



Diane Roy
Director, Regulatory Services

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

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
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

March 6, 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 Seventh Annual General Meeting – Response to British Columbia Utilities Commission (the Commission) Order A-2-15: Customer Choice Program Statistics

On February 26, 2015, the Commission issued Order A-2-15, establishing a hearing process for the 2014 Customer Choice Seventh Annual General Meeting. Order A-2-15 directed FEI to file the Customer Choice program statistics for the life of the program to the Commission by March 6, 2015.

In accordance with Order A-2-15, FEI submits the Customer Choice program statistics.

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 Seventh Annual
General Meeting**

Customer Choice Program Statistics

March 6, 2015

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1. INTRODUCTION

This filing provides an overview of the Customer Choice Program and reports on the Program's key metrics for 2014. The filing is organized as follows:

- **Section 2** describes the Program participation and statistics of Gas Marketers and customers and includes a year-to-year comparison of customer participation from 2007 to 2014
- **Section 3** provides an overview of Gas Marketer sales activity and statistics in 2014 and includes both a month-to-month comparison of enrollment activity between 2013 and 2014 and a year-to-year comparison of gross and net enrollments from 2007 to 2014
- **Section 4** reviews the monthly dispute activity and statistics in 2014 for cancellation and standard disputes as well as a yearly dispute activity comparison from 2007 to 2014
- **Section 5** provides a summary of the Customer Education Plan for 2014, including a description of the individual components and the overall communication strategy
- **Section 6** reviews the system enhancements and discusses system related issues in 2014
- **Section 7** reviews the 2014 Program expenditures, recoveries and fee structure
- **Section 8** provides a summary of each section

2. PROGRAM PARTICIPATION STATISTICS

2.1 GAS MARKETER PARTICIPATION

In 2014, one Gas Marketer - Smart Energy - withdrew from the Customer Choice Program (the Program), leaving nine licensed Gas Marketers operating in BC. Of the nine licensed Gas Marketers, seven were actively enrolling customers. Five Gas Marketers were offering fixed contracts to both FEI Rate Schedule 1 residential and FEI Rate Schedule 2 and 3 commercial customers. One Gas Marketer was offering fixed contracts exclusively to FEI Rate Schedule 2 and 3 commercial customers. Table 2-1 below lists the Gas Marketers operating in BC in 2014, their sales activity status and the rate classes served. Also included in the table are Gas Marketers who had been involved in the Customer Choice Program since 2007 but are no longer active.

Table 2-1: List of Gas Marketers

Gas Marketer		Status
Residential and Commercial Gas Marketers		
1	Access Gas Services Inc.	
2	Direct Energy Marketing Ltd	Combined DEBS and DEML in April 2010
3	Just Energy (formerly Energy Savings BC)	Changed name to Just Energy in 2009
4	Planet Energy	Re-entered the market in February 2010
5	Smart Energy (BC) Ltd	Withdrew from Program November 2014
6	Summitt Energy BC L.P.	
7	Superior Energy Management Gas L.P.	
Commercial Only Gas Marketers		
1	Bluestream Energy	
2	Premstar Energy – ECNG	Owned by Alta Gas.
Past Gas Marketers		
1	Active Renewable Marketing Ltd	Purchased by Access Gas December 1, 2013
2	CEG Energy Options	Purchased by Energy Savings BC in 2008
3	Connect Energy	Licence terminated July 2013
4	Firefly Energy	Owned by AG Energy. Licences terminated October 2013
5	Intra Energy	Withdrew from Program 2007
6	MX Energy (Canada) Ltd	Licence terminated April 2013
7	Nexen Marketing	Sold customers to Access Gas and withdrew
8	Planet Energy	Sold customers to Access Gas in April 2008 and withdrew
9	Tahoe Energy	Withdrew from Program June 2007
10	Universal Energy	Purchased by Just Energy effective July 1, 2009
11	Wholesale Energy Group Ltd	Purchased by Universal Energy in 2008

2.1.1 Fixed-Contract Statistics

In 2014, there were 283 open marketer groups available for customer contract enrollments. There were 77 marketer price groups closed in 2014. Prices per gigajoule (GJ) of gas ranged from a low of \$3.39/GJ to a high of \$7.80/GJ. Approximately 8500 enrollments, representing 77% of contracts signed in 2014, were in the \$6/GJ to \$8/GJ range.

The most common contract term signed in 2014 was for a five year contract, accounting for 78% of total enrollments. The price range for a five year contract term ranged from a low of \$4.39/GJ to a high of \$7.49/GJ, with a weighted average price of \$6.98 per GJ.

Typically, one and two year term contracts were sold for a price per GJ of \$4 or less. In 2014, there were five contracts enrolled for a one or two year term between \$7.75/GJ and \$8.99/GJ. This raised the average price point for these enrollment terms and accounts for the large price ranges. The reason for the higher priced, short-term enrollments is that the customer's original 5-year contracts were interrupted early. As a result, the Gas Marketer and the customer came to an agreement to reinstate the contract for the remainder of the term at the original 5-year negotiated price per GJ in order to avoid cancellation charges to the customer. Figure 2-1 below illustrates the fixed contract statistics for 2014.

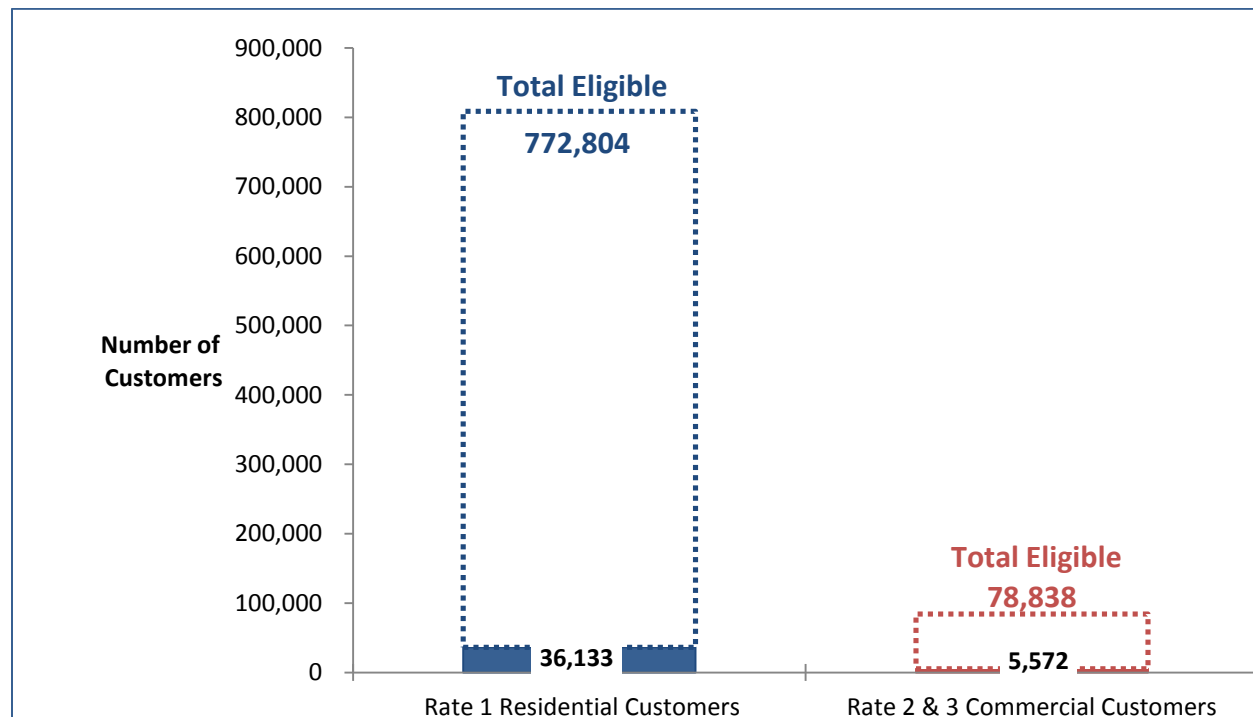
Figure 2-1: Fixed Contract Statistics in 2014

