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February 27, 2026

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

Dear Registrar:

Re: FortisBC Energy Inc. (FEI)

2025 Customer Choice Program Cost Annual Program Statistics

FEI attaches the FEI Customer Choice program statistics for the 2025 calendar year.

If further information is required, please contact Ilva Bevacqua, Senior Manager, Regulatory Affairs and Compliance at (604) 592-7664.

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.

2025 Customer Choice Annual Program Statistics

February 27, 2026

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1. INTRODUCTION

This filing provides an overview of the Customer Choice Program's (Customer Choice or the Program) key metrics for 2025 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 2019 to 2025.
- **Section 3** provides an overview of gas marketer sales activity and statistics in 2025, a month-to-month comparison of enrolment activity between 2024 and 2025, and a year-to-year comparison of gross and net enrolments from 2019 to 2025.
- **Section 4** summarizes the monthly dispute activity and statistics in 2025 for cancellation and standard disputes, and yearly dispute activity from 2019 to 2025.
- **Section 5** summarizes the customer education plan for 2025, 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 2025.
- **Section 7** reviews the 2025 Program expenditures and recoveries.
- **Section 8** describes the 2026 Program fees and fee structure.
- **Section 9** provides a summary of each section.

2. PROGRAM PARTICIPATION STATISTICS

2.1 *GAS MARKETER PARTICIPATION*

In 2025, there were 7 gas marketers licensed in BC. Five of these marketers offered fixed-rate contracts to FortisBC Energy Inc. (FEI) customers in Rate Schedule 1 (residential) and Rate Schedules 2 and 3 (commercial). Bluestream Energy and Direct Energy offered fixed-rate contracts exclusively to Rate Schedule 2 and 3 commercial customers.

Just Energy exited the Program in November 2025 returning their remaining customers back to FortisBC supply.

Table 2-1 below lists the gas marketers operating in BC in 2025, their sales activity status and the rate classes they 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	Easy Energy Inc.	Licensed and active
3	Just Energy (formerly Energy Savings BC)	Licensed; Changed name to Just Energy in 2009; exited November 2025
4	Summitt Energy BC L.P.	Licensed and active
5	Buy Low Gas Marketing Inc.	Licensed and active effective September 2024
Commercial Only Gas Marketers		
1	Bluestream Energy	Licensed and active
2	Direct Energy Marketing Ltd.	Licensed; Combined Direct Energy Business Services (DEBS) and Direct Energy Marketing Ltd. (DEML) in April 2010. Owned by NRG Energy Inc. since 2021
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

	Gas Marketer	Status
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 2025, there were 120 marketer price groups open, including three new price groups created in 2025. 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 2025.

Table 2-2: Fixed-Rate Contract Statistics in 2025

Enrolments per Term	Price Range per Enrolment Term	Enrolments by Contract Price Range	Average Price Weighted by Number of Enrolments
1 Year - 238- 3% 2 Year - 77 - 1% 3 Year - 180 - 3% 4 Year - 208 - 3% 5 Year – 6600 - 90%	1 Year - $0.00 to $6.00 2 Year - $3.50 to $6.00 3 Year - $3.50 to $6.75 4 Year - $3.75 to $6.00 5 Year - $3.00 to $6.75	Under $4.00 – 230 - 3% $4.00 -$6.00 – 856 - 12% $6.00 -$6.75 – 6217 - 85%	1 Year - $3.77 2 Year - $4.55 3 Year - $5.02 4 Year - $5.71 5 Year - $5.91

As shown in Table 2-2, the price per GJ for fixed-rate contracts ranged from $0.00/GJ to $6.75/GJ across the 1 to 5 year terms. The $0.00 price group was introduced in 2024 to allow a gas marketer to supply select charitable organizations with natural gas at no cost. In 2025, 85 percent of contracts were priced between $6.00/GJ and $6.75/GJ.

The most common contract term in 2025 was a 5-year agreement, representing 90 percent of all enrolments. Prices for 5-year contracts ranged from $3.00/GJ to $6.75/GJ, with a weighted average price of $5.91/GJ.

