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January 16, 2017

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

**Re: FortisBC Energy Inc. (FEI)**

**Customer Choice Program Cost Recovery Application – Order A-9-16  
Compliance Filing (the Compliance Filing)**  
**Response to the British Columbia Utilities Commission (BCUC or the  
Commission) Information Request (IR) No. 1**

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On November 17, 2016, FEI filed the Compliance Filing referenced above. In accordance with Commission Order A-13-16 setting out the Regulatory Timetable for the review of the Compliance Filing, FEI respectfully submits the attached response to BCUC 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



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1   **1.0   Reference:   FEI PROGRAM ADMINISTRATION**

2                           **Exhibit B-1 (Compliance Filing), Section 1.1.1, pp. 3–4**

3                           **Regulatory**

4           On page 3 of the Compliance Filing, FortisBC Energy Inc. (FEI) submits the analysts  
5           develop ad hoc reports for the British Columbia Utilities Commission (BCUC) upon  
6           request.

7           1.1   For the period November 1, 2015 to November 1, 2016, how many ad hoc  
8           reports were developed for the BCUC? Please briefly describe the report(s) and  
9           the time required to prepare them.

10

11   **Response:**

12   No ad hoc reports were developed during the period of November 1, 2015 to November 1,  
13   2016, as no new reports were requested by the BCUC during that period.

14



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1   **2.0   Reference:   FEI PROGRAM ADMINISTRATION**

2                           **Exhibit B-1, Section 1.1.2, pp. 4–5**

3                           **Systems support**

4           FEI provides on page 4 of the Compliance Filing a description of systems support tasks  
5           performed by the program analysts that account for 35 percent of annual work.

6           2.1   Please explain why the following system support tasks are also listed under  
7           regulatory tasks: i) calculate and communicate annual marketer supply  
8           requirements (MSR); ii) prepare content and write letter regarding the annual fuel  
9           gas percentages; iii) review/provide content for annual contracting plan; and iv)  
10          tasks related to the customer education plan.

11  
12   **Response:**

13   The reason some tasks are listed under both categories of system support tasks and regulatory  
14   tasks is because the tasks have components which fall into more than one category.

15   To further clarify, the system support task involved in the annual MSR process requires the  
16   calculation, processing, and verification of the data that goes into the reporting that results in the  
17   development of each marketer’s supply requirement each gas year. Once the system support  
18   task of the data development process is complete, the regulatory task involves the requirement  
19   to write, review, and communicate the new information to gas marketers by September 30  
20   annually. Additionally, the program analysts receive requests from FEI’s Energy Supply  
21   Department to provide this data for FEI’s Annual Contracting Plan submission.

22   The annual fuel gas percentages process has a systems component in that the administration  
23   site is updated by the program analysts with the new fuel gas percentages to be charged to gas  
24   marketers starting November 1 each year. The writing, review, and approval process is the  
25   regulatory component of the overall task.

26   The tasks related to the customer education plan have a regulatory component in that FEI is  
27   required to communicate the annual plan to BCUC and gas marketers in the Customer Choice  
28   annual report. When creating new advertising media such as radio ads or print materials,  
29   consultation and review with BCUC and the gas marketers is done to obtain comments and  
30   feedback. The rest of the education plan tasks, such as ordering standard information booklets,  
31   updating the cost comparison ads and the FortisBC website monthly with gas marketer rates,  
32   and reconciling media billing, have been categorized under system support.

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1  
2 On page 4 of the Compliance Filing FEI states that the daily task of verifying the  
3 Gateway for Energy Marketers (GEM) system and associated infrastructure must be  
4 completed in a timely manner through the review of various system reports, a task which  
5 accounts for 2-7.5 hours daily.

6 2.2 Please list how many system reports are generated and reviewed daily and  
7 provide a brief description of each report. For each report, please discuss the  
8 ramifications of less frequent review (e.g. weekly, monthly). Also confirm whether  
9 these reports are manually or automatically generated.

10  
11 **Response:**

12 The Customer Choice shared mailbox receives two status reports every morning to inform the  
13 program analysts on the success or failure of file processing for the MSR file and Enrollment  
14 Details file, both of which are key to the data integrity of the Customer Choice Program.

15 The MSR file report provides status and exceptions for the MSR file processing run the evening  
16 before. The file is reviewed by the analyst for validation that the data from the Enrollment  
17 Details file, relied on to create the daily reports for the gas marketers, is accurate, up to date,  
18 and complete. The second report indicates the number of rows that were processed from the  
19 MSR file received, which the analyst reviews to confirm that data tables generated did, in fact,  
20 use the complete data in preparing the daily MSR reports. The gas marketers rely on the daily  
21 MSR reports to accurately determine the amount of gas they are required to supply. When the  
22 MSR file has processing issues or fails to run, the daily reports will not reflect the supply value  
23 of the enrolments the gas marketer submitted the day before. These two reports assist the  
24 analysts in determining whether enrolments are processing properly through the complex  
25 system infrastructure. Additionally, the reports inform the analysts if the appropriate data is in  
26 place and available in the daily MSR reports to inform gas marketers how much gas they are  
27 required to supply and informs FEI how much gas is expected to be received from gas  
28 marketers.

29 The third report reviewed daily is available under the report tab in the GEM administration site.  
30 Gas marketers receive ten system-generated reports daily which provide them with various  
31 displays of their enrolments and the impact on the gas supply amounts to be delivered for the  
32 next month entry date. A review of the report tab by an analyst is necessary to ensure that all  
33 the appropriate reports have been generated for each gas marketer. After the 14<sup>th</sup> of each  
34 month, the Supply Variance report and the Marketer Demand Details report are reviewed by an  
35 analyst to ensure the supply numbers are final for the month following. The supply numbers  
36 determine the amount of gas that the gas marketers are required to deliver to receipt points for  
37 the next month.



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1 The ramifications of less frequent review would be a reduction to the integrity, reliability, and  
2 quality of the data within the Customer Choice program. These system and data reviews by the  
3 program analysts have been put in place based on experience to ensure any issues are  
4 resolved in a timely manner before they affect the final supply requirements for gas marketers.  
5 This minimizes any potential impact to gas supply nominations for the gas marketers. It is the  
6 analyst's responsibility to ensure the infrastructure is in good working order and that enrolments  
7 and drops are processed correctly, ensuring data integrity of the Customer Choice Program.