Open Price Points	Percentage of Total Enrollments per Term	Price Range per Enrollment Term	Number of Enrollments by Contract Price Range	Weighted Average Price by Term
• 283	<ul style="list-style-type: none"> • 1 Year - 7.1% • 2 Year - 1.5% • 3 Year - 7.4% • 4 Year - 6.2% • 5 Year - 77.6% 	<ul style="list-style-type: none"> • 1 Year - \$3.39 to \$8.99 • 2 Year - \$3.86 to \$7.80 • 3 Year - \$4.14 to \$7.39 • 4 Year - \$4.29 to \$7.49 • 5 Year - \$4.39 to \$7.49 	<ul style="list-style-type: none"> • Under \$4: 141 (1.3%) • \$4-\$6: 2478 (22%) • \$6-\$8: 8566 (77%) • \$8-\$10 - 3 (.03%) 	<ul style="list-style-type: none"> • 1 Year - \$5.05 • 2 Year - \$4.39 • 3 Year - \$5.58 • 4 Year - \$6.04 • 5 Year - \$6.98

2.2 CUSTOMER PARTICIPATION

Figure 2-2 below illustrates the residential and commercial Customer Choice participation rate for 2014.

Figure 2-2: 2014 Residential and Commercial Customer Participation



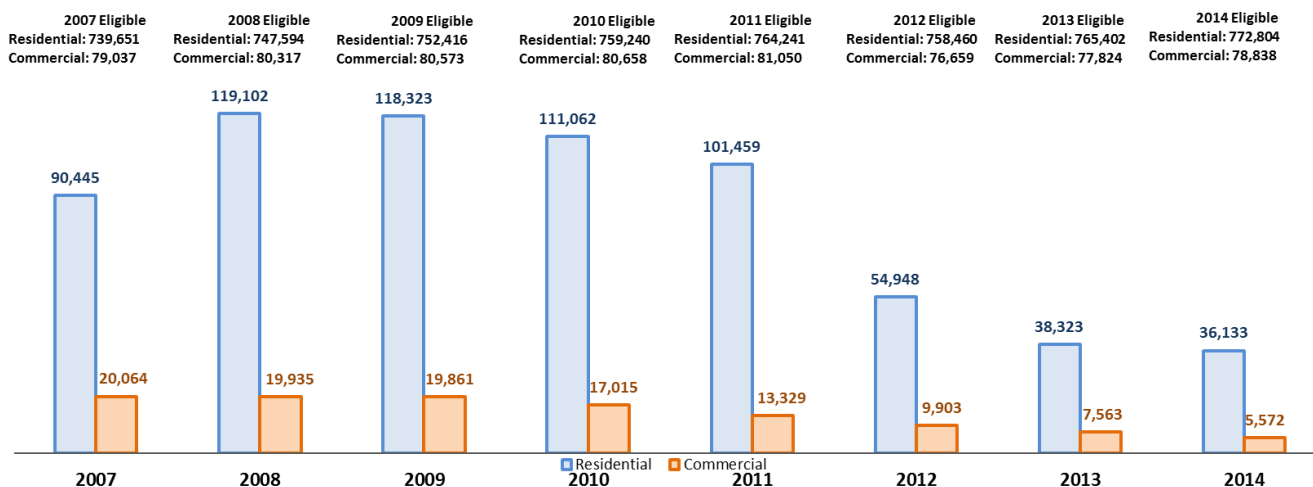
As of December 31, 2014 there were approximately 852,000 FEI Rate Schedules 1, 2 and 3 customers eligible for the Customer Choice Program. As figure 3-2 illustrates, there were approximately 773,000 eligible residential customers and approximately 79,000 eligible commercial customers for the Customer Choice Program.

Of the approximately 773,000 eligible residential customers, about 36,000 billed customers were enrolled in Customer Choice. This represents approximately 5% of the total customer base of eligible residential customers participating in Customer Choice.

Of the approximately 78,000 eligible commercial customers, about 5,600 or 7% were enrolled in Customer Choice. This is down from the 10% participation rate seen in 2013.

Figure 2-3 below illustrates the year-to-year comparison of both residential and commercial customer Program participation from its 2007 inception through 2014.

Figure 2-3: Yearly Comparison of Customer Choice Participation (2007 to 2014)



As Figure 2-3 indicates, Customer Choice participation levels have declined since 2008. Participation rates for residential customers declined by 6% in 2014 from 2013, while participation rates for commercial customers declined by 26% over the same period. Total participation in the Customer Choice Program was down 9% in 2014 over 2013. Factors contributing to the decline include, but are not limited to: low and stable natural gas prices, customer account closures, a decrease in contract renewal rates and fewer Gas Marketers actively selling fixed rate commodity contracts.

3. ENROLLMENT STATISTICS

Although total customer participation and Gas Marketer sales activity declined in 2014 for the Customer Choice Program, enrollment activity remained consistent for the active Gas Marketers. New enrollments were submitted at an average rate of 932 per month. Enrollments peaked in June with 1317 enrollments submitted. Gross enrollments totalled over 11,000 in 2014. This is down 22% from over 14,000 enrollments in 2013.

Figure 3-1 below illustrates the comparison of monthly gross enrollments between 2013 and 2014.