2.2 CUSTOMER PARTICIPATION

As of December 31, 2025, approximately 1.1 million FEI Rate Schedules 1, 2, and 3 customers were eligible for the Customer Choice Program. Of those eligible, approximately 998 thousand were residential customers, and approximately 100 thousand were commercial customers.

Of the approximately 998 thousand eligible residential customers, approximately 31,000 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 8,700 or 9 percent of billed customers were enrolled in Customer Choice. Figure 2-1 below illustrates the residential and commercial Customer Choice participation rate for 2025.

Figure 2-1: 2025 Residential and Commercial Customer Participation

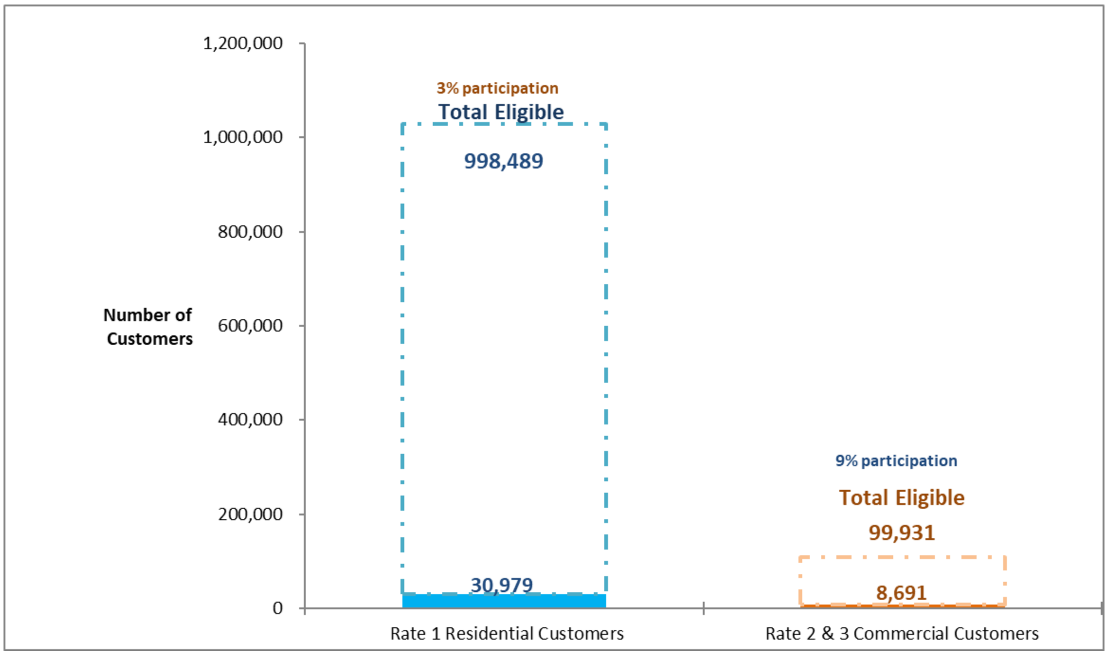
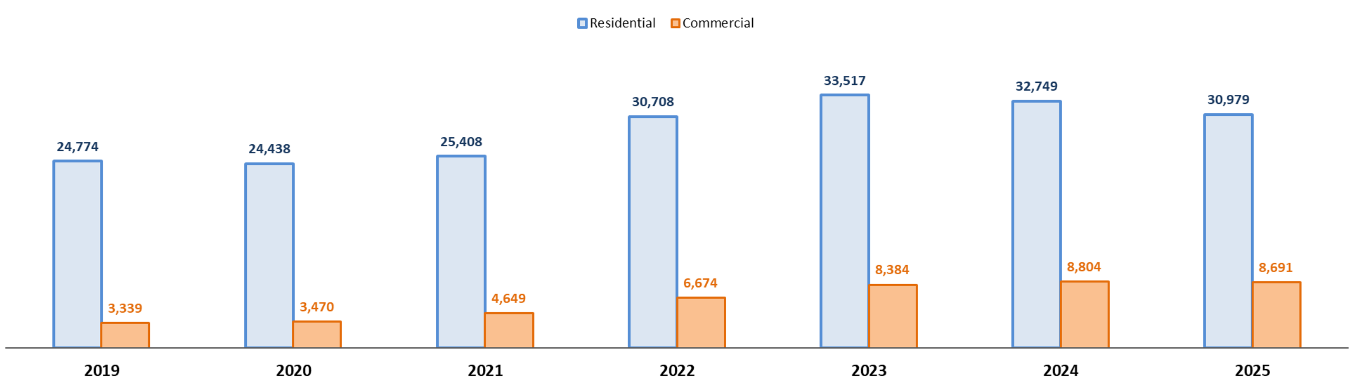


Figure 2-2 below illustrates the year-to-year comparison of residential and commercial customer Program participation for the past 7 years.

