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September 20, 2023

Movement of United Professionals
c/o Allevato Quail & Roy, Barristers and Solicitors
405-510 West Hastings St.
Vancouver, BC
V6B 1L8

Attention: Jim Quail

Dear Jim Quail:

**Re: FortisBC Energy Inc. (FEI)
Annual Review for 2024 Delivery Rates (Application) – Project No. 1599536
Response to the Canadian Office and Professional Employees Union, Local 378
(known as Movement of United Professionals or MoveUP) Information Request
(IR) No. 1**

On July 28, 2023, FEI filed the Application referenced above. In accordance with the amended regulatory timetable established in BCUC Order G-241-23 for the review of the Application, FEI respectfully submits the attached response to MoveUP IR No. 1.

For convenience and efficiency, FEI has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FEI intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

FortisBC Energy Inc. (FEI or the Company) Annual Review for 2024 Delivery Rates (Application)	Submission Date: September 20, 2023
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1 **1.0 TOPIC: CONNECT TO GAS REBATE PROGRAM**

2 **Reference:** from [https://www.fortisbc.com/rebates/home/connect-to-](https://www.fortisbc.com/rebates/home/connect-to-natural-gas-space-water-heating-rebates-)
3 [natural-gas-space- water-heating-rebates-](https://www.fortisbc.com/rebates/home/connect-to-natural-gas-space-water-heating-rebates-)

4 **Up to \$3,700 in rebates available when you pre-qualify for the Connect to Gas**
5 **Program between October 1, 2022, and December 31, 2023.**

6 Now, when you replace your oil or propane primary space heating system with an
7 eligible ENERGY STAR® high-efficiency natural gas furnace, boiler or
8 combination heating and hot water system, and you could get a rebate of **up to**
9 **\$1,700 + \$1,000 bonus for a limited time**—while reducing your carbon emissions
10 and your monthly energy bills as well.

11 And reference **Exhibit B-2, Application, at page 4:**

12 The remaining savings are the result of various factors, including: \$0.3 million in
13 lower spending compared to the formula amount for incremental expenditures
14 related to System Operations, Integrity and Security (refer to Section 6.2.1 for
15 further details); \$0.4 million of lower employee expenses, **\$0.5 million of lower**
16 **spending on Connect to Gas rebates due to lower customer participation;**
17 and savings due to general timing of expenditures. While some of the savings are
18 one-time in nature (e.g., required time to fill vacancies from turnover), some of the
19 savings are expected to continue into the future, recognizing that cost pressures
20 in the future may offset the savings. **[Bold added in this extract]**

21 **REQUEST:**

22 1.1 Please summarize the history and performance of the Connect to Gas rebate
23 program including a table showing the total number and value of rebates in each
24 of the past four years.

25 **Response:**

26 The Connect to Gas rebate program underwent several changes over the last four years. The
27 history and performance of the program is summarized below.

Year	Participants	Expenditure (\$)
2019	1,453	1,976,460
2020	1,214	1,812,323
2021	1,190	1,908,120
2022	571	856,069

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- 1 • In 2019, FEI offered an incentive of up to \$1,700 when customers converted their primary
2 space heating system from oil or propane to gas and installed an eligible combination
3 heating and hot water system (or a furnace or boiler and a standalone water heater).
- 4 • In July 2020, as an additional incentive to undertake renovations during the COVID-19
5 pandemic, FEI launched a temporary bonus offer in the amount of \$300 for the installation
6 of an outdoor appliance at the same time as an eligible heating system. In September
7 2020, FEI launched a temporary bonus rebate of up to \$700 for the installation of an
8 eligible heating system. The bonus offer remained in market until March 31, 2021.
- 9 • In September 2021, FEI took the Connect to Gas rebate program out of market due to the
10 forecast uptake potentially exceeding available funding.
- 11 • In April 2022, the Connect to Gas rebate program relaunched without the outdoor
12 appliance rebate offer. With the program temporarily being out of market, the momentum
13 for uptake was slow and so in October 2022, FEI launched a temporary bonus rebate of up
14 to \$1,000 for the installation of an eligible heating system.

