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February 28, 2025

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)**

**2024 Customer Choice Program Cost Annual Program Statistics**

FEI attaches the FEI Customer Choice program statistics for the 2024 calendar year.

If further information is required, please contact Scott Webb, Manager, Market 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.

# 2024 Customer Choice Annual Program Statistics

**February 28, 2025**

# Table of Contents

# Index of Tables and Figures

# 1. INTRODUCTION

This filing provides an overview of the Customer Choice Program's (Customer Choice or the Program) key metrics for 2024 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 2024.
- **Section 3** provides an overview of gas marketer sales activity and statistics in 2024, a month-to-month comparison of enrolment activity between 2023 and 2024, and a year-to-year comparison of gross and net enrolments from 2018 to 2024.
- **Section 4** summarizes the monthly dispute activity and statistics in 2023 for cancellation and standard disputes, and yearly dispute activity from 2018 to 2024.
- **Section 5** summarizes the customer education plan for 2024, 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 2024.
- **Section 7** reviews the 2024 Program expenditures and recoveries.
- **Section 8** describes the 2025 Program fees and fee structure.
- **Section 9** provides a summary of each section.

# 2. PROGRAM PARTICIPATION STATISTICS

## 2.1 *GAS MARKETER PARTICIPATION*

In 2024, there were 7 gas marketers licensed in BC. There were 6 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. Buy Low Gas Marketing Inc. was a new gas marketer for 2024 licensed in September. 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 2024, 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; Changed name to Just Energy in 2009 |
| **5** | Summitt Energy BC L.P. | Licensed and active |
| **6** | Buy Low Gas Marketing Inc. | Licensed and active effective September 2024 |
| **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 |

| | Gas Marketer | Status |
|---|---|---|
| **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 2024, there were 137 marketer price groups open. There were thirteen new marketer price groups created in 2024. 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 2024.

**Table 2-2: Fixed-Rate Contract Statistics in 2024**

| Enrolments per Term | Price Range per Enrolment Term | Enrolments by Contract Price Range | Average Price Weighted by Number of Enrolments |
|---|---|---|---|
| 1 Year - 178- 2%<br>2 Year - 180 - 2%<br>3 Year - 591 - 6%<br>4 Year - 301 - 3%<br>5 Year – 8162 - 87% | 1 Year - $0.00 to $6.89<br>2 Year - $3.60 to $6.75<br>3 Year - $3.50 to $6.75<br>4 Year - $3.50 to $7.25<br>5 Year - $3.00 to $7.25 | Under $4.00 – 411 - 14%<br>$4.00 -$6.00 – 889 - 9%<br>$6.00 -$7.25 – 8112 - 86% | 1 Year - $4.02<br>2 Year - $5.56<br>3 Year - $4.93<br>4 Year - $5.67<br>5 Year - $6.43 |

As indicated in Table 2-2 above, the price per GJ of gas for fixed-rate contracts ranged from a low of $0.00/GJ to a high of $7.25/GJ over the various 1 to 5 year terms. The $0.00 price group was added in 2024 to enable a gas marketer to provide select charitable organizations with natural gas at no cost. In 2024, 86 percent of contracts had prices in the range of $6.00/GJ and $7.25/GJ.

The most common contract term signed in 2024 was for a 5-year contract, accounting for 87 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 $7.25/GJ, with a weighted average price of $6.43/GJ.

## 2.2 CUSTOMER PARTICIPATION

As of December 31, 2024, there were approximately 1.09 million FEI Rate Schedules 1, 2, and 3 customers eligible for the Customer Choice Program. Of those eligible, approximately 992 thousand were residential customers, and approximately 100 thousand were commercial customers.

Of the approximately 992 thousand eligible residential customers, approximately 32,800 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 100 thousand eligible commercial customers, approximately 8,800 or 9 percent of billed customers were enrolled in Customer Choice. The percentage of eligible customers participating in Customer Choice in 2024 has remained the same for both residential and commercial customers as compared to 2023 participation. Figure 2-1 below illustrates the residential and commercial Customer Choice participation rate for 2024.

