



Sarah Walsh
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3861
Cell: (604) 230-7874
Fax: (604) 576-7074
www.fortisbc.com

February 23, 2024

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

Attention: Patrick Wruck, Commission Secretary

Dear Patrick Wruck:

Re: FortisBC Energy Inc. (FEI)
2023 Customer Choice Program Cost Annual Program Statistics

FEI attaches the FEI Customer Choice program statistics for the 2023 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.

**2023 Customer Choice Annual Program
Statistics**

February 23, 2024

Table of Contents

1. INTRODUCTION.....	1
2. PROGRAM PARTICIPATION STATISTICS	2
2.1 Gas Marketer Participation	2
2.1.1 Fixed-Rate Contract Statistics	3
2.2 Customer Participation	3
3. ENROLMENT STATISTICS.....	5
3.1 Gross Enrolments.....	5
3.2 Net Enrolments.....	5
4. DISPUTE STATISTICS.....	7
5. CUSTOMER EDUCATION PLAN	9
5.1 Digital Media.....	9
5.1.1 Search Engine Marketing: Google Ads.....	9
5.1.2 Website Analytics.....	11
5.1.3 Organic Social Media: X posts	11
5.2 FEI Bill Messaging.....	14
6. SYSTEM ENHANCEMENTS	16
7. PROGRAM EXPENDITURES AND RECOVERIES	18
7.1 Review of Cost Recovery Application Decisions	18
7.2 2023 Customer Choice Program Costs	20
7.3 Technology Sustainment	22
7.4 Infrastructure Sustainment.....	22
7.5 Program Administration	22
7.6 British Columbia Utilities Commission Costs.....	22
7.7 Customer Education Costs	23
7.8 Total Program Costs.....	23
7.9 Gas Marketer Recoveries	23
8. PROGRAM FEES AND FEE STRUCTURE	25
8.1 Deferral Account & Recovery Amount	26
8.2 Fixed Fees	26
8.3 Variable Fees	27
9. SUMMARY	29

APPENDIX A: BCUC Customer Choice Program Expenditures 2023

Index of Tables and Figures

Table 2-1: List of Gas Marketers.....	2
Table 2-2: Fixed-Rate Contract Statistics in 2023	3
Table 5-1: Digital Communication Statistics	11
Table 7-1: Program Expenses Percentage Allocation	18
Table 7-2: Customer Choice Program Costs 2007 to 2016.....	21
Table 7-3: Customer Choice Program Costs 2017 to 2023.....	21
Table 7-4: BCUC Table of 2023 Expenditures.....	23
Table 7-5: 2024 Customer Choice Service Fees	24
Table 8-1: 2024 Annual Program Cost Allocation.....	25
Table 8-2: 2024 Expense Category Proportions.....	25
Table 8-3: 2023 Marketer Cost Variance Deferral Activity.....	26
Table 8-4: 2024 Fixed and Variable Fee Recovery Proportions.....	27
Table 8-5: 2023 Variable Fee Calculation.....	28
Figure 2-1: 2023 Residential and Commercial Customer Participation	4
Figure 2-2: Yearly Comparison of Customer Choice Participation 2017 to 2023	4
Figure 3-1: Comparison of Monthly Gross Enrolments – 2022 vs. 2023	5
Figure 3-2: Comparison of Yearly Enrolment Activity 2017 to 2023	6
Figure 4-1: Comparison of Yearly Dispute Activity from 2016 to 2023	7
Figure 4-2: 2023 Monthly Dispute Statistics	8
Figure 5-1: Google Ads Advertisement Extensions	10
Figure 5-3: Customer Choice X posts.....	12
Figure 5-4: Customer Choice Bill Messaging.....	15
Figure 6-1: Invalid Contract Term Response	17

1. INTRODUCTION

This filing provides an overview of the Customer Choice Program's (Customer Choice or the Program) key metrics for 2023 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 2016 to 2023.
- **Section 3** provides an overview of gas marketer sales activity and statistics in 2023, a month-to-month comparison of enrolment activity between 2022 and 2023, and a year-to-year comparison of gross and net enrolments from 2017 to 2023.
- **Section 4** summarizes the monthly dispute activity and statistics in 2023 for cancellation and standard disputes, and yearly dispute activity from 2017 to 2023.
- **Section 5** summarizes the customer education plan for 2023, 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 2023.
- **Section 7** reviews the 2023 Program expenditures and recoveries.
- **Section 8** describes the 2024 Program fees and fee structure.
- **Section 9** provides a summary of each section.

2. PROGRAM PARTICIPATION STATISTICS

2.1 GAS MARKETER PARTICIPATION

In 2023, there were 6 gas marketers licensed in BC. There were 5 gas marketers who offered fixed-rate contracts to FortisBC Energy Inc. (FEI) customers in Rate Schedule 1 residential, and Rate Schedules 2 and 3 commercial. 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 2023, 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; 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; 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 2023, there were 124 marketer price groups open. There were two new marketer price groups created in 2023. Marketer price groups specify the price that customers have agreed to pay per gigajoule (GJ) for their natural gas commodity. Table 2-2 below provides the statistics for fixed-rate contracts sold to customers in 2023.

Table 2-2: Fixed-Rate Contract Statistics in 2023

Enrolments per Term	Price Range per Enrolment Term	Enrolments by Contract Price Range	Average Price Weighted by Number of Enrolments
1 Year - 152 - 1%	1 Year - \$3.00 to \$8.75	Under \$4.00 – 202 - 1%	1 Year - \$6.09
2 Year - 263 - 2%	2 Year - \$3.50 to \$8.00	\$4.00-\$6.00 – 1,633 - 11%	2 Year - \$6.18
3 Year - 429 - 3%	3 Year - \$3.60 to \$8.75	\$6.00 -\$8.00 – 8,236 - 58%	3 Year - \$5.61
4 Year - 447 - 3%	4 Year - \$4.25 to \$8.75	\$8.00-\$8.75 – 4,145 - 29%	4 Year - \$6.70
5 Year – 12,925 - 91%	5 Year - \$3.00 to \$8.75		5 Year - \$6.98

As indicated in Table 2-2 above, the price per GJ of gas for fixed-rate contracts, ranged from a low of \$3.00/GJ to a high of \$8.75/GJ over the various 1 to 5 year terms. In 2023, 58% of contracts had prices in the range of \$6.00/GJ and \$8.00/GJ.