8 Reduced data quality and integrity could negatively impact the information which marketers rely  
9 on to make business decisions related to their gas supply obligations. For example, if there  
10 was an issue with the MSR file processing which continued for a week, the supply numbers  
11 communicated to FEI's Energy Supply Department and gas marketers would be incorrect.  
12 Incorrect gas supply amount information has negative technical, financial, and customer service  
13 ramifications for FEI and gas marketers. Both gas marketers and FEI's Energy Supply  
14 Department rely on the supply numbers in the MSR reports to be accurate and complete. This  
15 issue has financial and business operating consequences for gas marketers. If gas marketers  
16 base their forecast of supply nominations on incorrect information, they will not deliver the  
17 correct amount of gas to the system, and FEI must balance the requirements by either  
18 supplying more or less gas from its core resources to make up the difference. The cost of any  
19 differences gets recorded in the Midstream Cost Reconciliation Account (MCRA). Corrections  
20 to supply requirements would involve program analysts and the technical support team  
21 investigating and correcting the issue and preparing the corrected supply reports. FEI's Energy  
22 Supply Department would need to manually correct the gas nominations, and the accounting  
23 group would have to adjust or manually correct the monthly billing for the gas marketers. FEI  
24 anticipates that to correct such an issue, depending on how long it persists, could take many  
25 days to weeks, and involve many people.

26 FEI believes that having program analysts continue to review the reports daily is the most  
27 appropriate and proactive approach for five primary reasons:

- 28 1. Customer Choice data quality, reliability, and integrity will be maintained;
- 29 2. Gas marketers and FEI can continue to reliably forecast, nominate gas, supply gas, and  
30 bill appropriately;
- 31 3. FEI will be able to more efficiently and effectively operate the system on behalf of all  
32 customers, by preventing data integrity issues that could result in differences in forecast  
33 supply requirements, nominations, and deliveries;
- 34 4. FEI believes that proactive review is more efficient and cost effective than conducting  
35 less frequent reviews, which has the potential to allow issues to persist undetected and  
36 unresolved for longer periods of time; and

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1           5. Less frequent reviews may result in multiple compounding issues that will complicate the  
2           investigative process and will likely result in more time required, and possibly higher  
3           systems support costs, to determine the underlying issue or problem, develop a  
4           resolution or fix, and implement and test the solution.

5           For additional information, please also refer to the responses to BCUC IRs 1.2.4 and 1.2.5.

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9           2.3       How many GEM system and associated infrastructure issues were identified  
10           each month through the review of the system reports for the period November 1,  
11           2015 to November 1, 2016?  
12

13           **Response:**

14           For the period November 1, 2015 to November 1, 2016, there were 28 issues identified through  
15           the review of system reports. The number of issues identified is not indicative of the level of  
16           effort required to resolve the issues. Issues occur unexpectedly with varying degrees of  
17           complexity required for investigation and resolution and, therefore, varying degrees of effort  
18           involved. The following table breaks down the number of issues identified by month.

Month	# of Issues
November	5
December	4
January	5
February	0
March	2
April	0
May	3
June	0
July	2
August	1
September	2
October	4
<b>Total:</b>	<b>28</b>

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1           2.4     Explain why FEI does not perform exception reporting in order to verify the GEM  
2                     system and associated infrastructure. Please discuss the benefits and drawbacks  
3                     of using exception reporting for this task.

4  
5     **Response:**

6     FEI does use a variety of exception reports, status reports, and informational reports to help  
7     ensure the Customer Choice Program is working as designed. FEI program analysts review  
8     daily and monthly routine reports as well as exception reports to identify when data processing  
9     results fall outside pre-determined parameters. Daily status reports are used to determine if the  
10    system is in good working order and if a processing exception is identified, then further  
11    investigation is performed. Monthly exception reporting serves to identify areas requiring  
12    further investigation, such as dispute processing. For example, if a closed customer dispute did  
13    not process completely through the GEM system through to the billing system to drop the  
14    marketer contract, then an exception is listed for the program analyst to investigate the root  
15    cause.

16   Review of the various exception reports ensures the MSR file is processing daily and that the  
17   gas marketer reports are produced daily, weekly, and monthly as scheduled. Routine and  
18   exception reporting are both important parts of FEI’s ongoing efforts to support Customer  
19   Choice.

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22  
23           2.5     Please discuss alternative methods by which FEI could identify GEM system and  
24                     associated infrastructure issues via another method other than daily reporting  
25                     and review, e.g. by user notification as and when issues arise and a user  
26                     encounters them.

27  
28     **Response:**

29     FEI does receive user notifications from gas marketers and customers when contracts have not  
30     been enrolled or dropped properly or disputes processed as intended, as not every issue can be  
31     identified solely through reviewing exception reports. In some instances, FEI’s reports show the  
32     gas marketer received notification of enrolments and drops but the file corrupted somewhere  
33     between FEI’s systems and the gas marketers’ systems. The program analysts actively review  
34     the reports to monitor the system performance with the intent to identify and resolve any issues  
35     proactively, before they impact the gas marketer or the customer. It is FEI’s experience that this  
36     attention to detail saves time and effort to correct issues before there is a larger impact, for  
37     example, affecting numerous customer records. The system reporting processes that occur



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1 daily, such as the MSR processing, should be reviewed daily to prevent compounding effects  
2 that would arise from less frequent review.

3 Other processes such as dispute processing are reviewed monthly to identify and correct issues  
4 in a timely manner, in order to ensure customer bills are accurate. For example, prior to when  
5 FEI created exception reporting for disputes, there had been cases where the dispute drop did  
6 not process completely through all the system touchpoints (i.e., the marketer received the drop  
7 notification but the billing system was not updated and the customer was billed for an additional  
8 lengthy time period on the gas marketer rate). The result of this type of issue is customer and  
9 gas marketer dissatisfaction and an erosion of consumer confidence in the Customer Choice  
10 Program. This issue is currently being prevented with monthly exception reporting and review.

11 Although program analysts address issues identified by user notification when issues arise, FEI  
12 believes the time and effort spent reviewing operating and exception reports is necessary in  
13 order to ensure the Customer Choice Program continues to operate efficiently and effectively for  
14 marketers and customers.

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19 On page 4 of the Compliance Filing FEI states the task of ensuring the effective  
20 implementation of system enhancements and associated business processes accounts  
21 for 2-7.5 hours of work daily.

22 2.6 Please list and briefly describe the system enhancements implemented for the  
23 period November 1, 2015 to November 1, 2016. Please list when each  
24 enhancement was implemented.

25  
26

**Response:**

27 There were 27 system enhancements and system fixes implemented between November 1,  
28 2015, and November 1, 2016. Table 1 below provides a list of system enhancements and fixes  
29 categorized by type, including a brief description of the nature of the enhancement or fix. The  
30 following describes the three types of enhancements/fixes:

- 31 1. **Support** – system fixes when applications, software, or business processes are no  
32 longer working as designed or intended;
- 33 2. **Sustainment** – system changes or upgrades done to keep the infrastructure working as  
34 designed; and



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1           3. **Enhancement** – an upgrade to system software or system functionality at the request of  
2           stakeholders.

