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February 28, 2017

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica Hamilton, Commission Secretary and Director

Dear Ms. Hamilton:

Re: FortisBC Energy Inc. (FEI)
2016 Customer Choice Program Cost Recovery Application (the Application)
British Columbia Utilities Commission (the Commission) Order A-9-16 and
Decision - 2016 Annual Program Statistics

On October 18, 2016, the Commission issued Order A-9-16 and Decision in respect of the above noted Application. On page 32 of the Decision, the Commission directed, among other things:

The Panel determines the fees will be adjusted according to the process outlined below:

- i. FEI evaluates the previous fiscal year's total costs (i.e., calendar year) allocated to gas marketers in light of the monies recouped from gas marketers over the same period.
- ii. FEI evaluates annual recovery shortfalls or surpluses and proposes respective fee increases or decreases in the Annual Program Statistics submitted to the Commission each February.
- iii. Any fee adjustments proposed in the Annual Program Statistics take effect automatically, unless a party raises the issue for discussion and the Commission determines a review is warranted, either during the Customer Choice Annual General Meeting or by dedicated proceeding, as determined by the Commission.

- iv. Fee adjustments take effect April 1. If the fee adjustments undergo a review, any variances between FEI's proposed adjustment and the determined adjustment will be recorded in the non-rate base Marketer Cost Variance deferral account and incorporated into the subsequent year's fee adjustment.

In accordance with Commission Order A-9-16, FEI attaches the FEI Customer Choice program statistics for the 2016 calendar year.

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

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachment

cc (email only): Licensed Gas Marketers
British Columbia Public Interest Advocacy Centre
Commercial Energy Consumers Association of British Columbia



FORTISBC ENERGY INC.

**2016 Customer Choice Annual Program
Statistics**

February 28, 2017

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1. INTRODUCTION

This filing provides an overview of the Customer Choice Program's (Customer Choice or the Program) key metrics for 2016 and is organized as follows:

- **Section 2** describes customer and gas marketer participation rates in the Program and includes a year-to-year comparison of customer participation from 2007 to 2016.
- **Section 3** provides an overview of Gas Marketer sales activity and statistics in 2016; a month-to-month comparison of enrolment activity between 2013 and 2016; and a year-to-year comparison of gross and net enrolments from 2007 to 2016.
- **Section 4** summarizes the monthly dispute activity and statistics in 2016 for cancellation and standard disputes, as well as yearly dispute activity from 2007 to 2016.
- **Section 5** provides a summary of the Customer Education Plan for 2016, including a description of the individual components and the overall communication strategy.
- **Section 6** reviews the system enhancements and system related issues that occurred in 2016.
- **Section 7** reviews the 2016 Program expenditures, recoveries and the new gas marketer fee structure that will take effect April 1, 2017.
- **Section 8** provides a summary of each section.

2. PROGRAM PARTICIPATION STATISTICS

2.1 GAS MARKETER PARTICIPATION

In 2016, there were seven licensed gas marketers operating in BC. Of the seven licensed gas marketers, six were actively enrolling customers. Two gas marketers did not renew their license in 2016. Premstar Energy owned by Alta Gas did not renew its license as it had no active customers. Also, Superior Energy made the decision to cease business in the BC market effective August 1, 2016, when the majority of its remaining customer contracts expired. There were ten customers dropped with cancellation dispute drops to end their contract term early to accommodate the business closure. Five of the active gas marketers offered fixed-rate contracts to FortisBC Energy Inc. (FEI) customers in Rate Schedule 1 residential, and Rate Schedules 2 and 3 commercial customers. Bluestream Energy only offered fixed-rate contracts to Rate Schedule 2 and 3 commercial customers. Table 2-1 below lists the gas marketers operating in BC in 2016, their sales activity status and the rate classes served. The table also lists gas marketers that are no longer active in the Program.

Table 2-1: List of Gas Marketers

Gas Marketer		Status
Residential and Commercial Gas Marketers		
1	Access Gas Services Inc.	Licensed and active
2	Direct Energy Marketing Ltd	Licensed and active; Combined Direct Energy Business Services (DEBS) and Direct Energy Marketing Ltd. (DEML) in April 2010
3	Just Energy (formerly Energy Savings BC)	Licensed and active; Changed name to Just Energy in 2009
4	Planet Energy	Licensed and active; Re-entered the market in February 2010
5	Summitt Energy BC L.P.	Licensed and active
Commercial Only Gas Marketers		
1	Bluestream Energy	Licensed and active
Past Gas Marketers		
1	Premstar Energy – ECNG	Owned by Alta Gas. License terminated October 2016
2	Active Renewable Marketing Ltd	Purchased by Access Gas on December 1, 2013
3	CEG Energy Options	Purchased by Energy Savings BC in 2008
4	Connect Energy	License terminated July 2013
5	Firefly Energy	Owned by AG Energy. License terminated October 2013
6	Intra Energy	Withdrew from Program 2007
7	MX Energy (Canada) Ltd	License terminated April 2013
8	Nexen Marketing	Sold customers to Access Gas and withdrew

	Gas Marketer	Status
9	Planet Energy	Sold customers to Access Gas in April 2008 and withdrew
10	Smart Energy (BC) Ltd	Withdrew from Program November 2014
11	Superior Energy Management, a Division of Superior Plus LP	Withdrew from Program July 2016
12	Tahoe Energy	Withdrew from Program June 2007
13	Universal Energy	Purchased by Just Energy effective July 1, 2009
14	Wholesale Energy Group Ltd	Purchased by Universal Energy in 2008

2.1.1 Fixed-Rate Contract Statistics

In 2016, eighteen marketer price groups were closed, leaving eighty-nine open marketer price groups available for customer contract enrolments. A marketer price group is defined by the price that customers have agreed to pay per GJ for their natural gas commodity. Figure 2-1 below provides the statistics for fixed-rate contracts sold to customers in 2016.

Figure 2-1: Fixed-Rate Contract Statistics in 2016

Open Price Groups	Percentage of Total Enrolments per Term	Price Range per Enrolment Term	Number of Enrolments by Contract Price Range	Weight Average Price by Term
• 89	<ul style="list-style-type: none"> • 1 Year - 5% • 2 Year - .5% • 3 Year - 7% • 4 Year - 7% • 5 Year - 81% 	<ul style="list-style-type: none"> • 1 Year - \$2.48 to \$7.19 • 2 Year - 3.19 to \$7.49 • 3 Year - \$3.19 to \$7.49 • 4 Year - \$3.89 to \$7.49 • 5 Year - \$2.89 to \$7.49 	<ul style="list-style-type: none"> • Under \$4 - 1005 - 11% • \$4-\$6 - 5778- 63% • \$6 -\$8 - 2409 - 26% 	<ul style="list-style-type: none"> • 1 Year - \$3.51 • 2 Year - \$5.74 • 3 Year - \$4.12 • 4 Year - \$5.80 • 5 Year - \$6.00

As indicated in Figure 2-1 above, prices per gigajoule (GJ) of gas charged ranged from a low of \$2.48/GJ to a high of \$7.49/GJ. The majority of enrolments were processed with contract prices in the \$4/GJ to \$6/GJ price range in 2016.

The most common contract term signed in 2016 was for a five-year contract, accounting for 81 percent of total enrolments. The price range for a five-year contract term ranged from a low of \$2.89/GJ to a high of \$7.49/GJ, with a weighted average price of \$6/GJ.

2.2 CUSTOMER PARTICIPATION

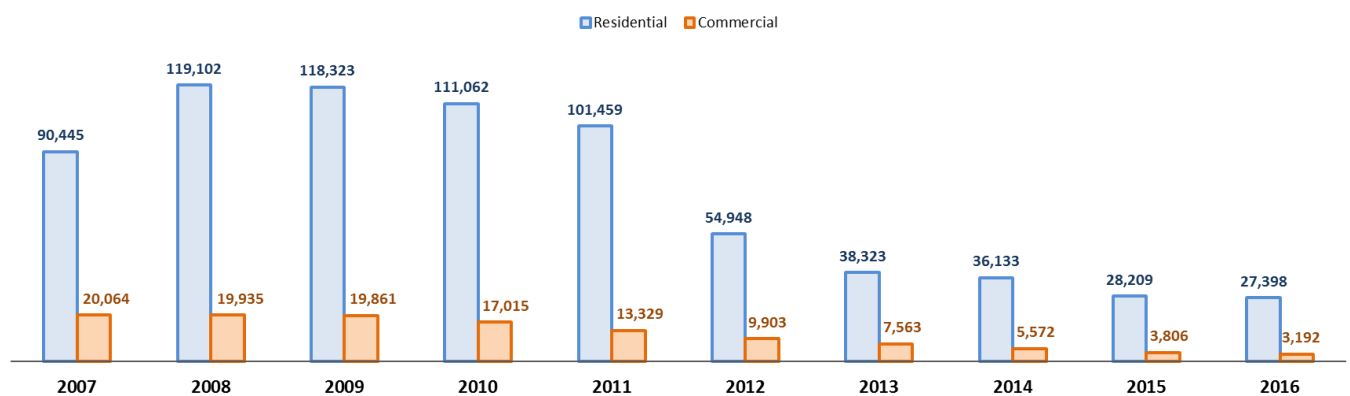
As of December 31, 2016, there were approximately 987,000 FEI Rate Schedules 1, 2 and 3 customers eligible for the Customer Choice Program. Of those eligible, approximately 896,000 were residential customers and approximately 91,000 were commercial customers.

