact your preferred gas marketer if you would like to re-enrol in Customer Choice.

Please contact FortisBC at **1-888-224-2710** to let them know your move details.

12. What happens at the end of your gas marketer agreement?

Your gas marketer will contact you three months prior to the expiry date of your contract. At this time you can:

- re-negotiate the contract
- negotiate a new contract with a different marketer, or
- do nothing and return to FortisBC upon contract expiry

If you choose to do nothing and return to FortisBC's variable rate, you can negotiate a new contract with a gas marketer at any time.

13. What happens if you have a concern about your agreement with a gas marketer?

Remember, the gas marketer is independent of your gas utility. The gas utility is not responsible for resolving complaints or disputes that you may have with a gas marketer.

If you have a concern, you should attempt to resolve it by directly contacting the gas marketer first. If you have any questions or concerns regarding the price of the gas you are paying or will be paying, you must contact your gas marketer.

Call FortisBC if you have any questions about your monthly statement, the delivery of gas, or if you experience a gas emergency.

Submitting a contract dispute or complaint

If you have a contract with a gas marketer, you can log a dispute with the BCUC through FortisBC. There are two ways to do this. You can either log a dispute online at **[fortisbc.com/marketerdisputes](https://www.fortisbc.com/marketerdisputes)**, or call FortisBC at **1-888-224-2710** and a customer service representative will assist you.

Please note, FortisBC is not a party to the dispute with your gas marketer. FortisBC will ensure your dispute record is complete and will forward it to the BCUC for review, investigation and resolution.

If you do not have a contract with a gas marketer but wish to log a complaint about a gas marketer's business practices, please contact the BCUC in writing:

- Email: **customer.choice@bcuc.com**
- Fax: **604-660-1102**
- Mail: 6th Floor - 900 Howe Street
Box 250, Vancouver, BC V6Z 2N3

The BCUC will investigate complaints as outlined in the Rules for Gas Marketers and in the Code of Conduct for Gas Marketers. You can view these documents at **www.bcuc.com/NaturalGasMarketers.aspx**, under *Commission Orders*.

14. What about billing?

If you choose to purchase your natural gas from a gas marketer, FortisBC will still send you a monthly gas statement for your total monthly cost. Your statement will separately list FortisBC's delivery and storage and transport charges, and the gas marketer's cost of gas. The gas marketer's charge is for the cost of gas only and all other charges will remain with FortisBC.

Who should you contact?

Regardless of whether you choose to purchase your gas from a gas marketer or your local gas utility, the utility will continue to ensure safe, efficient and reliable delivery to your home or business.

In the event of a gas leak or other emergency, the utility will continue to provide 24-hour emergency response. If you smell gas or have another gas-related emergency, contact FortisBC's natural gas emergency line at **1-800-663-9911**, your local fire department or **911**.

For inquiries and questions related to a gas marketer's natural gas price, call the gas marketer directly at the phone number that will be shown on your statement.

To contact FortisBC natural gas customer service, call **1-888-224-2710** or email **gas.customerservice@fortisbc.com**.

Before you sign

Entering into a Consumer Agreement is a serious undertaking and before you do so, please take the time to inform yourself about your choices. For complete program information and a list of qualified gas marketers, visit **fortisbc.com/choice**.

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