3           **Table 1: System Enhancements and Fixes Implemented from Nov. 1, 2015 to Nov. 1, 2016**

Type	Description	Details of Enhancements and System Fixes Implemented	Date
Support	System Access	NSS admin website not functioning due to Oracle HTTP Service took over Port 80	3-Nov-15
Support	Data Correction	Expired Enrollments appear on the Active Enrollment Report Note: Related to the 2320 utility. - SAP found 22 that require manual updating - these have 1110 drop codes which prevents them from Dropping. - this is the root cause.	1-Dec-15
Enhancement	Usability	Adding link for SSRS Report to the CC Workspaces Site	1-Dec-15
Support	Data Correction	An issue with the ED_a (Enrolment History) report. The Customer Enrolment Start Date (column 21) has been incorrectly populated with the customer contract start date, not the customer's 'service contract' start date. This has resulted in an impact to the NSS reporting for customers that have moved. This error appears to have been introduced with the mini-release deployed in February 2014.	3-Dec-15
Enhancement	Process Monitoring	Develop logging function for response file generation process - C1 files sometimes do not get created in the outbox.	9-Dec-15
Support	Process Logic Change	Adjustment to drop logic surrounding the 2970 code so that a port can follow	9-Dec-15
Support	Process Logic Change	Add logic to code 2410 to fail drops that are submitted after end of day on 12th of the month prior to flow date. Fed. Debtor 1671275 as the example	9-Dec-15
Support	Report monitoring	C1 monthend expiries - determine root cause, develop a scheduled report to run 1 week prior to monthend. To forecast expiry drops.	11-Dec-15
Support	Data Update	MSR Amalgamation - migration factors for forecast report changes to CC control panel	12-Dec-15
Sustainment	System Update	Security administration on FIS/ODS for new reporting service account BCGASDOM\svc_nss_rpt	17-Dec-15
Support	Data Correction	FIS/ODS database restore from PROD	22-Jan-16
Support	Data Correction	Customer Choice tariff investigation - BLU013 not loading into ODS	28-Jan-16
Sustainment	System Analysis	Roadmap analysis for Browser support	4-Feb-16
Sustainment	Data Correction	Error Handling for files going to Marketer's inbox - Issue occurred from Dec 10-15, 2015 (43 files were not pushed)	31-Mar-16
Support	Data Correction	Incident #193219 to remove duplicate dispute 35073 from GEM. We're retaining dispute 35072 as the supporting docs are in that dispute.	19-Apr-16
Support	Data Correction	Ticket raised (Incident #195846) to delete duplicate dispute # 35091 from GEM. Tracking # G292778148735. Account # 1073217	26-Apr-16
Sustainment	Hardware Upgrade	NSS moved to new VM server	14-Jul-16
Support	Process Logic Change	Implementing rate class codes for Whistler and VI and testing enrollments to make sure SAP can process enrollments from those areas	15-Jul-16
Sustainment	System Analysis	Security scan conducted by Fortis cybersecurity information systems manager on GEM site and several vulnerabilities identified	25-Aug-16

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Type	Description	Details of Enhancements and System Fixes Implemented	Date
Support	Report Logic Change	Fixed Contract Statistics report update to fix the open marketer group count and logo issue	31-Aug-16
Support	Data Correction	Data fix to populate the Termination_Reason_Code and Transaction_End_Term_Date for an enrollment contract in NSS_HIST_ENROLLMENT_DETAILS table	31-Aug-16
Support	System Access	ODS Hand-over & CCCP Install for Program Analyst	13-Sep-16
Support	Data Update	IN252155 - Contract Year Volume Changes 2016-2017	30-Sep-16
Support	Data Correction	RE: Issue 254 raised in issues database: Enrollment 10012501, Remove duplicate enrollments.	9-Oct-16
Support	System Access	Modify Permission for 10338 (Contact Centre CSR(s))	13-Oct-16
Support	System Analysis	IE 11 issues - Creating disputes by BCUC using a higher level browser than supported.	13-Oct-16
Sustainment	System Analysis	Active PDF licencing for GEM ; converts documents to PDF format when uploading to GEM; eg marketer dispute documents	13-Oct-16

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2.7 Please explain why issues regarding effective implementation system enhancements would not be identified in the review of various system reports, as discussed above.

**Response:**

9 The statement of “ensuring the effective implementation of system enhancements and  
10 associated business processes” refers to acceptance testing that is undertaken to ensure the  
11 enhancement or system/data fix that was implemented functions as intended. The type of  
12 enhancement or fix that may be necessary to implement may not be verifiable only by reviewing  
13 a report or performing an action. Post-implementation testing and verification involves technical  
14 staff and is a necessary and accepted business practice that ensures no unintended or  
15 unforeseen issues are introduced, and that end-to-end Customer Choice data processing  
16 systems operate as expected.

17 The range of hours spent working on this type of task and most tasks can vary significantly  
18 depending on the type and nature of the system enhancement that may be required to be  
19 implemented and tested. The time range of 2-7.5 hours of work daily is based on an estimate,  
20 averaged out over the period of months. Some days there may be no time required to be spent  
21 on tasks regarding ensuring the effective implementation of enhancements and associated  
22 business processes. However, when the implementation of extensive enhancements or  
23 upgrades is necessary, program analysts can spend many consecutive days involved in testing  
24 and verification tasks. In addition to the Customer Choice Program administration tasks, the  
25 program analysts perform a service role as well as an analytical role. Daily tasks for program



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1 analysts are dependent on the needs, requests, and requirements of the Customer Choice  
2 Program stakeholders, including gas marketers, customers, the Commission, or other FEI  
3 internal departments.

4  
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7 2.8 Please provide a further description of this task, i.e. what is done every day to  
8 ensure effective implementation.

9

10 **Response:**

11 Please refer to the response to BCUC IR 1.2.7.

12

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15 2.9 Please discuss the benefits and risks of performing this task less frequently.

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17 **Response:**

18 For clarity, in this context the 2-7.5 hours or work daily is the estimated time it takes to perform  
19 these tasks when system enhancements and business process changes arise, rather than  
20 something the analysts undertake every day. The frequency of performing this task cannot be  
21 reduced as it is FEI standard practice to perform implementation testing and post-  
22 implementation review and maintenance work. The program analysts are subject matter  
23 experts about the rules and processes that underpin the Customer Choice Program, and they  
24 are expected to verify that system changes work as intended, and that affected systems  
25 performance is not compromised.

