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May 26, 2022

British Columbia Public Interest Advocacy Centre  
Suite 803 470 Granville Street  
Vancouver, B.C.  
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

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

**Application for an Updated Code of Conduct and Transfer Pricing Policy –  
(Application) ~ Project No. 1599314**

**Response to the British Columbia Old Age Pensioners' Organization, Active  
Support Against Poverty, Disability Alliance BC, Council of Senior Citizens'  
Organizations of BC, Tenants Resource and Advisory Centre, and Together  
Against Poverty Society *et al.* (BCOAPO) Information Request (IR) No. 1**

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On March 3, 2022, FEI filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-108-22 for the review of the Application, FEI respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Application for an Updated Code of Conduct and Transfer Pricing Policy (Application)	Submission Date: May 26, 2022
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre (BCOAPO) Information Request (IR) No. 1	Page 1

1    **1.0    Reference:    Exhibit B-1, Appendix D, Blacklined COC and TPP**

2            **Preamble:**    Principle (ii) on page 4 of this Appendix states:

3                            ii. Aggregated Customer Information or individual Customer Information  
4                            that is made available to an Affiliate should be made available to all parties,  
5                            including competitors, on an equal basis, upon request, provided  
6                            necessary consent is obtained. Individual Customer Information must be  
7                            treated as required by the Personal Information Protection Act (PIPA), and  
8                            should only be released with the written consent of the Customer. The  
9                            control of Customer information should not provide an inappropriate  
10                            competitive advantage to an Affiliate. FortisBC Energy may exchange  
11                            Customer Information with an AU to further develop, enhance and provide  
12                            integrated products and services offered by FortisBC Energy and the AU,  
13                            without being required to disclose the Customer Information to other  
14                            parties.

15            1.1    Please confirm the list of FEI Affiliates found on page 9 of Appendix A to the  
16            Blacklined CoC and TPP remain current and complete, specifying which qualify as  
17            an AU (for clarity, the referenced information is found on page 55 of the document  
18            PDF).

19  
20    **Response:**

21    Confirmed, the list of FEI Affiliates at Appendix A remains current and complete. FortisBC  
22    Huntingdon Inc. and FortisBC Inc. (FBC) each are identified as an AU.

23  
24

25  
26            1.2    Please provide a complete list of integrated products and services FEI currently  
27            offers that would or could require the disclosure of individual Customer Information  
28            to an Affiliate.

29  
30    **Response:**

31    Provided below is a listing of the integrated energy efficiency programs (products and services)  
32    FEI currently offers for joint FEI/FBC customers where individual Customer Information could be  
33    disclosed, subject to obtaining the customer consent required. As indicated in the response to  
34    BCOAPO IR1 1.5, customer consent for this sharing of Customer Information is achieved through  
35    the published terms and conditions for the respective program.

- 36            • Residential Programs:
- 37                    ○ Home Renovation Program



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- 1           ○ New Home Program
- 2           ○ Rental Apartment Program
- 3           ● Low Income Programs:
- 4           ○ Direct Install Program
- 5           ○ Self Install Program
- 6           ○ Prescriptive Program
- 7           ○ Support Program
- 8           ● Commercial Programs:
- 9           ○ Prescriptive Program
- 10          ○ Performance Program
- 11          ○ Rental Apartment Program
- 12          ● Industrial Programs:
- 13          ○ Prescriptive Program
- 14          ○ Performance Program
- 15          ○ Strategic Energy Management
- 16          ● Conservation, Education & Outreach:
- 17          ○ Residential Customer Engagement Tool
- 18
- 19

20

21           1.3     Please provide a complete list of integrated products and services FEI currently  
22                   offers that would or could require the disclosure of aggregated Customer  
23                   Information to an Affiliate.

24

25     **Response:**

26     FEI has shared aggregate Customer Information, particularly aggregated energy consumption,  
27     with FBC, an AU, for the purpose of completing a joint conservation potential review study for  
28     natural gas and electricity customers within FortisBC's shared service territory. This is permitted  
29     under section 3 (b) of the existing approved COC, which states:

30                 FortisBC Energy may disclose to a party that requests Customer Information that  
31                 is aggregated or summarized in such a way that confidential or individual  
32                 information would not be ascertained by third parties. A written consent will not be  
33                 required for the release of aggregated or summarized Customer Information.