**Figure 2-1: 2024 Residential and Commercial Customer Participation**

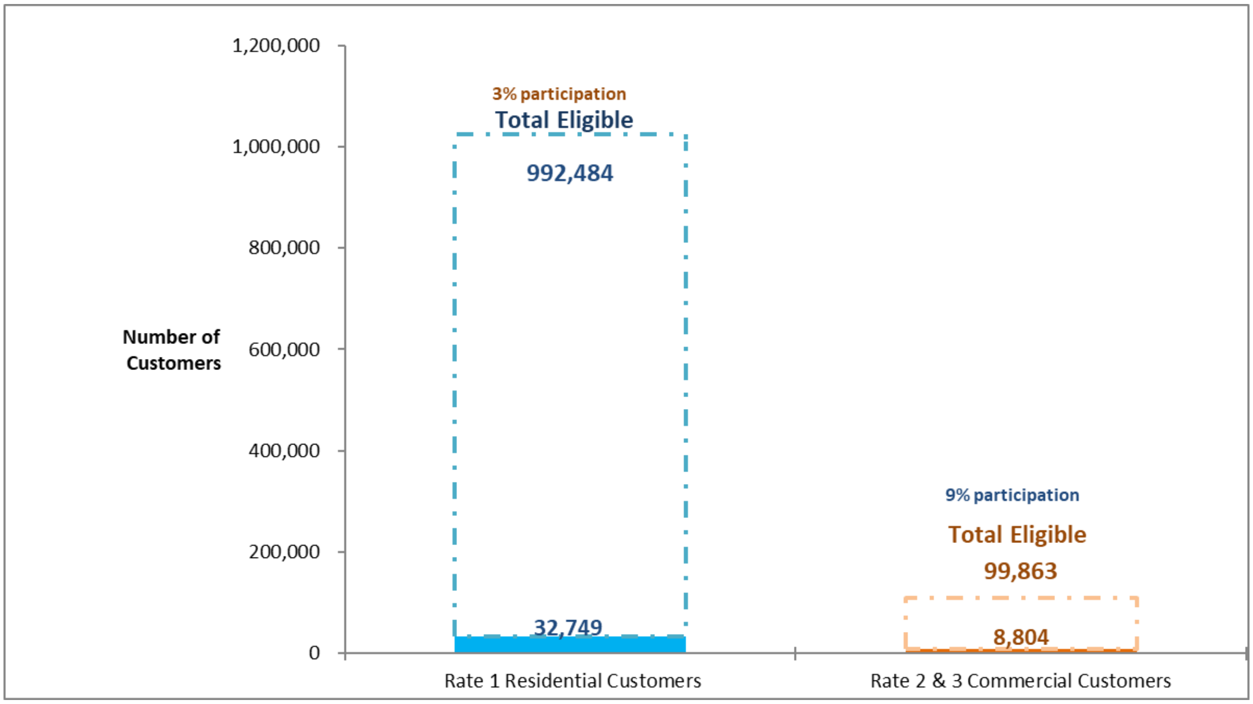
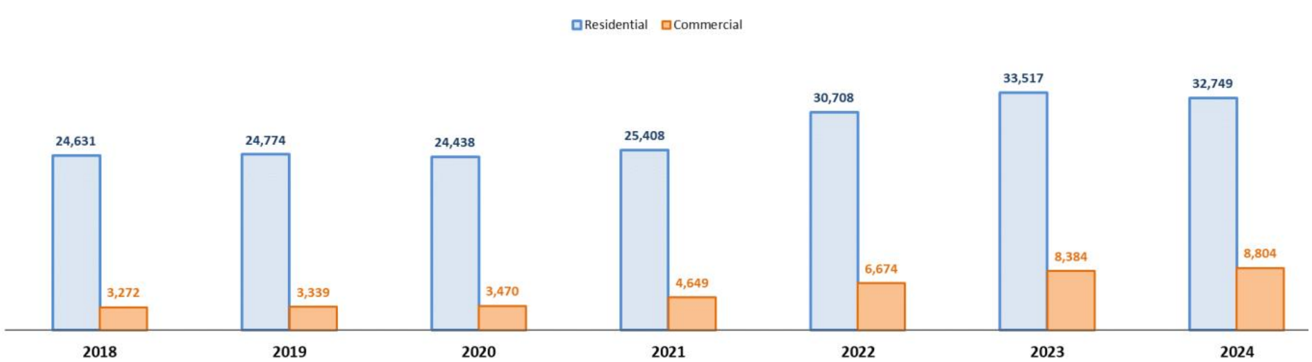



Figure 2-2 below illustrates the year-to-year comparison of residential and commercial customer Program participation for the past 7 years.

**Figure 2-2: Yearly Comparison of Customer Choice Participation 2018 to 2024**




Participation numbers for residential customers decreased by 2 percent in 2024 over 2023, while participation rates for commercial customers increased by 4 percent over the same period. Overall, participation in the Customer Choice Program decreased by 1 percent for the first time since 2020. Even with the slight decrease, participation levels remain at over 40 thousand customers in 2024.

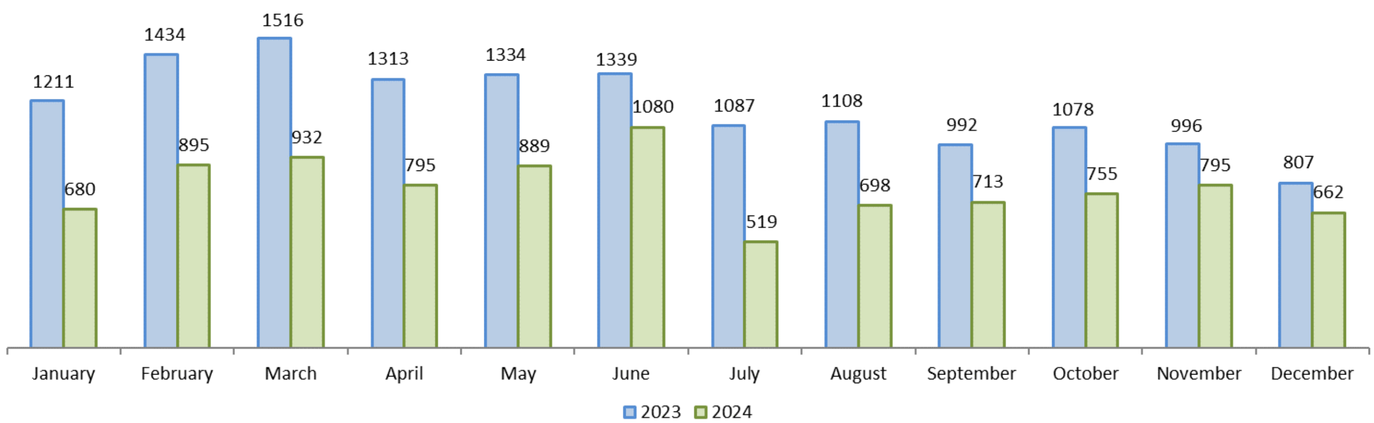
# 3. ENROLMENT STATISTICS

## 3.1 GROSS ENROLMENTS

In 2024, new enrolments were submitted at an average rate of 784 per month. Enrolments are counted in the month submitted, with contracts starting within 5 years of their submission date. June was the most active month with 1,080 enrolments. Gas marketers currently use a combination of phone sales and in-person sales to sell gas contracts. There were over 9 thousand gross enrolments in 2024, compared to almost 14 thousand in 2023.

Figure 3-1 below illustrates the comparison of monthly gross enrolments between 2023 and 2024.

