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February 27, 2023

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Sara Hardgrave, Acting Commission Secretary

Dear Sara Hardgrave:

Re: FortisBC Energy Inc. (FEI)
2021 Customer Choice Program Cost Annual Program Statistics

FEI attaches the FEI Customer Choice program statistics for the 2022 calendar year.

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

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

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



FORTISBC ENERGY INC.

**2022 Customer Choice Annual Program
Statistics**

February 27, 2023

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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 2022 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 2022.
- **Section 3** provides an overview of gas marketer sales activity and statistics in 2022, a month-to-month comparison of enrolment activity between 2021 and 2022, and a year-to-year comparison of gross and net enrolments from 2016 to 2022.
- **Section 4** summarizes the monthly dispute activity and statistics in 2022 for cancellation and standard disputes, and yearly dispute activity from 2016 to 2022.
- **Section 5** summarizes the customer education plan for 2022, 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 2022.
- **Section 7** reviews the 2022 Program expenditures and recoveries.
- **Section 8** describes the 2023 Program fees and fee structure.
- **Section 9** provides a summary of each section.

2. PROGRAM PARTICIPATION STATISTICS

2.1 GAS MARKETER PARTICIPATION

In 2022, there were six gas marketers licensed and active in BC. Five 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 offered fixed-rate contracts to Rate Schedule 2 and 3 commercial customers only. Table 2-1 below lists the gas marketers operating in BC in 2022, 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	Easy Energy Inc.	Licensed and active
4	Just Energy (formerly Energy Savings BC)	Licensed and active; Changed name to Just Energy in 2009
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
9	Planet Energy	Sold customers to Access Gas in April 2008 and withdrew. Re-entered the market in February 2010. License terminated August 1, 2020
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

By the end of 2022, there were 122 marketer price groups open. There were 9 new marketer price groups created in 2022. Marketer price groups specify the price that customers have agreed to pay per gigajoule (GJ) for their natural gas commodity. Figure 2-1 below provides the statistics for fixed-rate contracts sold to customers in 2022.

Figure 2-1: Fixed-Rate Contract Statistics in 2022

Enrolments per Term	Price Range per Enrolment Term	Enrolments by Contract Price Range	Average Price Weighted by Number of Enrolments
<ul style="list-style-type: none"> • 1 Year - 118 - 1% • 2 Year - 240 - 1% • 3 Year - 394 - 2% • 4 Year - 763 - 4% • 5 Year - 16133 - 92% 	<ul style="list-style-type: none"> • 1 Year - \$3.72 to \$8.75 • 2 Year - \$4.50 to \$8.75 • 3 Year - \$3.50 to \$8.75 • 4 Year - \$3.75 to \$8.75 • 5 Year - \$3.19 to \$8.75 	<ul style="list-style-type: none"> • Under \$4.00 - 9 - < 1% • \$4.00-\$6.00 - 1530 - 9% • \$6.00-\$8.00 - 5574 - 31% • \$8.00-\$8.75 - 10535 - 60% 	<ul style="list-style-type: none"> • 1 Year - \$7.47 • 2 Year - \$7.59 • 3 Year - \$7.48 • 4 Year - \$7.22 • 5 Year - \$7.92

As indicated in Figure 2-1 above, prices per GJ of gas-charged ranged from a low of \$3.19/GJ for a 5-year term, to a high of \$8.75/GJ. In 2022, most enrolled contracts have prices between \$8.00/GJ and \$8.75/GJ.

The most common contract term signed in 2022 was for a 5-year contract, accounting for 92 percent of total enrolments. The price range for a five-year contract term ranged from a low of \$3.19/GJ to a high of \$8.75/GJ, with a weighted average price of \$7.92/GJ.

2.2 CUSTOMER PARTICIPATION

As of December 31, 2022, there were approximately 1.07 million FEI Rate Schedules 1, 2, and 3 customers eligible for the Customer Choice Program. Of those eligible, 972 thousand were residential customers, and 97 thousand were commercial customers.

Of the 972 thousand eligible residential customers, about 31 thousand billed customers were enrolled in Customer Choice. This amount represents roughly 3 percent of the total customer base of eligible residential customers participating in Customer Choice.

Of the 97 thousand eligible commercial customers, approximately 7 thousand or 7 percent of billed customers were enrolled in Customer Choice. The percentage of eligible customers participating in Customer Choice in 2022 has remained the same for residential and increased by 2 percent for commercial customers over 2021 participation. Figure 2-2 below illustrates the residential and commercial Customer Choice participation rate for 2022.

Figure 2-2: 2022 Residential and Commercial Customer Participation

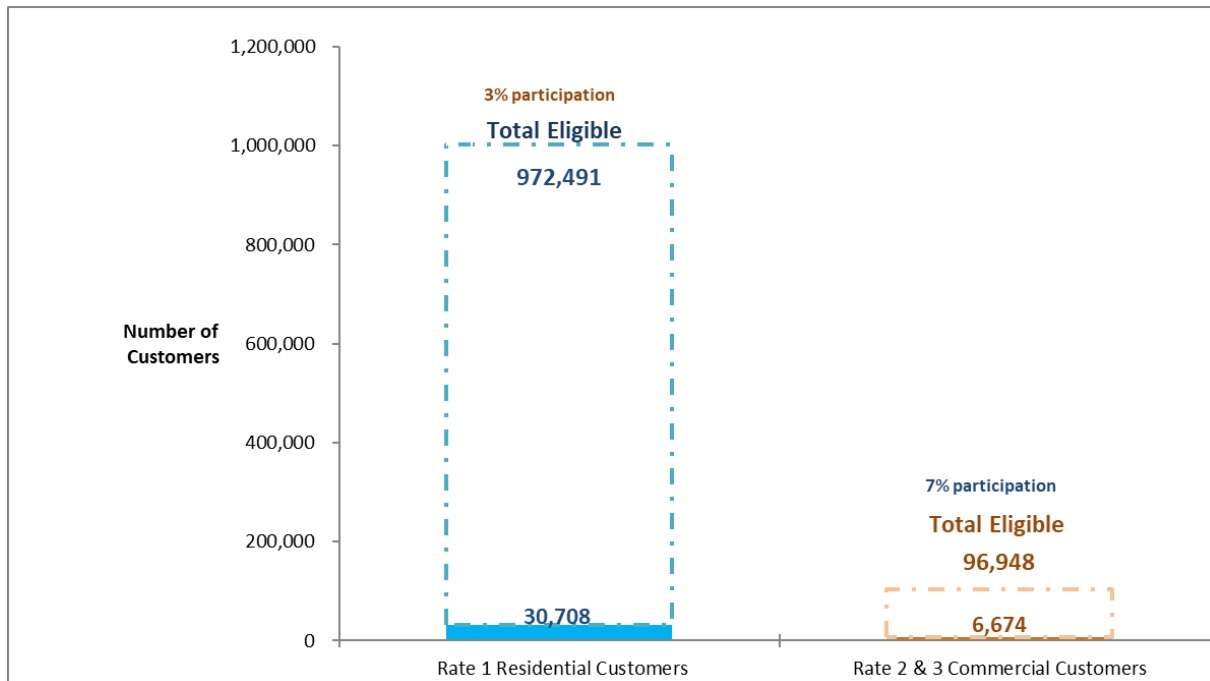
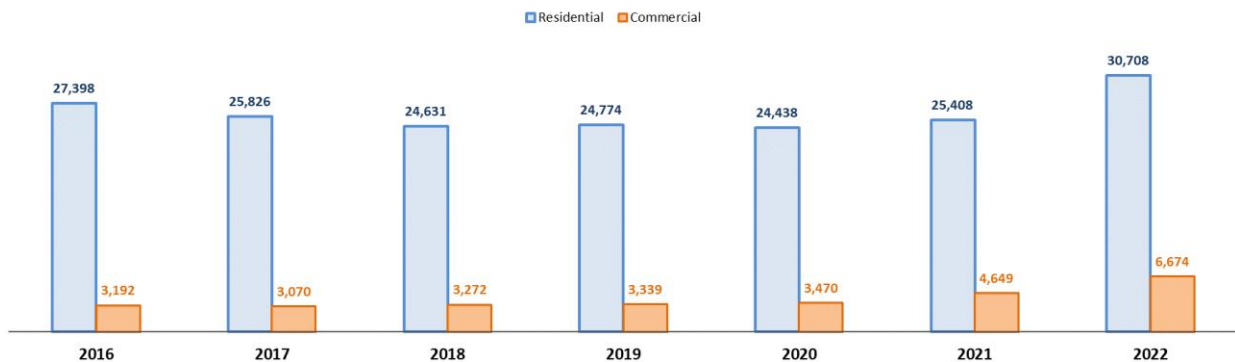


Figure 2-3 below illustrates the year-to-year comparison of residential and commercial customer Program participation for the past 7 years.

Figure 2-3: Yearly Comparison of Customer Choice Participation 2009 to 2022



Participation numbers for residential customers increased by 21 percent in 2022 over 2021, while participation rates for commercial customers increased by 44 percent over the same period. Overall, participation in the Customer Choice Program increased by 24 percent in 2022. The Customer Choice Program has not seen these participation levels since 2014. The increase in participation is likely driven by increased activity by gas marketers and further influenced by recent volatility in natural gas prices.