Figure 2-2: Yearly Comparison of Customer Choice Participation 2019 to 2025



Participation numbers for residential customers decreased by 5 percent in 2025 over 2024, while participation rates for commercial customers decreased by 1 percent over the same period. Overall, participation in the Customer Choice Program decreased by 5 percent compared with a 1 percent decrease in 2024. Current participation levels remain around 40 thousand customers.

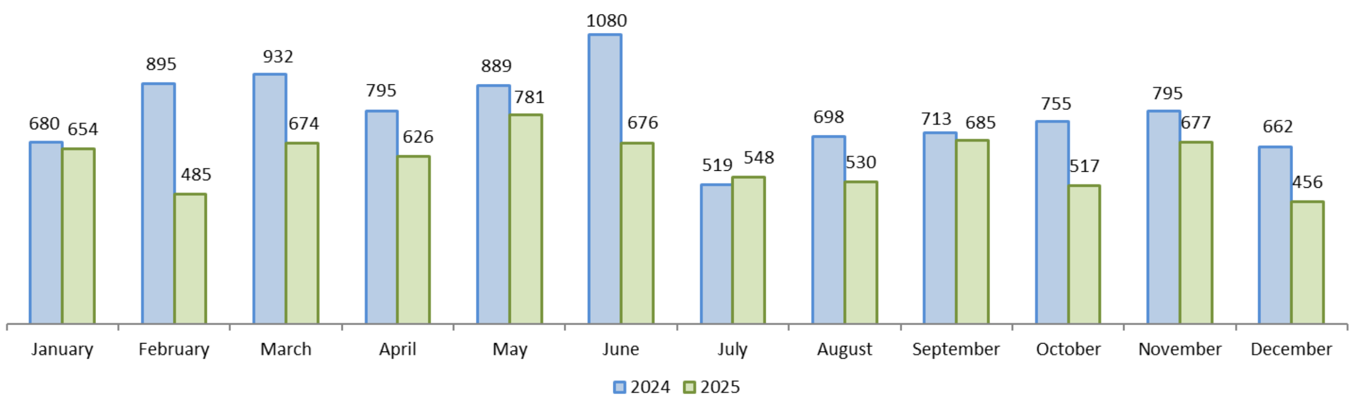
3. ENROLMENT STATISTICS

3.1 *GROSS ENROLMENTS*

In 2025, new enrolments were submitted at an average rate of 609 per month. Enrolments are counted in the month submitted, with contracts starting within 5 years of their submission date. May was the most active month with 781 enrolments. Gas marketers continue to use a combination of phone sales and in-person sales channels to sell gas contracts. There were approximately 7 thousand gross enrolments in 2025, down from about 9 thousand in 2024, representing a 22 percent decrease year-over-year in gross enrolments.

Figure 3-1 below illustrates the comparison of monthly gross enrolments between 2024 and 2025.