The most common contract term signed in 2023 was for a 5-year contract, accounting for 91 percent of total enrolments. The price range for a 5-year contract term ranged from a low of \$3.00/GJ to a high of \$8.75/GJ, with a weighted average price of \$6.98/GJ.

2.2 CUSTOMER PARTICIPATION

As of December 31, 2023, there were approximately 1.08 million FEI Rate Schedules 1, 2, and 3 customers eligible for the Customer Choice Program. Of those eligible, approximately 982 thousand were residential customers, and approximately 98 thousand were commercial customers.

Of the approximately 982 thousand eligible residential customers, about 34 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 approximately 98 thousand eligible commercial customers, approximately 8,400 or 9 percent of billed customers were enrolled in Customer Choice. The percentage of eligible customers participating in Customer Choice in 2023 has remained the same for residential and increased by 2 percent for commercial customers over 2022 participation. Figure 2-1 below illustrates the residential and commercial Customer Choice participation rate for 2023.

Figure 2-1: 2023 Residential and Commercial Customer Participation

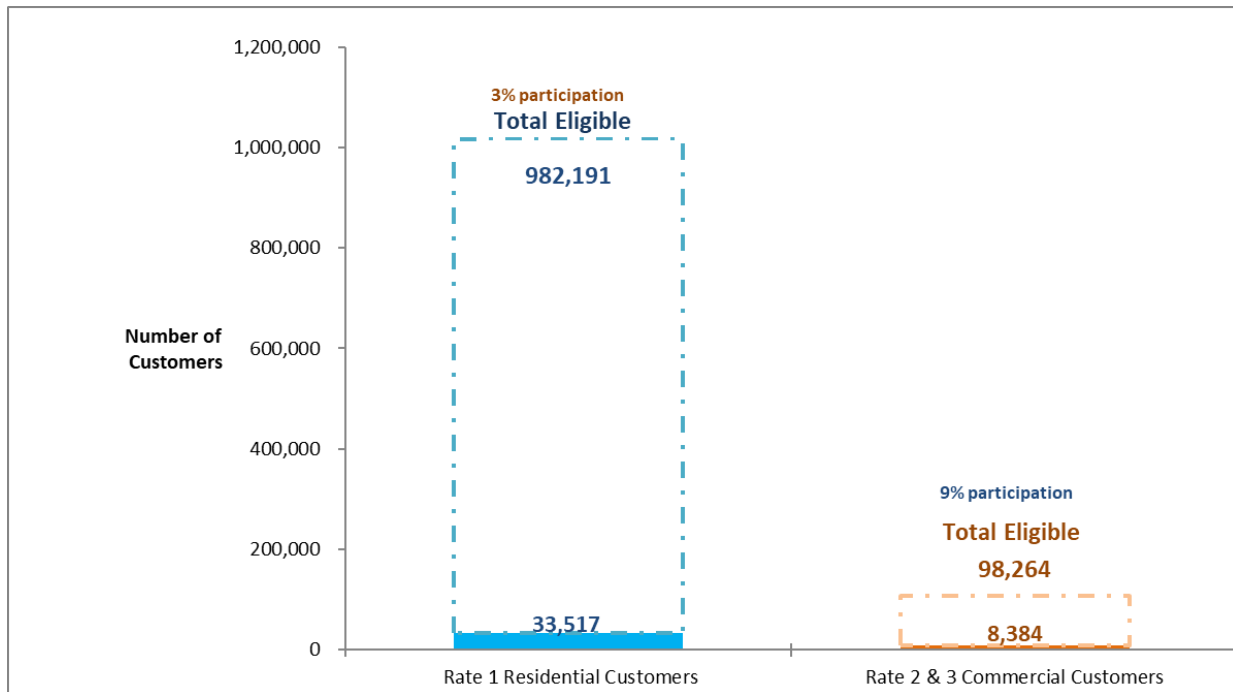
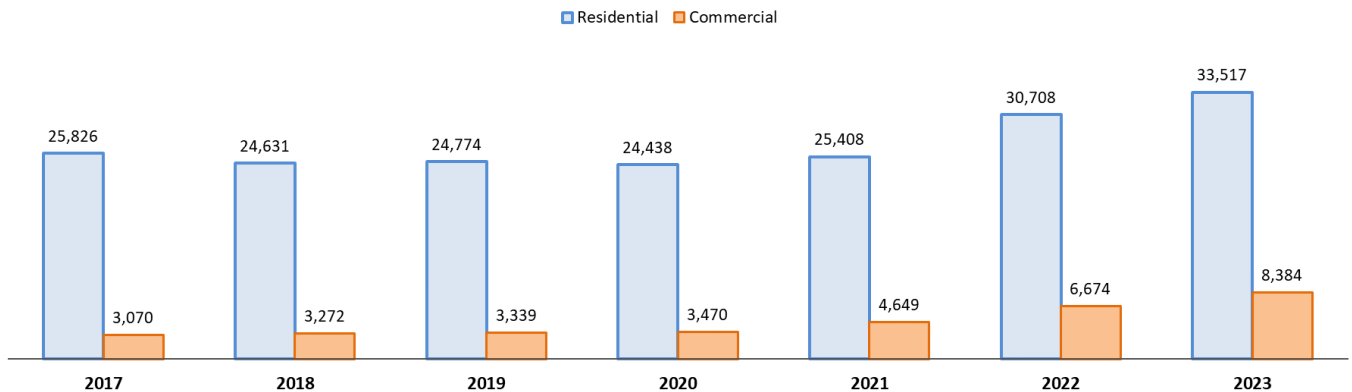


Figure 2-2 below illustrates the year-to-year comparison of residential and commercial customer Program participation for the past 7 years.

Figure 2-2: Yearly Comparison of Customer Choice Participation 2017 to 2023



Participation numbers for residential customers increased by 9 percent in 2023 over 2022, while participation rates for commercial customers increased by 26 percent over the same period. Overall, participation in the Customer Choice Program increased by 12 percent in 2023. 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.