Of the approximately 896,000 eligible residential customers, about 27,000 billed customers were enrolled in Customer Choice. This represents approximately 3 percent of the total customer base of eligible residential customers participating in Customer Choice.

Of the approximately 91,000 eligible commercial customers, about 3,200 or 4 percent of billed customers were enrolled in Customer Choice. The percentage of eligible customers participating in Customer Choice is consistent with 2015 results for both residential and commercial customers.

Figure 2-2 below illustrates the year-to-year comparison of both residential and commercial customer Program participation from its 2007 inception through 2016. Total eligible residential and commercial customers are listed by year.

Figure 2-2: Yearly Comparison of Customer Choice Participation (2007 to 2016)



Eligible	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential	739,651	747,594	752,416	759,240	764,241	758,460	765,402	772,804	884,847	896,154
Commercial	79,037	80,317	80,573	80,658	81,050	76,659	77,824	78,838	90,120	91,000

As Figure 2-2 indicates, Customer Choice participation levels have been declining since 2008. While participation levels continued to decrease in 2016, the rate of decline is slowing. Total participation in the Customer Choice Program was down 4.5 percent in 2016 over 2015. Participation rates for residential customers declined by just 3 percent in 2016 over 2015, while participation rates for commercial customers declined by 16 percent over the same period. The decrease in participation can be attributed to continued low and stable natural gas commodity prices, decreased contract sales activity by gas marketer, and customer account closures.

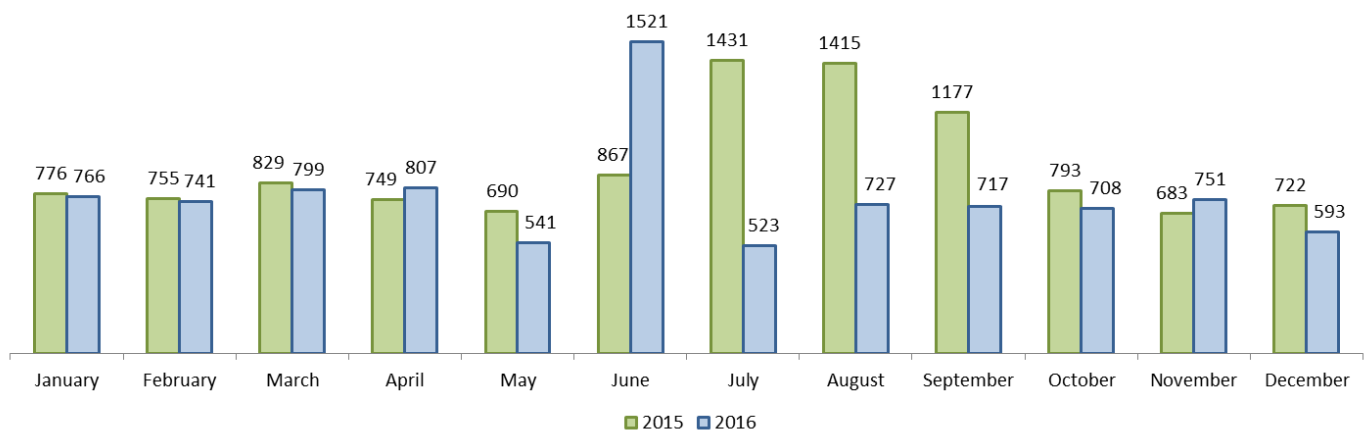
3. ENROLMENT STATISTICS

3.1 GROSS ENROLMENTS

Gross enrolments for the majority of gas marketers have remained relatively consistent for the past three years with an overall decrease in enrolments of less than 9 percent per year. In 2016, new enrolments were submitted at an average rate of 766 per month. Enrolments are counted in the month submitted and contracts start flowing within 5 years of submission date. Enrolments peaked in June with 1521 enrolments submitted. Gross enrolments for 2016 of over 9,000 customers were down 16 percent from total gross enrolments of almost 11,000 customers in 2015.

Figure 3-1 below illustrates the comparison of monthly gross enrolments between 2015 and 2016.

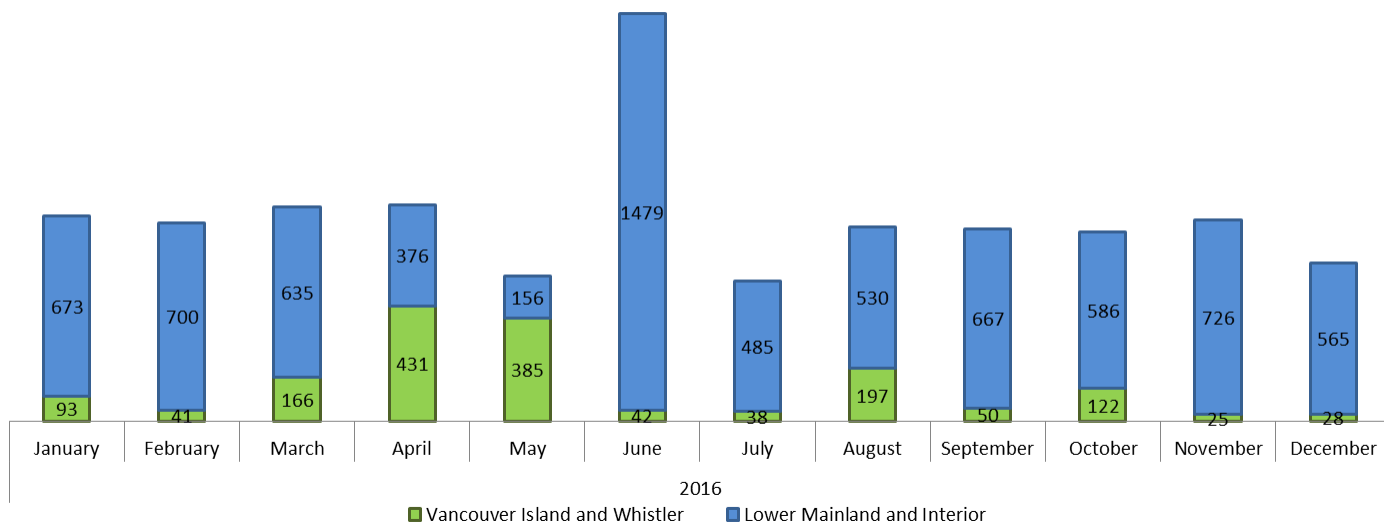
Figure 3-1: Comparison of Monthly Gross Enrolments – 2015 vs. 2016



3.1.1 Vancouver Island and Whistler

There was a decline in sales focus for Vancouver Island and Whistler regions in 2016 compared to 2015 when the Program first expanded into these areas. Between August 1 and December 31, 2015, there were 2,582 customers enrolled in the Customer Choice Program. Comparably, in 2016, there were 1,278 customers enrolled for the entire year. Enrollments for the Vancouver Island and Whistler regions reached their highest levels for the year in April and May at 431 and 385 enrollments respectively. Figure 3-2 below illustrates the enrolment levels for Vancouver Island and Whistler compared to enrolments for the original Program regions of the Lower Mainland and BC Interior for 2016.

Figure 3-2: 2016 Program Enrolments - Vancouver Island and Whistler; Lower Mainland and Interior

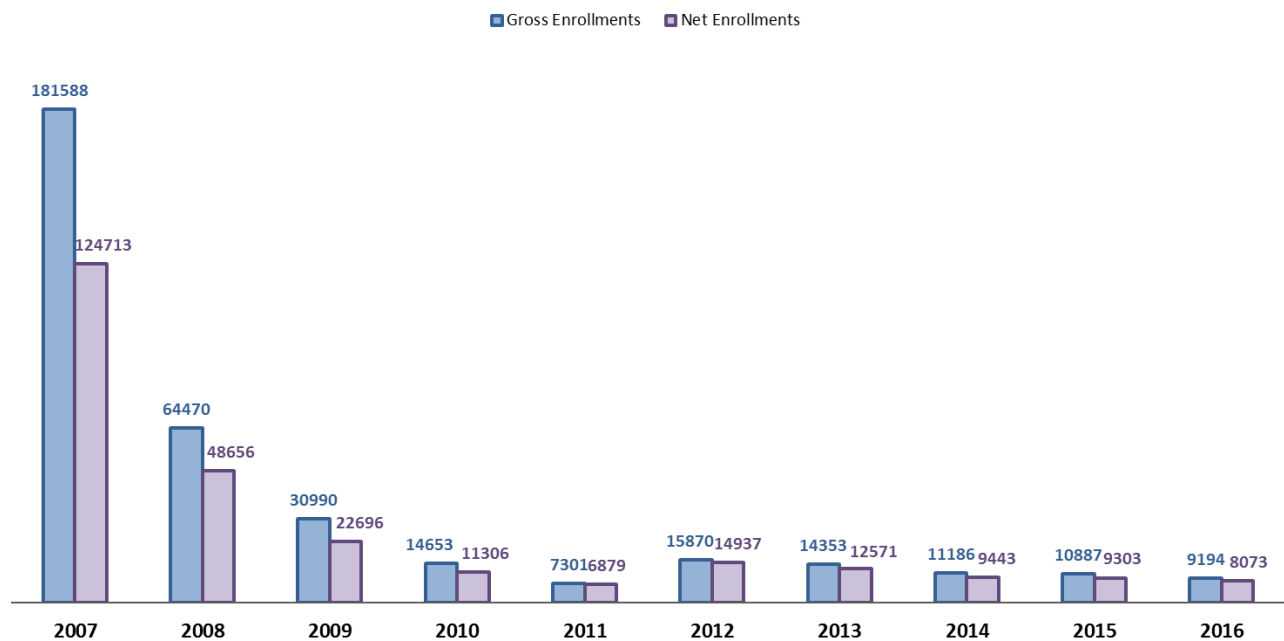


3.2 NET ENROLMENTS

Net enrolments are contracts that flow with the gas marketer on the contract start date and are calculated as gross enrolments, less any 10-day cancellations and operational correction drops.¹ The Program enrolled approximately 8,000 net customers in 2016. Figure 3-3 compares the gross enrolments to net enrolments over the past 10 years from 2007 to 2016.

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 3-3: Comparison of Yearly Enrolment Activity (2007 – 2016)

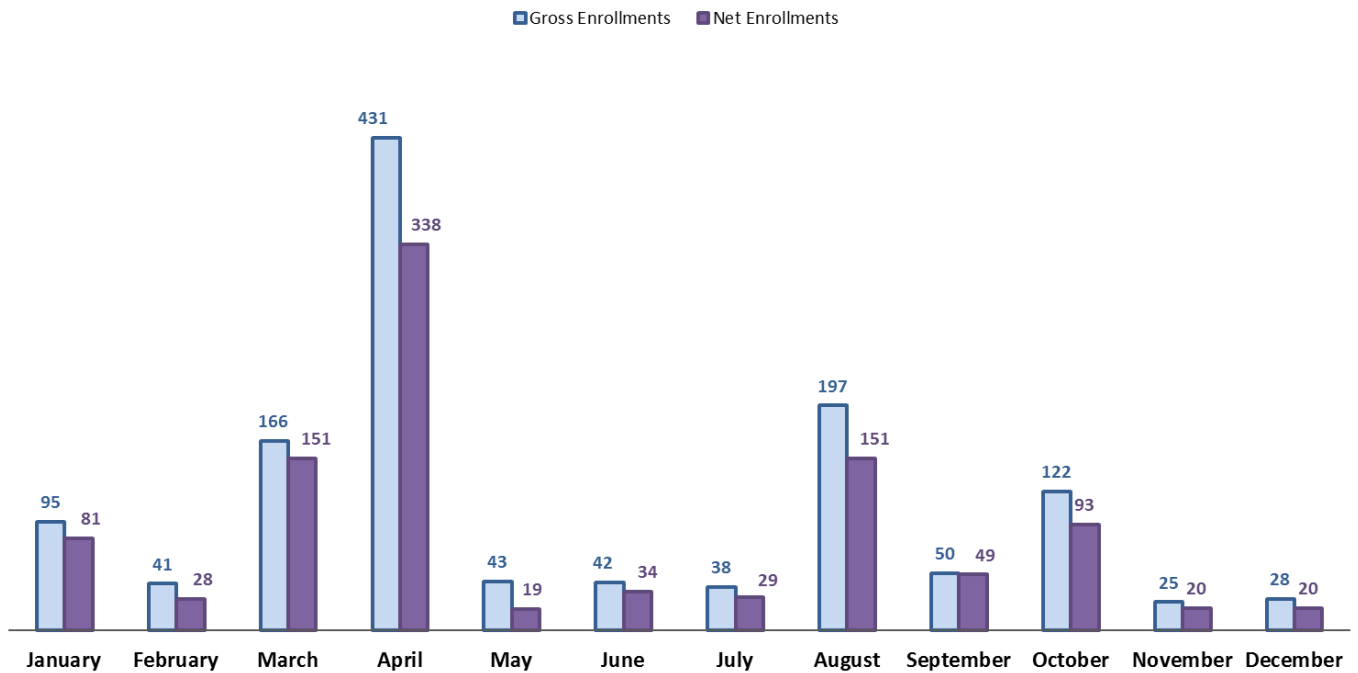


The ratio of net enrolments to gross enrolments was 88 percent in 2016, up from 85 percent in 2015. The trend continues since 2011 to show less than 20 percent of contracts are cancelled before their start date. This improvement can be linked to the 2011 introduction of consolidated business rules for residential and commercial customers. 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 enrolments, have been effective in ensuring that customers understand their fixed-rate contracts.

3.2.1 Vancouver Island and Whistler

Of the approximately 8,000 total net enrolments for the Program in 2016, there were 1,013 net enrolments for Vancouver Island and Whistler regions. The ratio of net enrolments to gross enrolments for the new regions was 79 percent. This is slightly lower than the 89 percent retention rate experienced in the Lower Mainland and Interior regions but is an increase from 2015's retention rate of 74 percent for the new regions. Figure 3-4 illustrates the gross and net enrolments in 2016 for the new regions.

1 **Figure 3-4: 2016 Gross Enrolments vs. Net Enrolments for Vancouver Island and Whistler**

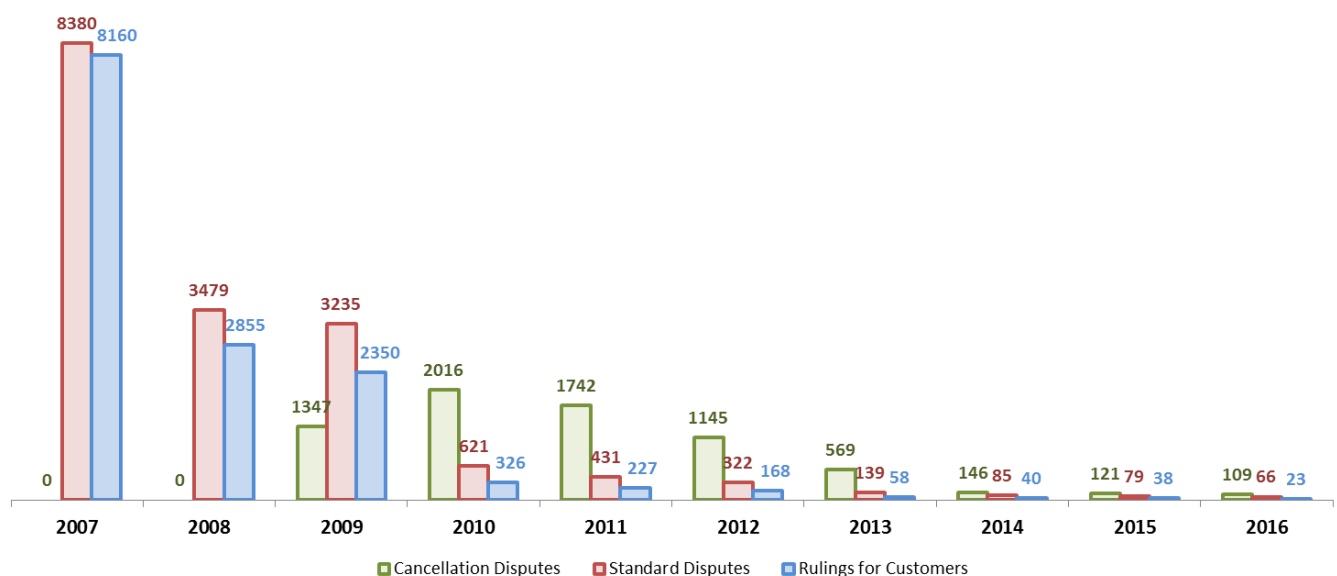


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4. DISPUTE STATISTICS

Since Program inception in 2007, the number of contract disputes has declined each year. In 2016, there were 175 total disputes filed, which is down from 200 disputes logged in 2015 as displayed in Figure 4-1. This represents a 13 percent drop in dispute filings in 2016. Thirty-one of the disputes opened in 2016 were from the new region of Vancouver Island, representing 18 percent of total disputes raised. When the disputes raised are calculated as a percentage of sales, total disputes filed have remained steady at 2 percent of gross enrolments for the past three years.