Figure 3-1: Comparison of Monthly Gross Enrolments – 2024 vs. 2025

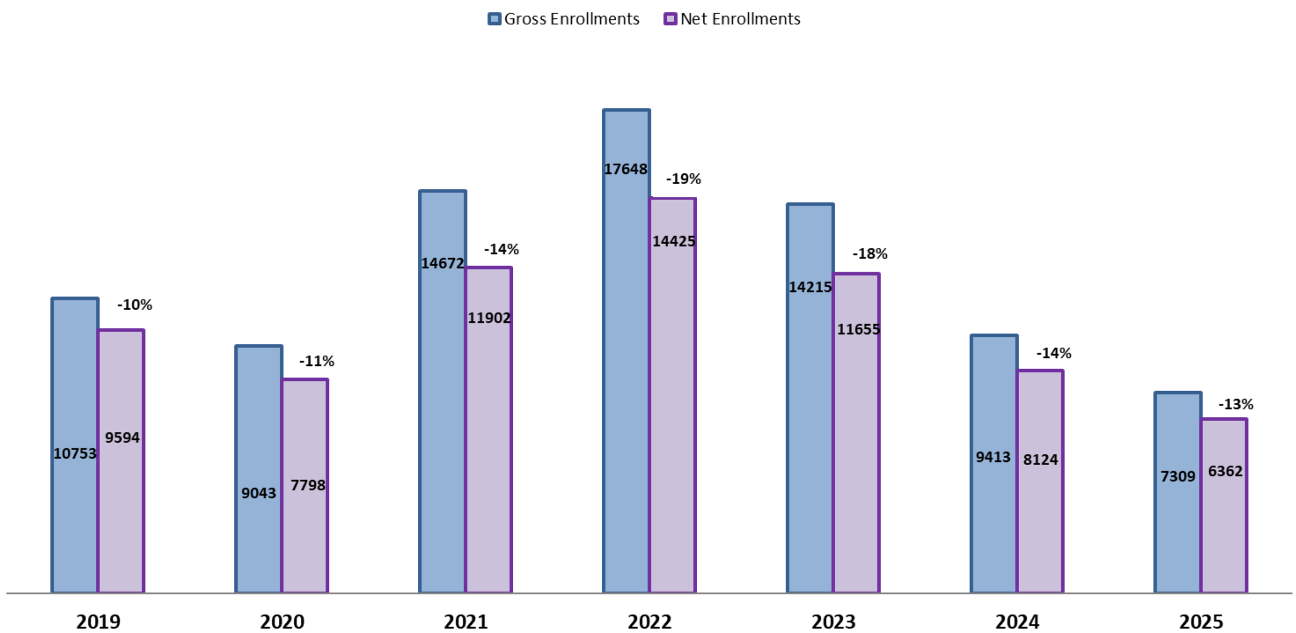


3.2 *NET ENROLMENTS*

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] In 2025, there were over 6 thousand net enrolments. Figure 3-2 compares the gross enrolments to net enrolments over the past seven years, from 2019 to 2025.

[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 2019 to 2025



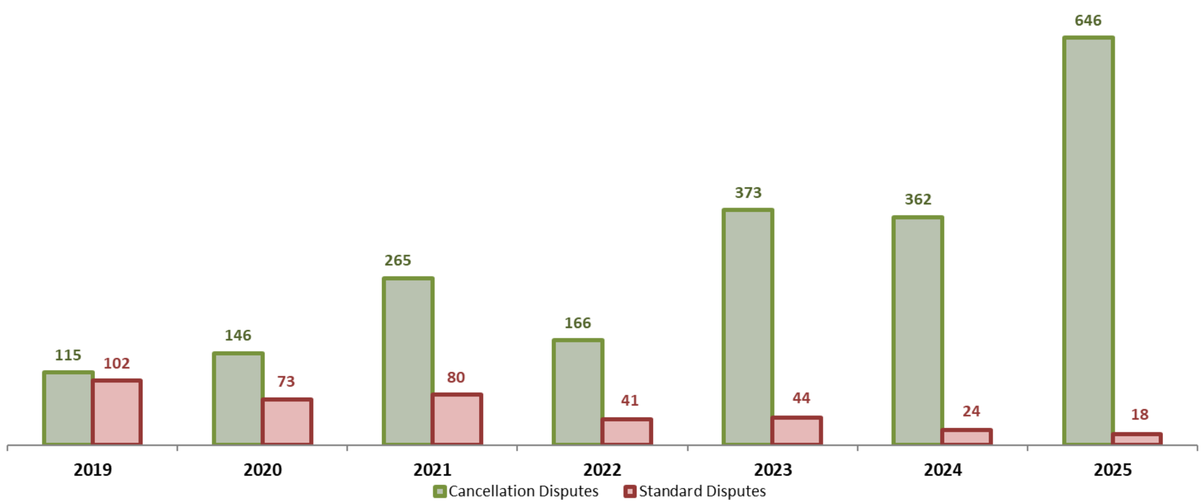
The ratio of net enrolments to gross enrolments was 87 percent in 2025, up one percent from 86 percent in 2024, reflecting a continued improvement in customer follow-through on submitted contracts. Enrolment activity shows that although gross and net enrolments have declined from their 2021–2022 peak, the gap between gross and net enrolments has remained relatively narrow, with annual cancellation rates consistently staying below 20 percent.