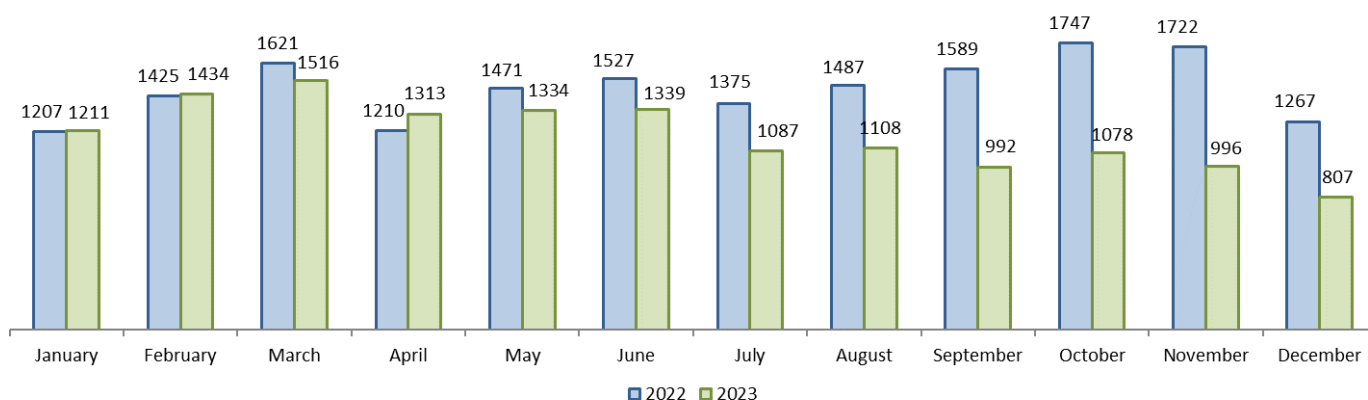
3. ENROLMENT STATISTICS

3.1 GROSS ENROLMENTS

In 2023, new enrolments were submitted at an average rate of 1,185 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 1,516 enrolments. Gas marketers currently use a combination of phone sales and in-person sales to sell gas contracts. There were over 14 thousand gross enrolments in 2023, compared to almost 18 thousand in 2022.

Figure 3-1 below illustrates the comparison of monthly gross enrolments between 2022 and 2023.

Figure 3-1: Comparison of Monthly Gross Enrolments – 2022 vs. 2023

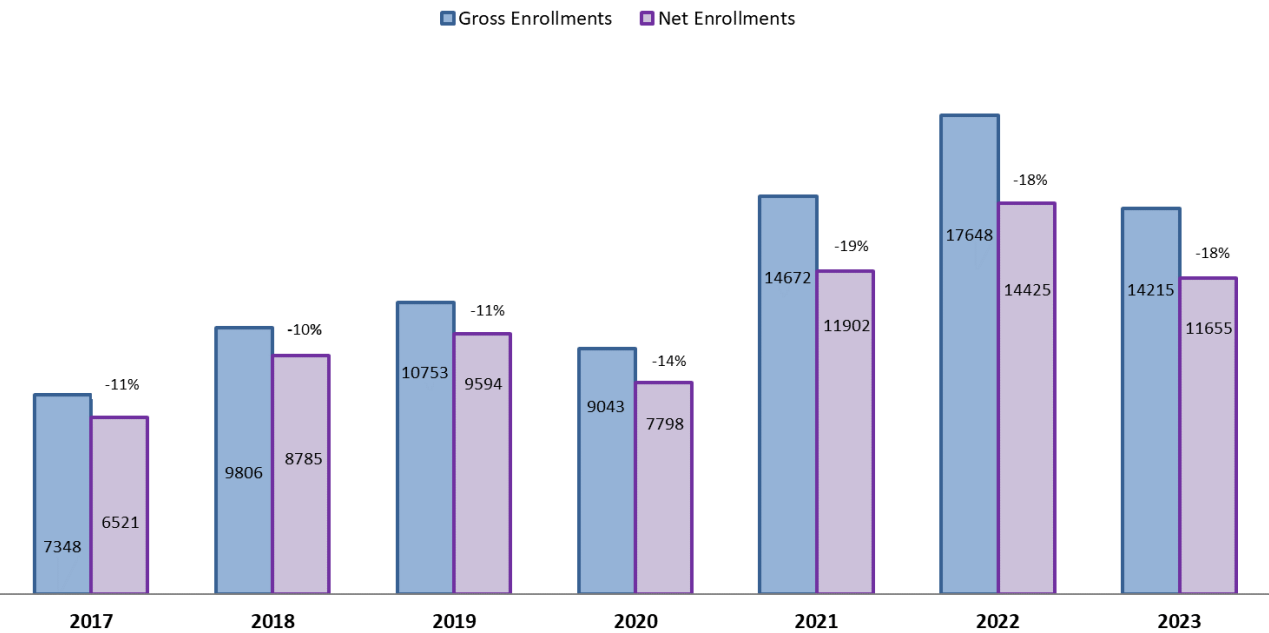


3.2 NET ENROLMENTS

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 11 thousand net enrolments in 2023. Figure 3-2 compares the gross enrolments to net enrolments over the past seven years, from 2017 to 2023.