**Figure 3-1: Comparison of Monthly Gross Enrolments – 2023 vs. 2024**

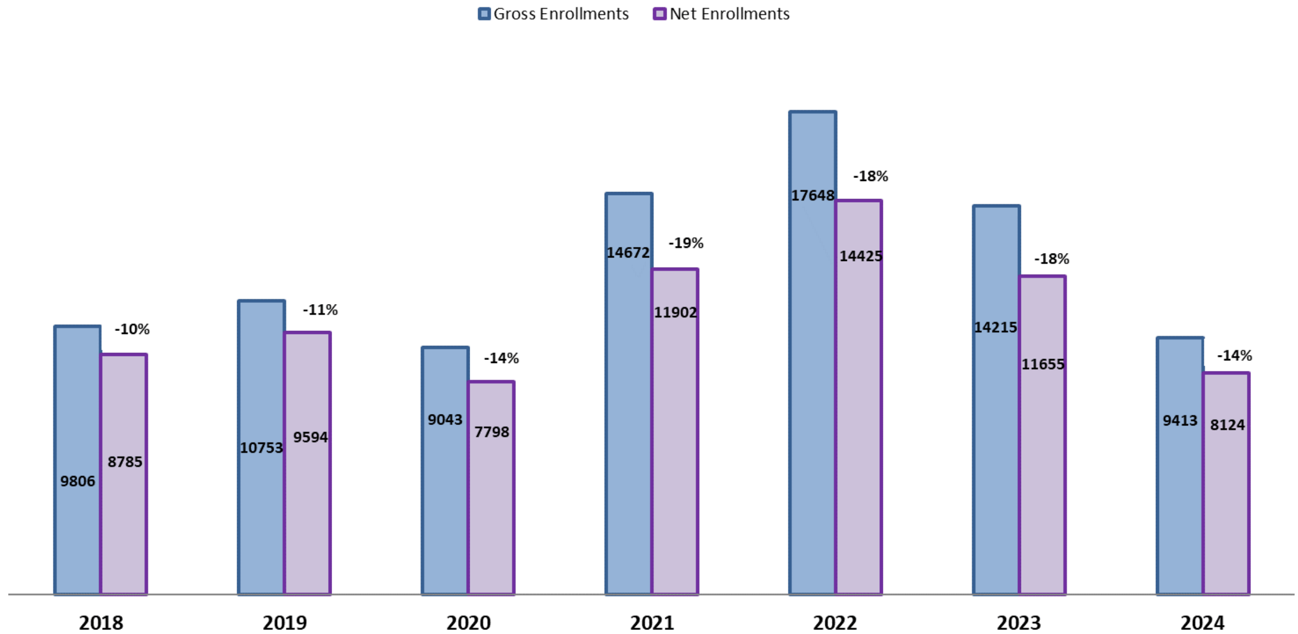



## 3.2 NET ENROLMENTS

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 9 thousand net enrolments in 2024. Figure 3-2 compares the gross enrolments to net enrolments over the past seven years, from 2018 to 2024.

[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 2018 to 2024**

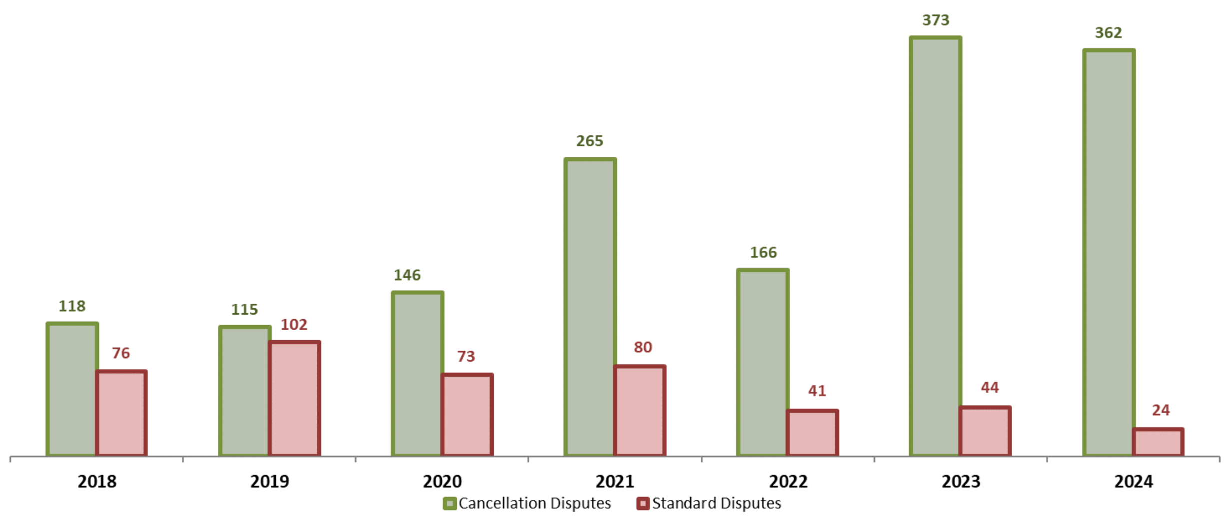



The ratio of net enrolments to gross enrolments was 86 percent in 2024, up from 82 percent in 2023. The trend continues to show that less than 20 percent of contracts are cancelled before their start date. These positive results can be attributed to the consolidated business rules for residential and 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 the fixed-rate contracts they have signed.

# 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 2024, there were 386 total disputes logged as compared to 417 disputes logged in 2023. The past two years has shown a higher volume of cancellation disputes which appears to be proportional to the higher volume of enrolments that happened in 2021 to 2023. The increase was most likely due to the drop in fixed-rate prices offered by the gas marketer and customers proactively negotiating a courtesy drop of their higher priced contracts. In addition, courtesy drops for compassionate reasons or as a result of renegotiating a new lower fixed-rate contract can also occur. The Gateway for Energy Marketers (GEM) system does not distinguish between a new contract and a renewal contract for the purposes of reporting. Disputes were approximately 4 percent of gross enrolments.