15
16

17

18 1.1.1 To what extent is the reduction in customer participation the result of a
19 general reduction in the use of propane and oil as a primary space
20 heating system within FEI's service territory?

21

22 **Response:**

23 The main driver of the reduction in customer participation in the Connect to Gas program is
24 provincial and municipal policy/bylaws and incentives encouraging the uptake of electric heat
25 pumps. Please also refer to the response to MoveUP IR1 1.1.2.

26

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29 1.1.2 To what extent is the reduction the result of other factors? Please identify
30 and discuss.

31

32 **Response:**

33 In addition to the impact of taking the Connect to Gas rebate program out of market between
34 September 2021 and April 2022, the factors that influence lower customer participation numbers
35 are the substantial rebates and incentives on electric heat pumps, government and municipal
36 policies favoring electrification, and higher inflation and interest rates.

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1 Homeowners who are upgrading their home heating systems are more frequently choosing heat
2 pumps due to the substantial incentives and rebates available from CleanBC and Natural
3 Resources Canada (NRCAN) for fuel-switching (up to \$26,000), and municipal top-up incentives.

4 Another factor that may contribute to lower participation level in the Connect to Gas rebate
5 program is higher inflation and interest rates. The inflation rate increased from 1.95 percent to
6 6.80 percent between 2019 and 2022,¹ and interest rates increased from 1.75 percent to 4.25
7 percent between 2019 and 2022.² The rise in debt service costs is likely to influence consumer
8 spending patterns.

9 FEI is currently reviewing the Connect to Gas program design, incentive levels, market drivers
10 and customer needs and will consider changes to the program. As such, FEI considers the \$0.5
11 million savings as one-time temporary savings.

12

¹ <https://www.macrotrends.net/countries/CAN/canada/inflation-rate-cpi#:~:text=Canada%20inflation%20rate%20for%202022,a%200.32%25%20decline%20from%202018>.

² https://www.bankofcanada.ca/rates/interest-rates/canadian-interest-rates/?lookupPage=lookup_canadian_interest.php&startRange=2013-08-25&rangeType=daily&dFrom=2019-01-01&dTo=2022-12-31&rangeValue=1&rangeWeeklyValue=1&rangeMonthlyValue=1&ByDate_frequency=daily&submit_button=Submit.

1 **2.0 TOPIC: DEMAND FORECAST AND REVENUE AT EXISTING RATES - NON-NGT LNG**
 2 **(EXPORT)**

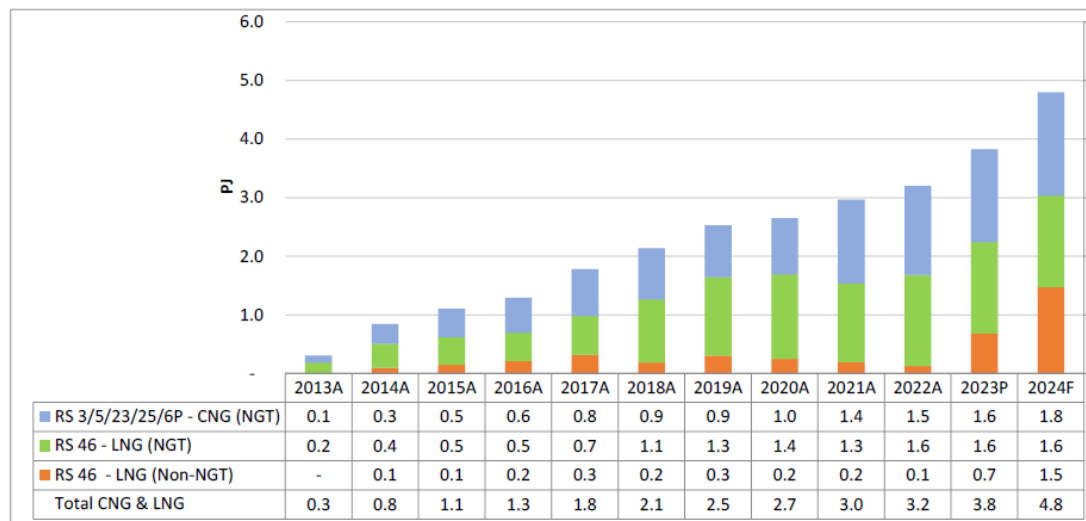
3 **Reference: Exhibit B-2, Application, page 28, Table 3-2 and Figure 3-11:**