26 FEI appreciates the Commission’s interest in ensuring that the Customer Choice Program is  
27 managed efficiently. FEI shares this interest, and over the last several years the Company has  
28 delivered meaningful work efficiencies and found ways to lower the overall costs to maintain the  
29 Program while still maintaining high quality service to customers and gas marketers. FEI  
30 believes the Program requires two analysts for the following reasons:

- 31 • Staffing with two analysts allows FEI to provide reliable, accurate Customer Choice  
32 services during planned and unplanned employee absences. This is critical for real-time  
33 operations.



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- 1       • Workloads are too high for one analyst at many times, particularly during peak periods.  
2       Peak periods often occur during regulatory processes and information system upgrades  
3       and enhancements.  
  
4             ○ Regular regulatory processes include annual report preparation, Annual General  
5             Meetings and Customer Choice disputes. Less predictable regulatory processes,  
6             such as this one, also occur.  
  
7             ○ Customer Choice participation is required in many system upgrade and  
8             enhancement projects since they have the potential to impact Customer Choice  
9             systems. These projects are often beyond the control of the Customer Choice  
10            analysts with respect to timing and scope. The Customer Choice analysts must  
11            be available during the implementation and post-implementation review of these  
12            projects, which can vary in resource effort from several days to weeks to months.  
13            The day-to-day administration of the Customer Choice Program must also  
14            continue while resources are dedicated to these projects.  
  
15  
16       FEI will continue to pursue efficiencies in order to contain or lower overall Program costs where  
17       possible. However, for the aforementioned reasons, FEI believes the two analysts provide the  
18       best approach to ensure expert coverage is always available to adequately attend to ongoing  
19       operation of the Customer Choice Program, and deal with issues and stakeholder requests as  
20       required.  
  
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1    **3.0    Reference:    FEI PROGRAM ADMINISTRATION**

2                            **Exhibit B-1, Section 1.1.3, p. 5**

3                            **System development and enhancements**

4            On page 5 of the Compliance Filing, FEI submits 30-40 hours are spent monthly to  
5            “[d]evelop and perform user acceptance testing to validate report calculations; and test  
6            enhancements or system fixes in order to verify data processing accuracy.”

7            3.1    Is the above-noted amount of testing in-line with other areas of FEI’s business?  
8            In other words, are all reporting and data processing systems within FEI tested  
9            with this frequency? If not, please explain.

10

11    **Response:**

12    The noted amount of testing is in-line with other areas of FEI’s business. FEI has applications  
13    that require significantly more time and resources for testing, and others that require less.  
14    Factors such as: the number of users, database and dataset size, number and type of  
15    interfaces, and whether the application is custom or off-the-shelf impacts the time and resources  
16    required for testing. Customer Choice is a custom-built application with multiple interfaces that  
17    typically requires more time and resources for testing than an off-the-shelf software product of  
18    equal size with similar interfaces.

19    However, regardless of differing application size and complexity, all business critical  
20    applications within FEI are tested in keeping with standard software development life cycle  
21    processes. Within FEI’s SAP suite of systems, including peripheral systems supporting the  
22    Customer Choice Program, the development and testing process follows SAP best-practice. In  
23    so doing, FEI maintains four separate environments for the development life-cycle (Sandbox,  
24    Development, Quality Assurance and Production).

25    FEI maintains a Sandbox environment to use for initial configuration and testing. Generally,  
26    once work has been confirmed in that environment, the code or configuration is then made in  
27    the Development environment and unit tested. The changes are subsequently moved to Quality  
28    Assurance for another round of unit testing and subsequent user acceptance testing and  
29    documentation.

30    Once all of the testing is completed, approvals are sought to move the change to Production,  
31    following standard compliance protocols (i.e., the Canadian equivalent of Sarbanes-Oxley  
32    ‘SOX’). Given the above, all testing follows a similarly rigorous process regardless of the  
33    simplicity or complexity of the change.

34    Beyond SAP, other testing follows a similar process. Each of these changes also requires  
35    testing to ensure that existing applications and interfaces continue to perform as expected. For  
36    example, Microsoft Windows support patch updates are implemented several times a year and

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1 follow the same testing methodology of Sandbox, Development, and Quality Assurance before  
 2 changes are approved for Production. Similarly, with the FEI organization-wide upgrade from  
 3 Internet Explorer version 9 to version 11, the same methodology of migrating and retesting  
 4 through the various test environments was followed.

5 The Customer Choice suite of systems and interfaces are critical components of providing  
 6 service to FEI customers. As such, FEI’s testing and validation methodologies are applied as  
 7 noted above to ensure that both application and infrastructure changes are implemented  
 8 accurately and the system remains stable and fully functional.

9  
 10

11

12 3.2 How many report calculation and data processing issues were identified each  
 13 month for the period November 1, 2015 to November 1, 2016?

14

15 **Response:**

16 There were 62 report calculation and data processing issues identified for the period November  
 17 1, 2015 to November 1, 2016. Table 1 below provides the number of data processing issues by  
 18 month.

19 **Table 1: Report Calculation and Data Processing Issues, Nov 1 2015 - Nov 1 2016**

Month	# of Issues
November	8
December	6
January	7
February	5
March	9
April	2
May	4
June	0
July	2
August	7
September	5
October	7
<b>Total:</b>	<b>62</b>

20  
 21

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1  
2           3.3     Please list and briefly describe the enhancements and system fixes completed  
3                   during the period November 1, 2015 to November 1, 2016. Please list when each  
4                   enhancement and fix was completed.  
5

6     **Response:**

7     Please refer to the response to BCUC IR 1.2.6.  
8  
9

10  
11           3.4     How do these tasks differ from the task to ensure the effective implementation of  
12                   system enhancements and associated business processes listed under the  
13                   “systems support” category?  
14

15     **Response:**

16     The tasks do not differ greatly. User acceptance testing is required for both system support and  
17     system development activities. The system development life cycle process is followed for all  
18     changes to system infrastructure, and includes planning, analysis, design, testing and  
19     implementation, and post implementation review and maintenance. The system development  
20     life cycle is followed for all changes to the system infrastructure, whether for new or existing  
21     software applications, reports or processes.

22     Please also refer to BCUC IR 1.2.7 for further information.  
23  
24

25  
26           In addition, on page 5 of the Compliance Filing, FEI states that the program analysts  
27           “[d]evelop appropriate test scenarios and perform user acceptance testing to validate  
28           report calculations, test enhancements or system fixes and verify data processing  
29           accuracy.”

30           3.5     Is this a duplicate of the task listed above it on page 5? If not, please explain how  
31                   it differs from the task listed above.  
32

33     **Response:**

34     Yes, the task is a duplicate. FEI inadvertently listed the task twice.



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Finally, on the page 5 of the Compliance Filing, FEI states that the program analysts “develop ad hoc reports for the BCUC and gas marketers upon request (Annually 75-150 hours.)”