Figure 3-1: Comparison of Monthly Gross Enrollments – 2013 vs. 2014

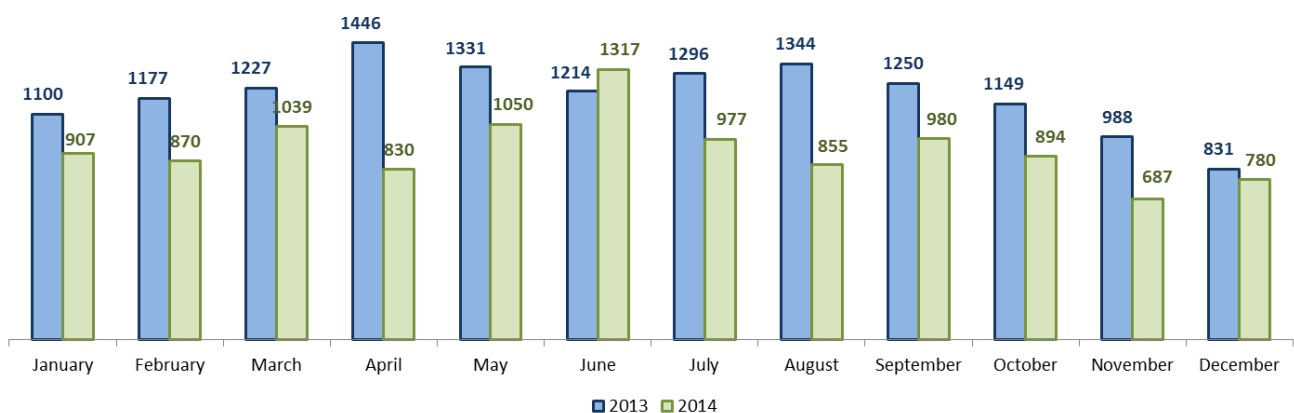
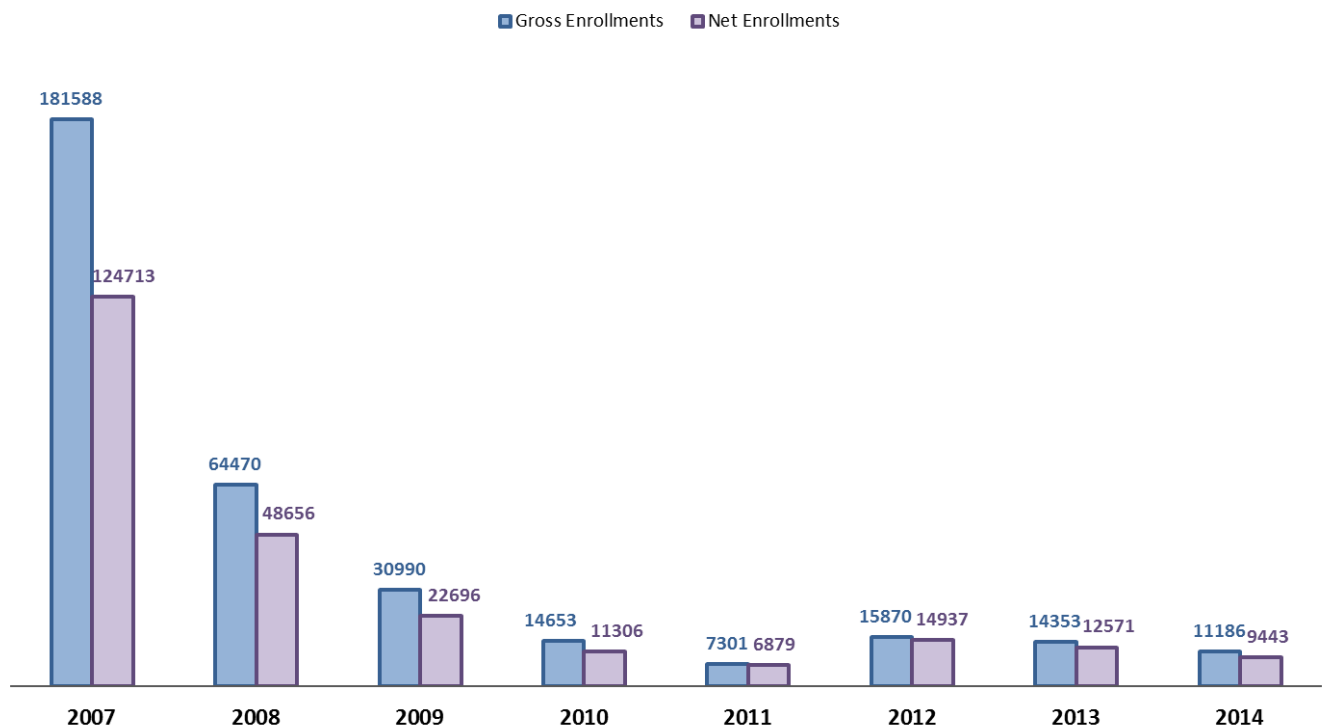


Figure 3-2 below illustrates the enrollment retention rate over the past eight years from 2007 to 2014. The figure compares gross enrollments to net enrollments. Net enrollments are contracts that flow with the Gas Marketer on the contract start date and are calculated as gross enrollments, less any 10-day cancellations and operational correction drops¹.

¹ 10-day cancellations result from customers who elect to cancel their contract within their 10-day cooling period; Operational Correction Drops are contract cancellations submitted by the Gas Marketers after the 10-day cancellation window but before the contract start date.

Figure 3-2: Comparison of Yearly Enrollment Activity (2007 – 2014)



As Figure 3-2 indicates, the ratio of net enrollments to gross enrollments has improved significantly since 2010. This improvement can be linked to the introduction of consolidated business rules for residential and commercial customers in 2011. The consolidated business rules, which include third-party verification calls, 10-day cooling periods and confirmation letters sent to the account holder for all residential and commercial enrollments, seem to have been effective in ensuring that customers understand their fixed rate contracts. In 2014, the ratio of net enrollments to gross enrollments was 84%. This is down slightly from 88% in 2013.

4. DISPUTE STATISTICS

The number of contract disputes has steadily declined since 2007. In 2014 there were 231 total disputes filed, which is down from 708 disputes logged in 2013. This represents a 67% drop in dispute filings in 2014. When the disputes are calculated as a percentage of sales, total disputes raised decreased from 5% of gross enrollments in 2013 to 2% of gross enrollments in 2014 showing the correlation between contract sales and disputes filed. Figure 4-1 illustrates the monthly dispute statistics for 2014. Figure 4-2 provides a yearly comparison of dispute activity from 2007 to 2014.