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 2017 to 2023

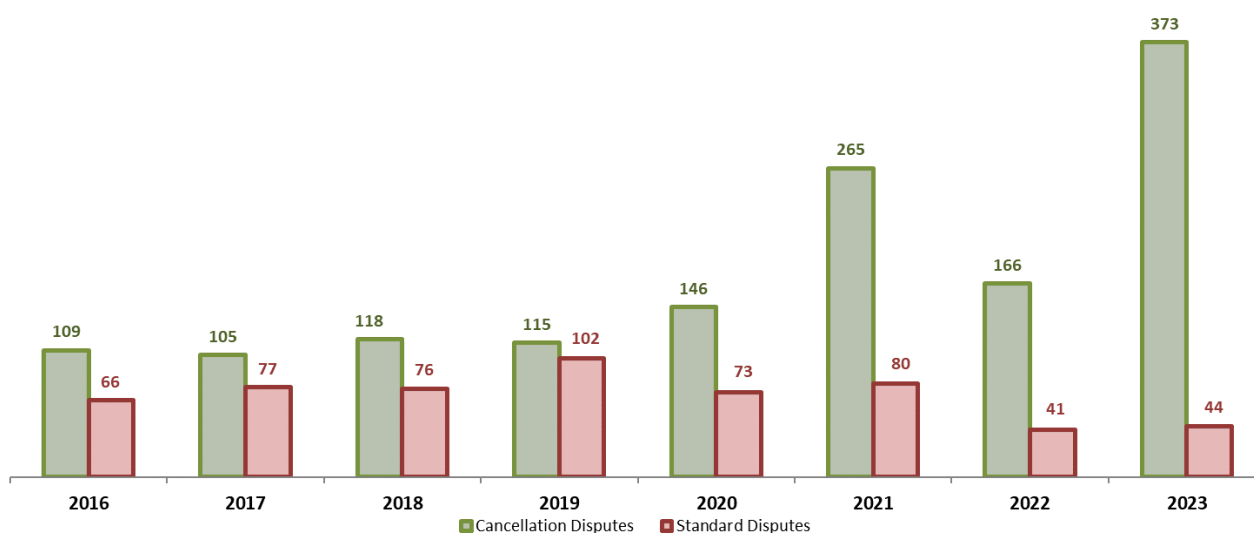


The ratio of net enrolments to gross enrolments was 82 percent in 2023, unchanged from 2022. The trend continues to show that less than 20 percent of contracts are cancelled before their start date. These positive results can be attributed to the consolidated business rules for residential and commercial 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 seven years, as shown in Figure 4-1. In 2023, there were 417 total disputes logged as compared to 207 disputes logged in 2022. Although total disputes doubled in 2023, the numbers are nominal overall relative to enrolment numbers. Disputes were approximately 3 percent of gross enrolments and have been at 2 percent or less for the past seven years.

Figure 4-1: Comparison of Yearly Dispute Activity from 2016 to 2023

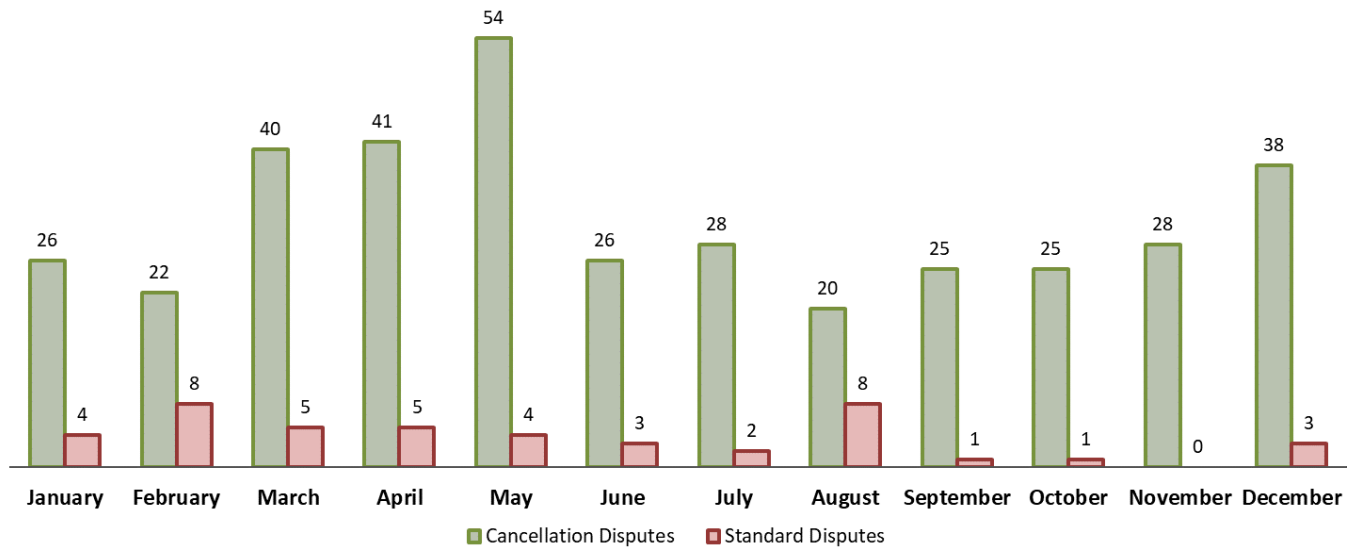


Cancellation disputes are disputes raised by gas marketers who have agreed to release a customer from their contract outside of their contract anniversary date. Cancelling a gas marketer contract outside of the anniversary date contravenes the Essential Services Model. FEI maintains that cancellation disputes should be restricted to compassionate reasons only, as determined by the British Columbia Utilities Commission (BCUC). Cancellation disputes increased from 166 cancellation disputes submitted in 2022 to 373 cancellation disputes submitted in 2023. The increase was most likely due to the drop in natural gas prices in 2023 and customers negotiating to courtesy drop higher-priced contracts. Gas marketers also dropped their price per GJ as the market price dropped.

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 increased from 41 raised in 2022 to 44 in 2023. Figure 4-2 illustrates the monthly dispute statistics for 2023.

1

Figure 4-2: 2023 Monthly Dispute Statistics



2

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 2023 customer education budget was again set at \$40 thousand, with \$30 thousand allocated and spent on a digital media campaign. Additional Customer Choice Standard Information Booklets were not printed this year as there was sufficient inventory in stock. The printed booklet is in English, and online versions are available in English, Chinese and Punjabi on fortisbc.com.

