



**Diane Roy**  
Director, Regulatory Services

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto: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](mailto:diane.roy@fortisbc.com)  
[www.fortisbc.com](http://www.fortisbc.com)

July 27, 2016

Commercial Energy Consumers Association of British Columbia  
c/o Owen Bird Law Corporation  
P.O. Box 49130, Three Bentall Centre  
2900 – 595 Burrard Street  
Vancouver, BC V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

**Re: FortisBC Energy Inc. (FEI)  
Project No. 3698874**

**Customer Choice Program Cost Recovery Application (the Application)**

**Erratum to the Response to the Commercial Energy Consumers Association of  
British Columbia (CEC) Information Request (IR) No. 1, Question 8.2**

---

FEI writes to correct the response to CEC IR No. 1, Question 8.2. During the Streamlined Review Process a number of questions arose related to how the Customer Choice Program Costs (Program Costs) are calculated under the 2014-2019 Performance Based Ratemaking (PBR) Plan.

FEI has confirmed that Customer Choice Program Costs are not treated the same as other O&M costs; rather, they are excluded from regulated O&M before the earnings sharing is calculated. Therefore, any variances to Program Costs do not affect the earnings sharing calculation.

Attached is FEI's revised to the response to CEC IR 1.8.2, which now reflects the treatment of these Program Costs under FEI's PBR Plan.

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

FortisBC Energy Inc. (FEI or the Company) Customer Choice Program Cost Recovery Application (the Application)	Revised Date: July 27, 2016
Response to Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1, Revised Response to Question 1.8.2	Page 17

1 During the years leading up to the Program's launch through 2009, much of the day-to-day  
2 administrative activities were fulfilled by M&E staff who coded their time as an operating  
3 expense. In 2011, the two MoveUP union positions were in place for the full year and charged  
4 their time as an administration expense. The cost structure has remained stable since that time.  
5

6  
7 8.2 Please explain how the Customer Choice program is treated under PBR.  
8

9 **Response:**

10 The following describes the current treatment of the Customer Choice program under the PBR  
11 Plan.

12 The costs and recoveries for the Customer Choice Program are captured within one cost centre  
13 in FEI. Under the PBR Plan, \$300 thousand of Customer Choice Program costs were included  
14 in the 2013 Base O&M approved by the Commission, which is inflated by the formula O&M  
15 drivers each year. Variances in actual net Customer Choice O&M costs compared to formula  
16 O&M are removed from regulated O&M, such that variances are not subject to the earnings  
17 sharing mechanism. In this way, non-bypass ratepayers have not been affected by the under-  
18 recoveries of costs from marketers in 2014 and 2015. The under-recoveries have been to the  
19 account of FEI's shareholder.  
20

21  
22 8.3 Please explain how Customer Choice unrecovered expenditures are treated  
23 under PBR.  
24

25 **Response:**

26 Please refer to the response to CEC IR 1.8.2.  
27  
28

29  
30 8.4 Please extend Figure 2-2 to 2025, or as far as FEI is able, to include FEI's  
31 forecasts of costs and recoveries based on its current proposal.  
32

33 **Response:**

34 Figure 1 below shows the forecasts of costs and recoveries based on FEI's current proposal.  
35 The figure only displays forecast information through 2018. Any projections beyond the time  
36 frame presented would be unreliable and possibly misleading.

37 These forecasted numbers are based on the following assumptions: