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May 9, 2016

**FEI CUSTOMER CHOICE
PROGRAM COST RECOVERY EXHIBIT A-2**

Ms. Diane Roy
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Project No. 3698874/Order A-3-16
Customer Choice Program Cost Recovery Application

Further to your April 14, 2016 filing of the above noted application, enclosed please find British Columbia Utilities Commission Order A-3-16, establishing a Regulatory Timetable.

Yours truly,

Original Signed By:

Laurel Ross

/nd
Enclosure



ORDER NUMBER
A-3-16

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Application for the Customer Choice Program Cost Recovery

BEFORE:

D. A. Cote, Panel Chair/Commissioner
W. M. Everett, Commissioner
N. E. MacMurchy, Commissioner

on May 9, 2016

ORDER

WHEREAS:

- A. FortisBC Energy Inc. (FEI) obtained a Certificate of Public Convenience and Necessity on August 14, 2006 for the Commodity Unbundling Project for Residential Customers (Customer Choice) in accordance with the provincial government's 2002 energy policy, which allows for the direct sale of natural gas to residential and small volume commercial customers through gas marketing companies licensed by the British Columbia Utilities Commission (Commission);
- B. On September 29, 2015, the Commission issued Order A-12-15, which, among other things, directed FEI to submit a Customer Choice program cost recovery application (Application) by March 31, 2016;
- C. By Order A-1-16, following FEI's request for an extension to the filing date of the Application, the Commission extended the filing deadline for the Application to April 14, 2016;
- D. On April 14, 2016, FEI filed the Program Cost Recovery Application, recommending a new fee structure for the recovery of costs associated with the Customer Care program and seeking approvals for specific items for the new fee structure;
- E. Upon review of the Application, FEI requests the following:
 - i. The proposed allocation of program costs based on the analysis described in Section 3.2 of the Application, on an ongoing basis;
 - ii. Recovery of program costs from gas marketers with a monthly fixed fee of \$2,000 per gas marketer; two monthly variable fees; and service fees (as further described in Section 5.7 of the Application);
 - iii. The annual adjustment of the transaction fees on April 1 of each year starting on April 1, 2017, by letter notice included in the Annual Program Statistics submitted in February based on: i) the previous year's actuals; and ii) any annual variance experienced between cost allocation and actual recoveries;
 - iv. The expenditure of approximately \$3,000 to implement system changes to accommodate the recommended new fee structure; and

- v. The recuperation of all remaining program costs from non-bypass delivery rates;
- F. FEI proposes that the Application be heard through a written process that includes a workshop, one round of information requests, followed by written arguments;
- G. For the reasons set out in the cover letter to the Application, FEI requests that the Commission hold Section 5.6 of the Application and Appendix D to the Application confidential; and
- H. The Commission has reviewed the Application and considers establishing a preliminary Regulatory Timetable for the review of the Application is warranted.

NOW THEREFORE, pursuant to section 71.1 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. FortisBC Energy Inc. (FEI) is to supplement the Customer Choice Program Cost Recovery Application (Application) with the additional information outlined in Appendix A to this order.
2. FEI is to revise or further explain its request to the Commission to hold Section 5.6 of the Application confidential prior to the Commission making a determination on the matter, for the reasons outlined in Appendix A to this order.
3. FEI's request to hold Appendix D to the Application in confidence is approved for the reasons attached to this order.
4. A process for the review of the Customer Choice Program Cost Recovery Application is hereby established in accordance with the preliminary Regulatory Timetable attached as Appendix B to this order. The Panel requests submissions on the Application review process, as outlined in Appendix C, in accordance with the Regulatory Timetable.
5. Interveners who wish to participate in the regulatory proceeding are to register with the Commission by completing a Request to Intervene Form, available on the Commission's website at <http://www.bcuc.com/Registration-Intervener-1.aspx>, by the date established in the Regulatory Timetable attached as Appendix B to this order and in accordance with the Commission's Rules of Practice and Procedure.
6. FEI is to provide a copy of this order to participants of the FortisBC Energy Inc. Multi-year Performance Based Ratemaking Plan for 2014 through 2018 proceeding and all gas marketers licensed under the Customer Choice program.
7. The Application, together with any supporting materials, is to be made available for inspection at the FEI Office, 16705 Fraser Highway, Surrey, BC. The Application and supporting materials are to be made available on FEI's website at www.fortisbc.com.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of May 2016.