Figure 4-1: 2014 Monthly Dispute Statistics

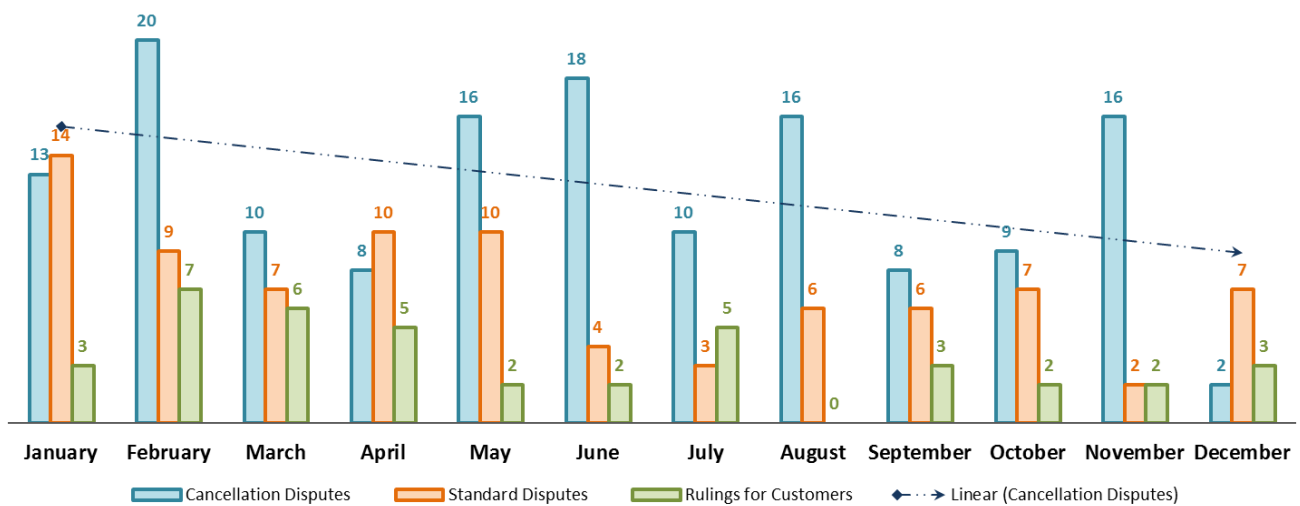
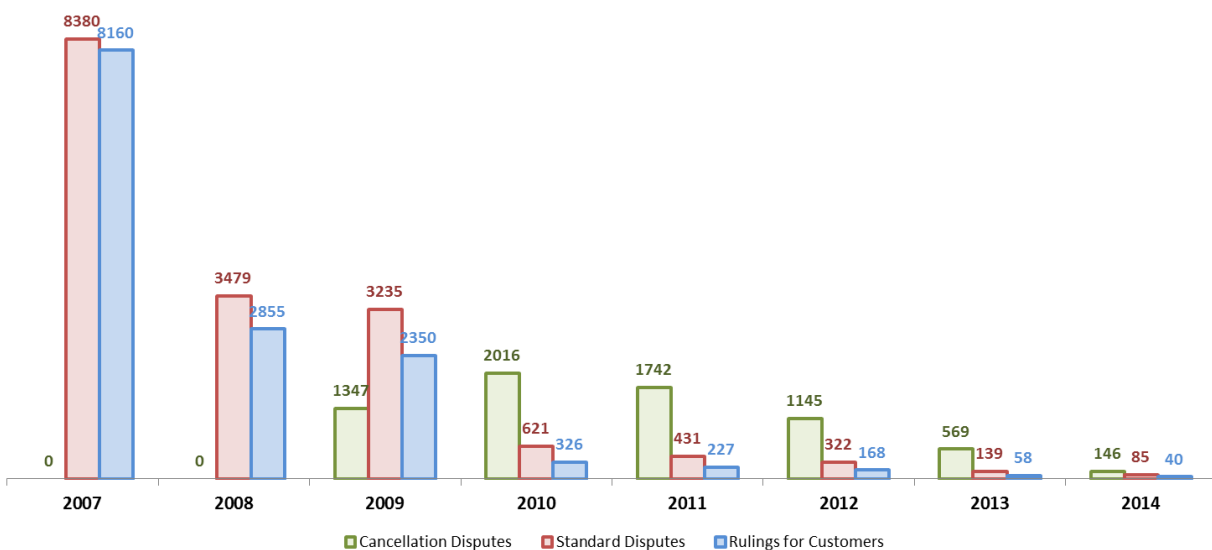


Figure 4-2: Comparison of Yearly Dispute Activity from 2007 to 2014



1 Cancellation disputes are disputes raised by Gas Marketers who have agreed to release a
2 customer from their contract outside of their contract anniversary date. Cancelling a Gas
3 Marketer contract outside of the anniversary date contravenes the Essential Services Model.
4 FEI continues to emphasize that Cancellation Disputes must be used sparingly and restricted to
5 compassionate reasons only, as determined by the Commission. Cancellation disputes declined
6 74% from 569 Cancellation disputes submitted in 2013 to 146 Cancellations Disputes submitted
7 in 2014.

8 Standard disputes are disputes raised by the customer against their Gas Marketer in dispute of
9 their contract's validity. These disputes require Gas Marketers to defend against the customer's
10 claim that their contract is invalid, and are finalized by the BCUC with a ruling in favour of either
11 the Gas Marketer or the Customer. Standard disputes declined 39% from 139 raised in 2013 to
12 85 raised in 2014,

13 Commission rulings in favour of the customer over the same period have remained relatively
14 constant with almost half of the rulings going in favour of the customer. In 2014, 47% of
15 standard disputes raised were ruled in favour of the customer.

16

5. 2014 CUSTOMER EDUCATION PLAN

The Customer Education plan objectives and budget of \$300,000 have remained unchanged since 2011. The plan objectives are to:

- Increase Customer Choice name awareness
- Increase customer protection via education
- Direct traffic to fortisbc.com/choice
- Maintain neutrality

These objectives were executed via radio spots, rate comparison newspaper ads, FEI newsletters, bill messages, and digital media. Digital media was used for the first time in 2014, allowing the Customer Choice Program to more cost effectively target potential customers.

5.1 RADIO SPOTS

Two radio ads were produced in 2011 to increase Customer Choice name awareness. In the production of both the scripts and the ads, FEI ensured the content and tone of the ads remained completely neutral.

These radio ads have run in radio stations across the province each year since 2012. In 2014, the ads ran for four alternating weeks in July and August.

5.2 RATE COMPARISON ADS

The Customer Choice Rate Comparison print ads have remained unchanged since they were redesigned in 2012. The ads were run in local newspapers of Customer Choice eligible regions in British Columbia for one week in each of the six months from June to November 2014.

5.3 FEI NEWSLETTERS

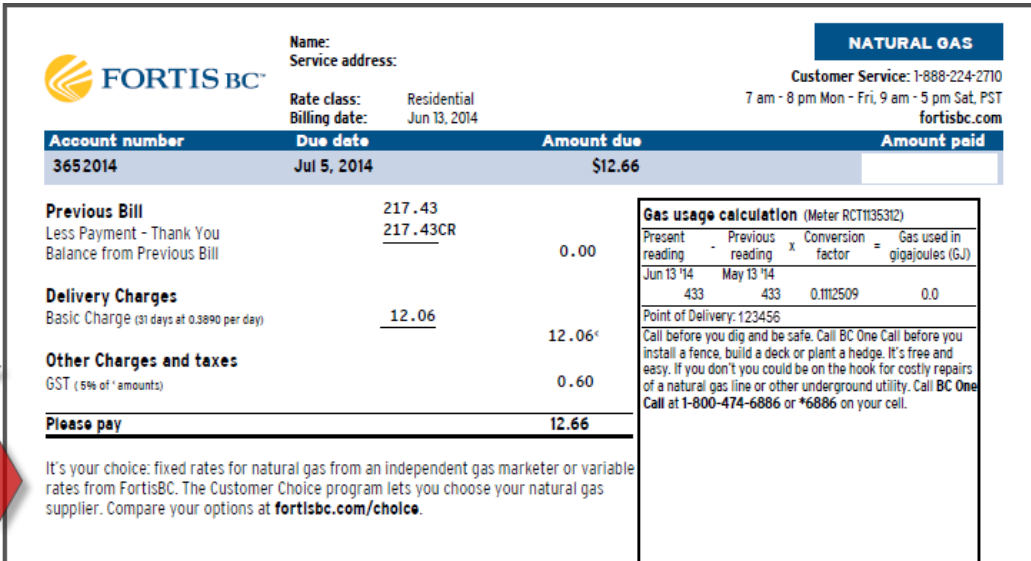
FEI produces quarterly information newsletters for its residential and commercial customers. Informational sections on Customer Choice were included in the summer and fall editions of the newsletters, with layouts ranging in size from one-quarter to one-half page per newsletter.