3.6 Please confirm whether this is in addition to the task to “develop ad hoc reports for the BCUC upon request” listed under Regulatory work and if so provide rationale for including the task under both categories.

**Response:**

The task of “developing ad hoc reports for the BCUC and gas marketers upon request” listed under system development is the same task as listed under the regulatory work category. The task description is listed under both areas as the task contains a component of system development and a different component of regulatory work. For clarity, the reports for the BCUC are regulatory in nature that pertain to the gas marketers’ performance or licensing requirements; and the task related to the system development and enhancements category involves the creation, testing, and implementation of the required reports.

Please refer to the response to BCUC IR 1.2.1 which also discusses multiple categorizations of relevant tasks.

3.7 For the period November 1, 2015 to November 1, 2016, how many ad hoc reports were developed for gas marketers? Please briefly describe the report(s) and the time required to prepare them.

**Response:**

For the period November 1, 2015 to November 1, 2016 no new reports were developed for gas marketers. However, FEI program analysts did respond to gas marketer requests to run existing ad hoc reports and spent time reviewing and analyzing these reports, which would be included in the estimate of 75-150 hours annually. The exact time spent on reviewing and analyzing each report was not tracked. It would vary depending upon the nature of the report and the reason the report was requested. For instance, if a gas marketer was asking why their MSR values had decreased for the new gas year, the time spent investigating the drop in value would be far more extensive than a gas marketer asking for a listing of their active customers.







Cost Description	2015 Actuals	Allocation (%)		Allocation (\$'s)	
		Marketers	All Ratepayers	Marketers	All Ratepayers
Technology Sustainment	\$ 175,769	100%	0%	\$ 175,769	\$ -
Infrastructure Sustainment	75,882	0%	100%	-	75,882
Contact Centre	24,000	0%	100%	-	24,000
Program Administration	274,024	100%	0%	274,024	-
BCUC	175,771	20%	80%	35,154	140,617
Customer Education	263,893	0%	100%	-	263,893
<b>Total Expenses</b>	<b>\$ 989,339</b>			<b>\$ 484,947</b>	<b>\$ 504,392</b>

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4.1 Please confirm, or explain otherwise, that the “System Infrastructure” costs included in Table 7 of the Compliance Filing include both “Infrastructure Sustainment” and “Contact Centre” costs, as presented in Table 3-2 of FEI’s Customer Choice Program Cost Recovery application.

**Response:**

Confirmed. The System Infrastructure costs of \$99,882 included in Table 7 of the Compliance Filing includes both the Infrastructure Sustainment costs of \$75,882 and Contact Centre costs of \$24,000 as presented in Table 3-2 of FEI’s Customer Choice Program Cost Recovery application.

4.2 Please confirm, or explain otherwise, that the “Operating” cost line item in Table 6 of the Compliance Filing refers to “Technology Sustainment,” as presented in Table 7 of the Compliance Filing and in Table 3-2 of FEI’s Customer Choice Program Cost Recovery application.

**Response:**

Confirmed.

Table 6 on page 11 of the Compliance Filing shows that FEI forecasts an over-recovery of \$171,500 from gas marketers in 2017 and explains that this over-recovery will be returned to gas marketers in the following year (i.e. 2018) through the Marketer Cost Variance deferral account approved by Order A-9-16.



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1 As described on page 41 in the FEI Customer Choice Program Cost Recovery  
2 application and approved by Order A-9-16, the annual transaction fees (i.e. variable  
3 fees) are determined based on the previous year’s actual program costs.

4 4.3 Please confirm, or explain otherwise, that the primary cause of the forecast over-  
5 recovery from gas marketers in 2017 is due to the 2016 YEF costs being  
6 significantly higher than the forecast 2017 program costs.  
7

8 **Response:**

9 FEI confirms that the forecasted over recovery from gas marketers in 2017 is due to anticipated  
10 lower program costs in 2017. The proposed cost recovery model is based on recovering fees  
11 determined by the prior year’s actual expenses. In 2017, budgeted amounts for Program  
12 Administration, BCUC and Customer Education were reduced and collectively are expected to  
13 be approximately half of the amounts in 2016. Table 1 below provides a summary of the 2016  
14 costs and the 2017 budget amounts.

15 **Table 1: Customer Choice Program Costs and Budget**

Cost Description	2016 Costs	2017 Budget
Technology Sustainment	\$ 68,346	\$ 80,000
Infrastructure Sustainment	\$ 93,660	\$ 96,000
Contact Centre	\$ 16,000	\$ 16,000
Program Administration	\$ 308,627	\$ 229,000
BCUC	\$ 217,264	\$ 120,000
Customer Education	\$ 285,633	\$ 40,000
<b>Total Expenses</b>	<b>\$ 989,530</b>	<b>\$ 581,000</b>

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18  
19 4.4 Please discuss whether, in the first year of the new customer choice fee structure  
20 (i.e. 2017), it would be more appropriate to base the variable transaction fees on  
21 the Forecast 2017 program costs as opposed to the Actual 2016 program costs  
22 given the significant expected change to the program costs in 2017.  
23

24 **Response:**

25 The intent of the proposed fee structure is to match fees to actual costs. Given the significant  
26 expected change to the program costs in 2017, FEI believes that, in this circumstance, it is more  
27 appropriate to base the 2017 variable transaction fees on the forecast 2017 program costs as  
28 opposed to the actual 2016 Program costs. FEI believes that an exception to using the prior



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1 year's actual Program costs is appropriate for setting the 2017 gas marketers' variable fee. To  
2 compare, the marketers' recovery portion would be \$375,972 if the 2016 program costs are  
3 used. In contrast, if 2017 forecast costs are used, the marketers' expected recovery portion  
4 would be \$234,500, a difference of more than \$140,000. Although this difference would be  
5 included in the Marketer Cost Variance deferral account and form part of the annual variance  
6 reconciliation at year-end, given that 2017 program costs are forecast to be significantly  
7 different compared to 2016 actuals, FEI believes it would not be appropriate to request that gas  
8 marketers fund an expected over-recovery of fees in this case. Using the 2017 forecast costs  
9 will benefit the gas marketers as the variable transaction fees will be set at a lower amount,  
10 which should recover an amount that more closely matches the expected costs for the year, and  
11 result in a smaller variance at year end.

12 Going forward, FEI believes that the method approved by Order A-9-16, using the prior years'  
13 actual Program costs to calculate the following year's gas marketers' variable fee is most  
14 appropriate. FEI anticipates ongoing Program costs will remain relatively stable.