Table 3-2: FEI Total Natural Gas Demand for NGT and non-NGT LNG (GJ per year)

GJ	2023 Approved	2023 Projected	2024 Forecast
CNG	1,468,479	1,580,569	1,762,069
LNG	1,527,696	1,561,900	1,562,600
Total NGT Demand (GJ)	2,996,175	3,142,469	3,324,669
Non-NGT LNG (export)	3,690,789	682,000	1,471,000
Total NGT and Non-NGT Demand (GJ)	6,686,964	3,824,469	4,795,669

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Figure 3-11: Actual (A), Projected (P) and Forecast (F) Demand for CNG & LNG¹⁸



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6 **REQUEST:**

7 2.1 Please explain the disparity between the Non-NGT LNG (export) 2023 Approved,
 8 2023 Projected and 2024 Projected levels in Table 3-2.

9

10 **Response:**

11 The Non-NGT LNG demand decreased from 2023 Approved to 2023 Projected because of
 12 weaker than expected demand over the winter of 2022/23. While demand is expected to increase
 13 for 2024 Forecast relative to 2023 Approved, it is expected to be below 2023 Approved. The
 14 expected customer demand is lower due to various reasons including decreases to the LNG index
 15 price in Asia, FEI's commodity rate increase on January 1, 2023, continued shipping and port
 16 issues including the port strike at GCT Delta Port, and other issues, such as completion of the
 17 required ISO container certification.

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1 The increase in demand from 2023 Projected to 2024 Forecast is due to increased optimism from
2 export customers, the expected increase in LNG prices in Asia over the winter of 2023/24, the
3 recent decrease in FEI's commodity rates, and the successful completion of trial shipments over
4 the winter of 2022/23. The 2023 Projected and 2024 Forecast Non-NGT LNG demand are not
5 based on firm contracts; rather, these values represent FEI's expectation of customer demand
6 materializing based on ongoing discussions with customers.

7

8

9

10 2.2 Please confirm that non-export Non-NGT LNG demand is negligible. If not
11 confirmed please reconcile the levels indicated as between Table 3-2 and Figure
12 3-11.

13

14 **Response:**

15 FEI confirms that Non-NGT LNG demand has been relatively small in comparison to overall
16 system demand.

17

1 **3.0 TOPIC: SERVICE QUALITY INDICATORS - TELEPHONE SERVICE FACTOR (NON-**
 2 **EMERGENCY) AND AVERAGE SPEED OF ANSWER**

3 **Reference: FEI 2023 Annual Review, *FEI Final Reply Argument* at pages 37**
 4 **to 37:**

5 105. Second, consistent with the above, the BCUC will evaluate FEI’s 2022 service
 6 quality indicator performance in the Annual Review for 2024 Delivery Rates, at
 7 which point the utility’s actual 2022 results will be known. Without a full year of
 8 actual results, it is too early to assess FEI’s performance. In particular, a given
 9 month’s performance will be offset by variations in other months, resulting in
 10 annual performance that improves from the year-to-date results provided in the
 11 Application and updated in the Workshop. For example, between June and August
 12 2022, FEI’s ASA performance improved from 104 seconds to 92 seconds.¹³⁰
 13 Similarly, FEI’s TSF Non- Emergency SQI performance has improved during the
 14 same period from 61 to 63 percent. FEI expects performance to further improve
 15 for both SQIs by year-end¹³¹ as demonstrated by the overall improvement shown
 16 between January and August 2022:

SQI	January	February	March	April	May	June	July	August
TSF (%)	37%	48%	58%	63%	83%	79%	66%	76%
ASA (seconds)	228	189	75	67	25	29	59	33

17
 18 In particular, while various factors may always impact performance results, FEI
 19 also expects the ASA to perform at historical levels in the 60 seconds range for
 20 subsequent years.