5.4 FEI BILL MESSAGING

The following message was included on the June and September 2014 FEI bills (Figure 5-1 below) for residential and commercial customers in the eligible Customer Choice regions.

*It's your choice: fixed rates for natural gas from an independent gas marketer or variable rates from FortisBC. The Customer Choice program lets you choose your natural gas supplier. Compare your options at **fortisbc.com/choice**.*

Figure 5-1: Customer Choice Bill Messaging



FORTIS BC™

Name:
Service address:

Rate class: Residential
Billing date: Jun 13, 2014

NATURAL GAS
Customer Service: 1-888-224-2710
7 am - 8 pm Mon - Fri, 9 am - 5 pm Sat, PST
fortisbc.com

Account number	Due date	Amount due	Amount paid
3652014	Jul 5, 2014	\$12.66	

Previous Bill 217.43
Less Payment - Thank You 217.43CR
Balance from Previous Bill 0.00

Delivery Charges
Basic Charge (31 days at 0.3890 per day) 12.06
12.06

Other Charges and taxes
GST (5% of ' amounts) 0.60

Please pay 12.66

It's your choice: fixed rates for natural gas from an independent gas marketer or variable rates from FortisBC. The Customer Choice program lets you choose your natural gas supplier. Compare your options at **fortisbc.com/choice**.

Gas usage calculation (Meter RCT1135312)

Present reading	Previous reading	Conversion factor	Gas used in gigajoules (GJ)
Jun 13 '14 433	May 13 '14 433	0.1112509	0.0

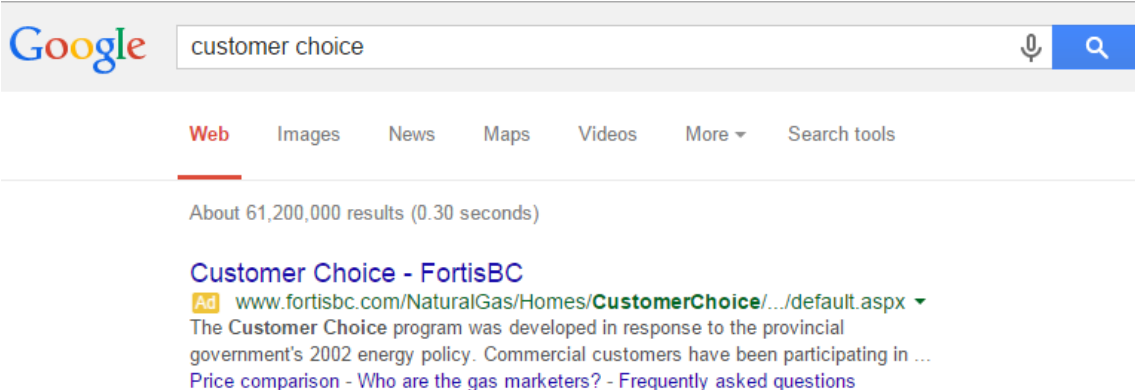
Point of Delivery: 123456
Call before you dig and be safe. Call BC One Call before you install a fence, build a deck or plant a hedge. It's free and easy. If you don't you could be on the hook for costly repairs of a natural gas line or other underground utility. Call BC One Call at 1-800-474-6886 or *6886 on your cell.

5.5 DIGITAL MEDIA

Digital media consisted of paid Google Search word ads, and internet retargeting through Eyeturn Marketing.

Google Search is targeted at people searching online for keywords relevant to Customer Choice, such as "natural gas rates" or "buying natural gas." Google Search will return an extension with a direct link to the Customer Choice section of the FortisBC website (Figure 5-2 below).

Figure 5-2: Google Search Results



Google customer choice

Web Images News Maps Videos More Search tools

About 61,200,000 results (0.30 seconds)

Customer Choice - FortisBC
Ad www.fortisbc.com/NaturalGas/Homes/CustomerChoice/.../default.aspx
The Customer Choice program was developed in response to the provincial government's 2002 energy policy. Commercial customers have been participating in ...
Price comparison - Who are the gas marketers? - Frequently asked questions

Internet retargeting is a technique to track user visits to a website by storing information in a retargeting cookie. User visits to subsequent websites will call up the retargeting cookie to display an ad with a specific retargeting message to return the user to the original website. Visitors to the fortisbc.com/choice website would be served Customer Choice banner ads (Figures 3 and 4 below) on visits to other internet sites. The Customer Choice banner ads ran via Eyereturn Marketing's Eyedemand ad network (which includes Facebook) for 25 weeks from June to November 2014, and via the Shaw/Global TV and CBC properties for eight weeks in June and August 2014.

Figure 5-3: Customer Choice Banner Ads



6. SYSTEM ENHANCEMENTS

There were no major GEM system enhancements implemented in 2014. The main focus for the year was on system maintenance and sustainment of the core Customer Choice infrastructure.

In 2014, FEI Customer Choice administration continued to meet regularly with the Company's technical support team to log, assess and address issues, and coordinate resultant system changes. Below is a summary of the major fixes that occurred in 2014.

6.1 ENROLLMENT RESPONSE HISTORICAL CONSUMPTION FILES (D2 FILES)

An issue was identified in 2013 whereby the customer consumption files 'D2 files', were generating with duplicate lines of consumption information. This error was the result of the system including an additional line of consumption information for any account that had current, expired or future-dated enrollments. A fix to disregard expired or future-dated enrollments was implemented in January 2014.

6.2 FUTURE DATED CONTRACTS AND PORTABILITY

In 2013, it was identified that future dated contracts for residential customers were not automatically porting to a new Point of Delivery (POD) when the customer moved. The technical support team changed the system logic to look for future dated contracts during the porting process and this was implemented in February 2014. Any future dated contracts that were erroneously dropped prior to the fix being implemented were identified and manually reinstated.