5.1 DIGITAL MEDIA

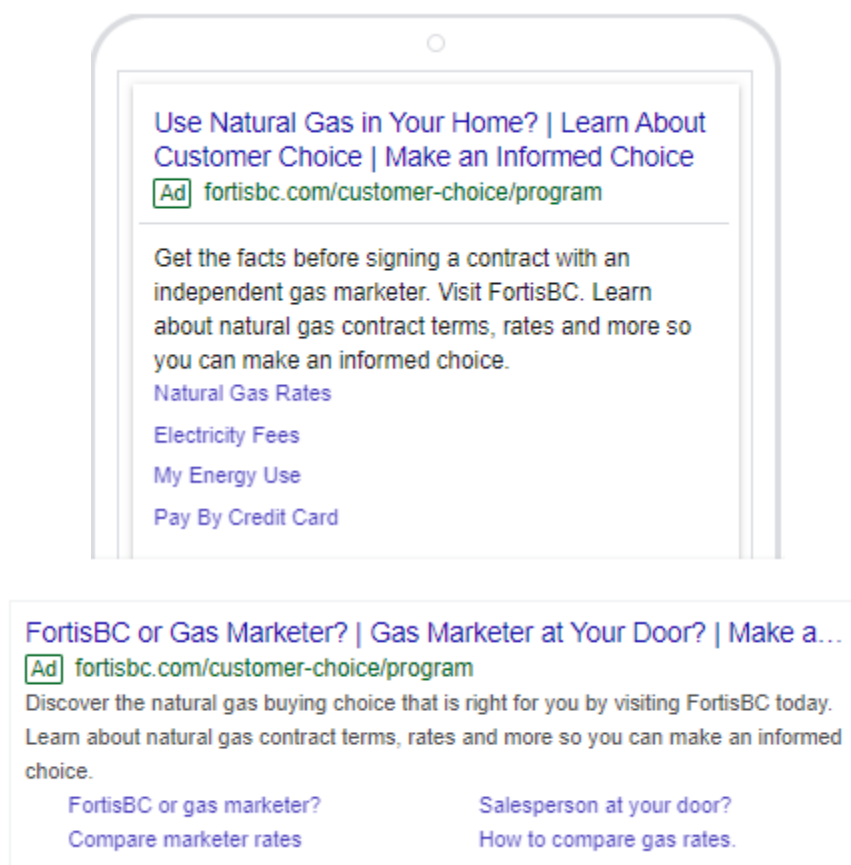
Digital media consisted of paid search engine marketing through Google Ads (formerly known as GoogleAdWords), and social media (paid and organic) through X (formerly known as Twitter). The digital media campaign ran from March 1 through November 30, 2023, in all regions where the Customer Choice Program is available. All channels drove traffic to the Customer Choice webpages on FEI website at www.fortisbc.com/choice.

5.1.1 Search Engine Marketing: Google Ads

The search engine marketing campaign used Google Ads 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 Ads 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 Ads advertisement extensions are shown below in Figure 5-1.

Figure 5-1: Google Ads Advertisement Extensions



During the 9-month campaign period, 57 thousand Google Ads featuring Customer Choice were delivered. The campaign performed well, surpassing all key engagement metrics from 2022. Compared to 2022, the click-through rate increased by 60 percent, cost per click decreased by 16 percent and total clicks increased by 20 percent. Further, the click-through rate saw an upward linear trend over the course of the campaign. The total number of impressions decreased by 25 percent in comparison to previous years, as indicated below in Table 5-1: Digital Communications Statistics. While impressions decreased, the increased number of clicks and click through rate (CTR) demonstrate that fewer ads needed to be delivered to achieve higher clicks. This indicates that relevant ads were served to users that were more likely to click the ads. Additionally, fewer ads were delivered because of an overall increase in Google advertising costs. FEI is satisfied that the Google Ads 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 enrolments.

The digital communication statistics for 2020 through to 2023 are described in Table 5-1.

Table 5-1: Digital Communication Statistics

Google Ads 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
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
2023	Mar-Nov	57,009	10,743	18.84%	\$2.42	--	--	7,304	--	--

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.
- 2023 missing stats due to switch to new analytics platform as noted in section 5.1.2.

5.1.2 Website Analytics

FortisBC uses Google Analytics for digital analytics reporting. On July 1, 2023, Google officially switched over to their new analytics platform, Google Analytics 4 (GA4), and their previous platform stopped processing data. When the switch to GA4 happened, a significant drop in traffic was observed. It took several months to troubleshoot and adjust the necessary GA4 settings. However, all issues were addressed by mid-October. Consequently, digital analytics between July 1 and October 16, 2023, are not available. The impact of this platform switch means the digital analytics for the whole duration of the campaign are not available and traffic comparisons to previous campaigns cannot be provided. The Analytics are provided in Table 5-1 above, and are for timeframes from March 1-June 30, 2023, and October 17-November 30, 2023.





5.1.3 Organic Social Media: X posts

The frequency of FEI-generated X posts was one to two times per week from March 1 to November 30, 2023, for a total of 65 X's sent during the campaign period reaching 13.6 thousand FEI X followers. The X 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 either the [Customer Choice landing page](#) or the ['Before Speaking to a natural gas salesperson'](#) page.

Figure 5-3 below shows the X posts which were used in 2023.

1

Figure 5-3: Customer Choice X posts

	
<p>#DYK you have a choice who you buy #NaturalGas from? It's true! The Customer Choice Program allows you to buy from us or a gas marketer. Make an informed decision and compare rates. #CustomerChoice</p>	
	
<p>Is a #NaturalGas marketer at your door? Get the facts before you speak with a door-to-door salesperson selling contracts from an independent gas marketer. #CustomerChoice</p>	
	
<p>We don't sell contracts door-to-door, but independent gas marketers do. Here's what you need to know before you speak to a salesperson. #NaturalGas #CustomerChoice</p>	
	

Do you use #NaturalGas at home? You can choose a fixed or variable rate when buying gas. Understand your options & compare rates. #CustomerChoice



Is your #NaturalGas contract almost up? The Customer Choice Program allows you to choose either a fixed-rate contract with a gas marketer or our variable rate with no contract. Compare the difference before you decide. #CustomerChoice



Is your #NaturalGas contract almost up? You'll revert to our variable rate unless you renew your contract with a gas marketer. Compare the difference before you renew. #CustomerChoice



What's your preference for buying natural gas? Compare the difference between our variable rate and a fixed-rate contract from a gas marketer. #NaturalGas #CustomerChoice



Do you use #NaturalGas in your home? You have options on who to buy it from. Choose from either a variable rate with no contract from us, or a fixed-rate contract with an independent gas marketer. #CustomerChoice

In all posts, #CustomerChoice links to:
<https://www.fortisbc.com/services/natural-gas-services/customer-choice-buying-from-natural-gas-marketers>
Or
<https://www.fortisbc.com/services/natural-gas-services/customer-choice-buying-from-natural-gas-marketers/when-a-natural-gas-salesperson-knocks-on-your-door>

1

2 **5.2 FEI BILL MESSAGING**

3 The following message was included on the June 2023 FEI bill (Figure 5-4 below) for residential
4 and commercial natural gas customers in the eligible Customer Choice regions.