15  
16

17

18 4.4.1 Please describe the advantages and disadvantages to both FEI and to  
19 gas marketers of basing the 2017 gas marketer fees on the forecast  
20 2017 program costs versus the actual 2016 program costs.

21

22 **Response:**

23 The advantages and disadvantages of basing the 2017 gas marketer fees on the forecast 2017  
24 program costs are as follows:

25 **Gas Marketers:**

26 • Advantages:

27 ○ The immediate benefit to the gas marketers would be lower annual transaction fees  
28 for 2017; fees would amount to \$5.94 per enrolled customer per month using the  
29 2017 forecast costs, as opposed to \$10.60 per enrolled customer per month using  
30 2016 actual costs; and

31 ○ Gas marketers will not be required to fund, up-front, an expected over-recovery of  
32 fees while not realizing the benefit of the over-recovery until a full year afterwards.

33 • Disadvantage:

34 ○ Depending on final results for 2017 actuals, if actuals are higher than forecast, there  
35 will be an under-recovery of the Program costs; the under-recovery would be

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1 included in the annual reconciliation, causing an increase to annual transaction fees  
2 for 2018.

3 **FEI:**

4 • Advantage:

- 5 ○ FEI does not perceive any advantage.

6 • Disadvantage:

- 7 ○ There is little budgetary flexibility in case of unexpected Program costs, i.e. customer  
8 education or system infrastructure. The customer education plan was significantly  
9 reduced for 2017 but an increase may need to be considered should there be a need  
10 to re-introduce more communications about the program. As well, the GEM system  
11 is an aging infrastructure that will require more maintenance, patches, and fixes to  
12 continue functioning. The timing and extent of the related costs is unknown at this  
13 time.

14

15

16

17 4.5 Please discuss whether, on a go-forward basis, FEI expects the annual  
18 Customer Choice program costs to vary as substantially as is expected between  
19 2016 and 2017 costs.

20

21 **Response:**

22 On a go-forward basis, FEI does not anticipate significant fluctuations in Customer Choice  
23 Program costs, other than for unforeseen events, changing business requirements, or  
24 technological platform changes that may be required in future. Customer Choice Program costs  
25 declined steadily from 2008 to 2012, then remained fairly constant from 2013 to 2016 at  
26 approximately \$1 million per year.<sup>1</sup> 2017 is the first year since 2012, where there is a marked  
27 decrease from the prior year in forecasted Program costs. Program costs for 2017 are  
28 forecasted to be \$581,000, approximately 40% less than 2016. FEI does not expect Program  
29 costs to vary by a significant amount going forward as large cost reductions have already been  
30 made in several areas of the program. For example, in 2017, FEI and BCUC made measured  
31 efforts to reduce costs, through budget reductions in FEI labour, BCUC labour, and customer  
32 education costs. As well, FEI efforts resulted in a reduction in technology sustainment  
33 expenses in 2015 and 2016. This was achieved by restructuring the service agreement of one

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<sup>1</sup> FEI Customer Choice Program Cost Recovery Application BCUC Order A-3-16 Supplementary Information Compliance Filing, Table 1, page 2, May 20, 2016.



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- 1 external technology consultant and terminating the service agreement of the other.<sup>2</sup> Technology
- 2 sustainment expenses fell from \$245,579 in 2014 to \$175,769 in 2015 and then further to
- 3 \$68,346 in 2016, resulting in reductions of 39% and 72% in 2015 and 2016 respectively.
- 4

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<sup>2</sup> FEI Customer Choice Program Cost Recovery Application, Exhibit B-6, Response to BCUC IR 1.6.7, p 22, July 7, 2016.

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1   **5.0   Reference:   SERVICE FEES APPROVAL**

2                           **Exhibit B-1, Section 5.1, p. 14**

3                           **Marketer Price Group Set-up Fee & Dispute Fee**

4           FEI states on page 14 of the Compliance Filing that it “requests confirmation from the  
5           BCUC that the service fees as set out on page 39 of the Application...are approved as  
6           proposed.”

7           On page 14 of the Compliance Filing FEI provides the description of the Marketer Price  
8           Group Set-up Fee as follows: “This is a per-use, one-time fee to set-up a new Marketer  
9           price group. The effort required to set up a price group includes 0.5 hours configuration  
10          time at \$100 per resource hour, 0.5 hours testing time at \$50 per resource hour, and 0.5  
11          hours approval time at \$100 per resource hour. The fee would be set at \$125 per setup  
12          request.”

13          5.1     Please clarify whether the resources utilized to configure, test and approve the  
14          set-up of a new Marketer price group are internal or external resources.

15  
16    **Response:**

17    FEI uses internal resources to configure, test and approve the set-up of new marketer price  
18    groups.

19  
20

21  
22                   5.1.1    If the resources are internal, please explain why these costs are not  
23                   already captured in the Administration program costs and why these  
24                   activities are not captured within FEI’s two Customer Choice program  
25                   analysts’ existing tasks.

26  
27    **Response:**

28    Setting-up a marketer price group is a multistep process that requires Customer Choice  
29    program analyst resources as well as resources from the Infrastructure Sustainment team. The  
30    Customer Choice program analysts manage the portion that involves reviewing and approving  
31    the marketer request, setting up the price group in the GEM enrollment system, coordinating  
32    with the Infrastructure Sustainment team, validating and approving the test results in the billing  
33    system, and communicating the set-up with the marketer. Internal resources within the  
34    Infrastructure Sustainment team manage the set-up of the marketer price group in FEI’s billing  
35    system which includes system configuration, testing and approval, and liaising with the  
36    Customer Choice analysts.



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1 The cost of the internal resources to complete the marketer price group set-ups are included in  
2 the Infrastructure Sustainment expense and the Program Administration expense. The  
3 proposed Marketer Price Group Set-up Fee is intended to replace the \$150 monthly cost  
4 marketers currently pay for maintenance of each of their price groups. The Marketer Price  
5 Group Set-up Fee will serve as an incentive for marketers to manage the number of price  
6 groups they require to a reasonable level and ensures no extraneous or unused price groups  
7 are maintained. Elimination of the monthly price-group maintenance fee, and instituting a set-up  
8 fee has two objectives: 1) to ensure marketers only request price groups that are required, and  
9 resources are not used unnecessarily to set up and maintain extraneous, unused price groups  
10 that would increase costs in the Infrastructure Sustainment expense and Program  
11 Administration expense categories; and 2) charging the setup-fee to the marketer requesting the  
12 price group set-up supports the cost causation principle by directly recovering the cost from the  
13 marketer who is causing it to be incurred. Recoveries from the Marketer Price Group Set-up  
14 Fee would be included in the Marketer Cost Variance deferral account and form part of the  
15 annual variance reconciliation.