BY ORDER

Original Signed By:

D. A. Cote, Commissioner
Attachments

FortisBC Energy Inc.
Application for the Customer Choice Program Cost Recovery

REASONS FOR DECISION

Introduction

On April 14, 2016, FortisBC Energy Inc. (FEI) filed an application regarding the Customer Choice program cost recovery (Application), which includes information on previous, current and forecasted program costs and a request that the British Columbia Utilities Commission (Commission) hold Section 5.6 and Appendix D of the Application confidential. These reasons for decision outline the Panel's determination requiring FEI to file supplementary information and modify or further explain its request for the Commission to hold the entirety of Section 5.6 confidential.

Supplementary information

Upon review of the Application, the Panel has determined that it should be supplemented with additional information to facilitate a more complete and efficient review.

Accordingly, FEI is to file the following supplementary information with the Commission in accordance with the preliminary Regulatory Timetable attached as Appendix B to this order:

1. The information contained in Figure 2-2 on page 10 of the Application in table format for ease of review and understanding.
2. A detailed calculation and explanation of the \$75,882 infrastructure sustainment costs stated to be incurred in 2015 (see page 13 of the Application).
3. A detailed calculation and explanation of the \$96,000 infrastructure sustainment forecast to be incurred in the future (see page 13 of the Application).
4. Explanation and supporting calculation for the \$175,769 incurred in 2015 for technology sustainment (see page 14 of the Application).
5. Explanation and supporting calculation for the \$274,024 incurred in 2015 for program administration costs (see page 16 of the Application).
6. More detailed breakdown and explanation of customer education plan costs of \$263,893 incurred in 2015 (see page 19 of the Application).
7. The same detailed breakdown and description for items 2, 4, 5 and 6 listed above for actual years 2012 through 2014.

Confidentiality request

FEI requests that Section 5.6 and Appendix D of the Application be held confidential "on the basis that they contain sensitive market share information where if disclosed, the competitive position of each Gas Marketer participating in Customer Choice would be known."¹

¹ Exhibit B-1, Cover letter to Application, p. 1.

Section 20.01 of the Commission's Rules of Practice and Procedure governs Commission decisions made regarding confidentiality. The rule states:

In determining whether the nature of the information or documents require a confidentiality direction, the Commission will have regard to matters that it considers relevant, including:

- (a) whether the disclosure of the information could reasonably be expected to result in:
 - (i) undue material financial loss or gain to a person, or
 - (ii) significant harm or prejudice to that person's competitive or negotiating position, or
 - (iii) harm to individual or public safety or to the environment;
- (b) whether the information is personal, financial, commercial, scientific, labour relations or technical information that is confidential and consistently treated as confidential by the person;
- (c) whether the person's interest in confidentiality outweighs the public interest in the disclosure of the information or documents in the hearing;
- (d) whether the person submitting the document has any legal obligation to maintain confidentiality; and
- (e) whether it is practicable to hold the hearing in a manner that is open to the public.

Upon review of these sections, **the Panel grants the confidentiality request for Appendix D** because the Panel finds that public release of this section could reasonably be expected to result in harm to the gas marketers' competitive and negotiating positions.