5 The Customer Choice Program allows you to choose a fixed-term, fixed-rate
6 contract with an independent gas marketer or purchase natural gas from FortisBC
7 at a variable rate. Know your options and compare rates at [fortisbc.com/choice](https://www.fortisbc.com/choice).

1

Figure 5-4: Customer Choice Bill Messaging



Natural gas

What is a gigajoule?

A gigajoule (GJ) is a measure of energy. One GJ of natural gas can:



Barbecue a month's worth of burgers*

**On a 32,000 BTU/hr gas barbecue, one hour a day for 30 days.*



Reduce your usage: don't open and close the lid too often as this will cause the barbecue to lose heat.

News to know

The Customer Choice Program allows you to choose a fixed-term, fixed-rate contract with an independent gas marketer or purchase natural gas from FortisBC at a variable rate. Know your options and compare rates at fortisbc.com/choice.



2

6. SYSTEM ENHANCEMENTS

System activities for 2023 consisted 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. FEI is planning for a phased replacement of GEM and the associated infrastructure in the next couple of years. The platform GEM is built on is now 17 years old and requires upgrading for reliability and system support reasons. The details are still being developed by our information systems (IS) support team and any associated upgrade and implementation costs and timing for the Customer Choice Program will be shared once known.

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 2023 included:

- The domain names were changed to CORP to follow current industry standards and avoid future name changes if the company name changes again.
 - Migrated BCGASDOM\NSS Unbundling Active Directory group to CORP\NSS Unbundling as part of the domain conversion project
 - Migrated BCGASDOM\svc_nss_rpt service account to CORP\svc_nss_rpt as part of the domain conversion project
 - Updated Enrolment Details by POD reports for both NSS and ODS servers for consistency. The reports are stored on both servers and run in two places but needed to have a consistent look.
 - Updated the Distribution Summary page on the GEM marketer website to provide gas marketers with the updated average daily use rates by region/rate class for the new gas year November 1, 2023.
 - Performed required technical upgrades on NSS oracle and GEM SQL database servers to ensure software stability.
 - Completed the NSS 5-year contracting rule enhancement in November. The logic that had been missing is active again and will fail contracts with a total term of more than five years with code 7: "Invalid Contract Term". The maximum time period in total for a contract is five years. This can be in multiple contracts but cannot total more than five years. The maximum future dated contract must be within 10 years of current date.
- Enrolments submitted less than or equal to 12 months of the current contract end date will be accepted (previously set at six months).
- An example of an enrolment with an invalid contract term response is provided in Figure 6-1 below:

Figure 6-1: Invalid Contract Term Response

10195947|70284||10600UNBUNDLING|ABC020|20231201|20281201|20231201|20231027|1110
|1816406|John Customer|106897|128|Invalid Contract Term :

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

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.²

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%

² 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.³

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, 2017.⁴

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.⁵

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-13-16.⁶

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.

³ Order A-9-16 dated October 18, 2016, page 29.

⁴ Order A-9-16 dated October 18, 2016, page 30.

⁵ Order A-9-16 dated October 18, 2016, page 32.

⁶ 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 2023 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.⁷ 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 determine the actual over/under-recovery.

⁷ 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 2023⁸

Cost Description	2017	2018	2019	2020	2021	2022	2023
Technology Sustainment	\$ 91,577	\$ 87,598	\$ 96,882	\$ 149,613	\$ 52,571	\$ 24,872	\$ 29,469
Infrastructure Sustainment	\$ 93,541	\$ 96,259	\$ 93,747	\$ 97,451	\$ 98,040	\$ 98,040	\$ 98,040
Contact Centre	\$ 16,000	\$ 15,994	\$ 10,004	\$ 10,015	\$ 10,018	\$ 10,018	\$ 10,020
Program Administration	\$ 203,800	\$ 209,084	\$ 218,669	\$ 227,202	\$ 191,975	\$ 204,360	\$ 178,418
BCUC	\$ 116,679	\$ 99,599	\$ 105,847	\$ 107,502	\$ 109,769	\$ 92,094	\$ 129,304
Customer Education	\$ 29,700	\$ 30,000	\$ 38,560	\$ 28,400	\$ 33,287	\$ 36,365	\$ 30,309
Total Program Costs	\$ 551,297	\$ 538,534	\$ 563,709	\$ 620,183	\$ 495,660	\$ 465,749	\$ 475,560
Actual Utility share	\$ 327,661	\$ 324,410	\$ 334,741	\$ 361,594	\$ 300,868	\$ 288,604	\$ 287,972
Actual Gas Marketer share	\$ 223,636	\$ 214,124	\$ 228,968	\$ 258,589	\$ 194,792	\$ 177,145	\$ 187,587
Gas Marketer Recoveries	\$ 257,464	\$ 206,388	\$ 196,118	\$ 220,672	\$ 299,870	\$ 192,215	\$ 132,186
(Over)/Under-recovery	\$ (33,828)	\$ 7,736	\$ 32,850	\$ 37,917	\$ (105,078)	\$ (15,070)	\$ 55,401

⁸ 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 2023, technology sustainment costs increased 18 percent to approximately \$29 thousand from approximately \$25 thousand in 2022. The increase is nominal, and this category will fluctuate year over year depending on whether any system development or project upgrades are undertaken. FEI must contract specialized developer(s) to address any major system changes necessary.

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 2023.

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 decreased 13 percent to \$178 thousand in 2023 from \$204 thousand in 2022. Program administration costs in 2023 were lower as a result of one employee retirement and a time lag in filling that vacancy.

7.6 BRITISH COLUMBIA UTILITIES COMMISSION COSTS

In 2023, there was a 40 percent increase in BCUC expenditures from \$92 thousand in 2022 to \$129 thousand. The BCUC expenses includes Program administration costs, BCUC decisions, external expert consultations, and dispute handling and adjudication activities.