16  
17

18

19 5.1.2 If the resources are external, please explain why it is necessary to  
20 utilize external resources and why FEI has not incorporated these costs  
21 into its Technology Sustainment costs.

22

23 **Response:**

24 Please refer to the response to BCUC IR 1.5.1.

25

26

27

28 5.2 For both 2015 Actual and 2016 YEF, please provide the number of new Marketer  
29 price groups which were set up and the total cost in each year to perform the set-  
30 up tasks.

31

32 **Response:**

33 There were ten new marketer price groups set up in the two-year period from 2015 to 2016:  
34 eight in 2015 and two in 2016. The effort to set-up each is included in the Administration and  
35 the Infrastructure Sustainment charges. Based upon the analysis done by FEI of the \$125 cost  
36 for the estimated 1.5 hours of effort required to configure and test each new marketer price  
37 group, the costs would have been a total of \$1,250 over the two years (\$1,000 in 2015 and \$250





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1 in 2016). While the costs are not significant, FEI believes that instituting a per-setup charge will  
2 serve to incent gas marketers to only request setup of a reasonable number of price groups  
3 which they will actively use. FEI believes that with the elimination of the monthly price-group  
4 maintenance fee, if a per-setup fee is not in place, there is a risk that gas marketers may  
5 potentially request setup of a large number of price groups, simply to increase their price  
6 offerings, irrespective of whether any customers are actually ever enrolled under each price  
7 group.

8 Please also refer to the response to BCUC IR 1.5.1.1.

9  
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12 5.3 Please explain FEI’s rationale for requiring the Marketer Price Group Set-up Fee  
13 given the new program cost recovery structure approved by Order A-9-16 which  
14 includes the use of the Marketer Cost Variance deferral account.

15

16 **Response:**

17 Please refer to the response to BCUC IR 1.5.1.1.

18

19

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22 On page 14 of the Compliance Filing FEI provides the description of the Dispute Fee as  
23 follows: “This is a variable fee charged at the discretion of the BCUC, for customer-  
24 raised disputes where BCUC has ruled against the Marketer. FEI proposes to retain this  
25 fee unchanged in the new fee structure, at \$50 per ruled dispute.”

26 5.4 Please explain FEI’s rationale for retaining the fee given that BCUC’s costs,  
27 including annual dispute resolution costs, are recovered under the FEI Customer  
28 Choice Program Cost Recovery Application decision.

29

30 **Response:**

31 FEI discussed the rationale for retaining the dispute fee in the response to BCUC IR 1.4.3 in the  
32 Customer Choice Program Cost Recovery proceeding, which stated:

33 Moreover, FEI proposes to maintain the \$50 dispute resolution fee to incent  
34 Marketers to act in accordance with the Gas Marketers’ Code of Conduct in order  
35 to limit the number of disputes raised against them. As indicated above, the fee



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1 was intended to be punitive to Gas Marketers that fail to follow the Gas  
2 Marketers' Code of Conduct and as such have disputes filed against them. The  
3 fee is also in place to encourage Gas Marketers to resolve issues with their  
4 customers to prevent a dispute from being raised.<sup>3</sup>

5 All marketers share in the cost of funding the entire dispute resolution process; however, the  
6 dispute fee supports the cost-causation principle, and is intended to ensure that this dispute fee  
7 is collected from the marketers that are directly causing additional costs. The BCUC annual  
8 dispute resolution costs are incurred to support the dispute resolution process being available,  
9 irrespective of the number of disputes that are actually adjudicated.

10 Recoveries from the dispute fee would be recorded in the Marketer Cost Variance deferral  
11 account, and included in the annual variance reconciliation.

12  
13

14

15 5.5 Please discuss other options for the dispute fee, such as eliminating the fee or  
16 changing the amount of the fee, and the benefits and drawbacks of each  
17 approach.

18

19 **Response:**

20 The rationale for the dispute fee is to incent the parties involved to resolve the issue before it  
21 goes to arbitration. This was considered when proposing the fee mechanism. Eliminating the  
22 fee is an option, but without the fee, there is less incentive for gas marketers to resolve issues  
23 with their customers before a dispute is raised. Eliminating the fee would also potentially  
24 penalize gas marketers with fewer disputes as gas marketers with a larger number of disputes  
25 would be causing the total cost of adjudication to increase, a cost that is shared amongst all gas  
26 marketers.

27 Alternatively, increasing the dispute fee is an option which may provide a stronger incentive for  
28 gas marketers to resolve the issue directly with the customer. For example, the fee amount  
29 could be increased and set using a three-year average of dispute costs. The Commission  
30 stated that the average cost to adjudicate a standard dispute was \$196 in 2012, \$201 in 2013,  
31 and \$267 in 2014<sup>4</sup> for a three-year average of \$221. The dispute fee could then be set at \$221  
32 to better reflect the true cost of adjudicating a standard dispute. A second dispute fee could be  
33 created for cancellation disputes and be set at \$23 to reflect the three-year average of

<sup>3</sup> FEI Customer Choice Program Cost Recovery Application, Exhibit B-6, Response to BCUC IR 1.4.3, p 10, July 7, 2016.

<sup>4</sup> BCUC Letter to FEI, Request for BC Utilities Commission Customer Choice program cost data, Table 1, page 3, dated January 22, 2016.



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- 1 cancellation dispute costs from 2012 to 2014 (\$9, \$13 and \$46 respectively) <sup>5</sup>. However, this
- 2 approach is not ideal in that it establishes higher dispute penalty fees as sales fall and/or Code
- 3 of Conduct compliance improves.
  
- 4 FEI believes that a dispute fee is an appropriate financial incentive to gas marketers to be
- 5 accountable for and manage the disputes they are involved in. FEI is amenable to an
- 6 alternative fee amount, if the Commission determines another amount is more appropriate.
  
- 7 Please also refer to the response to BCUC IR 1.5.4.
  
- 8

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<sup>5</sup> Ibid.

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1    **6.0    Reference:    MARKETER RECOVERIES**

2                                    **Exhibit B-1, Section 3.2, Table 5, pp. 10–11; FEI Application for**  
 3                                    **Approval of a Multi-Year Performance Based Ratemaking (PBR) Plan**  
 4                                    **for 2014 through 2018 proceeding; Exhibit B-11, BCUC Information**  
 5                                    **Request (IR) 1.180.1**

6                                    **Recoveries & Revenue**

7                                    In response to BCUC IR 1.180.1 in the FEI 2014-2018 PBR Plan proceeding, FEI  
 8                                    provided a breakdown of Recoveries & Revenue for 2013, which included the line item  
 9                                    “Customer Service recovery.” FEI described the Customer Service recoveries as  
 10                                    including “bad debts recovered by collection agencies and amounts charged to Gas  
 11                                    marketers to offset costs to administer the Customer Choice program.” [emphasis  
 12                                    added]

13                                    On page 11 of the Compliance Filing, FEI provides the Customer Choice operating and  
 14                                    maintenance (O&M) expenses included in the PBR formula of \$300 thousand inflated  
 15                                    annually, which are related to the Customer Choice Education costs.