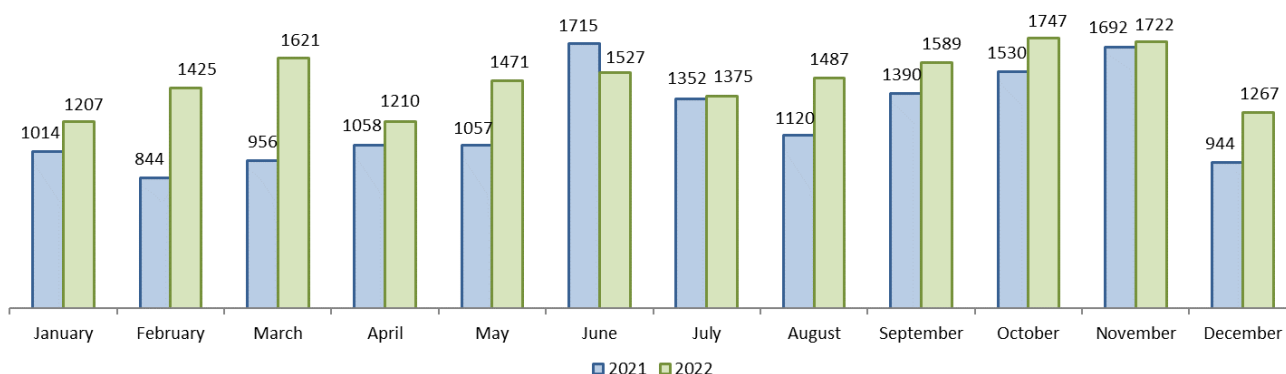
3. ENROLMENT STATISTICS

3.1 GROSS ENROLMENTS

In 2022, new enrolments were submitted at an average rate of 1,471 per month. Enrolments are counted in the month submitted, with contracts starting within 5 years of their submission date. October was the most active month with 1,747 enrolments. Gas marketers currently use a combination of phone sales and in-person sales to sell gas contracts. The result was an increase of 20 percent in gross enrolments with almost 18 thousand gross enrolments in 2022, compared to almost 15 thousand in 2021.

Figure 3-1 below illustrates the comparison of monthly gross enrolments between 2021 and 2022.

Figure 3-1: Comparison of Monthly Gross Enrolments – 2021 vs. 2022

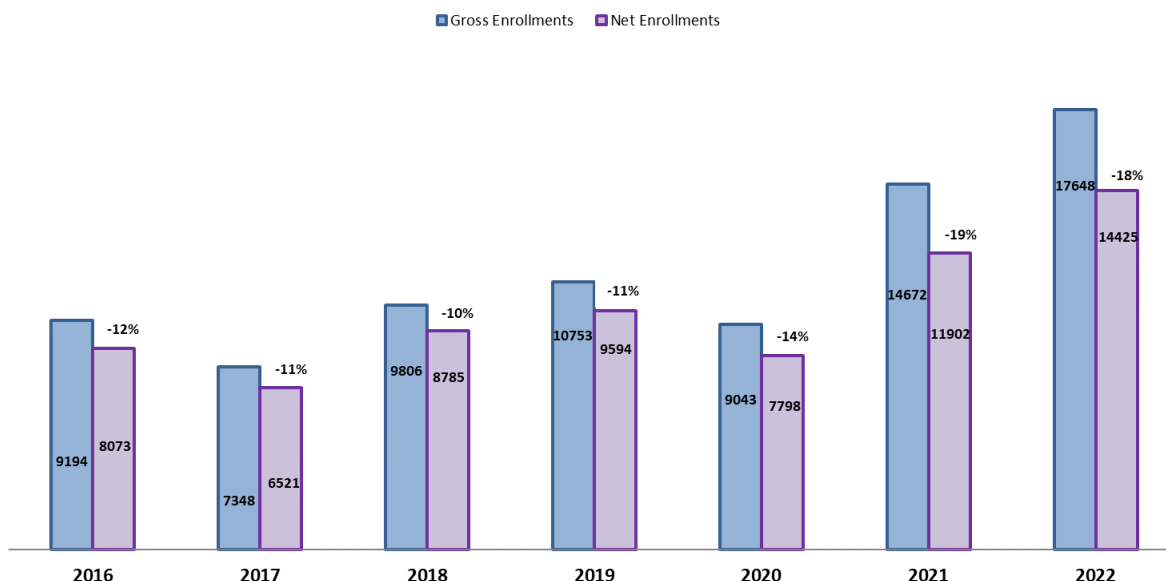


3.2 NET ENROLMENTS

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 There were over 14 thousand net enrolments in 2022. Figure 3-2 compares the gross enrolments to net enrolments over the past 7 years, from 2016 to 2022.

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 3-2: Comparison of Yearly Enrolment Activity 2016 to 2022

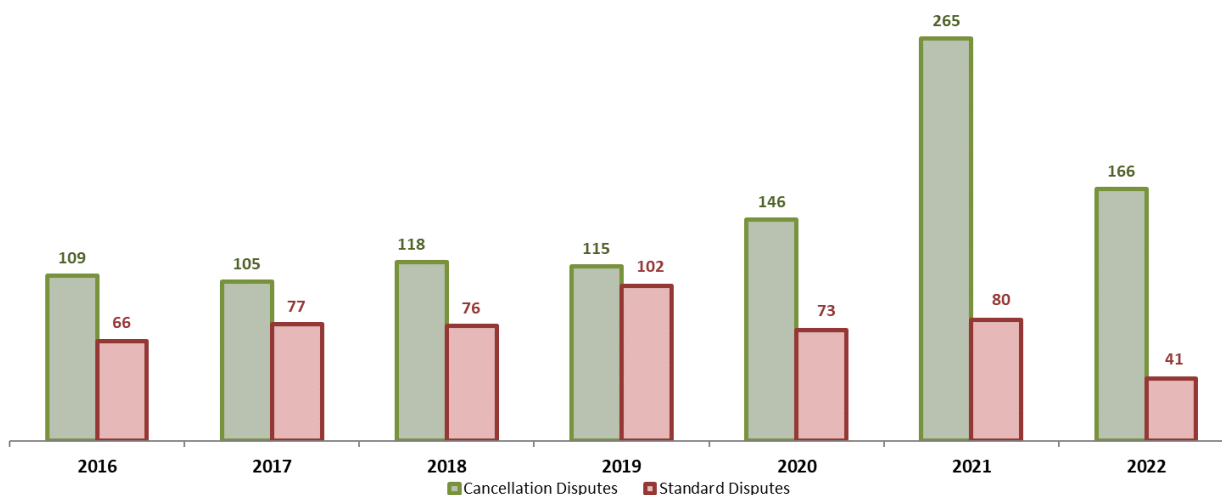


The ratio of net enrolments to gross enrolments was 82 percent in 2022, up 1 percent from 2021. The trend continues to show that less than 20 percent of contracts are cancelled before their start date. This improvement can be linked to the 2011 introduction of consolidated business rules for residential 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.

4. DISPUTE STATISTICS

Contract disputes remain at low levels, similar to the results over the past 7 years, as shown in Figure 4-1. In 2022, there were 207 total disputes logged as compared to 345 disputes logged in 2021. There was a 40 percent decrease in total disputes logged in 2022. Disputes are approximately 1 percent of gross enrolments, and have been at 2 percent or less for the past 7 years.

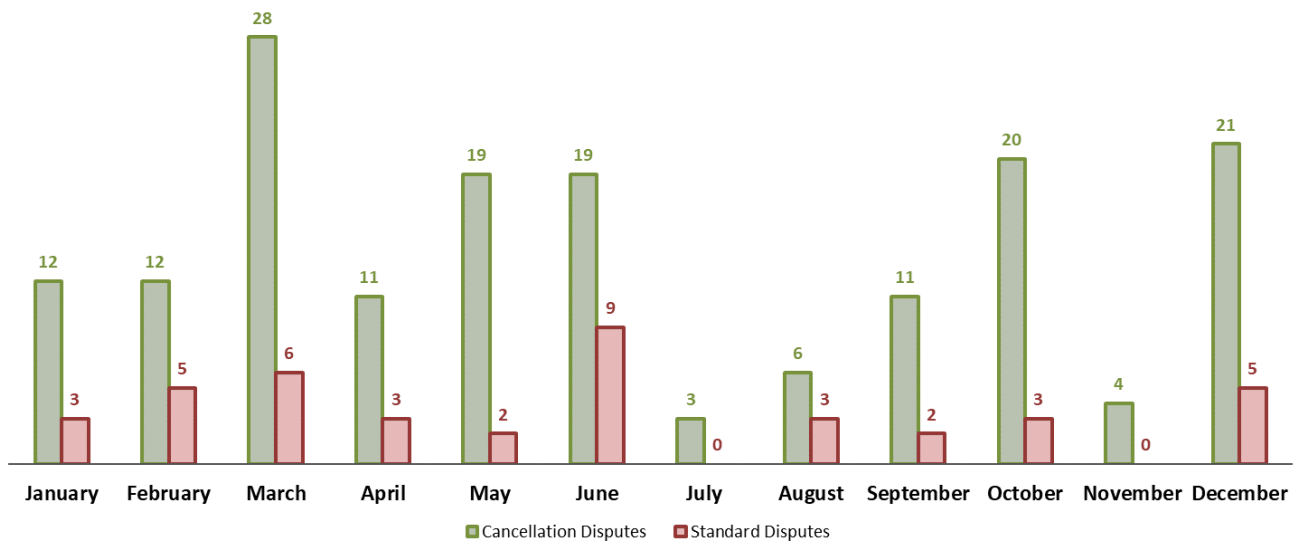
Figure 4-1: Comparison of Yearly Dispute Activity from 2016 to 2022



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 maintains that cancellation disputes should be restricted to compassionate reasons only, as determined by the British Columbia Utilities Commission (BCUC). Cancellation disputes decreased by 37 percent in 2022, from 265 cancellation disputes submitted in 2021 to 166 cancellation disputes submitted in 2022.