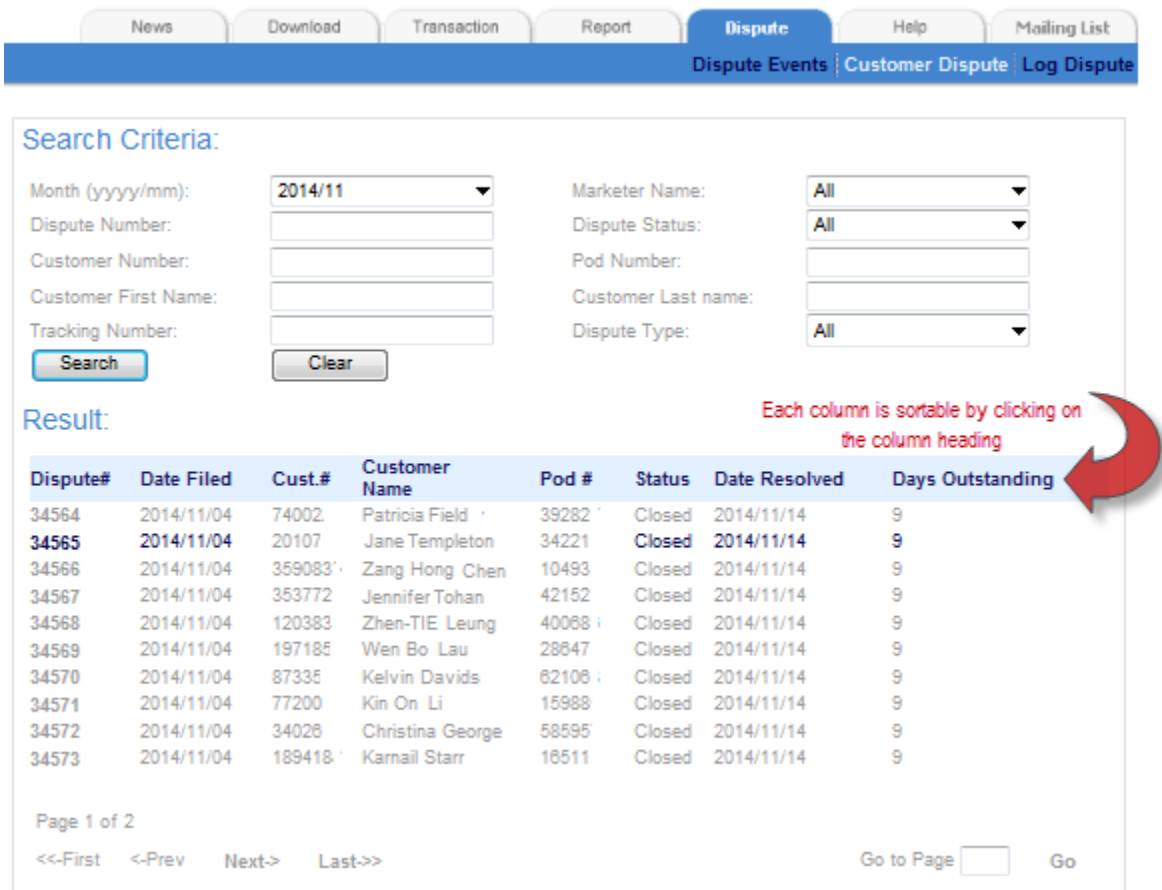
6.3 INTERNET EXPLORER VERSIONS 10 AND 11

The 2013 Annual Report stated that the most recent versions of Microsoft Windows Internet Explorer (IE) 10 and 11 were not compatible with GEM. Using an untested version of IE without setting the compatibility mode caused user interface issues with the webpage rendering, as well as issues with logging a dispute properly. In particular, the dispute field validation was not functioning. It was possible to bypass mandatory fields and submit disputes with blank information fields as well as submit duplicate disputes without any pop-up blockers. Extensive testing, analysis and development changes were required to reconfigure GEM to correct this issue. A block was implemented in GEM in June 2014 to prevent access to GEM from other browsers to avoid compatibility issues with their software. However, software compatibility issues will continue to arise as Microsoft releases new browser versions and developer time will be required to ensure GEM remains compatible with Internet Explorer.

6.4 GEM CUSTOMER DISPUTE PAGE

In June 2014, a sorting functionality was added to the *Customer Dispute* page located on the *Dispute* tab in GEM (Figure 6-1 below). Search results can be sorted either numerically or alphabetically on each of the columns by clicking on the name of the column in the menu bar.

Figure 6-1: GEM Customer Disputes



Search Criteria:

Month (yyyy/mm): 2014/11

Dispute Number:

Customer Number:

Customer First Name:

Tracking Number:

Search

Clear

Marketer Name: All

Dispute Status: All

Pod Number:

Customer Last name:

Dispute Type: All

Result:

Each column is sortable by clicking on the column heading

Dispute#	Date Filed	Cust.#	Customer Name	Pod #	Status	Date Resolved	Days Outstanding
34564	2014/11/04	74002	Patricia Field	39282	Closed	2014/11/14	9
34565	2014/11/04	20107	Jane Templeton	34221	Closed	2014/11/14	9
34566	2014/11/04	359083	Zang Hong Chen	10493	Closed	2014/11/14	9
34567	2014/11/04	353772	Jennifer Tohan	42152	Closed	2014/11/14	9
34568	2014/11/04	120383	Zhen-TIE Leung	40068	Closed	2014/11/14	9
34569	2014/11/04	197185	Wen Bo Lau	28647	Closed	2014/11/14	9
34570	2014/11/04	87335	Kelvin Davids	82108	Closed	2014/11/14	9
34571	2014/11/04	77200	Kin On Li	15988	Closed	2014/11/14	9
34572	2014/11/04	34026	Christina George	58595	Closed	2014/11/14	9
34573	2014/11/04	189418	Karnail Starr	16511	Closed	2014/11/14	9

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6.5 GEM STATS REPORTS TAB

A new menu item called *Stats Reports* was added to GEM's *Report* tab for BCUC and administrator use in December 2014 (Figure 6-2 below). This section of the tab includes the *Customer Choice Report – Customer Count*, *Gas Marketer Statistics for License Renewal* report, and the *Marketer Activity Report – BCUC*. These reports will be posted to the GEM *Stats Report* page and available for download on demand.

Figure 6-2: GEM Stats Reports

GATEWAY HOME | CONTACT US | LOG OUT



News Download Transaction **Report** Dispute Help Mailing List

Stats Reports **Report**

File Name	Size (KB)	Date (yyyy/mm/dd)
   Customer Choice Report - Customer Count	54.6	2015/02/01
   Gas Marketer Statistics for License Renewal	17.73	2015/02/01
   Marketer Activity Report - BCUC	13.26	2015/02/01

6.6 CUSTOMER CHOICE REPORT ENHANCEMENTS

6.6.1 Marketer Activity - BCUC Report

This report is a monthly and year to date summary by Gas Marketer of enrollments, disputes and rulings for the customer (Figure 6-3 below). A logic change was made to the *Rulings in Favour of Customer* columns (monthly and YTD) to count based on “dispute resolution date” rather than “dispute creation date”. This was implemented in March 2014.