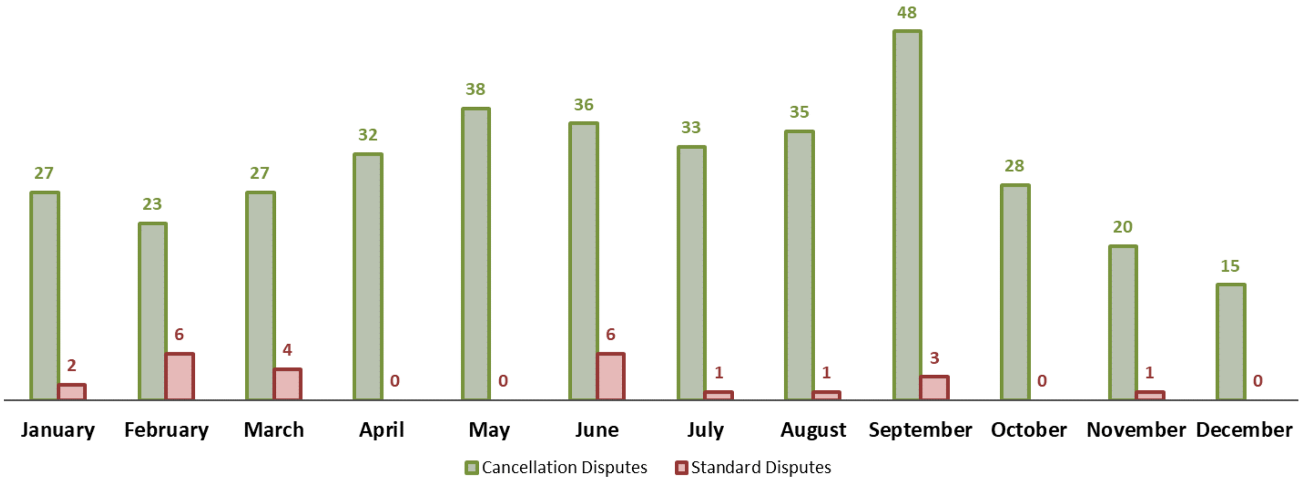
**Figure 4-1: Comparison of Yearly Dispute Activity from 2018 to 2024**




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 from 373 cancellation disputes submitted in 2023 to 362 cancellation disputes submitted in 2024.

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 the BCUC to decide if the contract is valid and/or should be upheld until the anniversary date. Standard disputes decreased from 44 raised in 2023 to 24 in 2024. Figure 4-2 illustrates the monthly dispute statistics for 2024.

1 **Figure 4-2: 2024 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 2024 customer education budget remained set at $40 thousand, with $30 thousand allocated and spent on a digital media campaign. The Customer Choice Standard Information Booklet was reviewed and reprinted in the first quarter of 2024 with minor edits to link references and an updated bill sample. The printed booklet is in English, and online versions are available in English, Chinese and Punjabi on FEI's website at www.fortisbc.com/choice.

## 5.1 *DIGITAL MEDIA*

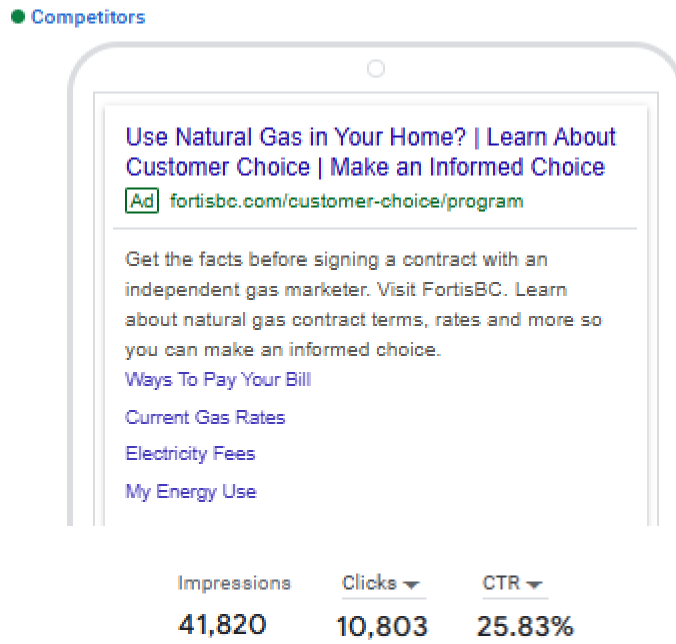
Digital media consisted of paid search engine marketing through Google Ads, and social media (paid and organic) through Threads. The digital media campaign ran from March 4 through November 30, 2024, in all regions where the Customer Choice Program is available. All channels drove traffic to the Customer Choice webpages on FEI's website at www.fortisbc.com/choice.

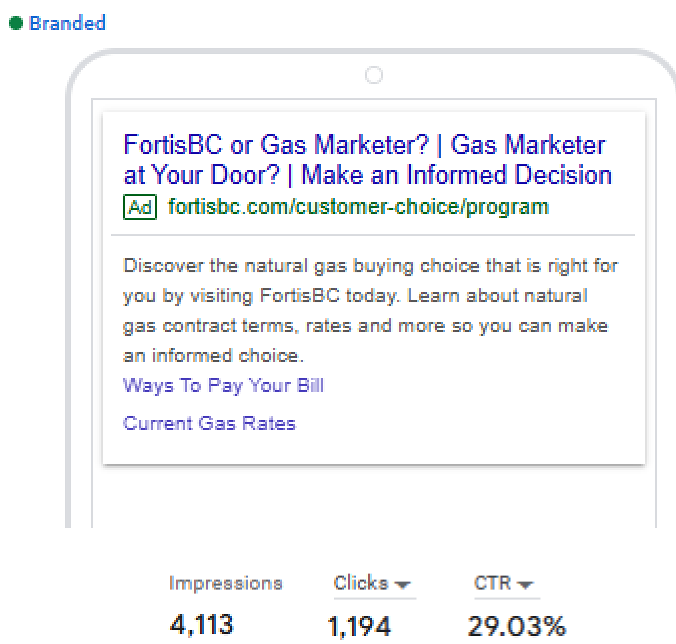
### 5.1.1 Search Engine Marketing: Google Ads

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 providers" 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, around 46 thousand Google Ads featuring Customer Choice were delivered. The campaign performed well, surpassing all key engagement metrics from 2023. Compared to 2023, the click-through rate (CTR) increased by 38 percent, cost per click decreased by 14 percent and total clicks increased by 38 percent. Further, the CTR saw an upward linear trend over the course of the campaign. The total number of impressions decreased by 20 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 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 Ads 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 2021 through to 2024 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 |
| 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 | -- | -- |
| 2024 | Mar–Nov | 45,933 | 11,997 | 26,12% | $2.08 | 1.24 | 17% | 10,086 | - | 0:01:38 |

*<u>Definitions:</u>*

- *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 new analytics platform in 2024.*[2]

### 5.1.2 Organic Social Media: Threads Posts

FEI has moved most social content away from the X platform and are currently using the Threads platform as an alternative for related content. The decision to move away from X is due to the instability and uncertainty with the platform over the last few years. FEI has observed that the platform has experienced reduced moderation resulting in more controversial and extreme

[2] On July 1, 2023, Google officially switched 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. 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 provided in Table 5-1 above are for timeframes from March 1-June 30, 2023, and October 17-November 30, 2023. The average visit duration metric has changed due to the transition to GA4 thus there is a discrepancy in the comparative data in 2024 from previous years. Future comparisons will be made to 2024.