21 **REQUEST:**

22 3.1 Please complete the above table through July of 2023.

23
 24 **Response:**

25 Please refer to Tables 1 and 2 below for the 2022 and 2023 monthly and year-to-date ASA and
 26 TSF (Non-Emergency) results.

27 **Table 1: Monthly and YTD 2022 ASA and TSF (Non-Emergency) Results**

2022 SQI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
TSF (%)	37%	48%	58%	63%	83%	79%	66%	76%	67%	69%	72%	34%	62%
ASA (Seconds)	228	189	75	67	25	29	59	33	56	83	58	351	106
ASA (mm:ss)	03:48	03:09	01:15	01:07	00:25	00:29	00:59	00:33	00:56	1:23	00:58	05:51	01:46

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Table 2: Monthly and YTD 2023 ASA and TSF (Non-Emergency) Results

2023 SQI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	YTD
TSF (%)	25%	46%	83%	83%	85%	84%	86%	81%	70%
ASA (seconds)	280	139	22	24	20	21	19	26	74
ASA (mm:ss)	04:40	02:19	00:22	00:24	00:20	00:21	00:19	00:26	01:14

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3.2 Please provide a table showing the minimum, median and maximum speed of answer at the FEI contact centre for each month from January 2022 through July 2023.

Response:

10 The following tables provide the monthly minimum, median and maximum average speed of
 11 answer (ASA) from January 2022 through July 2023. The results in the tables highlight that wait
 12 times for the majority of customers were reasonable. FEI offers services such as the call back
 13 option and self-serve options for customers calling during longer wait periods, thus mitigating
 14 overall negative impacts on service quality.

15

Table 1: 2022 Monthly ASA

2022 ASA													
Speed of Answer (mm:ss)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Min	00:07	00:07	00:05	00:06	00:07	00:06	00:06	00:07	00:06	00:06	00:05	00:06	00:05
Median	01:01	00:38	00:45	00:26	00:12	00:22	00:28	00:23	00:23	00:21	00:25	02:26	00:26
Max	19:18	13:53	04:06	03:28	01:20	01:09	02:22	01:05	02:54	11:04	07:06	24:26	24:26

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Table 2: 2023 Monthly ASA

2023 ASA								
Speed of Answer (mm:ss)	January	February	March	April	May	June	July	YTD
Min	00:07	00:06	00:07	00:05	00:05	00:07	00:04	00:04
Median	03:01	00:53	00:16	00:13	00:16	00:17	00:16	00:18
Max	12:09	06:32	00:52	00:55	00:39	01:00	00:30	12:09

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3.3 Please explain FEI's characterization of ASA "historical levels" being "in the 60 seconds range" in the above extract.

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1

2 **Response:**

3 The “historical levels” being “in the 60 seconds range” referenced in FEI’s Reply Argument from
4 the Annual Review for 2023 Delivery Rates proceeding was the average of the most recent three
5 years of SQI results at that time (i.e., 2019, 2020 and 2021), which is approximately 60 seconds.
6 Further, FEI has not set an internal target for ASA as this is an informational indicator that supports
7 the Telephone Service Factor (Non-Emergency) SQI. ASA provides insight on the 30 percent of
8 calls that are not answered within 30 seconds or less for non-emergencies.

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12 **Reference: FEI 2023 Annual Review, BCUC Decision and Order No. G-352-**
13 **22 at page 34:**

14 *Panel Discussion*

15 Although FEI is achieving below benchmark results for the June 2022 year-to-date
16 performance of the TSF (non-emergency) SQI, the Panel finds that FEI has
17 provided sufficient explanation with respect to the measures it has put in place to
18 work toward rectifying the below benchmark performance by the end of 2022 such
19 that no further action is warranted at this time.