Standard disputes are disputes raised by the customer against their gas marketer in dispute of their contract's validity. These disputes require investigation and adjudication by BCUC to decide if the contract is valid and/or should be upheld until the anniversary date. Standard disputes decreased 49 percent from 80 raised in 2021 to 41 in 2022. Figure 4-2 illustrates the monthly dispute statistics for 2022.

Figure 4-2: 2022 Monthly Dispute Statistics



5. CUSTOMER EDUCATION PLAN

Since 2017, the primary objectives for customer education are to ensure customers:

- have easy and ready access to information about the Customer Choice Program when they are researching it; and
- can make an informed decision in the selection of a natural gas commodity supplier.

The 2022 customer education budget was again set at \$40 thousand, with \$30 thousand allocated and spent on a digital media campaign and \$6.5 thousand spent on printing the Customer Choice Standard Information Booklet. The printed booklet is in English, and online versions are available in English, Chinese and Punjabi on fortisbc.com.

5.1 DIGITAL MEDIA

Digital media consisted of both paid search engine marketing through Google AdWords, and unpaid social media through Twitter. Paid digital advertising ran from March 1 through November 30, 2022, in all regions where the Customer Choice Program is available. Twitter posts ran for the same 9-month period. The digital media campaign effectively drove traffic to the FEI website, with over 10 thousand of the approximately 41 thousand unique page-views² on the Customer Choice landing page in 2022 originating from Google AdWords.

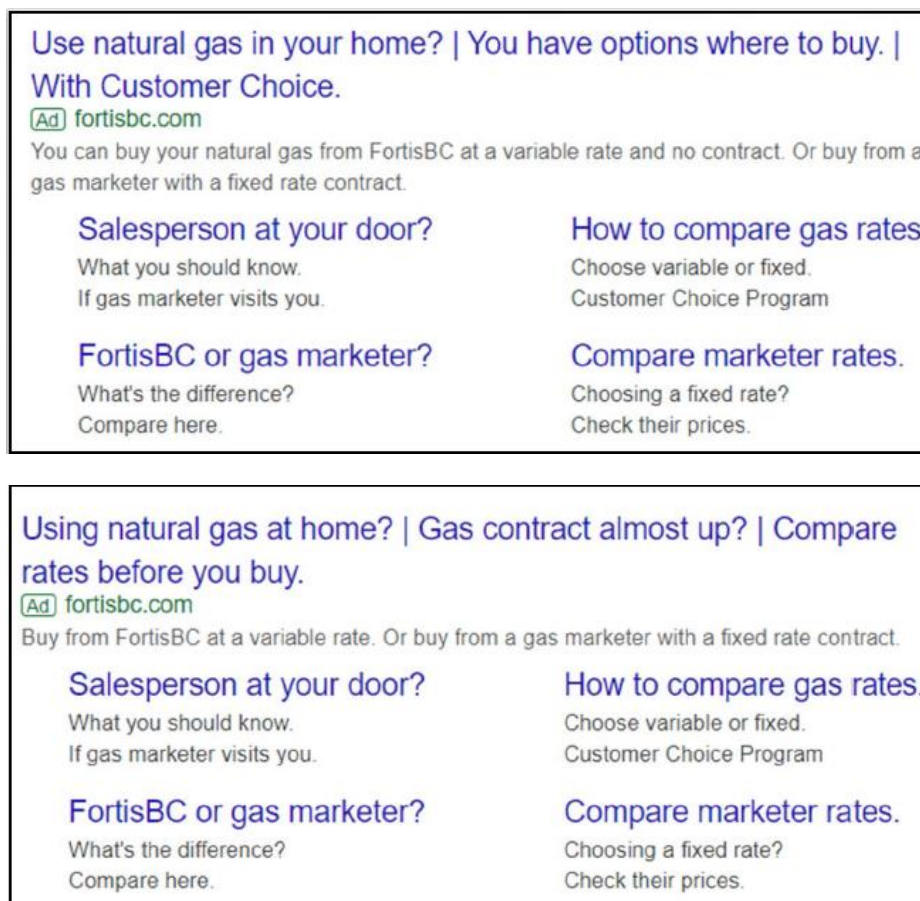
5.1.1 Search Engine Marketing: Google AdWords Service

The search engine marketing campaign used Google AdWords to deliver targeted ads to people searching online for Customer Choice information. Keywords relevant to Customer Choice, such as “natural gas contracts”, “natural gas supplier” or a specific gas marketer’s name would prompt Google AdWords to return an extension with a direct link to the Customer Choice webpages. Clicking on the extension directed the user to the Customer Choice webpages at www.fortisbc.com/choice.

A sample of the various Google AdWords advertisement extensions are shown in Figure 5-1.

² Definitions: Pageview: A pageview is recorded every time a page is viewed.

Figure 5-1: Google AdWords Advertisement Extensions



During the 9-month campaign period, 76 thousand Google ads featuring Customer Choice were delivered. This is a decrease in the number of ads delivered, in comparison to the 3 previous years, as indicated below in Table 5-1: Digital Communications Statistics. The decrease is due in part to an overall increase in Google advertising costs. As well, the campaign approach shifted to further refining of keywords, resulting in the delivery of fewer but better targeted Google ads. This approach created a strong campaign that better served relevant ads to users, as evidenced by the highest engagement click-through rate (CTR) over the last several years. This year's click-through rate (CTR) of almost 12 percent, was nearly double the previous year's CTR of about 6 percent. With almost 9 thousand clicks, the cost per click was \$2.88. There were 45 hundred visits to the Customer Choice webpages where visitors viewed more than 1 page, with an average of almost 3 pages per visit and an average of nearly 5 minutes spent on the site. This is also the highest average visit duration of the last several years. FEI is satisfied that the Google AdWords campaign has been effective in ensuring customers have ready access to Customer Choice information when they are researching it. This success is evidenced by the continued low number of contract disputes raised in proportion to enrollments.

The digital communication statistics for 2019 through to 2022 are described in Table 5-1.

Table 5-1: Digital Communication Statistics

Google AdWords Campaign		Front End				Back End				
						All Visits		Non-Bounce		
Year	Months	Impressions Delivered	Clicks	CTR	CPC	Pages/ Visit	Bounce Rate	Visits	Pages/ Visit	Avg. Visit Duration
2019	May-Nov	428,045	17,841	4.17%	\$1.68	1.6	66.30%	7,955	2.53	0:02:41
2020	June-Nov	205,741	9,428	4.58%	\$2.70	1.74	60.17%	4,281	2.86	0:04:10
2021	April-Nov	214,295	13,759	6.43%	\$2.06	1.83	61.95%	6,148	3.19	0:04:05
2022	Mar-Nov	76,098	8,974	11.79%	\$2.88	1.89	61.13%	4,499	2.94	0:04:42

Definitions:

- Impressions: The number of times an ad has been served.
- Clicks: Count of clicks on an ad.
- CTR (Click-through rate): Number of clicks divided by number of impressions.
- CPC (Cost per click): Amount of advertising spend (net of service fees) divided by number of clicks.
- Bounce: A visit with one page-view only, regardless of how much time spent on the page.
- Non-bounce: A visit with more than one page viewed.

5.1.2 Website Analytics

Website search queries on fortisbc.com are regularly monitored. In 2022, FEI observed an increase in searches related to specific gas marketers. The top site search result for these searches was a general question and answer related to the Customer Choice program. Although the existing top result provides a link to the list of gas marketers, FEI identified an opportunity to improve the experience for visitors using this search query. FEI addressed this issue by creating a new top result that lists the gas marketers as a quick reference while also providing a link to the relevant webpage. This has created an improved user experience, giving visitors seeking this information a more direct path to their answer. See Figure 5-2 for an example of a gas marketer search result.

Figure 5-2: Website search result







5.1.3 Social Media: Twitter Posts

The frequency of FEI-generated Twitter posts was 1 to 2 times per week from March 1 to November 30, 2022, reaching 13.5 thousand FEI Twitter followers. The Twitter posts provided information about the Customer Choice Program related to rate comparison, door-to-door sales, and contract renewals. Each post provided a link directing customers to the Customer Choice webpages at fortisbc.com/choice for more information. The Twitter content is a copy of the 2021 posts, with refreshed images for 2022. Figure 5-3 below shows the Twitter posts which were used in 2022.