BCUC Staff provided a breakdown of their 2023 expenditures, which is referenced below in Table 7-4 and detailed in Appendix A: BCUC Customer Choice Program Expenditures 2023. The annual total provided by BCUC Staff differs from the amount FEI reports, primarily due to timing differences between FEI and the BCUC's fiscal year ends and how each organization records its financial information. 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 2023 Expenditures

Function	Cost
Annual Program Administration	\$64,221
Regulatory Proceedings	\$11,677
Annual Dispute Resolution	
Handling, Administration, Investigation	\$29,191
Adjudication	18,437
TOTAL	\$123,526

7.7 CUSTOMER EDUCATION COSTS

A total of \$30 thousand was spent from the \$40 thousand budget for customer education in 2023. There was sufficient inventory so reprinting the Customer Choice Standard Information Booklet was not required in 2023.

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.⁹

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

7.8 TOTAL PROGRAM COSTS

In 2023, total Program costs increased by 2 percent to approximately \$476 thousand from \$466 thousand in 2022. While the Customer Choice Program expenses are continually evaluated to ensure efficient operation, some years will see higher expenditures. This can be attributed to development costs in the Technology Sustainment category to support upgrades to GEM or reporting capabilities or requirements of BCUC staff for regulatory proceedings or adjudication.

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, three service fees are charged on a per-use basis. Table 7-5 below provides the updated 2024 gas marketer service fees. These fees initially

⁹ 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-1-17.¹⁰ 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. While printing cost from the external print vendor will remain the same as 2023 at \$0.19, postage fees have increased to \$1.04 per confirmation letter from \$0.98 effective January 1, 2024, resulting in an overall increase in the confirmation letter fee on April 1, 2024, to \$1.23.

Table 7-5: 2024 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	\$1.23	Cost for each confirmation letter produced
Dispute	\$50	Cost for customer-raised disputes where BCUC has ruled against the marketer

There was a \$55 thousand under recovery of gas marketer fees in 2023, as shown in Table 7-3. The fees collected versus the fees required will never match exactly due to the variables from changes in monthly customer enrolments, unexpected expenses, and the collection of service fees. Variances accumulate in a deferral account and are 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.

¹⁰ Order A-1-17 dated February 20, 2017, Section 3.1, Service Fee approvals, page10.

8. PROGRAM FEES AND FEE STRUCTURE

Based on the 2023 actual costs for the Customer Choice Program, FEI has calculated the 2024 gas marketer fees and presented them in Tables 8-1 through 8-5 below. The new Program fees take effect on April 1, 2024. Table 8-1: 2024 Annual Program Cost Allocation lists each Program expense category, the 2023 annual actual expenses, the percentage of cost-sharing between the gas marketers and FEI, and the corresponding dollar amounts. The 2024 total gas marketer allocation is set to be approximately \$188 thousand, and FEI's share is approximately \$288 thousand. The applicable variable fee amounts are then calculated based on the total expected recoverable amount of \$188 thousand plus or minus any over/under-recovery from the previous year and the balance in the deferral account.

Table 8-1: 2024 Annual Program Cost Allocation

Program Expenses	2023 Annual Expenses	Percentage Allocation		Dollar Allocation	
		Gas Marketer	Utility Share (FEI)	Gas Marketer	Utility Share (FEI)
Infrastructure Support Expenses					
Technology Sustainment	\$ 29,469	50%	50%	\$ 14,734	\$ 14,734
Infrastructure Sustainment	\$ 98,040	0%	100%	\$ -	\$ 98,040
Program Administration Expenses					
Contact Centre	\$ 10,020	0%	100%	\$ -	\$ 10,020
Program Administration	\$ 178,418	50%	50%	\$ 89,209	\$ 89,209
BCUC	\$ 129,304	60%	40%	\$ 77,582	\$ 51,722
Customer Education	\$ 30,309	20%	80%	\$ 6,062	\$ 24,248
Total Expenses	\$ 475,560			\$ 187,587	\$ 287,972

Table 8-2 below shows the proportional breakdown between gas marketer Infrastructure Support and Program Administration expenses. This proportional breakdown is used in the fee calculation in Section 8-3 Variable Fees.

Table 8-2: 2024 Expense Category Proportions

	Expense	Proportion
Infrastructure Support (includes Technology Sustainment)	\$ 14,734	7.85%
Program Administration (includes Program Administration, BCUC & Customer Education)	\$ 172,853	92.15%
Total Expenses	\$ 187,587	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-9-16.¹¹ After performing the year-end reconciliation for 2023, FEI reports an after-tax balance in the deferral account of \$(24,346), reflecting an over-recovery carried over from prior years. However, in 2023 the recoveries from gas marketers were less than Program expenses.

The 2023 activity in the deferral account is shown in Table 8-3 below.

Table 8-3: 2023 Marketer Cost Variance Deferral Activity

Description	Reference	Sub-Totals	Totals
January 1, 2023 Opening Deferral Balance			\$ (61,590)
2023 Gas Marketer Expenses	Table 7-3	\$ 187,587	
2023 Gas Marketer Recoveries	Table 7-3	\$ (132,186)	
Net Gas Marketer 2023 (Over)/Under Recovery			\$ 55,401
2023 Financing Costs	BCUC Order A-9-16		\$ (3,199)
Taxes on (Over)/Under Recovery			\$ (14,958)
December 31, 2023 Ending Deferral Balance			\$ (24,346)
Taxes on deferral account			\$ (9,005)
Pre-tax deferral account balance: (Over)/Under recovery to marketer)			\$ (33,351)

FEI will collect this under-recovery from marketers in 2024 by applying the pre-tax deferral account balance of \$33,351 (\$24,346/ (1 – 27% tax rate)) to decrease the total amount recoverable from marketers for 2024 as part of the calculation to set the 2024 variable fees. As shown in Table 8-4 below, there is a forecast of approximately \$188 thousand in Program expenses to be recovered from gas marketers in 2024. After accounting for the cumulative prior years' pre-tax over-recovery in the deferral account of approximately \$33 thousand, there is approximately \$155 thousand (\$188 thousand - \$33 thousand) remaining to recover from gas marketers.