Figure 4-1: Comparison of Yearly Dispute Activity from 2007 to 2016

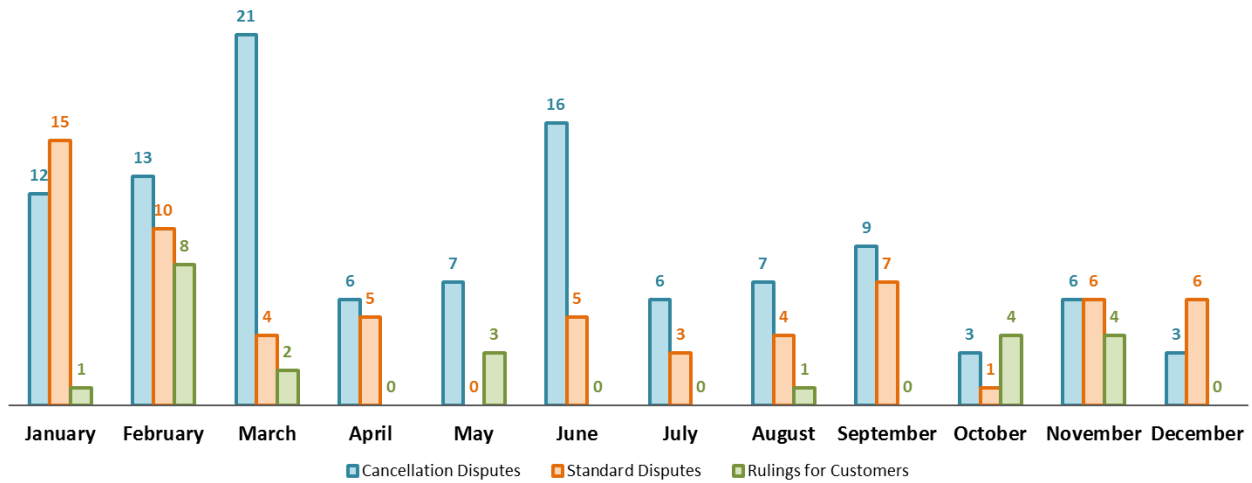


Cancellation disputes are disputes raised by gas marketers who have agreed to release a customer from their contract outside of their contract anniversary date. Cancelling a gas marketer contract outside of the anniversary date contravenes the Essential Services Model. FEI continues to emphasize that cancellation disputes should be restricted to compassionate reasons only, as determined by the British Columbia Utilities Commission (BCUC or the Commission). Cancellation disputes declined 10 percent from 121 cancellation disputes submitted in 2015 to 109 cancellation disputes submitted in 2016.

Standard disputes are disputes raised by the customer against their gas marketer in dispute of their contract's validity. These disputes require gas marketers to defend against the customer's claim that their contract is invalid, and are finalized by the Commission with a ruling in favour of either the gas marketer or the customer. Standard disputes declined 16 percent from the 79 raised in 2015 to 66 in 2016.

Commission rulings in favour of the customer decreased in 2016 to 35 percent of standard disputes raised. This is the first time in which the rulings in favour of the customer have been less than 40 percent. Figure 4-2 illustrates the monthly dispute statistics for 2016

Figure 4-2: 2016 Monthly Dispute Statistics



5. 2016 CUSTOMER EDUCATION PLAN

The objectives of the 2016 Customer Education campaign were to maintain or grow awareness of the Customer Choice Program, maintain customer protection via education, and direct traffic to fortisbc.com/choice for more Program information. These objectives were executed via digital media, radio spots, newspaper print ads, FEI newsletters and FEI bill messaging.

The annual budget for the Customer Education campaign was \$300 thousand, and has remained unchanged since approved by the Commission in its Decision accompanying Order A-9-11 in May 2011.

5.1 DIGITAL MEDIA

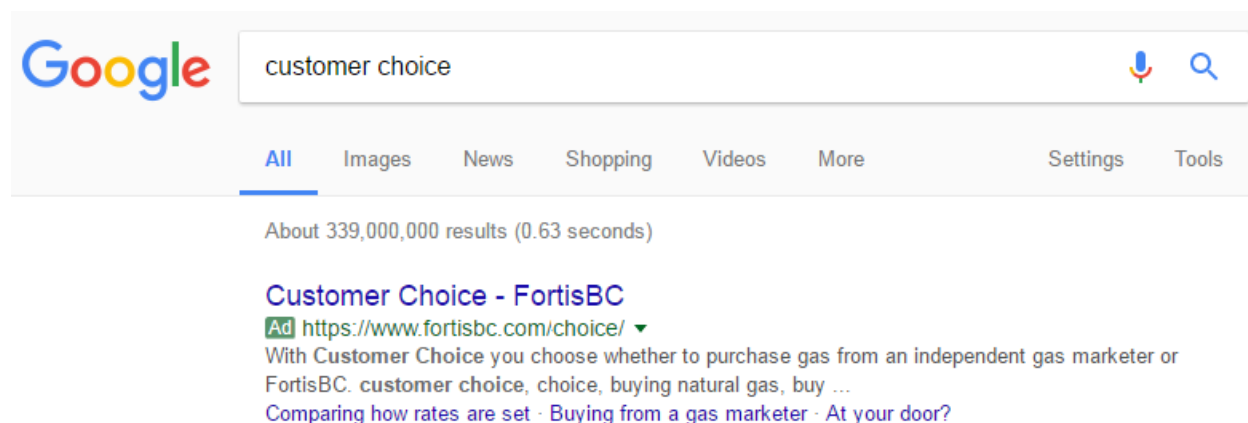
Digital media consisted of both paid media through Google AdWords and internet retargeting, and unpaid social media through Twitter. Paid digital advertising ran from July through to the end of October 2016 in all Customer Choice Program areas.

5.1.1 Google AdWords Service

Google AdWords service is targeted at people searching online for keywords relevant to Customer Choice, such as “gas rates”, “buying natural gas” or “gas marketer”. Google AdWords returned an extension with a direct link to the Customer Choice webpages. Clicking on the extension directed the user to the Customer Choice webpages at fortisbc.com/choice.

A sample advertisement extension search result is shown in Figure 5-1 below:

Figure 5-1: Google AdWords Advertisement Extension



5.1.2 Internet Retargeting

Internet retargeting is a technique to track user visits to a website by storing information in a retargeting cookie. User visits to subsequent websites call up the retargeting cookie to display an advertisement with a specific retargeting message to return the user to the original website.

Visitors to the fortisbc.com/choice website were shown Customer Choice banner advertisements on visits to other websites, such as news, information and weather. The Customer Choice banner advertisements ran from mid-July through to the end of October in the Customer Choice eligible regions across BC, on websites owned by the following media companies:

- AOL Canada Corporation (e.g. Huffington Post)
- Bell Media Inc. (e.g. CTV News)
- Shaw Media (e.g. Global News)
- Postmedia Network Inc. (e.g. The Vancouver Sun)
- Microsoft Corporation (e.g. MSN Homepage)
- Canadian Broadcasting Corporation

The two banner ads, in two layout formats of three different sizes, scrolled in succession and displayed individually. Clicking on the ad redirected the user to the Customer Choice webpages at fortisbc.com/choice. The ads are displayed in Figures 5-2 through 5-4 below.