1

Figure 5-3: Customer Choice Twitter Posts

	
<p>#DYK you have options on who you buy your #NaturalGas from? #CustomerChoice lets you buy from FortisBC or a gas marketer. Make an informed decision and compare rates.</p>	
	
<p>Gas marketer at your door? Get the facts before you speak with a door-to-door salesperson selling #NaturalGas contracts from an independent gas marketer. #CustomerChoice</p>	
	
<p>FortisBC doesn't sell #NaturalGas contracts door-to-door but independent marketers do. Here's what you need to know before you speak to a salesperson. #CustomerChoice</p>	
	
<p>Use #NaturalGas at home? You can choose a fixed or variable rate when buying gas. Understand your options & compare rates. #CustomerChoice</p>	




Is your #NaturalGas contract almost up? With #CustomerChoice you choose either a fixed rate contract with a gas marketer or FortisBC's variable rate with no contract. Compare the difference before you decide. #CustomerChoice



Is your #NaturalGas contract almost up? You'll revert back to FortisBC's variable rate unless you renew your contract with a gas marketer. With #CustomerChoice you have options between fixed and variable rates. Compare the difference before you renew.



What's your preference for buying #NaturalGas? Learn more about a fixed rate and contract with a natural gas marketer, or a variable rate and no contract with FortisBC. #CustomerChoice

	
<p>Use #naturalgas in your home? You have options on who to buy it from with #CustomerChoice. Choose from either a variable rate with no contract from FortisBC, or a fixed-rate contract with an independent gas marketer.</p>	
<p>In all posts, #CustomerChoice links to: https://www.fortisbc.com/services/natural-gas-services/customer-choice-buying-from-natural-gas-marketers</p>	

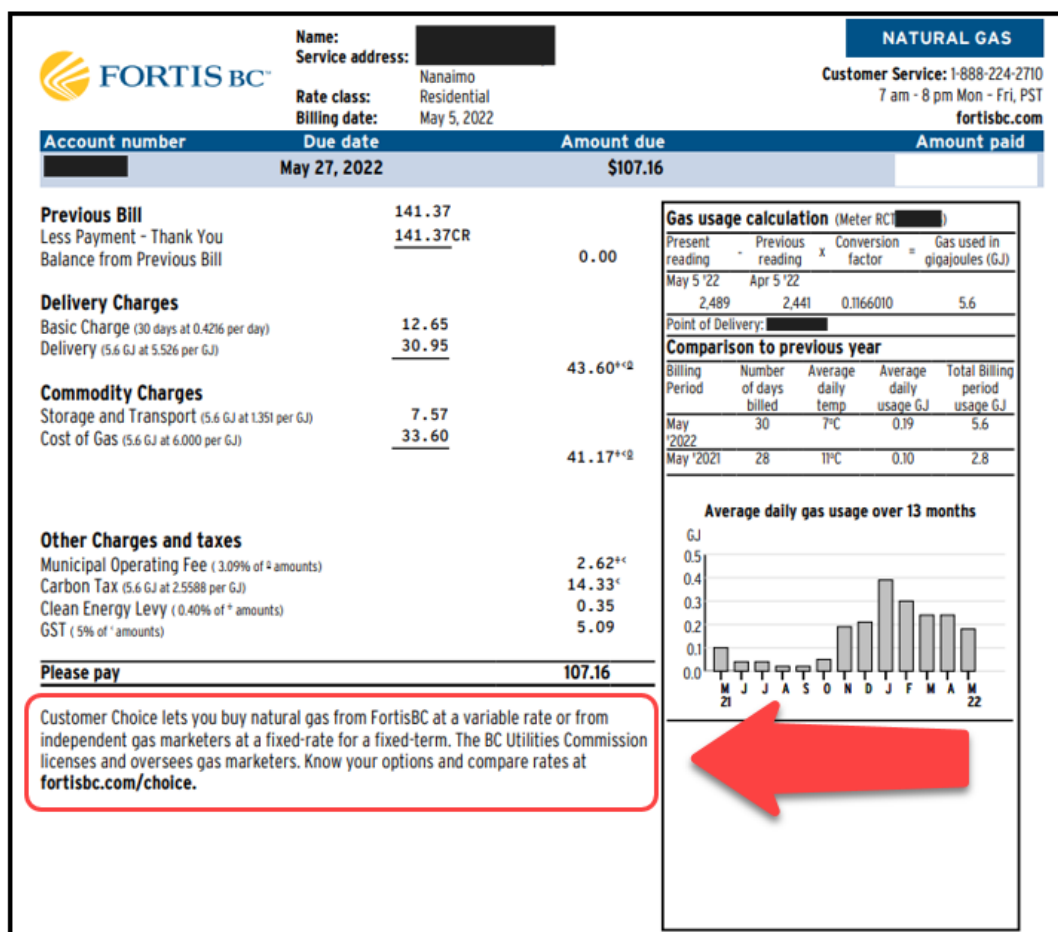
1

2 **5.2 FEI BILL MESSAGING**

3 The following message was included on the May 2022 FEI bill (Figure 5-4 below) for residential
4 and commercial natural gas customers in the eligible Customer Choice regions.

5 *Customer Choice lets you buy natural gas from FortisBC at a variable rate or from*
6 *independent gas marketers at a fixed-rate for a fixed-term. The BC Utilities*
7 *Commission licenses and oversees gas marketers. Know your options and*
8 *compare rates at **fortisbc.com/choice**.*

Figure 5-4: Customer Choice Bill Messaging



FORTIS BC™ **NATURAL GAS**

Name: [REDACTED]
Service address: [REDACTED]
Rate class: Residential
Billing date: May 5, 2022

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

Account number	Due date	Amount due	Amount paid
[REDACTED]	May 27, 2022	\$107.16	

Previous Bill 141.37
Less Payment - Thank You 141.37CR
Balance from Previous Bill 0.00

Delivery Charges
Basic Charge (30 days at 0.4216 per day) 12.65
Delivery (5.6 GJ at 5.526 per GJ) 30.95
43.60¹⁺²

Commodity Charges
Storage and Transport (5.6 GJ at 1.351 per GJ) 7.57
Cost of Gas (5.6 GJ at 6.000 per GJ) 33.60
41.17¹⁺²

Other Charges and taxes
Municipal Operating Fee (3.09% of 2 amounts) 2.62¹⁺²
Carbon Tax (5.6 GJ at 2.5588 per GJ) 14.33¹
Clean Energy Levy (0.40% of 2 amounts) 0.35
GST (5% of 2 amounts) 5.09

Please pay 107.16

Customer Choice lets you buy natural gas from FortisBC at a variable rate or from independent gas marketers at a fixed-rate for a fixed-term. The BC Utilities Commission licenses and oversees gas marketers. Know your options and compare rates at fortisbc.com/choice.

Gas usage calculation (Meter RC: [REDACTED])

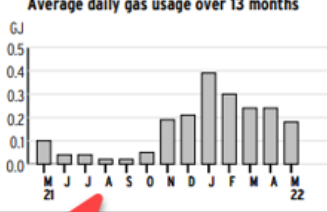
Present reading	Previous reading	Conversion factor	Gas used in gigajoules (GJ)
May 5 '22 2,489	Apr 5 '22 2,441	0.1166010	5.6

Point of Delivery: [REDACTED]

Comparison to previous year

Billing Period	Number of days billed	Average daily temp	Average daily usage GJ	Total Billing period usage GJ
May '2022	30	7°C	0.19	5.6
May '2021	28	11°C	0.10	2.8

Average daily gas usage over 13 months



5.3 NEW FEI GAS BILL

On December 5, 2022, FEI launched its new bill. One of the key objectives for the bill redesign was to enhance the customer experience by making the bill easier to use and understand. Some design changes include simplifying the language and reducing jargon, while new energy-saving tips, rebates and usage data can help customers make more informed energy choices for their home or business.