16                                    6.1    Please provide a table similar to Table 5 in the Compliance Filing which shows  
 17                                    the 2013 through 2016 recoveries from gas marketers included in the PBR  
 18                                    formula, as described in FEI’s response to BCUC IR 1.180.1 in the PBR Plan  
 19                                    proceeding.

20  
 21    **Response:**

22    To clarify, the amounts shown in Table 5 in the Compliance Filing are Net O&M amounts (ie.  
 23    costs less recoveries). Table 1 below shows both the costs and recoveries separately for  
 24    transparency and includes 2017 amounts for reference in the other IRs in this series.

25                                    **Table 1: Formula O&M Costs and Recoveries**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Customer Choice O&M costs	\$ 1,260,000	\$ 1,267,825	\$ 1,278,170	\$ 1,291,450	\$ 1,304,326
Net Inflation Factor		100.621%	100.816%	101.039%	100.997%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Customer Choice O&M recoveries	\$ (960,000)	\$ (965,962)	\$ (973,844)	\$ (983,962)	\$ (993,772)
Net Inflation Factor		100.621%	100.816%	101.039%	100.997%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Customer Choice Net O&M	\$ 300,000	\$ 301,863	\$ 304,326	\$ 307,488	\$ 310,554
Net Inflation Factor		100.621%	100.816%	101.039%	100.997%



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1 FEI notes that the Customer Service recovery amounts shown in FEI's response to BCUC IR  
 2 1.180.1 in the PBR Plan proceeding included amounts other than Customer Choice gas  
 3 marketer recoveries. For this reason, the amount shown above for 2013 is lower than the  
 4 amount provided in that response.

5  
 6  
 7  
 8 6.2 Please explain how the variances between the actual gas marketer recoveries  
 9 received from 2014 through 2016 and the formula-driven recoveries included  
 10 within the PBR are recorded and how the variances impact non-bypass  
 11 ratepayers.

12  
 13 **Response:**

14 This response addresses BCUC IRs 1.6.2 and 1.6.2.1.

15 To expand on the discussion included in the SRP Undertaking No. 1 and the Compliance Filing,  
 16 variances between the 2014 through 2016 net actual O&M and the net formula O&M must either  
 17 be recoverable from non-bypass customers or the shareholder. The SRP Undertaking No. 1  
 18 response described \$200,374 in 2014 and \$262,308 in 2015 as the net under-recoveries  
 19 booked to the account of FEI's shareholder. Those amounts are shown again in Table 1 below  
 20 using a revised format which breaks out the O&M costs and recoveries separately. To be clear,  
 21 no additional net costs, besides those amounts embedded in the formula already, were charged  
 22 to or recovered from non-bypass ratepayers.

23 **Table 1: 2014-2016 Customer Choice Actual/Projected Net Costs**

Line	2014 Actual	2015 Actual	2016 Projected
1 Actual/Projected O&M Costs	\$ 1,051,163	\$ 989,339	\$ 989,531
2 Less: Formula O&M Costs	(1,267,825)	(1,278,170)	(1,291,450)
3 Under/(Over) Recovery of O&M Costs	\$ (216,662)	\$ (288,831)	\$ (301,919)
4			
5 Actual/Projected O&M Recoveries	\$ (548,926)	\$ (422,705)	\$ (347,770)
6 Less: Formula O&M Recoveries	965,962	973,844	983,962
7 Under/(Over) Recovery of O&M Recoveries	\$ 417,036	\$ 551,139	\$ 636,192
8			
9 Under/(Over) Recovery of Net O&M	\$ 200,374	\$ 262,308	\$ 334,273

24  
 25



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1 For 2017 through 2019, given that costs are now allocated separately to non-bypass customers  
2 and marketers, only the Customer Choice O&M costs allocated to non-bypass customers and  
3 the net O&M amount in the formula impact non-bypass ratepayers. The actual costs allocated  
4 to marketers and actual recoveries from marketers are streamed through the Marketer Cost  
5 Variance deferral account.

6 As shown in Table 2 below, which reconciles to the 2017 variances provided in Table 6 in the  
7 Compliance Filing, FEI expects to incur approximately \$36 thousand in additional costs above  
8 the O&M formula amount. This amount will be included in the PBR O&M sharing calculation  
9 and shared equally between FEI and non-bypass customers. The approximate \$171 thousand  
10 over-recovery from marketers would be returned to gas marketers in the following year through  
11 the Marketer Cost Variance deferral account. Note that any variances between these  
12 forecasted amounts and the actual amounts would also have the same treatment. That is,  
13 variances between the \$346,500 forecast O&M costs included in the formula and the actual  
14 costs to be recovered from non-bypass customers would be included in the PBR O&M sharing  
15 calculation, and variances between the \$171,500 forecast marketer fees/recoveries and the  
16 actual marketer fees/recoveries would be captured in the Marketer Cost Variance deferral  
17 account.

18 Costs and recoveries for 2018 and 2019 would be treated similarly to the 2017 amounts shown  
19 in Table 2 below.

20 **Table 2: 2017 Customer Choice Forecasted Net Costs**

Line	Non-Bypass Customers	Gas Marketers	Total
1 2017 Forecast O&M Costs	\$ 346,500	\$ 234,500	\$ 581,000
2 Less: 2017 Formula O&M Costs	(1,304,326)	-	(1,304,326)
3 Under/(Over) Recovery of O&M Costs	\$ (957,826)	\$ 234,500	\$ (723,326)
4			
5 2017 Forecast O&M Recoveries	\$ -	\$ (406,000)	\$ (406,000)
6 Less: 2017 Formula O&M Recoveries	993,772	-	993,772
7 Under/(Over) Recovery of O&M Recoveries	\$ 993,772	\$ (406,000)	\$ 587,772
8			
9 Under/(Over) Recovery of Net O&M	\$ 35,946	\$ (171,500)	\$ (135,554)

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23

24  
25  
26

6.2.1 Please also explain how future variances (i.e. 2017 through 2019)  
between the PBR formula-driven gas marketer recoveries and the



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1 actual recoveries collected under the approved new Customer Choice  
2 program fee structure will impact non-bypass ratepayers.

3

4 **Response:**

5 Please refer to the response to BCUC IR 1.6.2.

6