Figure 5-2: Customer Choice Banner Ads - Size 300 x 600

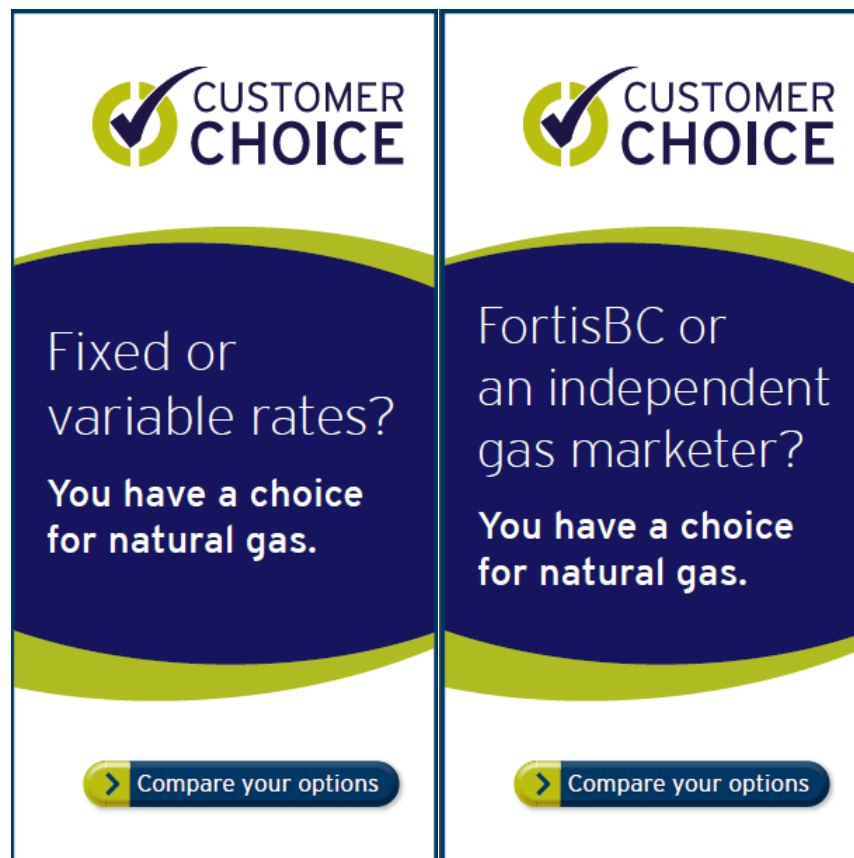


Figure 5-3: Customer Choice Banner Ads - Size 728 x 90

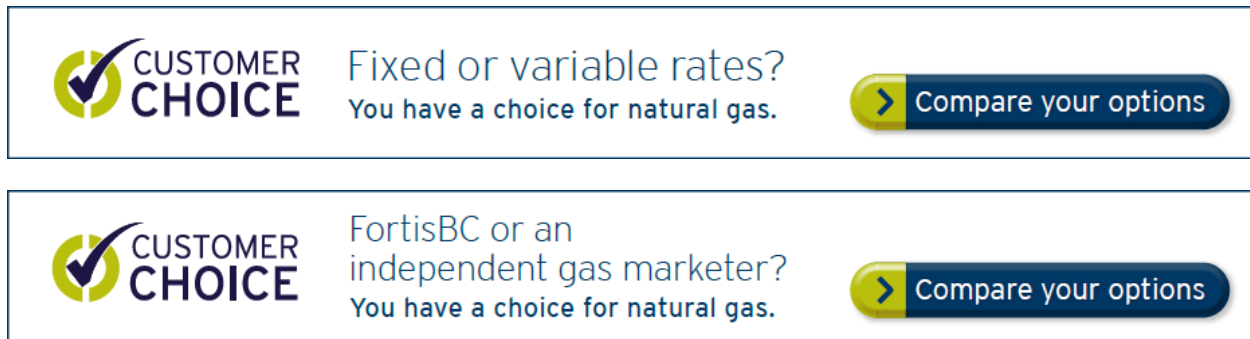
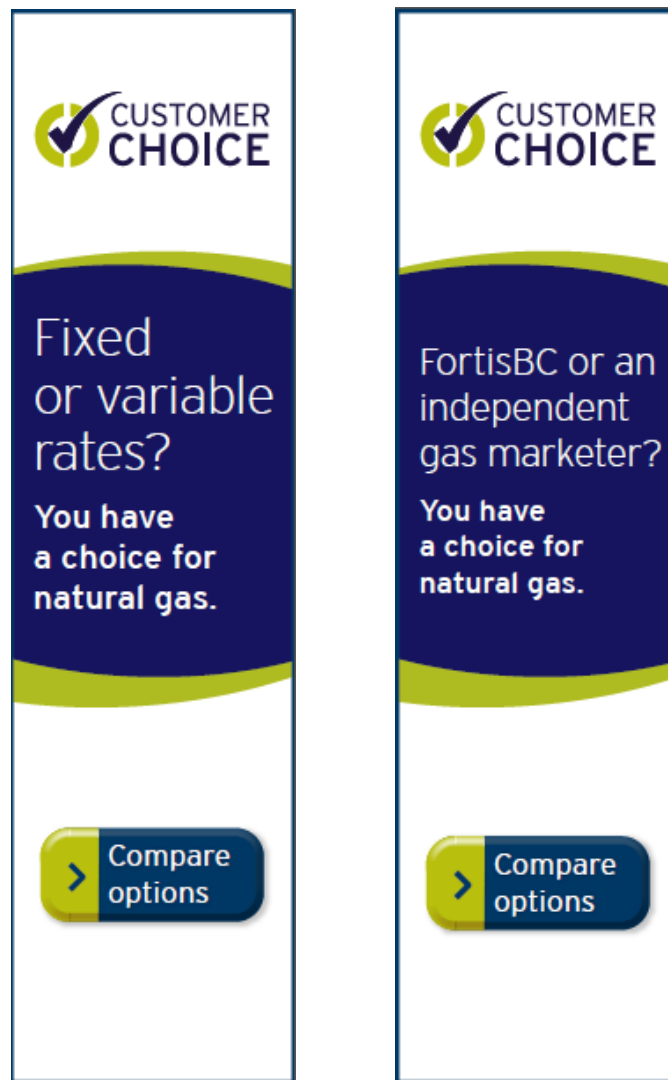


Figure 5-4: Customer Choice Banner Ads - Size 160 x 600



5.1.3 Twitter Posts

FortisBC generated weekly Twitter posts from July through to October 2016, reaching up to nine thousand FortisBC Twitter followers. The Twitter posts provided general information about the Customer Choice Program and provided a link directing customers to the FortisBC website for more information. A sample of Twitter posts is listed in Figure 5-5 below.

Figure 5-5: Customer Choice Twitter Posts

- Customer Choice gives you options for buying #naturalgas. Understand your options & compare rates.
- #DYK you can buy #naturalgas from an independent gas marketer? We'll still deliver it. Learn how.
- Customer Choice lets you decide: #naturalgas at fixed rates from gas marketers or variable from us. Compare now.

5.2 RADIO SPOTS

Two new ethnic language radio advertisements were produced in 2016 to expand the Customer Choice media campaign to Chinese and Punjabi speaking audiences. Ads were run on ethnic language radio stations for three one-week blocks from August through to October 2016. Radio advertising was focused on the Chinese and South Asian populations this year. Due to budget constraints, English radio ads were not run.

The translated script of the radio advertisement is as follows:

Have you heard? You can buy your natural gas from FortisBC, or from an independent gas marketer.

It's called Customer Choice. I can compare rates, like fixed rates from a gas marketer versus variable ones from Fortis, and learn what my options are. So when a marketer wants to sell me natural gas, I'll be prepared and know how to choose.

It's kinda nice to have a choice.

Customer Choice: it's yours to make. Learn more at fortisbc dot com, slash, choice.

5.3 NEWSPAPER PRINT ADS

The Customer Choice print ad shown in Figure 5-6 below was updated this year. The new ad was run as banners on, or near to, the front pages of the newspapers, and replaced the rate comparison chart used in former ads that were run within the publications. The ads contain a simple message about Customer Choice and a driver to the FortisBC Customer Choice

webpages. The change to the banner ad was done to reduce the physical size of the ad, in turn reducing the advertising cost. Savings permitted FortisBC to run print ads in South Asian and Chinese language newspaper publications. The English language Customer Choice print ad was run in thirty-seven local newspapers throughout the eligible Customer Choice regions of British Columbia, for six weekly periods from July to October 2016. The South Asian and Chinese language print ads, with their translations, are shown in Figure 5-7 below. These were run as half-page, full colour ads, in three South Asian language newspapers, and two Chinese language newspapers for three weekly periods from August to October 2016.

Figure 5-6: Customer Choice 2016 Print Ad

You have a choice for natural gas

With Customer Choice, you can choose to purchase natural gas from FortisBC at a variable rate or an independent gas marketer at fixed rates and terms. Compare your options at fortisbc.com/yourchoice.



The Customer Choice name and logo is used under license from FortisBC Energy Inc. This advertisement is produced on behalf of the British Columbia Utilities Commission.

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Figure 5-7: South Asian and Chinese Language Customer Choice Print Ads

FortisBC (ਫੋਰਟਿਸ ਬੀ.ਸੀ.) ਜਾਂ ਕੋਈ ਆਜ਼ਾਦ ਗੈਸ ਵਿਕ੍ਰੇਤਾ ਨੈਚੂਰਲ ਗੈਸ ਲਈ ਤੁਹਾਡੇ ਕੋਲ ਚੋਣ ਉਪਲਬਧ ਹੈ



Customer Choice (ਕਸਟਮਰ ਚੁਆਇਸ) ਨਾਂ ਦਾ ਪ੍ਰੋਗਰਾਮ ਤੁਹਾਨੂੰ ਆਜ਼ਾਦ ਗੈਸ ਵਿਕ੍ਰੇਤਾ ਤੋਂ ਸਬਾਈ ਰੇਟ 'ਤੇ ਗੈਸ ਖਰੀਦਣ ਜਾਂ FortisBC (ਫੋਰਟਿਸ ਬੀ.ਸੀ.) ਤੋਂ ਬਦਲਵੇਂ ਰੇਟ 'ਤੇ ਗੈਸ ਖਰੀਦਣ ਦੀ ਚੋਣ ਮੁਹੱਈਆ ਕਰਦਾ ਹੈ। ਇਨ੍ਹਾਂ ਚੋਣਾਂ ਬਾਰੇ ਗੱਲਬਾਤ ਕਰਨ ਲਈ ਗੈਸ ਵਿਕ੍ਰੇਤਾ ਤੁਹਾਡੇ ਘਰ ਦਾ ਬੁਹਾ ਖੜਕਾ ਸਕਦੇ ਹਨ। ਚੋਣਾਂ ਹਾਲਾਤ ਵਿੱਚ, ਸੁਰੱਖਿਅਤ ਅਤੇ ਭਰੋਸੇਯੋਗ ਢੰਗ ਨਾਲ ਤੁਹਾਨੂੰ ਗੈਸ FortisBC ਵੱਲੋਂ ਹੀ ਡਲਿਵਰ ਕੀਤੀ ਜਾਵੇਗੀ।

ਵਧੇਰੇ ਜਾਣਕਾਰੀ ਅਤੇ ਨੈਚੂਰਲ ਗੈਸ ਦੀਆਂ ਦਰਾਂ ਦੀ ਤੁਲਨਾ ਕਰਨ ਲਈ fortisbc.com/choice 'ਤੇ ਜਾਓ।



English Language Translation

FortisBC or an independent gas marketer

You have a choice for natural gas

A program called Customer Choice lets you buy gas from an independent gas marketer at fixed rates and terms, or from FortisBC at a variable rate. Gas marketers may knock on your door to discuss these options. Either way, FortisBC will still deliver your natural gas, safely and reliably.

To learn more and to compare natural gas rates, visit fortisbc.com/xxxxxxx.

挑選FortisBC 天然氣公司或者獨立天然氣營銷商 用天然氣也可以有選擇



Customer Choice 是一個消費者選擇權利計劃，讓大家可以選擇在獨立天然氣營銷商的固定天然氣價格，以及 FortisBC 天然氣公司的浮動天然氣市價之間，二者選其一。一些天然氣營銷商可能會上門和你討論這些價格選項，無論您的決定如何，FortisBC 都是閣下的天然氣服務商，將天然氣安全可靠地傳送到您府上。要瞭解詳情，比較天然氣價格

請瀏覽 fortisbc.com/choice



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3 **5.4 FEI NEWSLETTERS**

4 FEI produces quarterly information newsletters for its customers. The Customer Choice
5 communication shown in Figure 5-8 was included in the fall newsletter that was distributed
6 province wide to residential customers.