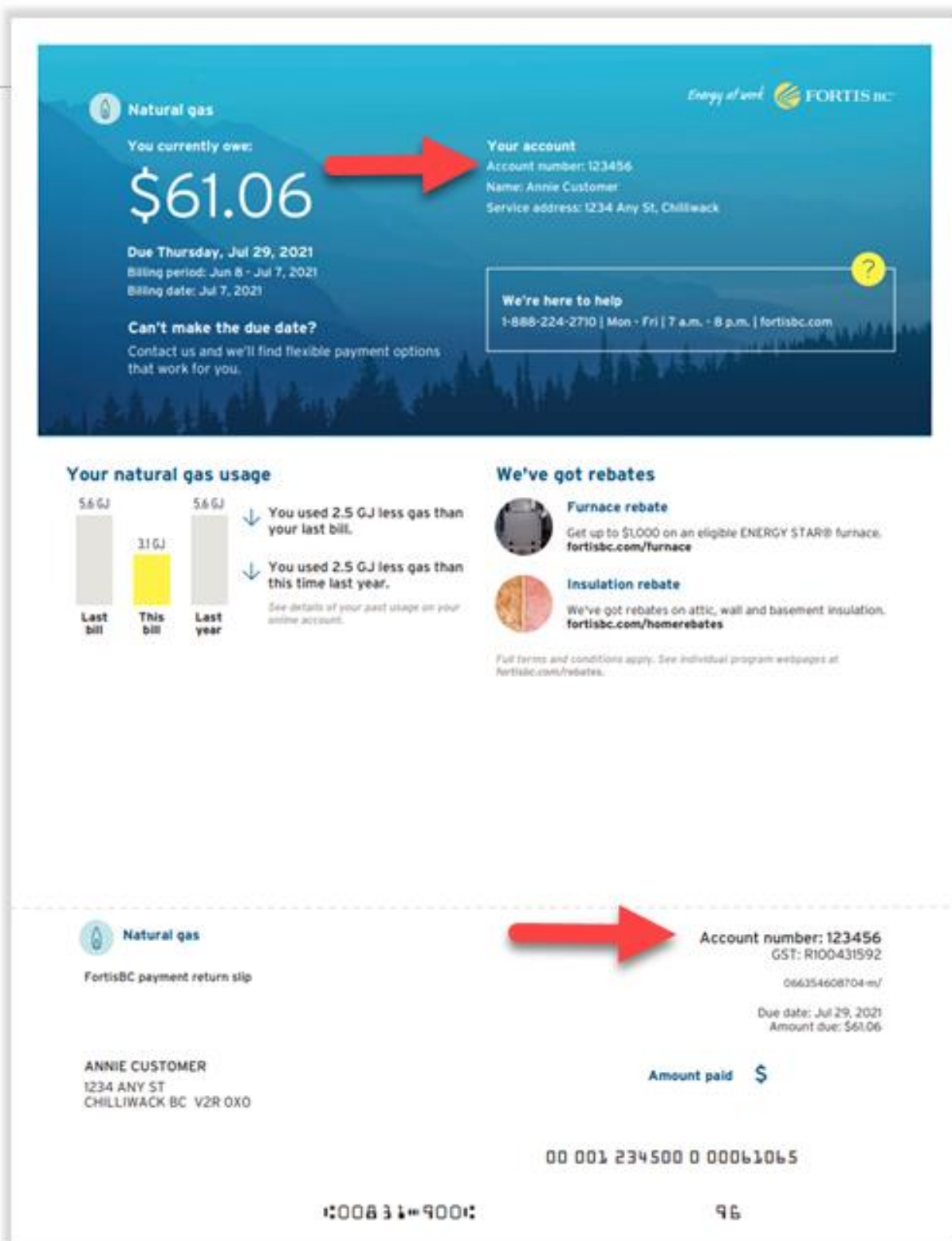
Changes to the bill

- The front page is now a summary page with the account number, service address, amount owing, due date, billing period and billing date displayed. Gas marketers will find the customer account number on this summary page, and it is also located at the bottom right of the back page.
- The point of delivery (POD) number is on the back page under the meter reading section.
- Under bill details, the customer rate category will be identified as residential or commercial.

- 1 • Gas marketer contract details for customers currently on a contract will be in a box under
- 2 bill details.
- 3 • Any future-dated contract details will be located at the bottom of the bill details section.
- 4 A copy of the new bill follows in Figures 5-5 and 5-6. For more information about the new bill,
- 5 visit fortisbc.com/accounts-billing/billing-rates/your-new-fortisbc-bill.
- 6

1

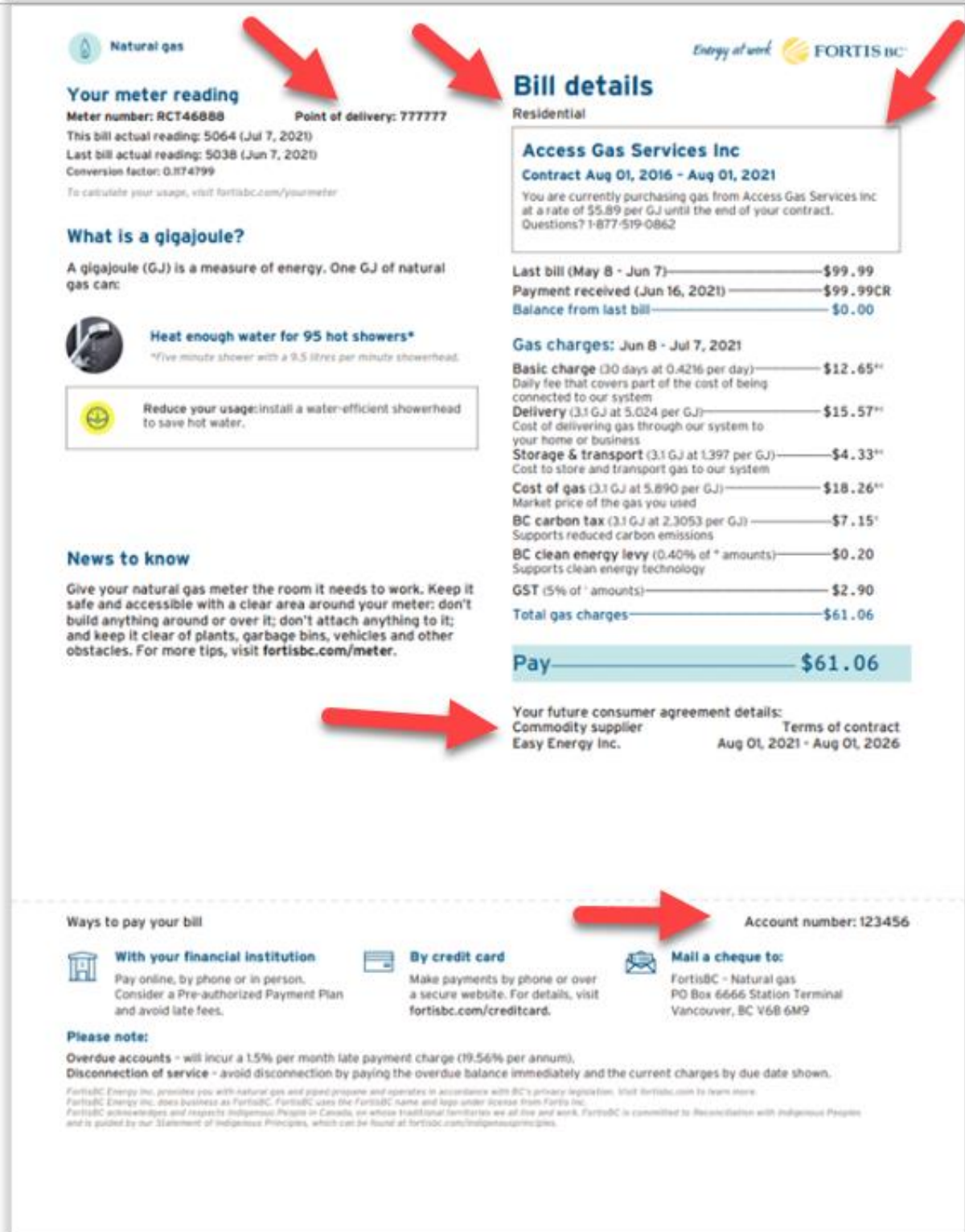
Figure 5-5: Front of FEI Bill



2



1

Figure 5-6: Back of FEI Bill



Natural gas

Your meter reading
Meter number: RCT46888 Point of delivery: 777777
This bill actual reading: 5064 (Jul 7, 2021)
Last bill actual reading: 5038 (Jun 7, 2021)
Conversion factor: 0.1174799
To calculate your usage, visit fortisbc.com/yourmeter

What is a gigajoule?
A gigajoule (GJ) is a measure of energy. One GJ of natural gas can:
 **Heat enough water for 95 hot showers***
*Five minute shower with a 9.5 litres per minute showerhead.
 **Reduce your usage:** install a water-efficient showerhead to save hot water.

News to know
Give your natural gas meter the room it needs to work. Keep it safe and accessible with a clear area around your meter: don't build anything around or over it; don't attach anything to it; and keep it clear of plants, garbage bins, vehicles and other obstacles. For more tips, visit fortisbc.com/meter.

Bill details
Residential
Access Gas Services Inc
Contract Aug 01, 2016 - Aug 01, 2021
You are currently purchasing gas from Access Gas Services Inc at a rate of \$5.89 per GJ until the end of your contract.
Questions? 1-877-519-0862

Last bill (May 8 - Jun 7)	\$99.99
Payment received (Jun 16, 2021)	\$99.99CR
Balance from last bill	\$0.00

Gas charges: Jun 8 - Jul 7, 2021

Basic charge (30 days at 0.4216 per day)	\$12.65**
Daily fee that covers part of the cost of being connected to our system	
Delivery (3.1 GJ at 5.024 per GJ)	\$15.57**
Cost of delivering gas through our system to your home or business	
Storage & transport (3.1 GJ at 1.397 per GJ)	\$4.33**
Cost to store and transport gas to our system	
Cost of gas (3.1 GJ at 5.890 per GJ)	\$18.26**
Market price of the gas you used	
BC carbon tax (3.1 GJ at 2.3053 per GJ)	\$7.15*
Supports reduced carbon emissions	
BC clean energy levy (0.40% of * amounts)	\$0.20
Supports clean energy technology	
GST (5% of * amounts)	\$2.90
Total gas charges	\$61.06

Pay \$61.06

Your future consumer agreement details:
Commodity supplier: Easy Energy Inc. Terms of contract: Aug 01, 2021 - Aug 01, 2026

Ways to pay your bill

With your financial institution
Pay online, by phone or in person. Consider a Pre-authorized Payment Plan and avoid late fees.