20 **And reference: FEI 2023 Annual Review, FEI Final Reply Argument at page**
21 **38:**

22 107. In response to MoveUP’s speculation on the reasons for higher attrition,
23 FEI has limited information on the specific reasons why employees leave their job;
24 however, for those who completed exit interviews, the primary reason cited was
25 family and/or personal change in circumstances. In addition, as Mr. Mangat noted,
26 attrition is a factor impacting many companies in the last two years due to labour
27 market conditions. This is illustrated, for example, by the attrition experienced by
28 FEI’s meter reading service provider, Olameter. FEI is taking a number of actions
29 to improve recruitment and retention of Customer Service employees. This
30 includes using an external recruitment agency, making improvements to the
31 recruitment process, and improving retention through different forms of employee
32 recognition and taking feedback from employees themselves.

33 108. Fourth, as FEI explained in the response to CEC IR1 27.5, FEI has taken
34 steps to improve performance. For example, in response to higher than normal
35 attrition in the second half of 2021, FEI made adjustments to the timing of new hire
36 classes and the onboarding and training of new employees, continued promotion
37 of self-service options for customers and a heightened focus on First Contact

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1 Resolution and overall service quality by maintaining coaching and development
2 time for employees and managers.

3 **And reference: Exhibit B-2, Application, at pages 154-155:**

4 The 2022 result was 62 percent which was below the benchmark and threshold.
5 The June 2023 year-to-date performance is 67 percent which is lower than the
6 threshold. FEI experienced several challenging circumstances in 2022 that
7 contributed to the year-end performance being below the threshold. These
8 challenges included higher than expected attrition in the contact centre
9 compounded by an increased amount of high bill inquiries over the year. Each of
10 these is described further below.

11 Customer Service is experiencing higher than expected levels of attrition, having
12 lost 76 Customer Service employees in 2022, compared to 65 lost in 2021. Most
13 of these employee exits were concentrated in the second and third quarters of
14 2022, resulting in fewer and less experienced employees prepared to support call
15 volumes in the third and fourth quarters of 2022. To mitigate the impact of this
16 attrition, FEI accelerated the timing of planned new hire classes as well as the size
17 of new hire classes in both 2022 and 2023. While FEI has had some success, FEI
18 continued to face challenges with recruiting and retaining newly hired contact
19 centre employees in 2022. In addition, it takes on average approximately 12
20 months for new employees to be proficient and fully trained to support all customer
21 inquiries and calls, and as such, average call handle times remain higher than
22 normal while a greater portion of employees gain this experience.

23 **Request:**

24 3.4 Please describe each of the following measures taken by FEI to reduce the rate of
25 contact centre employee attrition, as described in the 2023 Annual Review Final
26 Reply Argument:

- 27
- 28 • using an external recruitment agency
 - 29 • making improvements to the recruitment process
 - 30 • improving retention through different forms of employee recognition
 - 31 • taking feedback from employees themselves.

32 **Response:**

33 Each of the measures taken by FEI to reduce the rate of contact centre employee attrition is
34 described below.

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1 ***Using an external recruitment agency***

2 FEI engaged the services of a recruitment agency in 2022 in an attempt to hire a large amount of
3 employees in a reduced timeframe and access a wider pool of candidates with relevant training
4 and experience in order to respond to the unexpected high levels of attrition.

5 ***Making improvements to the recruitment process***

6 Changes were made to the recruitment process to allow for more individualized conversations
7 with hiring managers. Part of this process involved outlining what candidates could expect during
8 the hiring process, including onboarding, training and everyday work. FEI has also reduced the
9 timeline to hire, streamlined the interview process, posted jobs on different platforms to attract
10 more candidates, and in 2023, FEI is attending job fairs where applicable.