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1 In the future, FEI would like to continue to share aggregate Customer Information with FBC for  
2 research and promotional purposes to better target and enhance energy efficiency offers for FEI  
3 and FBC customers, without being required to disclose this information to other parties, if  
4 requested.

5 In addition, FEI could disclose aggregated Customer Information to FBC in order to support  
6 program development and management for the joint FEI/FBC energy efficiency programs listed  
7 in the response to BCOAPO IR1 1.2.

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11 1.4 On Page 6 of the Blacklined COC and TPP set out in Appendix D, subsection 3(e)  
12 FEI mentions further development and enhancement of integrated products.  
13 Please fully explain what additional or future products or services that FEI, or an  
14 AU, are contemplating that would require disclosure of Customer Information and  
15 specify whether each (product or service) would or could require disclosure of  
16 either individual or aggregated Customer Information.

17

18 **Response:**

19 Please refer to the responses to BCOAPO IR1 1.2 and 1.3.

20 Future products and services which may require sharing of Customer Information between FEI  
21 and an AU may include regulated products and services that are developed in the future to meet  
22 customers' needs. FEI does not currently have any such additional products or services under  
23 consideration.

24

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27 1.5 Please confirm that FEI will not explicitly be seeking customer consent to disclose  
28 information to an AU. If not confirmed, please fully explain. If confirmed, please  
29 fully explain why customer consent will not be sought.

30

31 **Response:**

32 Not confirmed. For individual Customer Information, FEI intends to continue to seek customer  
33 consent for the exchange of individual Customer Information between FEI and FBC (AU) through  
34 the program terms and conditions of joint energy efficiency programs. Customers are required to  
35 accept the terms and conditions in order to participate in a given program.

36 For aggregated Customer Information, no customer consent is required as specified under section  
37 3 (b) of the COC, which states:



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1 FortisBC Energy may disclose to a party that requests Customer Information that  
2 is aggregated or summarized in such a way that confidential or individual  
3 information would not be ascertained by third a parties. A written consent will be  
4 not required for the release of aggregated or summarized Customer Information.

5 Please also refer to the response to BCUC IR1 1.7.

6  
7

8

9 1.6 Please discuss any situations since 1 March 2017 where FEI has explicitly sought  
10 customer consent to provide individual or aggregated Customer Information to an  
11 Affiliate.

12

13 **Response:**

14 Please refer to the response to BCOAPO IR1 1.2 for a listing of the energy efficiency programs  
15 (products and services) FEI currently offers where individual Customer Information may be shared  
16 for joint FEI/FBC customers, subject to obtaining the customer consent required. The listing of  
17 programs is representative of the types of joint programs in the recent past (i.e., going to back to  
18 2017) for which FEI has explicitly sought customer consent to provide individual Customer  
19 Information.

20 Administration of the incentives for these programs requires the sharing of individual Customer  
21 Information. Customer consent for this sharing of customer data is achieved through the  
22 published respective program terms and conditions which customers are required to comply with  
23 in order to participate in the program.

24 Please refer to the response to BCOAPO IR1 1.5 for a discussion of customer consent required  
25 for individual and aggregated Customer Information.

26  
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28

29 1.6.1 Were all FEI requests for customer consent granted?

30 1.6.1.1 If so, were all customers advised that their consent could result  
31 in disclosure of that information to "other parties, including  
32 competitors" upon request?

33 1.6.1.2 If not, did the customers refusing consent specify why they were  
34 not willing to consent to the requested disclosure?  
35

36 **Response:**

37 Participants in FEI's energy efficiency programs are notified through the applicable program terms  
38 and conditions that FEI may disclose their provided information to affiliates and program



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- 1 contractors, the other program administrators, and any collaborating party, only to be released
- 2 with the written consent of the customer in accordance with the FEI COC. In order for a customer
- 3 to participate in the energy efficiency program, they must consent to and accept the terms and
- 4 conditions for that program.
- 5 Please also refer to the response to BCOAPO IR1 1.5.
- 6



1    **2.0 Reference: Exhibit B-1, Appendix D, Blacklined COC and TPP, Appendix A, Page**  
 2    **9 (for clarity, the referenced information is found on page 70 of the**  
 3    **document PDF)**

4    **Preamble:** It is noted that FEI provides and applies for updated General Overhead rates  
 5    for certain items, but not all.