Figure 6-3: Marketer Activity – BCUC Report

MARKETER	January 01, 2015 - January 31, 2015									
	Enrollments	Enrollments (YTD)	Net Enrollments	Net Enrollments (YTD)	Standard Disputes	Standard Disputes (YTD)	Rulings in Favour of Customer	Rulings in Favour of Customer (YTD)	Cancellation Disputes	Cancellation Disputes (YTD)
Access Gas Services Inc.	x	x	x	x	x	x	x	x	x	x
AltaGas Ltd.	x	x	x	x	x	x	x	x	x	x
Bluestream Energy Inc.	x	x	x	x	x	x	x	x	x	x
Direct Energy (BC) Limited o/a Direct Energy	x	x	x	x	x	x	x	x	x	x
Direct Energy (BC) Limited o/a Direct Energy Business	x	x	x	x	x	x	x	x	x	x
Just Energy(B.C.) Limited Partnership DBA Just Energy	x	x	x	x	x	x	x	x	x	x
Planet Energy (B.C.) Corp.	x	x	x	x	x	x	x	x	x	x
Summitt Energy BC L.P.	x	x	x	x	x	x	x	x	x	x
Superior Energy Management Gas L.P.	x	x	x	x	x	x	x	x	x	x
Program Total	x	x	x	x	x	x	x	x	x	x

6.6.2 Gas Marketer Statistics for License Renewal Report

This report is a monthly summary of enrollments, net enrollments, standard and cancellation disputes and dispute rulings in favour of the customer (Figure 6-4 below) by Gas Marketer. A change was made to the *Rulings in Favour of Customer* columns (Current month, License YTD,

and Percentage of Standard Disputes) to count by “dispute resolution date,” instead of “dispute creation date” to match the logic of the Marketer Activity – BCUC report. This change was implemented in May 2014. A further enhancement was implemented in December 2014 to produce the report in Excel spreadsheet format in addition to PDF to allow for editing by program administrators at BCUC.

Figure 6-4: Gas Marketer Statistics for License Renewal Report

Reporting Period: January 01, 2015 - January 31, 2015

GAS MARKETER	Enrollments			Net Enrollments			Standard Disputes				Rulings in Favour of Customer			Cancellation Disputes				Total Active Customers	Market Share
	January	License YTD	% of Total Program Enrollments	January	License YTD	% of Enrollments	January	License YTD	% of Total Std Disputes	% of Customer Base	January	License YTD	% of Std Disputes	January	License YTD	% of Total Cancellation Disputes	% of Customer Base	January	% of Total Active Customers
Access Gas Services Inc.	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Bluestream Energy Inc.	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Direct Energy (BC) Limited o/a	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Direct Energy (BC) Limited o/a	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Just Energy(B.C.)Limit	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Planet Energy (B.C.) Corp.	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Summitt Energy BC L.P.	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Superior Energy Management Gas	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%
Program Total	x	x	x%	x	x	x%	x	x	x%	x%	x	x	x%	x	x	x%	x%	x	x%

6.7 CUSTOMER CHOICE PROGRAM PARTICIPATION

This report graphically depicts Customer Choice program participation as a percentage of total eligible residential and commercial customers (Figure 6-5 below). A fix to automate the input of the current eligible residential and commercial customers from FEI's billing system was implemented in June 2014. This report can be requested by Gas Marketers on an ad-hoc basis. The report will also now be updated monthly and posted to the GEM *Stats Report* page in the *Reports* tab for BCUC and FEI administrator use.

1

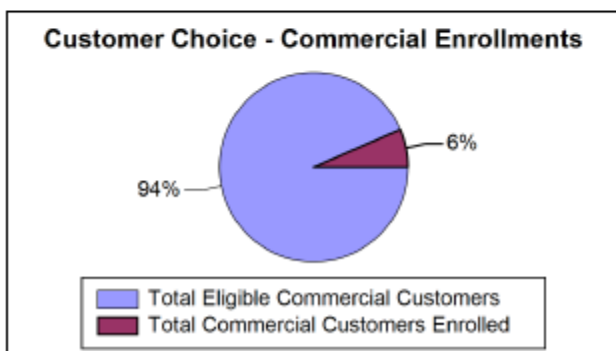
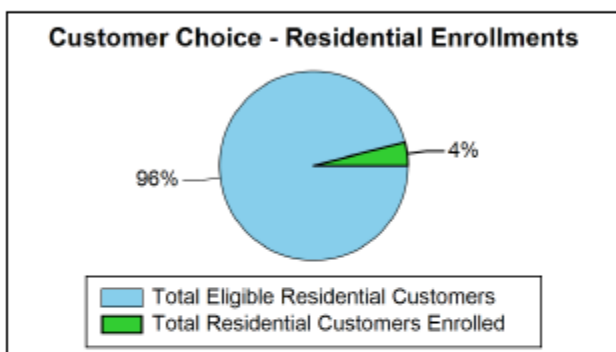
Figure 6-5: Customer Choice Program Participation Report