By credit card
Make payments by phone or over a secure website. For details, visit fortisbc.com/creditcard.

Mail a cheque to:
FortisBC - Natural gas
PO Box 6666 Station Terminal
Vancouver, BC V6B 6M9

Account number: 123456

Please note:
Overdue accounts - will incur a 1.5% per month late payment charge (19.56% per annum).
Disconnection of service - avoid disconnection by paying the overdue balance immediately and the current charges by due date shown.
FortisBC Energy Inc. provides you with natural gas and piped propane and operates in accordance with BC's primary legislation. Visit fortisbc.com to learn more.
FortisBC Energy Inc. does business as FortisBC. FortisBC uses the FortisBC name and logo under license from Fortis Inc.
FortisBC acknowledges and respects Indigenous Peoples in Canada, on whose traditional territories we all live and work. FortisBC is committed to Reconciliation with Indigenous Peoples and is guided by our Statement of Indigenous Principles, which can be found at fortisbc.com/indigenousprinciples.

2

6. SYSTEM ENHANCEMENTS

System activities for 2022 consisted mainly of support and performance monitoring of all servers and applications associated with the Gateway for Energy Marketers (GEM). FEI also continued its corporate initiatives to upgrade aging hardware, software, and system infrastructure.

As FEI upgrades system infrastructure, GEM functionality and reports require continuous monitoring and testing to ensure everything continues to work as designed. Some of the system enhancements and sustainment items applied in 2022 included:

- Updated Fixed Contract Statistics report to dynamically generate the Year parameter instead of having hard coded years.
- Setup Customer Choice Count report subscriptions to email customerchoice@fortisbc.com monthly and setup report snapshot to run on the 2nd day of each month. This allows the analysts to monitor enrolled customers monthly and provide information on demand for inquiries and regulatory reports.
- Created a new Dispute Details report to provide the analysts with a standard report to run that provides insight on the types of disputes filed and how they are ruled on including final comments by BCUC. This information is helpful when creating the annual statistics report.
- Migrated Customer Choice report service account to a new domain as part of an FEI network-wide domain conversion project to integrate shared network resources.
- Updated Customer Choice reporting tables to remove references to Entegrate, FEI's previous gas supply trading application.
- Updated Marketer Settlement and Marketer settlement – Report logic was updated to ensure the \$750 monthly user fee is charged to all licensed marketers even if they have no active customers.
- Updated several online reports to change the report filtering functionality from a free-form text box to a selectable drop-down list of the gas marketers. This has simplified and improved the filtering function of the following reports: MSR Details by Marketer Group, Marketer Supply Requirements, Supply Variance, Marketer Demand Details, Marketer Supply Requirements, MSR by contract year, Enrollment Details by POD, and Enrollment Change Report. As well, the reports were consolidated from two locations into one shared online folder to simplify access to them.
- Updated Marketer Activity Report – BCUC, to remove Planet Energy from the list as they left the Program.
- Updated Customer Choice Report – Customer Count report to clarify for the enrolled count column.
- Continued work on the 5-year contracting rule enhancement which would disallow the enrolment of any contract(s) that would commit a customer to a fixed-rate contract(s) in

1 excess of 5 years in total. The enhancement is ready for system testing but is on hold due
2 to server upgrade work that needs to be completed beforehand.

- 3 • NSS and GEM database upgrade in progress. The current NSS database is an Oracle
4 database that is hosted on a Windows 2012 O/S server. The GEM database is a SQL
5 database that is also hosted on a Windows 2012 O/S server. Windows 2012 is no longer
6 supported by Microsoft and has known security issues; thus, the databases and servers
7 will be shut down as soon as possible. The new databases will be hosted on Windows
8 2019 servers.

9 FEI's Customer Choice administration continued to meet monthly with the technical support team
10 to log, assess, address issues, and coordinate system changes. All business-critical applications
11 within FEI are tested in keeping with standard software development lifecycle processes and
12 procedures. Within FEI's SAP suite of systems, including peripheral systems supporting the
13 Customer Choice Program, the development and testing process follows SAP best practices. FEI
14 maintains four separate environments for the development lifecycle, including sandbox,
15 development, quality assurance, and production.

16

7. PROGRAM EXPENDITURES AND RECOVERIES

7.1 REVIEW OF COST RECOVERY APPLICATION DECISIONS

In Order A-9-16 issued on October 18, 2016, the BCUC outlined its decision regarding allocation of Customer Choice Program costs:

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:

- 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.³

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

Table 7-1: Program Expenses Percentage Allocation

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

³ Order A-9-16 dated October 18, 2016, pages 14 to 15.

1 The Panel determined the fixed monthly fee for each gas marketer would be set at \$750 per
2 month with the balance recovered through variable fees. The set \$750 monthly fee would not
3 change annually with changes in the number of gas marketers participating in Customer Choice.⁴

4 The Panel approved the use of a non-rate base deferral account to capture and record any under
5 or over-recovery of gas marketer fees to be used as a debit or credit when these fees are set
6 annually starting on April 1, 2017.⁵

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

8 i. FEI evaluates the previous fiscal year's total costs (i.e. calendar year) allocated
9 to gas marketers in light of the monies recouped from gas marketers over the
10 same period.

11 ii. FEI evaluates annual recovery shortfalls or surpluses and proposes respective
12 fee increases or decreases in the Annual Program Statistics submitted to the
13 Commission each February.

14 iii. Any fee adjustments proposed in the Annual Program Statistics take effect
15 automatically, unless a party raises the issue for discussion and the
16 Commission determines a review is warranted, either during the Customer
17 Choice Program Annual General Meeting or by dedicated proceeding, as
18 determined by the Commission.

19 iv. Fee adjustments take effect on April 1 each year. If the fee adjustments
20 undergo a review, any variances between FEI's proposed adjustment and the
21 determined adjustment will be recorded in the non-rate base Marketer Cost
22 Variance deferral account and incorporated into the subsequent year's fee
23 adjustment.⁶

24 The BCUC issued Order A-13-16 on December 15, 2016, establishing the regulatory timetable
25 for the Compliance Filing, and on January 16, 2017, FEI filed its response to the BCUC's
26 information requests in accordance with Order A-13-16.⁷

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

28 1. FortisBC Energy Inc.'s proposed Customer Choice Program service fees are
29 approved: the Marketer Price Group Set-Up Fee is \$125 per setup request; the
30 Confirmation Letter Fee is \$0.87 per confirmation letter; and the Dispute Fee
31 is \$50.

⁴ Order A-9-16 dated October 18, 2016, page 29.

⁵ Order A-9-16 dated October 18, 2016, page 30.

⁶ Order A-9-16 dated October 18, 2016, page 32.

⁷ Order A-13-16 dated December 15, 2016, Regulatory Timetable.

2. FortisBC Energy Inc. is directed to calculate the 2017 variable transaction fee using the forecast 2017 Customer Choice Program costs.
3. Beginning in the year 2018 and beyond, FortisBC Energy Inc. is directed to calculate the variable transaction fees based on the prior year's actual program costs, as set out in Order A-9-16.

7.2 2022 CUSTOMER CHOICE PROGRAM COSTS

Table 7-2 below compares the Customer Choice Program costs from 2007 to 2016. The Program cost reporting was restructured from previous years' annual reports to match the categories presented in the Customer Choice Cost Recovery Application.⁸ The Infrastructure Sustainment category 2007-2011 captures the costs that the outsourced billing provider charged at the time. The costs from 2012 through 2017 represent the costs cross-charged to the Program by FEI's Customer Service department. FEI created the cost reporting shown in Table 7-3 in 2017 to describe expenses paid by gas marketers and the utility and the addition of a line item for any over/under-recovery. The table depicts the actual expenses incurred since 2017, split between the gas marketer and utility share, and the gas marketer actual recoveries for each year. These amounts derive the actual over/under-recovery.

⁸ Customer Choice Program Cost Recovery Application dated April 14, 2016.

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

Table 7-3: Customer Choice Program Costs 2017 to 2022⁹

Cost Description	2017	2018	2019	2020	2021	2022
Technology Sustainment	\$ 91,577	\$ 87,598	\$ 96,882	\$ 149,613	\$ 52,571	\$ 24,872
Infrastructure Sustainment	\$ 93,541	\$ 96,259	\$ 93,747	\$ 97,451	\$ 98,040	\$ 98,040
Contact Centre	\$ 16,000	\$ 15,994	\$ 10,004	\$ 10,015	\$ 10,018	\$ 10,018
Program Administration	\$ 203,800	\$ 209,084	\$ 218,669	\$ 227,202	\$ 191,975	\$ 204,360
BCUC	\$ 116,679	\$ 99,599	\$ 105,847	\$ 107,502	\$ 109,769	\$ 92,094
Customer Education	\$ 29,700	\$ 30,000	\$ 38,560	\$ 28,400	\$ 33,287	\$ 36,365
Total Program Costs	\$ 551,297	\$ 538,534	\$ 563,709	\$ 620,183	\$ 495,660	\$ 465,749
Actual Utility share	\$ 327,661	\$ 324,410	\$ 334,741	\$ 361,594	\$ 300,868	\$ 288,604
Actual Gas Marketer share	\$ 223,636	\$ 214,124	\$ 228,968	\$ 258,589	\$ 194,792	\$ 177,145
Gas Marketer Recoveries	\$ 257,464	\$ 206,388	\$ 196,118	\$ 220,672	\$ 299,870	\$ 192,215
(Over)/Under-recovery	\$ (33,828)	\$ 7,736	\$ 32,850	\$ 37,917	\$ (105,078)	\$ (15,070)

⁹ Table reflects pre-tax figures. Refer to section 8.1 *Deferral Account & Recovery Amount* for details on after-tax recovery amounts.