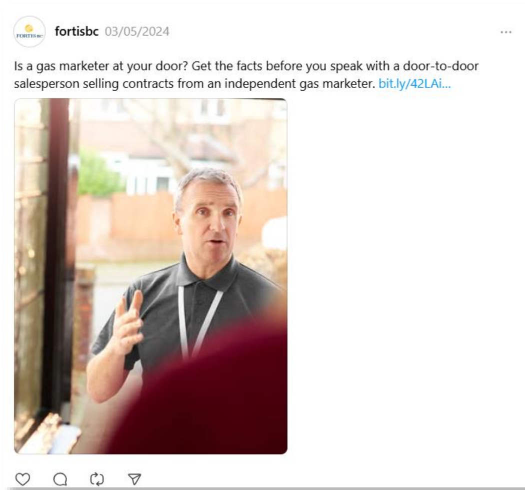
content/views on the platform which brings with it increased risk of misinformation, harassment, and hate speech. As a result, FortisBC has decided to discontinue using the X platform as a precaution. The social media landscape is continuing to change, and FEI is actively monitoring and accessing various platforms in terms of usage for the FortisBC brand. FEI-generated social media posts were made from March 4 to November 30, 2024, for a total of 38 posts (33 posts on Threads, four on Facebook and one on X). The Threads 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.

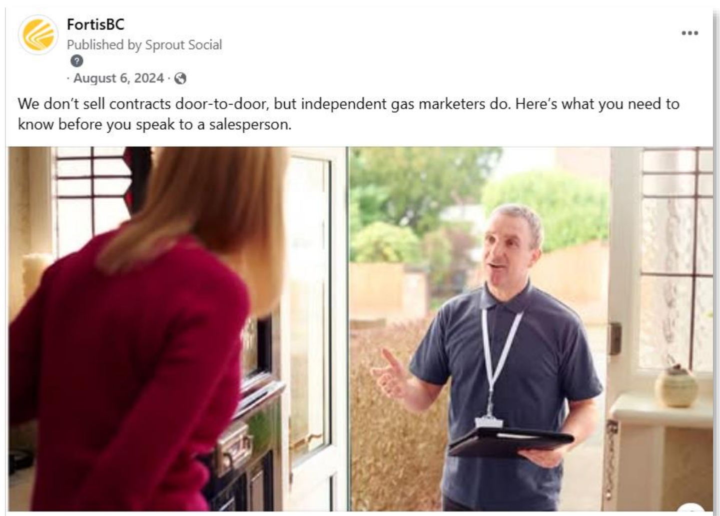
Figure 5-2 below shows the Threads posts which were used in 2024.

**Figure 5-2: Customer Choice X posts**

| |
|---|
| #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 |
| |
| 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 |
| |
| 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 |
| |
| 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

## 5.2 *FEI BILL MESSAGING*

The following message was included on the June 2024 FEI bill (Figure 5-3 below) for residential and commercial natural gas customers in the eligible Customer Choice regions.

**Figure 5-3: Customer Choice Bill Messaging**

**For all residential, Rate 2 and 3 commercial gas customers (including those signed with a marketer):**

Bill message:

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**.

# 6. SYSTEM ENHANCEMENTS

System activities for 2024 consisted of support and performance monitoring of all servers and applications associated with the GEM application. FEI also continued its corporate initiatives to upgrade aging hardware, software, and system infrastructure. FEI is planning for a phased replacement of the GEM application and the associated infrastructure in conjunction with the Customer Information System (CIS) modernization project within the next couple of years. The platform the GEM application is built on is now 18 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 2024 included:

- **A one percent Renewable natural gas (RNG) Blend Service Implementation July 1, 2024**

  The costs associated with implementing the RNG Blend Service were part of FEI's RNG Blend implementation and no costs were borne by the Customer Choice Program. After an analysis of the current state interface file flow data, existing processes, existing reports, and discussions in a workshop, it was determined the best solution was to adjust the forecasted volume(s) from the source forecast.

  The source forecast current 'blended' (Conventional and RNG) volume was adjusted using a monthly factor. The monthly factors will be retained in the database for historical analysis/review. The adjusted volume is now 'Conventional' gas only – the RNG blend percentage was removed. This Conventional (net volume) flows through all existing calculations, reports, and file exports. The benefits of this design include:

  - Simple solution with no downstream changes/impacts;
  - No impacts to existing Customer Choice reports;
  - Leverages existing infrastructure;
  - Provides ability to use an existing front-end to maintain factors;
  - Testing is minimized; and
  - Minimal changes in Operational Data Store (ODS). Net volume data flows through.

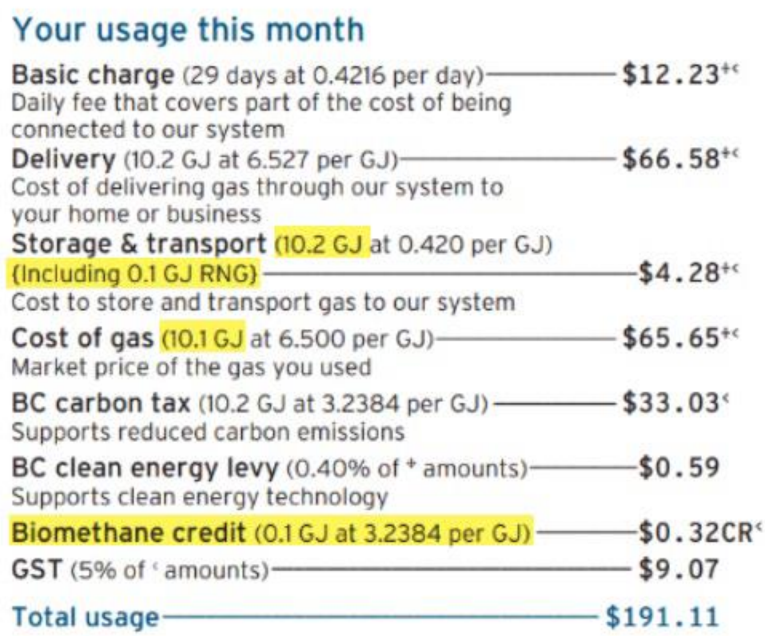
- **GEM Updated**

  The GEM News tab had a new page added, titled "RNG." This tab displays a table with the RNG blend percentages and their effective dates along with an explanation about how the RNG Blend impacts the Customer Choice Program and consumption files sent to gas marketers.