Print Date: 2015-Feb-01

CUSTOMER CHOICE PROGRAM

PROGRAM ELIGIBLE AND ENROLLED CUSTOMERS IN BRITISH COLUMBIA

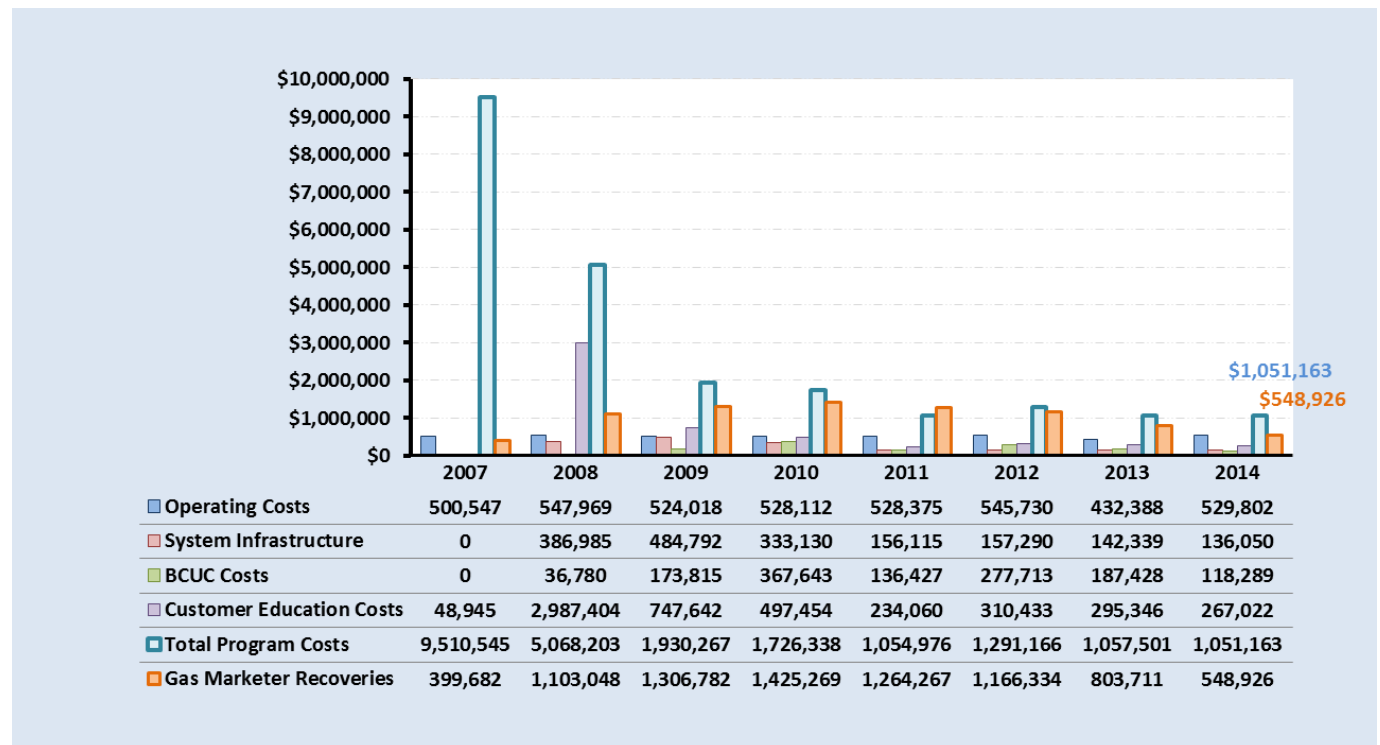


2

7. 2014 PROGRAM EXPENDITURES, RECOVERIES AND FEE STRUCTURE

In 2014, the Customer Choice Program continued to operate at a stable level with little change to the Total Program costs from the previous year. The decline in Program participation levels is reflected in the drop in Gas Marketer recoveries. Figure 7-1 below illustrates Customer Choice Program costs from 2007 to 2014.

Figure 7-1: Customer Choice Program Costs and Recoveries- 2007 to 2014



7.1 OPERATING COSTS

Program Operating Costs includes labour and administration for the Program Analysts and external technical support as well as general program administration costs.

In 2014, Customer Choice Program Operating Costs returned to levels comparable with those experienced in prior years at \$530 thousand. There was a decrease in technical support costs in 2013 due to competing project commitments the technical support team had. As a result, lower priority tasks were delayed until 2014.

7.2 SYSTEM INFRASTRUCTURE SUPPORT COSTS

System infrastructure support includes the administration costs of the internal Contact Centre and technology support staff.

System infrastructure support costs decreased by 4% in 2014 to approximately \$136 thousand from approximately \$142 thousand.

7.3 BRITISH COLUMBIA UTILITIES COMMISSION COSTS

BCUC expenditures charged to the Program decreased by 37% in 2014 to approximately \$118 thousand from approximately \$187 thousand in 2013.

7.4 CUSTOMER EDUCATION COSTS

The Customer Education Plan and budget for 2014 remained unchanged from 2013. In 2014, customer education expenditures were underspent by approximately \$33 thousand.

7.5 TOTAL PROGRAM COSTS

In 2014, total program costs were approximately \$1.05 million. Total expenditure levels were approximately the same as those in 2013.

7.6 GAS MARKETER RECOVERIES

Gas Marketer recoveries were down by 32% in 2014 to \$549 thousand from \$804 thousand in 2013. This decrease can be attributed directly to the decrease in customer participation and the closing of 77 marketer price groups.

7.7 PROGRAM FEE AND FEE STRUCTURE

Currently, there are four Program transaction fees charged to Gas Marketers monthly as illustrated in the table below:

Table 7-1: Customer Choice Table of Charges

Transaction Fees	Monthly Charge	Description
Marketer Group Administration	\$150 / Marketer Group	Based on the number of marketer groups open
Customer Billing	\$0.40 / Enrolled Customer	Based on total number of invoices that were produced
Confirmation Letter	\$0.60 / Letter	Based on total number of confirmation letters produced
Dispute Resolution	\$50.00 / Dispute	Based on total number of 'at fault' disputes as determined by the Commission

As Gas Marketer recoveries decline while Program Costs remain stable, FEI must ensure that Program costs are recuperated by program fees. While the expansion to Vancouver Island and

- 1 Whistler will provide an extra infusion of program funds, FEI does not believe it will be enough to
- 2 cover the shortfall in Program funding in future years. The Company will raise this issue and
- 3 present the company's recommendations regarding potential fee adjustments at the next
- 4 Customer Choice Annual General Meeting.

5

8. SUMMARY

In 2014, there continued to be an overall decline in customer participation in the Customer Choice Program, with a 9% decrease over 2013 participation numbers. A contributing factor in the decline was a decrease in sales activity by the current licensed Gas Marketers. There was an average of 932 enrollments submitted per month in 2014 totaling approximately 11,000 enrollments for the year. The customer enrollment retention rate for 2014 indicates that only 1 out of 5 customers cancelled their contracts before their contract start date. The high retention rate reinforces the value of the consolidated business rules put in place in 2011 to provide better consumer protection for all customers.

Of the new contracts signed in 2014, 99% of the new contracts signed in 2011 were in the \$4/GJ to \$8/GJ price range and over three quarters were in the \$6/GJ to \$8/GJ range. As of December 31, 2014, residential billed customers enrolled in Customer Choice accounted for 5% of FEI's total Rate 1 customers, while commercial billed customers enrolled in Customer Choice accounted for 7% of eligible Rate Schedule 2 and 3 customers.

Importantly, there was a substantial decrease in both standard and cancellation disputes filed in 2014. Compared to 2013, standard disputes raised in 2014 were down almost 40%. Approximately half of these were ruled in favour of the customer. Cancellation disputes fell by about 75%. As a percentage of sales, total disputes raised decreased 3% in 2014. This suggests that customers are now more likely to remain on their contracts for the stated term, rather than request early cancellation for humanitarian reasons.

The Customer Education Plan objectives continued to be to increase Customer Choice name awareness, increase consumer protection through education and to direct customers to the website while maintaining a neutral position. The 2014 communication budget was spent on radio ads, rate comparison ads and bill inserts to achieve the set objectives. As well, digital media was a new medium introduced in 2014. Digital media included paid Google Search ads and Eyereturn brand Retargeting. Google Search ads targeted consumers searching online for keywords related to Customer Choice and would return a direct link to the website. Eyereturn Retargeting ran banner ads on the EyeDemand ad network, including Facebook, to direct consumers to the Customer Choice web pages.

There were no major system enhancements delivered in 2014. The main focus for the year was on system infrastructure maintenance and addressing software compatibility issues especially with Microsoft Windows Internet Explorer. Extensive development changes were required to reconfigure GEM to fix the user interface. There were also some minor reporting logic changes implemented on a few of the existing reports.

Total annual expenditures for the Customer Choice Program remained about the same for 2014 as in the previous year. In comparison, Gas Marketer recoveries decreased by over 30% in 2014 from 2013 levels. FEI is concerned with this decrease in Gas Marketer Recoveries and believes that the rate structure in place should be revisited to ensure the operating costs of the Program are recovered.