Figure 5-8: FortisBC *Quick Connect* newsletter excerpt

You have a choice for natural gas

With Customer Choice* you can choose to buy natural gas from FortisBC at a variable rate or from an independent gas marketer at fixed rates and terms.

Before signing a Consumer Agreement with an independent gas marketer, compare your options and get the information you need to make an informed choice. For details, visit fortisbc.com/compare.



*Customer Choice is not available to Revelstoke or Fort Nelson customers.

5.5 FEI BILL MESSAGING


The following message was included in July 2016 FEI bills (Figure 5-9 below) sent to 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.

The purpose of the message was to provide summary information about the Program and direct customers to the FEI website for more details.

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Figure 5-9: Sample FEI Bill with Customer Choice Bill Message



Name:
Service address:

Rate class: Residential
Billing date: Jun 20, 2016

NATURAL GAS

Customer Service: 1-888-224-2710
7 am - 8 pm Mon - Fri, PST
fortisbc.com

Account number	Due date	Amount due	Amount paid
	Jul 12, 2016	\$52.15	

Previous Bill 45.04

Balance from Previous Bill 45.04

Delivery Charges

Basic Charge (11 days at 0.3890 per day) 4.28

Delivery (0.2 GJ at 4.018 per GJ) 0.80

5.08**

Commodity Charges

Storage and Transport (0.2 GJ at 0.921 per GJ) 0.18

Cost of Gas (0.2 GJ at 5.890 per GJ) 1.18

1.36**

Agreement ends Jul 1, 2020
Call for commodity related inquiries

Other Charges and taxes

Carbon Tax (0.2 GJ at 1.4898 per GJ) 0.30*

Clean Energy Levy (0.40% of * amounts) 0.03

GST (5% of * amounts) 0.34

Please pay **52.15**

Gas usage calculation (Meter)

Present reading	-	Previous reading	x	Conversion factor	=	Gas used in gigajoules (GJ)
Jun 20 '16		Jun 9 '16				
25,510		25,506		0.0395660		0.2

Point of Delivery:

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.

Canada Post has advised of a potential labour dispute and disruption to your mail as early as July. Now would be a good time to switch to paperless billing. By signing up for paperless billing you'll receive your FortisBC bill in a timely manner. Learn more at fortisbc.com/nopaper.

2

GST #R100431592



6. SYSTEM ENHANCEMENTS

There were no front facing enhancements to the GEM application or reporting rolled out in 2016. However, corporate initiatives to upgrade aging hardware and system infrastructure to virtual machines required extensive end-to-end testing of GEM system processes to ensure the functionality would continue to process the enrolments, drops and disputes on the new technology as designed. A virtual machine is an emulation of a computer system and provides the functionality of a physical server without occupying the physical space and has the flexibility to add memory, CPU and physical storage space. Virtual machines are able to run multiple operating systems to allow time-sharing among several single-tasking operating systems.

FEI Customer Choice administration continued to meet regularly with the Company's technical support team to log, assess and address issues, and coordinate system changes. All business-critical applications within FEI are tested in keeping with standard software development life cycle processes and procedures. Within FEI's SAP suite of systems, including peripheral systems supporting the Customer Choice Program, the development and testing process follows SAP best-practice. FEI maintains four separate environments for the development life-cycle including: sandbox, development, quality assurance, and production).

7. PROGRAM EXPENDITURES, RECOVERIES AND FEE STRUCTURE

In 2016, as directed through Order A-12-15², FEI undertook a comprehensive review of the Customer Choice Program expenses and recoveries by evaluating historical financial reporting and consulting with internal groups including Information Services, Customer Service and Energy Supply to evaluate the costs incurred to run the Customer Choice Program. Additionally, Commission staff were contacted to categorize the expenses they incurred to support the Program. The Customer Choice Program Cost Recovery Application outlining the analysis performed and recommendations for a new cost recovery structure was filed on April 14, 2016 as required by Order A-1-16.³ In its Application, FEI sought approval for the following:

1. The allocation of annual Program costs between gas marketer and all FEI non-bypass customers (described in Table 3-2 of the Application);
2. The fee structure for recovery of Program costs allocated to gas marketer (described in Section 5.7 of the Application) and annual adjustment mechanism (described in Section 6.1);
3. Recovery of all other Program costs from all non-bypass customers;
4. Expenditure of \$3,000 to implement system changes to accommodate the new fee structure;
5. An increase to the 2017 Base O&M under the Performance Based Ratemaking (PBR) formula by \$200 thousand; and
6. A non-rate base Marketer Cost Variance deferral account, attracting a weighted average cost of capital return, to record actual marketer-allocated costs and actual marketer recoveries each year.

On June 7, 2016, by Order A-4-16, the Commission established a regulatory timetable to review the Application that included one round of written information requests and a streamlined review process (SRP) followed by written arguments.

FEI filed its final argument on August 4, 2016 with final arguments by registered interveners filed on August 11, 2016. FEI then filed its reply argument on August 18, 2016.

On October 18, 2016, the Commission issued Order A-9-16, outlining its decision and further requests for information.

The Panel determines that the cost causation principle is the appropriate basis for allocating the Customer Choice program costs. It further determines the cost causation principle should be applied on the basis of the following criteria:

² Order A-12-15 dated September 29, 2015, page 4.

³ Order A-1-16 dated January 13, 2016, page 2.

- i. Are the costs incurred specifically to administer the program and services for gas marketers and their customers? If so, these costs should be allocated to marketers;
- ii. Are the costs incurred to ensure the program is available for all eligible customers whether they currently choose to participate or not? If all FEI non-bypass customers benefit from the cost, then these types of costs should be allocated to all FEI non-bypass customers; and
- iii. Where costs are incurred to administer the program and also ensure it is available for all eligible FEI customers, non-bypass customers and gas marketers should share those costs.

The Panel determines the foregoing allocation model constitutes a principled rationale for allocating program costs and that it constitutes a reasonable middle ground balancing the interests of non-bypass customers and gas marketers.⁴

Table 7-1 below illustrates the allocation of costs between gas marketers and ratepayers as determined by the Panel:

Table 7-1: Program Expenses Percentage Allocation

Annual Program Expenses	% Allocation	
	Marketer	All Ratepayers (FEI)
Technology Sustainment	50%	50%
Infrastructure Sustainment	0%	100%
Contact Centre	0%	100%
Program Administration	50%	50%
BCUC	60%	40%
Customer Education	20%	80%

The Panel determined the fixed monthly fee for each gas marketer would be set at \$750 per month with the balance to be recovered through variable fees. The fee would not change annually with changes in gas marketer participation.⁵

The Panel approved the use of a non-rate base deferral account to capture and record any under or over recovery of gas marketer fees to be used as a debit or credit when these fees are set annually starting on April 1, 2017.⁶

⁴ Order A-9-16 dated October 18, 2016, pages 14 to 15.

⁵ Order A-9-16 dated October 18, 2016, page 29.

⁶ Order A-9-16 dated October 18, 2016, page 30.

FEI's expenditure of \$3,000 to implement system changes to accommodate the new fee structure was approved.⁷

The Panel determined the fees would be adjusted annually according to the following process:

- i. FEI evaluates the previous fiscal year's total costs (i.e., calendar year) allocated to gas marketers in light of the monies recouped from gas marketers over the same period.
- ii. FEI evaluates annual recovery shortfalls or surpluses and proposes respective fee increases or decreases in the Annual Program Statistics submitted to the Commission each February.
- iii. Any fee adjustments proposed in the Annual Program Statistics take effect automatically, unless a party raises the issue for discussion and the Commission determines a review is warranted, either during the Customer Choice Program Annual General Meeting or by dedicated proceeding, as determined by the Commission.
- iv. Fee adjustments take effect on April 1. If the fee adjustments undergo a review, any variances between FEI's proposed adjustment and the determined adjustment will be recorded in the non-rate base Marketer Cost Variance deferral account and incorporated into the subsequent year's fee adjustment.⁸

Additionally, to facilitate a Program cost review, the Panel directed FEI to file further information on FEI Program administration tasks, Commission staff administration tasks, customer education costs and infrastructure sustainment costs to the Program by November 17, 2016. The Panel declined to make a decision on the request for an increase to the 2017 Base O&M under the Performance Based Ratemaking (PBR) formula by \$200 thousand until the Program cost review could be completed.⁹

On November 17, 2016, FEI filed its Compliance Filing in accordance with Order A-9-16 (the Compliance Filing). In the Compliance Filing, FEI stated that:

...given the decrease in total Program costs forecasted for 2017 and the changes to the allocation method as set out in Order A-9-16, FEI no longer requires the additional \$200 thousand increase to the Base O&M. Instead, the \$36 thousand variance shown above would now be captured in the PBR O&M sharing calculation and the additional costs shared equally between FEI and non-bypass

⁷ Order A-9-16 dated October 18, 2016, page 31.

⁸ Order A-9-16 dated October 18, 2016, page 32.

⁹ Order A-9-16 dated October 18, 2016, pages 26 – 27.