8.2 FIXED FEES

The fixed fee is set at \$750 per month per gas marketer to equal an annual recovery of \$54 thousand based on six licensed gas marketers. As shown in Table 8-4 below, this accounts for 35 percent of the total \$154,237 to be recovered from gas marketers. The remaining 65 percent will be recovered from the variable fees.

¹¹ Order A-9-16 - FEI Customer Choice Program Cost Recovery Decision, Section 3.5, Year-end reconciliation, pg. 30.

Table 8-4: 2024 Fixed and Variable Fee Recovery Proportions

		Proportion of Total Fees
Total Expenses	\$ 187,587	
Plus: (Over)/Under recovery	\$ (33,351)	
Total Recoverable from Gas Marketers	\$ 154,237	
Less: Fixed Fee amount	\$ 54,000	35%
Variable Fee amount	\$ 100,237	65%

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 8 percent of the prior years' 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 92 percent of the prior years' 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, 2023, divided by 12 months.

For the Infrastructure Support Fee calculation, the \$100,237 total variable fee amount is multiplied by 7.85 percent, the proportion of this expense category to total expenses, divided by 42,117, the number of active customers on the MSR History report on December 1, 2023, divided by 12 months for a monthly variable fee of \$0.02 per active customer.

For the Program Administration Fee calculation, the \$100,237 total variable fee amount is multiplied by 92.15 percent, the proportion of this expense category to total expenses, divided by 42,117 the number of active customers on the MSR History report on December 1, 2023, divided by 12 months for a monthly variable fee of \$0.18 per active customer.

Table 8-5 below illustrates the calculation of the 2024 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 2020 MSR report		Divided by 12 months		Variable Fee (per active customer per month)
Infrastructure Support	\$ 100,237	x	7.85%	=	\$7,873	/	42,117	/	12 months	=	\$ 0.02
Program Administration	\$ 100,237	x	92.15%	=	\$92,363	/	42,117	/	12 months	=	\$ 0.18
Total:					\$100,237						\$ 0.20

The Infrastructure Support Fee for 2024 will increase from \$0.01 to \$0.02 per active customer per month. The Program Administration Fee will increase from \$0.08 to \$0.18 per active customer per month.

9. SUMMARY

In 2023, overall participation in the Customer Choice Program increased by 12 percent. There were six licensed gas marketers in 2023. There was a decrease in gross enrolments of 22 percent with over 14 thousand gross enrolments in 2023 compared to almost 18 thousand gross enrolments in 2022. The 2023 enrolment numbers returned to more common levels after a large increase in 2022. Enrolment numbers have averaged just over 13 thousand for the past five years. 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 91 percent of total enrolments. The contract prices for the 5-year terms ranged from \$3.00/GJ to \$8.75/GJ. In 2023, 58 percent of the enrolments were in the \$6.00/GJ to \$8.00/GJ price range while 29 percent were in the \$8.00/GJ to \$8.75/GJ price range showing that customers are signing lower priced contracts compared to 2022 when 60 percent of contracts were in the \$8.00/GJ to \$8.75/GJ range. Approximately 1.08 million customers were eligible for the Customer Choice Program as of December 1, 2023. Of those eligible, approximately 3 percent of Rate Schedule 1 customers and approximately 9 percent of Rate Schedule 2 and 3 customers were participating in the Program. The participation rate remained the same as 2022 for Rate Schedule 1 customers while increasing by approximately 2 percent for Rate Schedule 2 and 3 customers.

There were 417 total disputes raised in 2023 compared to 207 disputes filed in 2022. The increase was most likely due to the drop in natural gas prices in 2023 and customers negotiating to courtesy drop higher-priced contracts. Gas marketers also dropped their price per GJ as the market price dropped. Standard disputes raised by customers increased from 41 raised in 2022 to 44 in 2023. Cancellation disputes raised increased from 166 cancellation disputes submitted in 2022 to 373 cancellation disputes submitted in 2023. Total disputes raised were approximately 3 percent of gross enrolments in 2023 while having been at 2 percent or less for the past seven 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 2023 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 Ads and no-cost social media through X. A no-cost Customer Choice bill message was included on customers' June 2023 gas bills.

The focus for GEM and the system infrastructure for 2023 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 approximately \$476 thousand in 2023, which was an increase of approximately 2 percent from approximately \$466 thousand in 2022. The deferral account records any over/under-recovery of fees. The credit

1 amount in the deferral account at the end of 2023 was approximately \$33 thousand and will be
2 used to decrease the amount required for recovery from gas marketers in 2024 to approximately
3 \$155 thousand (see Table 8-4). FEI has calculated the 2024 variable transaction fees using the
4 2023 actual Customer Choice Program costs and has determined that the two fees in 2024 will
5 be increasing. The Infrastructure Support Fee will increase from \$0.01 to \$0.02 per active
6 customer per month and the Program Administration Fee will increase from \$0.08 to \$0.18 per
7 active customer per month.

8 As previously approved by the BCUC, the annual fee adjustments submitted will take effect
9 automatically on April 1. Any review, if warranted, will be handled through the Annual General
10 Meeting or process as may be determined by the BCUC. Any resulting variance between the
11 actual adjustment of fees and the reviewed adjustment of fees by the BCUC will be recorded in
12 the non-rate base Marketer Cost Variance deferral account and incorporated in the subsequent
13 year's fee adjustment.¹²

¹² Order A-9-16 dated October 18, 2016, page 32.

Appendix A

BCUC CUSTOMER CHOICE PROGRAM EXPENDITURES 2023



bcuc
British Columbia
Utilities Commission

Patrick Wruck
Commission Secretary

Commission.Secretary@bcuc.com
bcuc.com

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
P: 604.660.4700
TF: 1.800.663.1385
F: 604.660.1102

January 26, 2024

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 2023**

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 2023. 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 Lindsay Bedard for:

Patrick Wruck
Commission Secretary

DD/db
Enclosure

British Columbia Utilities Commission Customer Choice
Program Expenditures for 2023

Table 1: 2023 Customer Choice program expenditures

Function	Program Cost
Annual Program Administration	64,221
Regulatory Proceedings	11,677
Annual Dispute Resolution - Handling - Adjudication	29,191 18,437
Total	123,526

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 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.