11 ***Improving retention through different forms of employee recognition***

12 Understanding that employees like to be recognized in different ways, FEI has taken a multi-tiered
13 approach to recognizing employees through the year in addition to the peer to peer recognition
14 platform. Examples of ways that FEI recognizes employees are through annual celebrations,
15 yearly employee incentive pay, and managers recognizing employees on a monthly basis.

16 ***Taking feedback from employees***

17 FEI obtains feedback from employees in various ways, with the most consistent being regular
18 conversations between managers and their employees. Due to the large number of employees
19 and the variability in each of these conversations, feedback is difficult to summarize. More formal
20 methods of feedback include joint committees where MoveUP members and management are
21 equally represented.

22 Another method of obtaining feedback is the use of exit surveys. These are presented to
23 employees after resignation, are strictly voluntary and can result in limited information. Specific
24 feedback provided to FEI through these surveys is confidential.

25

26

27

28 3.5 Please provide the feedback from employees arising from the last of these
29 initiatives

30 **Response:**

31 FEI has not sought employee feedback specifically on the mitigation approaches taken with
32 respect to attrition levels. As described in the response to MoveUP IR1 3.4, employee feedback
33 on their experience, including through regular discussions and exit surveys, is considered on a
34 regular basis.

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3 3.6 What if any further measures has FEI adopted following the 2023 Annual Review?

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5 **Response:**

6 Since the Annual Review for 2023 Delivery Rates proceeding, FEI has accelerated the timing and
7 increased the size of hiring classes to support the Telephone Service Factor (Non-Emergency).
8 In addition, FEI continues to provide refresher training to help support employees taking more
9 complex calls as well as offering overtime to employees to increase the number of staff during
10 peak intervals. With respect to 2023, FEI is also working through implementing some collective
11 agreement changes after successful ratification of the new Collective Agreement.

12

13

14

15 3.7 How and to what extent has each of these measures mitigated the rate of call
16 centre employee attrition?

17

18 **Response:**

19 Attrition is a normal and expected part of operations, and specifically in the contact centre, often
20 results in employees being promoted or moving into different roles within FEI. At times, FEI has
21 experienced higher than forecast attrition, which has been the driving factor for implementing
22 mitigation measures to lessen the negative impact to SQIs.

23 There are multiple factors that influence attrition, as such, FEI looks at all measures collectively
24 when considering impacts on attrition and does not have information on how each measure has
25 specifically impacted attrition. FEI continues to enact the measures described in the response to
26 MoveUP IR1 3.4 in an attempt to mitigate the rate of call centre employee attrition.

27

28

29

30 3.8 What if any further degree of improvement does FEI expect in its Telephone
31 Service Factor (Non-Emergency) and Average Speed of Answer by the time it files
32 its 2025 Annual Review Application?

33

34 **Response:**

35 FEI expects to continue to maintain performance within threshold levels for the Telephone Service
36 Factor (Non-Emergency). With regard to the Average Speed of Answer, FEI expects to be back
37 within a range closer to one minute on an annual basis.

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1 **4.0 TOPIC: RGSD PROJECT**

2 **Reference: Exhibit B-2, Application, Appendix C page 2:**

3 Federal and provincial policies continue to progressively decarbonize emissions
4 from all sectors, including the gas system. FEI anticipates that the RGSD Project
5 will need to continue to identify, investigate, design and support appropriate
6 infrastructure solutions that will help to meet clean energy targets and maintain the
7 reliability of gas flows through BC, thereby improving marketplace liquidity, security
8 and overall supply competitiveness.

9 **Request:**

10 4.1 Please explain this extract in greater detail. What kinds of “appropriate
11 infrastructure solutions” will FEI be considering?

12
13 **Response:**

14 Please refer to the response to BCSEA IR1 17.2.

15
16

17
18 4.2 Are these considerations that could lead FEI to accelerate, decelerate, modify, or
19 abandon this project?

20
21 **Response:**

22 Yes. At this point, FEI is working to define and understand the impact of these considerations on
23 the RGSD Project and develop the best solution for its customers.

24