1 customers. FEI will be incented to reduce this variance in future years to create
2 savings for both the utility and customers.¹⁰

3 The Commission issued Order A-13-16 on December 15, 2016, establishing the regulatory
4 timetable for the Compliance Filing and on January 16, 2017 FEI filed its response to the
5 Commission's information requests in accordance with Order A-13-16.¹¹

6 The Commission issued Order A-1-17 on February 20, 2017, approving the following:

- 7 1. FortisBC Energy Inc.'s proposed Customer Choice program service fees are
8 approved: the Marketer Price Group Set-Up Fee is \$125 per setup request;
9 the Confirmation Letter Fee is \$0.87 per confirmation letter; and the Dispute
10 Fee is \$50.
- 11 2. FortisBC Energy Inc. is directed to calculate the 2017 variable transaction fee
12 using the forecast 2017 Customer Choice program costs.
- 13 3. Beginning in the year 2018 and beyond, FortisBC Energy Inc. is directed to
14 calculate the variable transaction fees based on the prior year's actual
15 program costs, as set out in Order A-9-16.

16
17 Additionally, the Panel stated acceptance of the following items after review of the Compliance
18 Filing and information requests:

- 19 • Two customer program analyst positions are required to support the Program and for
20 proper coverage during peak workloads and unplanned absences, and that any further
21 reduction could diminish FEI's expert systems and erode customer and marketer
22 confidence in the Program.
- 23 • A reduction in Customer Education will allow reduction by approximately 30 percent of
24 the analyst's hours worked, thus only allocating approximately 1.7 full-time equivalent
25 analysts to Program Administration costs. FEI has committed to provide a summary of
26 the savings that will materialize in Program Administration costs in its future annual
27 reports
- 28 • Commission cost reduction estimated at \$30,000 due to reduced workload from
29 declining enrolment. FEI requested more detailed information in Commission invoicing,
30 therefore, FEI is to work with Commission staff to determine appropriate method of
31 reporting Commission costs going forward.
- 32 • FEI's proposal to reduce Customer Choice communication to \$40,000 for 2017. Panel
33 noted there may be a need to revisit this if circumstances were to change.

¹⁰ Exhibit B-1 – Order A-9-16 Compliance Filing dated November 17, 2016, pg. 11, Table 6: 2017 Forecasted Program Costs.

¹¹ Order A-13-16 dated December 15, 2016, Regulatory Timetable.

- The Dispute Fee remains at \$50, however, the Panel is open to a recommendation for future changes to the Dispute Fee amounts if any of the parties wish to raise this issue at a future AGM.¹²

The Customer Choice Program expenditures for 2016 were very close to the same as expenditures for 2015, with a decrease in gas marketer recoveries by 18 percent. Table 7-2 below compares the Customer Choice Program costs from 2007 to 2016. The Program cost reporting has been restructured from previous years' annual reports to match the categories presented in the Customer Choice Cost Recovery Application. The Infrastructure Sustainment category 2007-2011 captures the costs that were charged by the outsourced billing provider at the time. The costs from 2012 through 2016 represent the costs cross-charged to the Program by FEI's Customer Services Group.

¹² Order A-1-17, dated February 20, 2017

1 **Table 7-2: Customer Choice Program Costs 2007 to 2016**

Cost Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Technology Sustainment	\$ 500,547	\$ 476,750	\$ 357,487	\$ 277,259	\$ 242,746	\$ 242,473	\$ 175,173	\$ 246,579	\$ 175,769	\$ 68,346
Infrastructure Sustainment	-	\$ 386,985	\$ 484,792	\$ 333,130	\$ 156,115	\$ 157,290	\$ 142,339	\$ 136,050	\$ 99,882	\$ 109,660
Program Administration	-	\$ 71,219	\$ 166,531	\$ 250,853	\$ 285,629	\$ 303,257	\$ 257,215	\$ 284,223	\$ 274,024	\$ 308,627
BCUC	-	\$ 36,780	\$ 173,815	\$ 367,643	\$ 136,427	\$ 277,713	\$ 187,428	\$ 118,289	\$ 175,771	\$ 217,264
Customer Education	\$ 48,945	\$ 2,987,404	\$ 747,642	\$ 497,454	\$ 234,060	\$ 310,433	\$ 295,346	\$ 267,022	\$ 263,893	\$ 285,633
Total Program Costs	\$ 549,492	\$ 3,959,138	\$ 1,930,267	\$ 1,726,339	\$ 1,054,977	\$ 1,291,166	\$1,057,501	\$ 1,052,163	\$ 989,339	\$ 989,530
Gas Marketer Recoveries	\$ 399,682	\$ 1,103,048	\$ 1,306,782	\$ 1,425,269	\$ 1,264,267	\$ 1,166,334	\$ 803,711	\$ 548,926	\$ 422,705	\$ 347,769
Variance	\$ 149,810	\$ 2,856,090	\$ 623,485	\$ 301,070	\$ (209,290)	\$ 124,832	\$ 253,790	\$ 503,237	\$ 566,634	\$ 641,761

2

7.1 TECHNOLOGY SUSTAINMENT

Technology sustainment support includes the labour costs for the external technical support provided by Fujitsu Consulting and KnowledgeTech Consulting.

In 2016, technology sustainment costs decreased 61 percent to approximately \$68 thousand from approximately \$176 thousand. The decrease is due to the restructuring of the service agreements with the external vendors to a time and materials model eliminating fixed monthly maintenance fees.

7.2 INFRASTRUCTURE SUSTAINMENT

Infrastructure sustainment support includes the administration costs of FEI's Contact Centre and Customer Services Systems staff. Support costs for infrastructure sustainment increased 10 percent in 2016 from approximately \$99 thousand in 2015 to approximately \$110 thousand in 2016.

FEI noted in the Compliance Filing:

The reported costs for 2015 were understated due to an error in allocating time to the Program, which was discovered upon management review of the infrastructure sustainment costs for the Customer Choice Cost Recovery Application. Due to vacancies not filled until year end 2015 and early 2016, support for the Customer Choice Program was redistributed amongst the remaining staff but costs were not correctly allocated to the Program.¹³

7.3 PROGRAM ADMINISTRATION

Program administration costs include the loaded salaries for one senior customer program analyst and one customer program analyst along with associated non-labour expenses. Over the years, there has been a significant increase in benefit loading costs. Since 2009, the Pension & Other Post-Employment Benefits that an employee will begin to receive at the start of retirement accounts for 88 percent of the total increase to the benefit loading allocation. These amounts are not influenced by FEI directly, but rather determined by actuarial analysis.

Program administration costs increased in 2016 due to the extra management and legal support required to complete the 2016 Customer Choice Program Cost Recovery Application process. Program administration increased 13 percent to approximately \$309 thousand in 2016 from approximately \$274 thousand in 2015.

There was approximately \$58 thousand dollars charged to the Program for the cost recovery application process. The basic Program administration costs were down from approximately

¹³ Exhibit B-1 - Order A-9-16 Compliance Filing, dated November 17, 2016, page 12.

\$274 thousand in 2015 to approximately \$250 thousand in 2016 due to lower benefit loading costs in 2016.

7.4 BRITISH COLUMBIA UTILITIES COMMISSION COSTS

There was a 24 percent increase in Commission expenditures in 2016 to over \$217 thousand from approximately \$175 thousand in 2015. Approximately \$62 thousand was charged for Commission assessment of the 2016 Customer Choice Cost Recovery Application. The Commission expenses consist of Program administration costs, Annual General Meeting expenditures, Commission decisions, external expert consultations, and dispute handling and adjudication activities.

7.5 CUSTOMER EDUCATION COSTS

In 2016, customer education expenditures were underspent by approximately \$14 thousand.

7.6 TOTAL PROGRAM COSTS

In 2016, total Program costs were approximately \$989 thousand, which was the same as total Program costs in 2015.

7.7 GAS MARKETER RECOVERIES

In 2016, there were four Program transaction fees charged to gas marketers monthly as illustrated in the Table 7-3.

Table 7-3: 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	\$1.02 / 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

Gas marketer recoveries were down by 18 percent in 2016 to \$348 thousand from \$423 thousand in 2015. This decrease can be attributed directly to the 4.5 percent decrease in customer participation, decreased gas marketer participation, 16 percent decrease in enrolments and the closing of 18 marketer price groups in 2016.

8. PROGRAM FEES AND FEE STRUCTURE

As approved by Order A-1-17, the variable transaction fees for 2017 are based on the forecast 2017 Program costs, rather than the actual 2016 Program costs. The intent of the proposed fee structure is to match fees to actual costs, and using the budgeted figures is expected to accomplish that objective.¹⁴ The significant reduction in the forecasted 2017 Program costs is a result of the in-depth review of the annual expenses and reduction in the areas of customer education and Program administration labour for FEI and the Commission. Using the 2017 forecast costs will benefit the gas marketers as the variable transaction fees will be set at a lower amount, which should recover an amount that more closely matches the expected costs for the year, and result in a smaller variance at year end. Going forward, the method approved by Order A-9-16, using the prior years' actual Program costs to calculate the following year's gas marketers' variable fees will be applied. FEI anticipates ongoing Program costs will remain relatively stable.¹⁵

FEI has reviewed the 2017 budget costs for the Customer Choice Program and provides the 2017 gas marketer fees and structure in Tables 8-1 through 8-3 below. The new Program fees and structure take effect April 1, 2017. The 2017 annual Program cost allocation table lists each cost category and the forecasted 2017 expenses, the percentage of cost sharing the gas marketers and ratepayers are required to cover and the respective dollar amount. The 2017 total gas marketer allocation is forecasted to be approximately \$235 thousand and the ratepayer amount set at approximately \$347 thousand. The fixed and variable fee amounts are then calculated based on the total recoverable amount of \$235 thousand.