Regarding Section 5.6 of the Application, the Panel is concerned that if the whole section is confidential, as FEI is requesting, some of the key participants will not have access to the analysis of the four options presented in this section and may be unable to fully understand FEI's reasons for recommending its proposed option. The Panel is reticent to make a determination on this matter until it has heard further evidence outlining why Section 5.6 in its entirety should be confidential. **Therefore, prior to making a determination on this matter, the Panel directs FEI to file either a revised confidentiality request for Section 5.6 or provide further explanation for the request to hold the complete Section 5.6 confidential.** Specifically, in accordance with the preliminary Regulatory Timetable, FEI is directed to:

- file a revised confidentiality request for Section 5.6, with only the specific portions that meet any of the criteria set out in Section 20.01 (a) through (e) of the Rules of Practice and Procedure marked as confidential (i.e. redacted); or,
- provide further explanation regarding how the entirety of Section 5.6 meets one or more of the criteria set out in Section 20.01 of the Rules of Practice and Procedure, or some other matter not noted in Section 20.01, with which the Commission should consider in this case.

FortisBC Energy Inc.
Application for the Customer Choice Program Cost Recovery

REGULATORY TIMETABLE

ACTION	DATE (2016)
Intervener Registration	Monday, May 16
FEI to file supplementary information and revised Section 5.6 of the application or further rationale for the Commission to hold this section confidential	Friday, May 20
FEI and intervener submissions on review process	Friday, May 27
Further process to be determined	

FortisBC Energy Inc.
Application for the Customer Choice Program Cost Recovery

OPTIONS FOR REVIEW PROCESS

Introduction

On April 14, 2016, FortisBC Energy Inc. (FEI) filed an application regarding the Customer Choice program cost recovery (Application), which includes a proposed Regulatory Timetable, outlined in Section 1 below. Commission staff wish to propose an alternative review process, outlined in Section 2 below. FEI and interveners are to file submissions on their preferred review process and timing for the proposed workshop or a modified Streamlined Review Process (SRP), in accordance with the preliminary Regulatory Timetable attached as Appendix B to this order.

Option 1: FEI - Written hearing with information session

The table below outlines FEI's proposed review process as outlined in the application with actual dates to be determined (tbd).

ACTION	DATE (2016)
Information session (workshop) for interveners and interested parties	tbd
Commission Information Request No. 1	tbd
Intervener Information Request No. 1	tbd
FEI response to Information Requests No. 1	tbd
FEI written final argument	tbd
Intervener written final argument	tbd
FEI written reply argument	tbd

FEI and interveners are requested to submit their preferred and available dates with their submissions on review process, by Friday, May 27, as set out in the preliminary Regulatory Timetable established by this order.

Option 2: Commission staff - Modified Streamlined Review Process

The table below outlines an alternative review process Commission staff is proposing.

ACTION	DATE (2016)
Commission Information Request No. 1	tbd
Intervener Information Request No. 1	tbd
FEI response to Information Requests No. 1	tbd
Modified Streamlined Review Process	tbd
FEI written final argument	tbd
Intervener written final argument	tbd
FEI written reply argument	tbd

The general format for the modified SRP is as follows: Panel Chair opening remarks; FEI presentation; and question/discussion period. The modified SRP would serve as a second round of oral interrogatories and discussion, with participation from proceeding participants and the Panel. Arguments are proposed to occur in writing after the modified SRP.

Both the FEI approach involving a workshop and an SRP process offer the opportunity for the applicant to present its case and for participants to ask questions for clarity. However, Commission staff favour an SRP and consider it to have the following advantages:

1. An SRP is transcribed, allowing it to form part of the evidentiary record. Thus, the potential for misinterpreting comments made is reduced.
2. The Panel will be in attendance and take an active role in the proceedings, allowing it to gain a better understanding of any issues arising.

In Commission staff's view, a modified SRP as proposed is similar to the Customer Choice Program Annual General Meeting, a process with which the gas marketers are already familiar, albeit with the addition of the Panel members present.

FEI and interveners are to submit their preferred and available dates with their submissions on the review process, by Friday, May 27, as set out in the preliminary Regulatory Timetable established by this order.