**Appendix A Illustrative Example of Determining Fully Allocated Cost \* for the Three Types of Service**  
 (For an employee at an annual salary of \$85,000 and 59% benefits loading)  
 (Different charge-out rates are used for different positions)

Column	1		2			3
	Specific Committed Service		As Required Service			
	Off-Site Full-time	On-Site Full-time	On-Site Short Term	Off-Site Short Term	Off Site Extended	Designated Subsidiary / Affiliate
BASE PAY PER DAY	\$327.00	\$327.00	\$327.00	\$327.00	\$327.00	\$327.00
PLUS CONCESSIONS and BENEFITS (90%)	\$295.00	\$295.00	\$295.00	\$295.00	\$295.00	\$295.00
LOADED LABOUR PER DAY	\$622.00	\$622.00	\$622.00	\$622.00	\$622.00	\$622.00
GENERAL OVERHEAD	5%	15%	15%	15%	5%	5%
SUPERVISION	N/A	Direct Charge	20%	N/A	N/A	Direct Charge
AVAILABILITY CHARGE	N/A	N/A	20%	20%	20%	N/A
FACILITIES CHARGE (If Applicable)	N/A	\$100.00	\$100.00	\$100.00	N/A	N/A
EQUIPMENT CHARGE (If Applicable)	Direct Charge	Direct Charge	Direct Charge	Direct Charge	Direct Charge	N/A
TOTAL FULLY ALLOCATED COSTS PER DAY	\$653.00	\$915.00	\$1,064.00	\$940.00	\$778.00	\$653.00
Cost Ratio to Base Pay per day	2.00	2.49	3.25	2.87	2.38	2.00
Cost Ratio to Loaded Labour per day	1.05	1.31	1.71	1.51	1.25	1.05

\* Direct costs would exclude costs such as general overhead, supervision, availability charge and facilities charge.

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7    **2.1** Please provide a working paper in Excel format that has the detailed calculation of  
 8    the proposed 15% General Overhead rate

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10 **Response:**

11 Please refer to the response to BCUC IR1 2.1.1 for an explanation of how the annual review of  
 12 the TPP overhead factors is used to determine updates required to the general overhead rate.  
 13 The referenced information request also includes a table showing the calculation of the overhead  
 14 rate. Since the information used in the calculation is pulled from FEI's information system, there  
 15 is no excel calculation required.

16

17

18

19    **2.2** Please provide a working paper in Excel format that has the detailed calculation of  
 20    the prior 5% General Overhead rate.

21

22 **Response:**

23 The 5 percent represents FEI's high-level estimation of the general overhead required to support  
 24 FEI employees working off-site or for a Designated Subsidiary/Affiliate and is not the result of a



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1 detailed calculation of general overhead rates. FEI has no basis to conclude that a change to the  
2 5 percent is required given that there has been no change to the level of support being provided  
3 in the situations to which it is applied. However, FEI is not averse to increasing the rate to 7.5  
4 percent which maintains it at one half of the proposed 15 percent rate.

5 As indicated in the TPP, the 5 percent general overhead rate in the table is applied specifically to  
6 off-site situations where the FEI employee is providing labour under the different types of services  
7 (Specific Committed, As Required) to the Affiliate away from FEI facilities. The lower estimated  
8 general overhead rate, when compared to the estimated higher rate applied to on-site situations  
9 (Specific Committed and As Required), recognizes that by working off-site, the employee would  
10 not require the same level of FEI general overhead support.

11 For the situation of a Designated Subsidiary/Affiliate, the reduced loading of 5 percent in the TPP  
12 applies to an Affiliate “that is designated by the Commission to receive reduced loadings in the  
13 Transfer Price. The designation is due to the additional benefit that the related company provides  
14 to FortisBC Energy’s Customers, employees or to the economic development of the Province of  
15 British Columbia.” This is a high-level estimation that recognizes that a greater amount of the  
16 general overhead support is provided by the Designated Subsidiary/Affiliate. This is an estimation  
17 and is not the result of a detailed calculation of general overhead rates.

18  
19

20

21 2.3 Please fully explain each change in costs that resulted in the change in the General  
22 Overhead Rate.

23

24 **Response:**

25 Please refer to the response to BCUC IR1 2.1.1.

26

27

28

29 2.4 Please fully explain why certain aspects of the Overhead Rates, including (i)  
30 Specific Committed Service – Off-Site Full-time, (ii) As Required Service, Off Site  
31 Extended, and (iii) Designated Subsidiary/Affiliate remain at 5% and were not  
32 updated to 15%.

33

34 **Response:**

35 Please refer to the response to BCOAPO IR1 2.2.

36