- **Updated Gas Bill for Customer Choice Customers**

  The updated gas bill effective July 1, 2024, appears with the changes below for Customer Choice customers.

  - The Storage & Transport line shows the amount of GJ allocated to the RNG blend;
  - The Cost of Gas line shows the amount GJ supplied by gas marketers excluding the RNG blend amount;
  - There is a new Biomethane credit line item, which is a reduction to carbon tax, for the volume of RNG that customers receive; and
  - The Customer Choice brochure will be reprinted first quarter 2025 with an updated version of the gas bill.



**Your usage this month**

| | |
|---|---|
| **Basic charge** (29 days at 0.4216 per day) Daily fee that covers part of the cost of being connected to our system | $12.23[+c] |
| **Delivery** (10.2 GJ at 6.527 per GJ) Cost of delivering gas through our system to your home or business | $66.58[+c] |
| **Storage & transport** (10.2 GJ at 0.420 per GJ) (Including 0.1 GJ RNG) Cost to store and transport gas to our system | $4.28[+c] |
| **Cost of gas** (10.1 GJ at 6.500 per GJ) Market price of the gas you used | $65.65[+c] |
| **BC carbon tax** (10.2 GJ at 3.2384 per GJ) Supports reduced carbon emissions | $33.03[c] |
| **BC clean energy levy** (0.40% of + amounts) Supports clean energy technology | $0.59 |
| **Biomethane credit** (0.1 GJ at 3.2384 per GJ) | $0.32CR[c] |
| **GST** (5% of c amounts) | $9.07 |
| **Total usage** | $191.11 |

- Updated system logic to allow for reopening of marketer price groups that were previously closed. In 2024, there were a couple of requests to re-use previously closed price groups so gas marketers could submit new enrolments. Typically, a price group is closed and never used again but with time and the changing gas market, this request may become more common. It is less work to re-open a price group than to create a new one.
- Implemented new exception report to advise analysts when an account finalization drop (2310) has no effective end date so it can be investigated and corrected. If left, a new enrolment for that customer/POD will fail.
- Updated the Marketer Supply Requirements (MSR) by Contract Year report to provide disclaimer about RNG Blend Service. The following statement was added for clarity; “MSR values reflect the current approved forecast less the percentage of gas delivered by FortisBC under the current RNG Blend Service”.
- Performed break/fix and maintenance activities on multiple GEM reports as required.
- Setup new gas marketer, Buy Low Gas Marketing Inc. in multiple databases; GEM, billing system and gas supply system so they could begin enrolment submission in November.
- Updated the Distribution Summary page on the GEM website to provide gas marketers with the updated daily use rates by region/rate class for the new gas year November 1, 2024.
- Performed required technical updates to the NSS, Oracle and GEM SQL database servers to ensure software stability.

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.[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.

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

The Panel approved the use of a non-rate base deferral account to capture and record any under or over-recovery of gas marketer fees to be used as a debit or credit when these fees are set annually starting on April 1, 2017.[5]

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

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

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

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

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

The BCUC issued Order A-13-16 on December 15, 2016, establishing the regulatory timetable for the Compliance Filing, and on January 16, 2017, FEI filed its response to the BCUC's information requests in accordance with Order A-13-16.[7]

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

1. FortisBC Energy Inc.'s proposed Customer Choice Program service fees are approved: the Marketer Price Group Set-Up Fee is $125 per setup request; the Confirmation Letter Fee is $0.87 per confirmation letter; and the Dispute Fee 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 2024 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 determine 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 2024[9]**

| Cost Description | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| Technology Sustainment | $ 91,577 | $ 87,598 | $ 96,882 | $ 149,613 | $ 52,571 | $ 24,872 | $ 29,469 | $ 50,477 |
| Infrastructure Sustainment | $ 93,541 | $ 96,259 | $ 93,747 | $ 97,451 | $ 98,040 | $ 98,040 | $ 98,040 | $ 98,040 |
| Contact Centre | $ 16,000 | $ 15,994 | $ 10,004 | $ 10,015 | $ 10,018 | $ 10,018 | $ 10,020 | $ 10,020 |
| Program Administration | $ 203,800 | $ 209,084 | $ 218,669 | $ 227,202 | $ 191,975 | $ 204,360 | $ 178,418 | $ 198,265 |
| BCUC | $ 116,679 | $ 99,599 | $ 105,847 | $ 107,502 | $ 109,769 | $ 92,094 | $ 129,304 | $ 117,670 |
| Customer Education | $ 29,700 | $ 30,000 | $ 38,560 | $ 28,400 | $ 33,287 | $ 36,365 | $ 30,309 | $ 36,200 |
| **Total Program Costs** | **$ 551,297** | **$ 538,534** | **$ 563,709** | **$ 620,183** | **$ 495,660** | **$ 465,749** | **$ 475,560** | **$ 510,672** |
| Actual Utility share | $ 327,661 | $ 324,410 | $ 334,741 | $ 361,594 | $ 300,868 | $ 288,604 | $ 287,972 | $ 308,459 |
| Actual Gas Marketer share | $ 223,636 | $ 214,124 | $ 228,968 | $ 258,589 | $ 194,792 | $ 177,145 | $ 187,587 | $ 202,213 |
| Gas Marketer Recoveries | $ 257,464 | $ 206,388 | $ 196,118 | $ 220,672 | $ 299,870 | $ 192,215 | $ 132,186 | $ 150,211 |
| (Over)/Under-recovery | $ (33,828) | $ 7,736 | $ 32,850 | $ 37,917 | $ (105,078) | $ (15,070) | $ 55,401 | $ 52,002 |

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 2024, technology sustainment costs increased 71 percent to approximately $50 thousand from approximately $29 thousand in 2023. 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. In 2024, there were more support activities required for GEM maintenance, report updates and requirements from BCUC staff for data analysis and development estimates for the Revised Code of Conduct regulatory proceeding.