7.3 TECHNOLOGY SUSTAINMENT

Technology sustainment support includes the labour costs for the external technical support provided by Fujitsu Consulting and TechKnowledge Consulting Inc. In 2022, technology sustainment costs decreased 53 percent to approximately \$25 thousand from approximately \$53 thousand in 2021. The decrease is attributed to the service charges of only one consultant from Fujitsu as opposed to two, as well as the absence of any major project upgrades in 2022. The general developer support tasks are currently redistributed among FEI technical support staff as needed. FEI must contract specialized developer(s) to address any major system changes necessary in the future.

7.4 INFRASTRUCTURE SUSTAINMENT

Infrastructure sustainment support includes the administration costs of FEI's Contact Centre and Customer Service Systems staff. Support costs for infrastructure sustainment remained at \$98 thousand in 2022.

7.5 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 an increase in benefit loading costs. These amounts are not influenced by FEI directly but rather determined by actuarial analysis.

Program administration costs increased 6 percent to \$204 thousand in 2022 from \$192 thousand in 2021. An employee short-term leave of absence lowered the costs in 2021; however, FEI applied the full salary charge in 2022.

7.6 BRITISH COLUMBIA UTILITIES COMMISSION COSTS

In 2022, there was a 16 percent decrease in BCUC expenditures from \$110 thousand in 2021 to \$92 thousand. The BCUC expenses may include Program administration costs, annual general meeting expenditures, BCUC decisions, external expert consultations, and dispute handling and adjudication activities.

BCUC Staff provided a breakdown of their 2022 expenditures, which is referenced below in Table 7-4 and detailed in Appendix A: BCUC Customer Choice Program Expenditures 2022. The annual total provided by BCUC Staff differs from the amount FEI reports, primarily due to the differences in the fiscal year and how each organization records its financials. The information is still of value to clarify the cost breakdown of annual expenses and to show cost savings or increases year-over-year.

Table 7-4: BCUC Table of 2022 Expenditures

Function	Cost
Annual Program Administration	\$63,568
Regulatory Proceedings	\$5,297
Annual Dispute Resolution	
Handling, Administration, Investigation	\$38,143
Adjudication	-
TOTAL	\$107,009

7.7 CUSTOMER EDUCATION COSTS

A total of \$36.5 thousand was spent from the \$40 thousand budget for customer education in 2022. There was \$30 thousand spent on digital media and \$6.5 thousand spent on revising and reprinting the Customer Choice Standard Information Booklet to replenish the inventory.

It was agreed to in the Cost Recovery Application decision in 2016 to reduce the budget to \$40 thousand annually.

FEI noted in the Compliance Filing:

The limited investment of \$225 thousand is just too small to generate high levels of consumer awareness about the Program. However, it may be necessary in the future to implement a broader awareness campaign to inform new customers and remind existing customers of the Program. In the meantime, the Company believes that some communications should continue at a lower expenditure level to ensure consumers have ready access to unbiased Program information.¹⁰

FEI believes that the digital communications strategy is generally working as anticipated at this time.

7.8 TOTAL PROGRAM COSTS

In 2022, total program costs decreased 6 percent to approximately \$466 thousand from \$496 thousand in 2021. While the Customer Choice program expenses are continually evaluated to ensure efficient operation, some years will see higher expenditures due to development costs in the Technology Sustainment category to support upgrades to GEM or reporting capabilities.

7.9 GAS MARKETER RECOVERIES

Gas marketer recoveries include the fixed fee recovery rate of \$750 per month from each licensed gas marketer as well as monthly variable fees charged per enrolled customer for infrastructure support and Program administration. Additionally, 3 service fees are charged on a per-use basis. Table 7-5 below provides the updated 2023 gas marketer service fees. These fees initially

¹⁰ Exhibit B-1 - Order A-9-16 Compliance Filing, dated November 17, 2016, page 8-9.

became effective on April 1, 2017, as approved in Order A-1-17.¹¹ During the 2016 proceeding to review the Customer Choice Program cost allocation, it was agreed that the cost to produce confirmation letters would be a direct flow-through cost to gas marketers. As a result of 2 cost increases: 1) postage fees have increased to \$0.98 per confirmation letter from \$0.94 effective January 1, 2023, and 2) printing cost from the external print vendor has increased from \$0.16 to \$0.19, the confirmation letter fee will increase on April 1, 2023, to \$1.17.

Table 7-5: 2022 Customer Choice Service Fees

Service Fees	Cost	Description
Marketer Price Group Set-up	\$125	One-time cost to set up a new marketer price group
Confirmation Letter	\$1.17	Cost for each confirmation letter produced
Dispute	\$50	Cost for customer-raised disputes where BCUC has ruled against the marketer

There was a \$15 thousand over recovery of gas marketer fees in 2022. The fees collected versus the fees required will never match exactly due to the variables of changes in monthly customer enrolments, unexpected expenses, and the collection of service fees. Variances accumulate in a deferral account and either returned to or recovered from marketers as part of the calculation of the following year's fees. See Section 8.1 Deferral Account & Recovery Amount for more information.

¹¹ Order A-1-17 dated February 20, 2017, Section 3.1, Service Fee approvals, page10.

8. PROGRAM FEES AND FEE STRUCTURE

Based on the 2022 actual costs for the Customer Choice Program, FEI has calculated the 2023 gas marketer fees and presented them in Tables 8-1 through 8-5 below. The new Program fees take effect on April 1, 2023. Table 8-1: 2023 Annual Program Cost Allocation lists each Program expense category, the 2022 annual actual expenses, the percentage of cost-sharing between the gas marketers and FEI, and the corresponding dollar amounts. The 2023 total gas marketer allocation is set to be approximately \$177 thousand, and FEI's share is approximately \$289 thousand. The applicable variable fee amounts are then calculated based on the total expected recoverable amount of \$177 thousand plus or minus any over/under-recovery from the previous year and the balance in the deferral account.

Table 8-1: 2023 Annual Program Cost Allocation

Program Expenses	2022 Annual Expenses	Percentage Allocation		Dollar Allocation	
		Gas Marketer	Utility Share (FEI)	Gas Marketer	Utility Share (FEI)
Infrastructure Support Expenses					
Technology Sustainment	\$ 24,872	50%	50%	\$ 12,436	\$ 12,436
Infrastructure Sustainment	\$ 98,040	0%	100%	\$ -	\$ 98,040
Program Administration Expenses					
Contact Centre	\$ 10,018	0%	100%	\$ -	\$ 10,018
Program Administration	\$ 204,360	50%	50%	\$ 102,180	\$ 102,180
BCUC	\$ 92,094	60%	40%	\$ 55,256	\$ 36,838
Customer Education	\$ 36,365	20%	80%	\$ 7,273	\$ 29,092
Total Expenses	\$ 465,749			\$ 177,145	\$ 288,604

Table 8-2 below shows the proportional breakdown between the infrastructure support expenses and Program administration expenses. This proportional breakdown is used in the fee calculation in Section 8-3 Variable Fees.

Table 8-2: 2023 Expense Category Proportions

	Expense	Proportion
Infrastructure Support (includes Technology Sustainment)	\$ 12,436	7.02%
Program Administration (includes Program Administration, BCUC & Customer Education)	\$ 164,709	92.98%
Total Expenses	\$ 177,145	100.00%

8.1 DEFERRAL ACCOUNT & RECOVERY AMOUNT

The year-end reconciliation process including capturing the annual marketer fees in the deferral account was outlined by the BCUC in Order A-9-16.¹² After performing the year-end reconciliation for 2022, FEI reports an after-tax balance in the deferral account of \$(61,590), reflecting an over-recovery. The 2022 activity in the deferral account is shown in Table 8-3 below.

Table 8-3: 2022 Marketer Cost Variance Deferral Activity

Description	Reference	Sub-Totals	Totals
January 1, 2022 Opening Deferral Balance			\$ (47,119)
2022 Gas Marketer Expenses	Table 7-3	\$ 177,145	
2022 Gas Marketer Recoveries	Table 7-3	\$ (192,215)	
Net Gas Marketer 2022 (Over)/Under Recovery			\$ (15,070)
2022 Financing Costs	BCUC Order A-9-16		\$ (3,470)
Taxes on (Over)/Under Recovery			\$ 4,069
December 31, 2022 Ending Deferral Balance			\$ (61,590)
Taxes on deferral account			\$ (22,780)
Pre-tax deferral account balance: (Over)/Under recovery to marketer)			\$ (84,370)

FEI will return this over-recovery to marketers in 2023 by applying the pre-tax deferral account balance of \$84,370 (\$61,590/(1 – 27% tax rate)) to reduce the total amount recoverable from marketers for 2023 as part of the calculation to set the 2023 variable fees.

