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July 11, 2016

Just Energy
6345 Dixie Road, Suite 200
Mississauga, ON
L5T 2E6

Attention: Ms. Nola Ruzycki, Vice President, Regulatory Affairs

Dear Ms. Ruzycki:

Re: FortisBC Energy Inc. (FEI)
Project No. 3698874
Customer Choice Program Cost Recovery Application (the Application)
Response to Just Energy (B.C.) Limited Partnership (Just Energy) Information
Request (IR) No. 1

On April 14, 2016, FEI filed the Application referenced above. In accordance with Commission Order A-5-16 setting out the amended Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to Just Energy IR No. 1.

If further information is required, please contact Scott Webb, Manager Customer Programs and Research, at 604-592-7649.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc: Commission Secretary
Registered Parties



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1 1 Please explain in detail the Customer Choice Program (“program”) cost recovery
2 mechanism when it was only available to commercial customers.

3
4 **Response:**

5 FEI used a deferral account and bill rider to recover the implementation costs. Specifics are
6 summarized in the Commodity Unbundling Post-Implementation Review and Next Steps, dated
7 March 16, 2005, page 45:

8 The implementation costs associated with the Commercial Commodity Unbundling
9 Program were afforded deferral account treatment, including three year amortization and
10 inclusion of AFUDC, pursuant to Commission Order G-25-04.

11 [FEI] had forecast the total costs required to implement the Commercial Commodity
12 Unbundling Program to be \$7.15 Million, before AFUDC, and Commission Letter L-14-03
13 and Commission Order G-57-03 approved deferral account treatment for that amount.
14 Successful implementation of the Commercial Commodity Unbundling Program was
15 achieved with actual expenditures coming in under budget. The actual December 31,
16 2004 deferral account balance was \$6,225,414, and includes \$377,739 AFUDC.

17 Effective January 1, 2005, and pursuant to Commission Order G110-04, dated
18 December 10, 2004, [FEI] established rate Rider 8 as a Midstream cost recovery related
19 rider and set the rider rate at \$0.056/GJ. This commodity unbundling deferral cost
20 recovery rider is applicable to all commercial customers eligible to participate in the
21 Commercial Commodity Unbundling program (Rate Schedules 2, 2U, 3, and 3U
22 customers within the Lower Mainland, Inland and Columbia service areas excluding
23 Revelstoke and Fort Nelson).

24 In addition to the capital costs incurred to implement the Commercial Commodity
25 Unbundling program, ongoing operating and maintenance costs associated with
26 provision of the program will be incurred. As outlined in the Company’s January 16, 2004
27 Commodity Unbundling and Customer Choice Phase 1 Cost Allocation Application, any
28 operating costs not recovered from marketers will be accumulated in a deferral account
29 to be recovered, via a rate rider, from commercial customers eligible to participate in the
30 program. Commission Order G-25-04 approved the cost recovery methodology
31 proposed by [FEI].

32 Gas Marketers were charged two different transaction fees in order to recover certain operating
33 costs directly from Gas Marketers. The transaction fees were charged to the Gas Marketers on
34 a monthly basis and were netted against the remittances made to the Gas Marketers for gas
35 deliveries.

36 The first transaction fee was called the Customer Administration Fee and like the existing Billing
37 Fee, it was based on the total number of bills sent on behalf of Gas Marketers to customers who



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1 had elected to participate in the Unbundling program. FEI charged a Customer Administration
2 Fee of \$0.40 per month for each bill sent to customers within the Gas Marketers' price groups.
3 The second fee was the Marketer Price Group fee. Consistent with the existing rate, it was set
4 at \$150 per month per group.

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8 2 How are costs for similar programs in other jurisdictions recovered?

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10 **Response:**

11 Please refer to the response to BCUC IR 1.12.1.

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15 3 What would be required to allow for the program costs to be socialized across all
16 rate payers eligible for the program?

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18 **Response:**

19 To allow FEI to allocate (socialize) all Program costs to all non-bypass natural gas customers,
20 would require Commission direction and approval to do so. If the Commission were to make
21 such a determination during the current PBR, FEI would require a flow-through mechanism,
22 such as a deferral account, to adjust for any Program expenses beyond the O&M amount that is
23 currently included in Base O&M for Customer Choice, which is \$300 thousand.

24

25

26

27 4 How does FEI propose to deal with changes in the reduction in customer
28 enrollments from year to year? Please explain in detail how changes to the
29 number of program customer enrollments during a specific year would be
30 incorporated into the proposed cost recovery mechanisms going forward.

31

32 **Response:**

33 Please refer to the response to BCUC IR 1.1.2.1.

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1 5 How does FEI propose to deal with changes in the reduction in Gas Marketer
2 participation from year to year? Please explain in detail how changes to the
3 number of Gas Marketer participation enrollments during a specific year would be
4 incorporated into the proposed cost recovery mechanisms going forward.

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6 **Response:**

7 Please refer to the response to Direct Energy IR 1.9.e and 1.7.b.

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11 6 Please advise if FEI has taken steps to review the program costs associated with
12 all program activities in an effort to; a) determine relevance; b) increase
13 efficiencies; and c) reduce costs for all FEI customers and Gas Marketers.

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15 **Response:**

16 Please refer to the responses to BCUC IR 1.8.2, 1.6.7 and DE 1.1a.

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20 7 Would a position to carry out the day-to-day operational duties still be required if
21 the Customer Choice Program was not implemented?

22
23 **Response:**

24 No. If the Customer Choice Program ceased operations the related two analyst positions would
25 be eliminated after wind-up activities were completed.

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29 8 Does FEI think there is a need to continue with the education program and has
30 FEI conducted analysis on its effectiveness?

31
32 **Response:**

33 FEI has provided detailed information on the Customer Education Plan spending for the years
34 2012 to 2015 in its Supplemental Filing (Exhibit B-1-3). FEI believes continued customer
35 education about the Program is important. As discussed on page 19 of the Application, “ The
36 [Customer Education] plan objectives are to promote consumer awareness of the Customer



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1 Choice Program; maintain customer protection via education; and direct customer to
2 fortisbc.com/choice for more information about the Program.” With the Program expansion into
3 the Vancouver Island, Whistler, Sunshine Coast, and Powell River in August of 2015, FEI
4 believes continued education is essential and necessary to ensure customers are informed and
5 aware of the Program in these expanded areas.

6 With the exception of market research focused on communication effectiveness on Vancouver
7 Island and Whistler in 2015, FEI has not conducted analysis on the general effectiveness of the
8 Customer Education Plan for several years. Please also refer to the responses to BCUC IRs
9 series 1.9.1 and 1.9.2 for more information and recommended changes to Customer Education.

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13 9 Please fully explain the effectiveness of the consumer education program
14 conducted over the last 2 calendar years and whether it has led to an increase in
15 customer enrollment in the program.

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Response:

18 The customer education activities were never intended to increase customer enrollment in the
19 Program. As indicated in the Application, the three existing education plan objectives are to
20 promote consumer awareness of the Customer Choice Program; maintain customer protection
21 via education; and direct customers to fortisbc.com/choice for more information about the
22 Program.

23 FEI acknowledges that the Company does not have specific insight into the effectiveness of the
24 education activities. To rectify the drawback, the Company has recommended adjustments that
25 are described in the responses to BCUC IR 1.9.1.

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29 10 Given that disputes have reduced significantly over the past years and that the
30 dispute resolution process is in place so the program is available for all FEI
31 customers, what is FEI’s rationale for not socializing this cost among the rate
32 payer base?

33
34

Response:

35 Please refer to the response to BCUC IR 1.4.1.

36