### 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 2024.

### 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 by 11 percent in 2024 to $198 thousand, up from $178 thousand in 2023. The costs were higher in 2024 due to an employee retirement in 2023 and a delay in filling the vacancy, which reduced overall costs for 2023.

### 7.6 BRITISH COLUMBIA UTILITIES COMMISSION COSTS

In 2024, there was a nine percent decrease in BCUC expenditures from $129 thousand in 2023 to $118 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 2024 expenditures, which is referenced below in Table 7-4 and detailed in Appendix A: BCUC Customer Choice Program Expenditures 2024.  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 2024 Expenditures**

| Function | Cost |
|---|---|
| Annual Program Administration | $59,734 |
| Regulatory Proceedings | $11,947 |
| Annual Dispute Resolution | |
| Handling, Administration, Investigation | $29,867 |
| Adjudication | 27,854 |
| **TOTAL** | **$129,402** |

## 7.7 *CUSTOMER EDUCATION COSTS*

In 2024, customer education costs increased by 19 percent to $36 thousand from $30 thousand spent in 2023. The increase was due to reprinting the Customer Choice Standard Information Booklet in the first quarter of 2024. Minor adjustments were made to update the images and links in the brochure.

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 continues to serve as anticipated.

## 7.8 *TOTAL PROGRAM COSTS*

In 2024, total Program costs increased by 7 percent to approximately $511 thousand from $476 thousand in 2023. While the Customer Choice Program expenses are continually evaluated to ensure efficient operation, some years will see higher expenditures. There were higher costs in the Technology Sustainment, Program Administration and Customer Education categories in 2024.

## 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

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

basis. Table 7-5 below provides the updated 2025 gas marketer service fees. These fees initially 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. The printing cost from the external print vendor has increased from $0.19 to $0.22 in 2025. There has also been an increase in postage fees to $1.46 per confirmation letter from $1.04 effective January 2025, resulting in an overall increase in the confirmation letter fee on April 1, 2025, to $1.68.

**Table 7-5: 2025 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 | $1.68 | Cost for each confirmation letter produced |
| Dispute | $50 | Cost for customer-raised disputes where BCUC has ruled against the marketer |

There was an under recovery of approximately $52 thousand of gas marketer fees in 2024, 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.

[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 2024 actual costs for the Customer Choice Program, FEI has calculated the 2025 gas marketer fees and presented them in Tables 8-1 through 8-5 below. The new Program fees take effect on April 1, 2025. Table 8-1: 2025 Annual Program Cost Allocation lists each Program expense category, the 2024 annual actual expenses, the percentage of cost-sharing between the gas marketers and FEI, and the corresponding dollar amounts. The 2025 total gas marketer allocation is set to be approximately $202 thousand, and FEI's share is approximately $308 thousand. The applicable variable fee amounts are then calculated based on the total expected recoverable amount of $202 thousand plus or minus any over/under-recovery from the previous year and the balance in the deferral account.

**Table 8-1: 2025 Annual Program Cost Allocation**

| Program Expenses | 2024 Annual Expenses | Percentage Allocation | | Dollar Allocation | |
|---|---|---|---|---|---|
| | | Gas Marketer | Utility Share (FEI) | Gas Marketer | Utility Share (FEI) |
| ***Infrastructure Support Expenses*** | | | | | |
| Technology Sustainment | $ 50,477 | 50% | 50% | $ 25,239 | $ 25,239 |
| Infrastructure Sustainment | $ 98,040 | 0% | 100% | $ - | $ 98,040 |
| ***Program Administration Expenses*** | | | | | |
| Contact Centre | $ 10,020 | 0% | 100% | $ - | $ 10,020 |
| Program Administration | $ 198,265 | 50% | 50% | $ 99,133 | $ 99,133 |
| BCUC | $ 117,670 | 60% | 40% | $ 70,602 | $ 47,068 |
| Customer Education | $ 36,200 | 20% | 80% | $ 7,240 | $ 28,960 |
| **Total Expenses** | **$ 510,672** | | | **$ 202,213** | **$ 308,459** |

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: 2025 Expense Category Proportions**

| | Expense | Proportion |
|---|---|---|
| **Infrastructure Support**<br>(includes Technology Sustainment) | $ 25,239 | 12.48% |
| **Program Administration**<br>(includes Program Administration, BCUC & Customer Education) | $ 176,975 | 87.52% |
| **Total Expenses** | **$ 202,213** | **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 2024, FEI reports an after-tax balance in the deferral account of $12,832, reflecting an under-

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

recovery carried over from prior years. In 2024 the recoveries from gas marketers were less than Program expenses.

The 2024 activity in the deferral account is shown in Table 8-3 below.

**Table 8-3: 2024 Marketer Cost Variance Deferral Activity**

| Description | Reference | Sub-Totals | Totals |
|---|---|---|---|
| **January 1, 2024 Opening Deferral Balance** | | | **$ (24,346)** |
| 2024 Gas Marketer Expenses | Table 7-3 | $ 202,213 | |
| 2024 Gas Marketer Recoveries | Table 7-3 | $ (150,211) | |
| Net Gas Marketer 2024 (Over)/Under Recovery | | | $ 52,002 |
| 2024 Financing Costs | BCUC Order A-9-16 | | $ (783) |
| Taxes on Over/Under Recovery | | | $ (14,041) |
| December 31, 2024 Ending Deferral Balance | | | $ 12,832 |
| Taxes on deferral account | | | $ 4,746 |
| **Pre-tax deferral account balance: (Over)/Under recovery to marketer** | | | **$ 17,579** |

FEI will collect this under-recovery from marketers in 2025 by applying the pre-tax deferral account balance of $17,579 ($12,832/ (1 - 27% tax rate)) to increase the total amount recoverable from marketers for 2025 as part of the calculation to set the 2025 variable fees. As shown in Table 8-4 below, there is a forecast of approximately $202 thousand in Program expenses to be recovered from gas marketers in 2025. After accounting for the cumulative prior years' pre-tax under-recovery in the deferral account of approximately $18 thousand, there is approximately $220 thousand ($202 thousand + $18 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 $63 thousand based on seven licensed gas marketers. As shown in Table 8-4 below, this accounts for 29 percent of the total $219,792 to be recovered from gas marketers. The remaining 71 percent will be recovered from the variable fees.