8.2 FIXED FEES

The fixed fee is set at \$750 per month per gas marketer to equal an annual recovery of \$54,000 based on 6 licensed gas marketers. As shown in Table 8-4 below, this accounts for 58 percent of the total \$92,776 to be recovered from gas marketers. The remaining 42 percent will be recovered from the variable fees.

¹² Order A-9-16 - FEI Customer Choice Program Cost Recovery Decision, Section 3.5, Year-end reconciliation, pg. 30.

Table 8-4: 2023 Fixed and Variable Fee Recovery Proportions

		Proportion of Total Fees
Total Expenses	\$ 177,145	
Plus: (Over)/Under recovery	\$ (84,370)	
Total Recoverable from Gas Marketers	\$ 92,776	
Less: Fixed Fee amount	\$ 54,000	58%
Variable Fee amount	\$ 38,776	42%

8.3 VARIABLE FEES

Two variable fees are charged to gas marketers monthly. The first is the Infrastructure Support Fee that covers the allocation of the technology sustainment expense to gas marketers. This makes up 7 percent of the 2023 actual expenses (from Table 8-2 above). The second variable fee is the Program Administration Fee that covers the gas marketers' allocation of the expenses from the FEI contact centre, Program administration, the BCUC, and customer education. These expenses make up 93 percent of the 2023 actual expenses.

The monthly variable fees are determined by the actual annual expenses, less the over-recovery in the deferral account, less the fixed fee recovery, multiplied by the proportion of each expense category (from Table 8-2 above), divided by the number of active customers on the MSR History report on December 1, 2022, divided by 12 months.

For the Infrastructure Support Fee calculation, the \$38,776 total variable fee amount is multiplied by 7.02 percent, the proportion of this expense category to total expenses, divided by 37,517, the number of active customers on the MSR History report on December 1, 2022, divided by 12 months for a monthly variable fee of \$0.01 per active customer.

For the Program Administration Fee calculation, the \$38,776 total variable fee amount is multiplied by 92.98 percent, the proportion of this expense category to total expenses, divided by 37,517 the number of active customers on the MSR History report on December 1, 2022, divided by 12 months for a monthly variable fee of \$0.08 per active customer.

Table 8-5 below illustrates the calculation of the 2023 variable fees.

Table 8-5: 2023 Variable Fee Calculation

Variable Fee	Gas Marketer Variable Fee Amount		Multiplied by Variable Fee Proportion		Variable Recovery Amount		Number of active customers on Dec 1 2022 MSR report	Divided by 12 months	Variable Fee (per active customer per month)
Infrastructure Support	\$ 38,776	x	7.02%	=	\$2,722	/	37,517	/ 12 months =	\$ 0.01
Program Administration	\$ 38,776	x	92.98%	=	\$36,053	/	37,517	/ 12 months =	\$ 0.08
Total:					\$38,776				\$ 0.09

The Infrastructure Support Fee for 2023 will decrease from \$0.03 to \$0.01 per active customer per month. The Program Administration Fee will decrease from \$0.18 to \$0.08 per active customer per month.

9. SUMMARY

In 2022, overall participation in the Customer Choice Program increased by 24 percent. There were 6 licensed, active gas marketers in 2022 selling commodity contracts. There was an increase in gross enrolments of 20 percent with almost 18 thousand gross enrolments in 2022 compared to almost 15 thousand gross enrolments in 2021. The addition of other marketing channels, such as phone sales, has contributed to the increase in contracts enrolled since 2020. Customer retention rates for the Customer Choice Program show that about 2 out of 10 customers cancel their contract before their contract start date.

Most customers sign 5-year contracts, which accounted for 92 percent of total enrolments. The contract prices for the 5-year terms ranged from \$3.19/GJ to \$8.75/GJ. In 2022, 60 percent of the enrolments were in the \$8.00/GJ to \$8.75/GJ price range while 31 percent were in the \$6.00/GJ to \$8.00/GJ price range. Approximately 1.07 million customers were eligible for the Customer Choice Program as of December 1, 2022. Of those eligible, 3 percent of Rate Schedule 1 customers and 7 percent of Rate Schedule 2 and 3 customers were participating in the Program.

There were 207 total disputes raised in 2022 down 40 percent over the 345 disputes filed in 2021. Standard disputes raised by customers decreased 49 percent from 80 raised in 2021 to 41 raised in 2022. Cancellation disputes raised decreased by 37 percent in 2022. Total disputes raised were 1 percent of gross enrolments in 2022 and have been 2 percent or less for the past 7 years. Most customers tend to remain on their contracts for the entire contract term, rather than request early cancellation for compassionate reasons or dissatisfaction.

The objective of the customer education plan for 2022 continued to focus on ensuring customers considering a fixed-rate product have ready access to information about the Customer Choice Program so customers can make an informed decision in their selection of a natural gas commodity supplier. This objective was achieved through search engine marketing strategies. Activities included a digital media campaign with both paid media through Google AdWords and no-cost social media through Twitter. A no-cost Customer Choice bill message was included on customers' May 2022 gas bills. Customer Choice information booklets were reprinted in English to replenish inventory. English, Chinese and Punjabi language information booklets are available online at www.fortisbc.com/choice. The FEI gas bill was redesigned in 2022 and launched in December with a new look. The key objective was to enhance customer experience by making it easier to use and understand.

The focus for GEM and the system infrastructure for 2022 included support activities, report improvements and updates, as well as performance monitoring of servers and applications.

The total annual expenditures for the Customer Choice Program were \$466 thousand in 2022, which was a decrease of 6 percent from \$496 thousand in 2021. The deferral account records any over/under-recovery of fees. The credit amount in the deferral account at the end of 2022 was about \$84 thousand. The over-recovery from gas marketers of \$15 thousand was factored into the calculation of the variable program fees for 2023, thereby decreasing the amount required for recovery from gas marketers to approximately \$93 thousand. FEI has calculated the 2023

1 variable transaction fees using the 2022 actual Customer Choice Program costs and has
2 determined that the 2 fees in 2023 will be decreasing. The Infrastructure Support Fee will
3 decrease from \$0.03 to \$0.01 per active customer per month and the Program Administration Fee
4 will decrease from \$0.18 to \$0.08 per active customer per month.

5 As previously approved by the BCUC, the annual fee adjustments submitted will take effect
6 automatically on April 1. Any review, if warranted, will be handled through the Annual General
7 Meeting or process as may be determined by the BCUC. Any resulting variance between the
8 actual adjustment of fees and the reviewed adjustment of fees by the BCUC will be recorded in
9 the non-rate base Marketer Cost Variance deferral account and incorporated in the subsequent
10 year's fee adjustment.¹³

11

¹³ Order A-9-16 dated October 18, 2016, page 32.

Appendix A

BCUC CUSTOMER CHOICE PROGRAM EXPENDITURES 2022



bcuc
British Columbia
Utilities Commission

Sara Hardgrave
Acting Commission Secretary

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F: 604.660.1102

February 24, 2023

Sent via email

Sarah Walsh
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

**Re: FortisBC Energy Inc. Customer Choice Program – British Columbia Utilities Commission
Customer Choice Program Expenditures for 2022**

Dear Ms. Walsh:

Enclosed, please find a breakdown of the British Columbia Utilities Commission (BCUC) expenditures charged to the Customer Choice program for the calendar year 2022. Please note the BCUC's annual total of expenditures charged to the Customer Choice program may not precisely match FortisBC Energy Inc.'s (FEI) annual total. Any difference is likely due to a number of factors including that the BCUC's fiscal year differs from FEI's. The BCUC is providing the expense information in FEI's calendar format and recasting the data may cause some variances.

Sincerely,

Original signed by:

Sara Hardgrave
Acting Commission Secretary

DD/db
Enclosure

British Columbia Utilities Commission Customer Choice
Program Expenditures for 2022

Table 1: 2022 Customer Choice program expenditures

Function	2022
Annual Program Administration	63,568
Regulatory Proceedings	5,297
Annual Dispute Resolution	
- Handling	38,143
- Adjudication	-
Total	107,009

Table 2: Customer Choice program cost details

Function	Cost Inputs
Annual Program Administration	Assume 60% BCUC Salaries allocation ¹
	Legal costs related to annual program administration
	General administration costs (e.g. courier)
Annual Dispute Resolution	
• Handling, Administration and Investigation	Assume 35% BCUC Salaries allocation
	External/expert consultation costs for work performed related to disputes, e.g. translation services, contracted dispute analysts
• Adjudication	Commissioner costs for work performed regarding adjudicated disputes
	Legal costs for work performed regarding adjudicated disputes
Regulatory Proceeding Costs	Assume 5% BCUC Salaries allocation
	Allwest Court Reporting costs (Hearing Room rental, transcription, etc.)
	Commissioner costs for work performed
	Legal costs for work performed
	External/expert consultation costs for work performed

¹ BCUC Salaries for work related to the Customer Choice program are not billed by function, but rather to the program as a whole. The following breakdown of staff time is based on an estimate of working hours spent on each of the three functions and is approximate and on average over the years: 60% towards annual program administration; 35% towards annual dispute resolution; and 5% towards regulatory proceedings.