Table 8-1: 2017 Annual Program Cost Allocation

Program Expenses	Percentage Allocation			Dollar Allocation	
	2017 Budget	Gas Marketer	All Ratepayers (FEI)	Gas Marketer	All Ratepayers (FEI)
Technology Sustainment	\$ 80,000	50%	50%	\$ 40,000	\$ 40,000
Infrastructure Sustainment	\$ 96,000	0%	100%	\$ -	\$ 96,000
Contact Centre	\$ 16,000	0%	100%	\$ -	\$ 16,000
Program Administration	\$ 229,000	50%	50%	\$ 114,500	\$ 114,500
Commission	\$ 120,000	60%	40%	\$ 72,000	\$ 48,000
Customer Education	\$ 40,000	20%	80%	\$ 8,000	\$ 32,000
Total Expenses	\$ 581,000			\$ 234,500	\$ 346,500

¹⁴ Order A-1-17 dated February 20, 2017, Appendix A, Variable Transaction Fees, page15.

¹⁵ Exhibit B-3 - FEI Response to BCUC IR 1.4.4, dated January 16, 2017, pages 18-19.

8.1 *FIXED FEES*

The fixed fee is set at \$750 per month per gas marketer to equal an estimated \$54 thousand based on six active gas marketers. This accounts for 23 percent of the total \$235 thousand to be recovered from gas marketers. The remaining 77 percent will be recovered from the variable fees.

8.2 *VARIABLE FEES*

There are two variable fees that will be charged to gas marketers monthly. The first is the infrastructure support fee which covers the allocation of the technology sustainment expense to gas marketers of \$40 thousand based on the 2017 forecasted expenses. The \$40 thousand allocation is multiplied by the proportion of total fees to be recovered set at 76.97 percent. This equals the variable recovery amount of \$30,789 which is then divided by the number of active customers (at December 1, 2016) of 30,699 and then divided by the 12 months to equal the variable fee of \$0.08 per active customer per month. The second variable fee is the Program administration fee which covers the allocation of the Program administration, the Commission and customer education expenses to gas marketers of \$194,500 based on the 2017 forecasted expenses. The \$194,500 allocation is multiplied by the proportion of total fees to be recovered set at 76.97 percent. This equals the variable recovery amount of \$149,711 which is then divided by the number of active customers (at December 1, 2016) of 30,699 and then divided by the 12 months to equal the variable fee of \$0.41 per active customer per month.

Table 8-2: 2017 Fixed and Variable Fee Recovery Proportions

	Proportion of Total Fees	
Fixed Fee amount	\$ 54,000	23.03%
Variable Fee amount	\$ 180,500	76.97%
Total Recoverable from Gas Marketers	\$ 234,500	100.00%

Table 8-3: 2017 Variable Fee Calculation

Variable Fee	Gas Marketer Allocation	Variable Recovery Portion	Variable Recovery Amount	Number of active customers (per Dec 1 2016 MSR report)	Divided by 12 months	Variable Fee (per active customer per month)
Infrastructure Support Fee (includes Technology Sustainment expense)	\$ 40,000	x 76.97%	= \$ 30,789	/ 30699	/ 12 months =	\$ 0.08
Program Administration Fee (includes Program Administration, Commission & Customer Education expenses)	\$ 194,500	x 76.97%	= \$ 149,711	/ 30699	/ 12 months =	\$ 0.41

8.3 SERVICE FEES

The following service fees will be charged on a pay-per-use basis monthly effective April 1, 2017:

1. Marketer Price Group Set-up Fee

Gas marketers will be charged \$125 upon submission of the Marketer group setup/change form for a new marketer price group.

2. Confirmation Letter Fee

Gas marketers will be charged \$0.87 per confirmation letter based on monthly gross enrolments.

3. Dispute Fee

\$50 will be charged per dispute logged at time of resolution at the discretion of Commission staff.

Gas marketer monthly fees will continue to be summarized on the Marketer Settlement report available in the Gateway for Energy Marketers (GEM) report tab on the first day of each month. The purchase statement from FEI will continue to display the gas supplied less administration costs for remittance.

9. SUMMARY

In April 2016, FEI submitted the Customer Choice Cost Recovery Application, and the Commission conducted a regulatory review process, resulting in a Commission decision on a new fee structure and adjustment process, with a final determination on the 2017 fee structure as determined in Order A-1-17 on February 20, 2017. Due to the significant reduction that was made in the 2017 budget after the cost review process, the Commission determined that the 2017 fees would be based on the 2017 forecasted costs instead of the 2016 actual costs, for 2017 only. As determined in Order A-9-16, FEI submits the Annual Program Statistics report providing a summary of 2016 activities in terms of Program participation, enrolment and dispute activity, customer education, system enhancements and Program expenditures and recoveries. The Annual Program Statistics report now includes a section that evaluates the previous year's total costs, determines the allocation of Program costs between gas marketers and ratepayers and details the calculation of the variable transaction fees that will take effect April 1 of each year.

Participation in the Customer Choice Program experienced an overall decline of just 4 percent in 2016 over 2015. There were six active marketers selling commodity contracts in 2016. Enrollment numbers indicate there was a sales blitz on Vancouver Island in the months of April and May when half of the approximately 1,300 annual enrolments for that region were submitted. There was an average of 766 enrolments submitted per month in 2016 totaling approximately 9,000 enrolments for the year in all eligible regions. The customer enrolment retention rate for 2016 of 88 percent indicates that only about 1 out of 10 customers cancelled their contract before their contract start date. The increasingly high contract retention rate indicates the consumer protection measures in place for Customer Choice are working as intended.

In 2016, 89 percent of the active contracts were in the \$4/GJ to \$8/GJ price range while 11 percent were under \$4/GJ. As of December 31, 2016, residential billed customers enrolled in Customer Choice accounted for 3 percent of FEI's total Rate 1 customers, while commercial billed customers enrolled in Customer Choice accounted for 4 percent of eligible Rate Schedule 2 and 3 customers. This percentage participation is unchanged since last year for both commercial and residential customers.

Total disputes raised continued to decline in 2016. Standard disputes raised by customers decreased by 16 percent compared to those raised in 2015. There were 35 percent of disputes ruled in favor of the customer which was down from the previous years' average of over 40 percent ruled for the customer. The number of cancellation disputes raised by the gas marketers decreased by 10 percent in 2016. As a percentage of sales, total disputes raised continued to be 2 percent of gross enrolments for the third year. Customers are more likely to remain on their contracts for the entire contract term, rather than request early cancellation for compassionate reasons or dissatisfaction.

1 The Customer Education Plan objective for 2016 was focused on maintaining awareness of the
2 Customer Choice Program, maintaining customer protection via education and directing traffic
3 to fortisbc.com/choice.

4 The main focus for GEM and the system infrastructure for the year was on upgrading aging
5 hardware and system infrastructure to a new virtual machine (VM) setup. Comprehensive end-
6 to-end testing of all data flows for the GEM system were required to ensure the processes and
7 functionality would work as designed on the new VM setup. The upgrades were all categorized
8 as system sustainment and covered by the IT Department funding. There were no front facing
9 enhancements made to the GEM application or reporting.

10 The total annual expenditures for the Customer Choice Program in 2016 were the same as
11 expenditures for 2015. In comparison, gas marketer recoveries decreased by 18 percent in
12 2016 from 2015 levels. The review of the costs and recoveries for the Customer Choice
13 Program was addressed in the Customer Choice Program Cost Recovery Application and the
14 Commissions' decisions determined the appropriate method for cost allocation going forward.¹⁶
15 These decisions along with the final decisions provided in Order A-1-17 specified how Program
16 costs are to be allocated and recovered beginning in 2017.¹⁷ FEI has calculated the 2017
17 variable transaction fees using the 2017 forecasted Customer Choice program costs. The
18 Infrastructure Support Fee will be \$0.08 per active customer per month. The Program
19 Administration fee will be \$0.41 per active customer per month. The new service fees for
20 Marketer Price Group Set-up is \$125 per setup request, Confirmation Letter fee is \$0.87 per
21 letter and the Dispute Fee is \$50. The new fees will appear on the May 1 Marketer Settlement
22 Report. FEI will work with Commission staff to determine an appropriate method of reporting
23 BCUC costs for the future.

24 The fee adjustments that are submitted each February with the Annual Program Statistics will
25 take effect automatically each April 1 and any warranted review will be handled through the
26 Annual General Meeting or dedicated proceeding. Any resulting variance between the actual
27 adjustment of fees and the reviewed adjustment of fees by the Commission will be recorded in
28 the non-rate base Marketer Cost Variance deferral account and incorporated in the subsequent
29 year's fee adjustment.

¹⁶ Order A-9-16 dated October 18, 2016, Table 2: Summary of Panel Cost Allocations, page 26.

¹⁷ Order A-1-17 dated February 20, 2017, page 2.