**Table 8-4: 2025 Fixed and Variable Fee Recovery Proportions**

| | | Proportion of Total Fees |
|---|---|---|
| Total Expenses | $ 202,213 | |
| Plus: (Over)/Under recovery | $ 17,579 | |
| **Total Recoverable from Gas Marketers** | **$ 219,792** | |
| Less: Fixed Fee amount | $ 63,000 | 29% |
| Variable Fee amount | $ 156,792 | 71% |

## 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 12 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 88 percent of the prior years' actual expenses.

The monthly variable fees are determined by the actual annual expenses, plus the under-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, 2024, divided by 12 months.

For the Infrastructure Support Fee calculation, the $156,792 total variable fee amount is multiplied by 12.48 percent, the proportion of this expense category to total expenses, divided by 41,713, the number of active customers on the MSR History report on December 1, 2024, divided by 12 months for a monthly variable fee of $0.04 per active customer.

For the Program Administration Fee calculation, the $156,792 total variable fee amount is multiplied by 87.52 percent, the proportion of this expense category to total expenses, divided by 41,713 the number of active customers on the MSR History report on December 1, 2024, divided by 12 months for a monthly variable fee of $0.27 per active customer.

Table 8-5 below illustrates the calculation of the 2025 variable fees.

**Table 8-5: 2025 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 | $ 156,792 | x | 12.48% | = | $19,569 | / | 41,713 | / 12 months = | $ 0.04 |
| Program Administration | $ 156,792 | x | 87.52% | = | $137,222 | / | 41,713 | / 12 months = | $ 0.27 |
| **Total:** | | | | | **$156,792** | | | | **$ 0.31** |

The Infrastructure Support Fee for 2025 will increase from $0.02 to $0.04 per active customer per month. The Program Administration Fee will increase from $0.18 to $0.27 per active customer per month.

# 9. SUMMARY

In 2024, overall participation in the Customer Choice Program decreased by 1 percent. Even with the slight decrease, the Customer Choice Program participation levels remain at over 40 thousand customers in 2024. There were seven licensed gas marketers in 2024. Buy Low Gas Marketing Ltd. became a licensed gas marketer in September. There was a decrease in gross enrolments of 34 percent with over 9 thousand gross enrolments in 2024 compared to over 14 thousand gross enrolments in 2023. Enrolment numbers have averaged about 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 87 percent of total enrolments. The contract prices for the 5-year terms ranged from $3.00/GJ to $7.25/GJ. In 2024, 86 percent of the enrolments were in the $6.00/GJ to $7.25/GJ price range showing that while the price per GJ has decreased since 2023, the option for price choice has a narrower range. Approximately 1.09 million customers were eligible for the Customer Choice Program as of December 1, 2024. 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, unchanged from 2023.

There were 386 total disputes raised in 2024 compared to 417 disputes filed 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 raised by customers decreased from 44 raised in 2023 to 24 in 2024. Cancellation disputes raised decreased from 373 cancellation disputes submitted in 2023 to 362 cancellation disputes submitted in 2024. Total disputes raised were approximately 4 percent of gross enrolments in 2024. 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 2024 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 Threads and Facebook. A no-cost Customer Choice bill message was included on customers' June 2024 gas bills.

The focus for GEM and the system infrastructure for 2024 included support activities, implementing the new RNG Blend Service percentage into MSR and forecasting reporting, adding a new gas marketer, report improvements and updates, as well as performance monitoring of servers and applications.

The total annual expenditures for the Customer Choice Program were approximately $511 thousand in 2024, which was an increase of approximately 7 percent from approximately $476 thousand in 2023. The deferral account records any over/under-recovery of fees. The debit amount in the deferral account at the end of 2024 was approximately $18 thousand and will be used to increase the amount required for recovery from gas marketers in 2025 to approximately $220 thousand (see Table 8-4). FEI has calculated the 2025 variable transaction fees using the 2024 actual Customer Choice Program costs and has determined that the two fees in 2025 will be increasing. The Infrastructure Support Fee will increase from $0.02 to $0.04 per active customer per month and the Program Administration Fee will increase from $0.18 to $0.27 per active customer per month.

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

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

# Appendix A

# BCUC CUSTOMER CHOICE PROGRAM EXPENDITURES 2024

bcuc
British Columbia
Utilities Commission

**Patrick Wruck**
Commission Secretary

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February 13, 2025

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 2024**

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 2024. 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,

*Electronically signed by Patrick Wruck*

Patrick Wruck
Commission Secretary

DD/db
Enclosure

**Table 1: 2024 Customer Choice program expenditures**

| Function | Program Cost |
|---|---|
| Annual Program Administration | 59,734 |
| Regulatory Proceedings | 11,947 |
| Annual Dispute Resolution<br>- Handling<br>- Adjudication | <br>29,867<br>27,854 |
| Total | 129,402 |

**Table 2: Customer Choice program cost details**

| Function | Cost Inputs |
|---|---|
| **Annual Program Administration** | Assume 60% BCUC Salaries allocation[1]<br>Legal costs related to annual program administration<br>General administration costs (e.g. courier) |
| **Annual Dispute Resolution** | |
| • ***Handling, Administration and Investigation*** | Assume 35% BCUC Salaries allocation<br>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<br>Legal costs for work performed regarding adjudicated disputes |
| **Regulatory Proceeding Costs** | Assume 5% BCUC Salaries allocation<br>Commissioner costs for work performed<br>Legal costs for work performed<br>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.