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, consistent with results from the past seven years, as shown in Figure 4-1 below. In 2025, 664 total disputes were logged compared to 386 disputes logged in 2024. The increase in 2025 was primarily driven by the approximately 300 customers returning to FEI supply as part of Just Energy's exit from the Program effective November 1, 2025. In addition, courtesy drops for compassionate reasons or for customers renegotiating a new lower fixed-rate contract occur each year. The Gateway for Energy Marketers (GEM) system does not distinguish between a new contract and a renewal contract for reporting purposes. Overall, disputes represented approximately 9 percent of gross enrolments as compared to 4 percent in 2024.

Figure 4-1: Comparison of Yearly Dispute Activity from 2019 to 2025

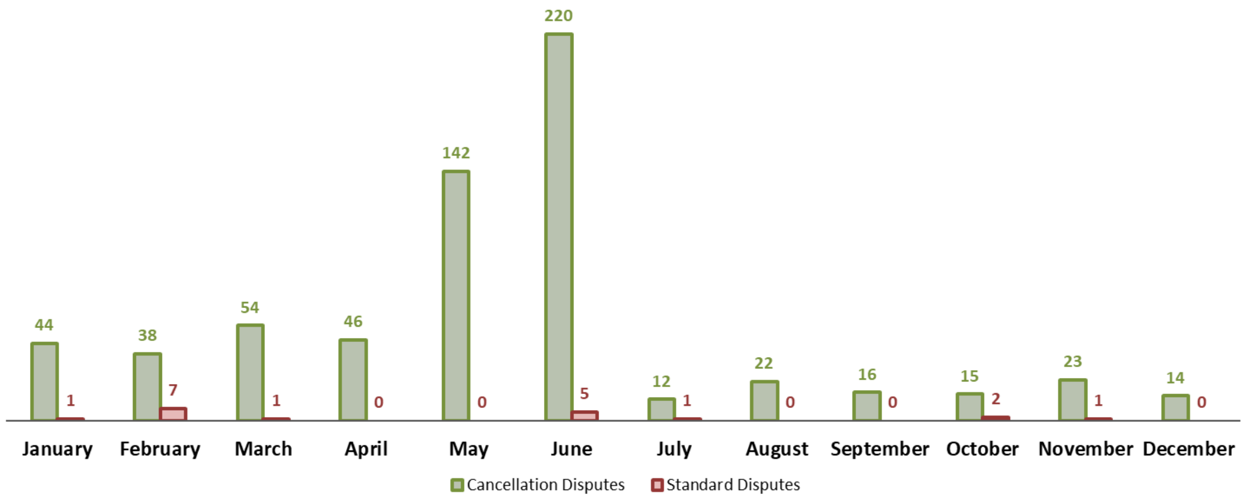


Cancellation disputes are disputes raised by gas marketers who have agreed to release a customer from their contract outside of their contract anniversary date. Cancelling a contract outside of the anniversary date contravenes the Essential Services Model. FEI maintains that cancellation disputes should be restricted to compassionate reasons only, as determined by the British Columbia Utilities Commission (BCUC). Cancellation disputes increased from 362 cancellation disputes submitted in 2024 to 646 submitted in 2025.

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 24 raised in 2024 to 18 in 2025. Standard disputes have declined steadily for the past seven years, indicating Program stability and general customer satisfaction.

Figure 4-2 illustrates the monthly dispute statistics for 2025.

Figure 4-2: 2025 Monthly Dispute Statistics



5. CUSTOMER EDUCATION PLAN

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

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

The 2025 customer education budget remained set at $40 thousand, with $30 thousand allocated and spent on a digital media campaign. 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

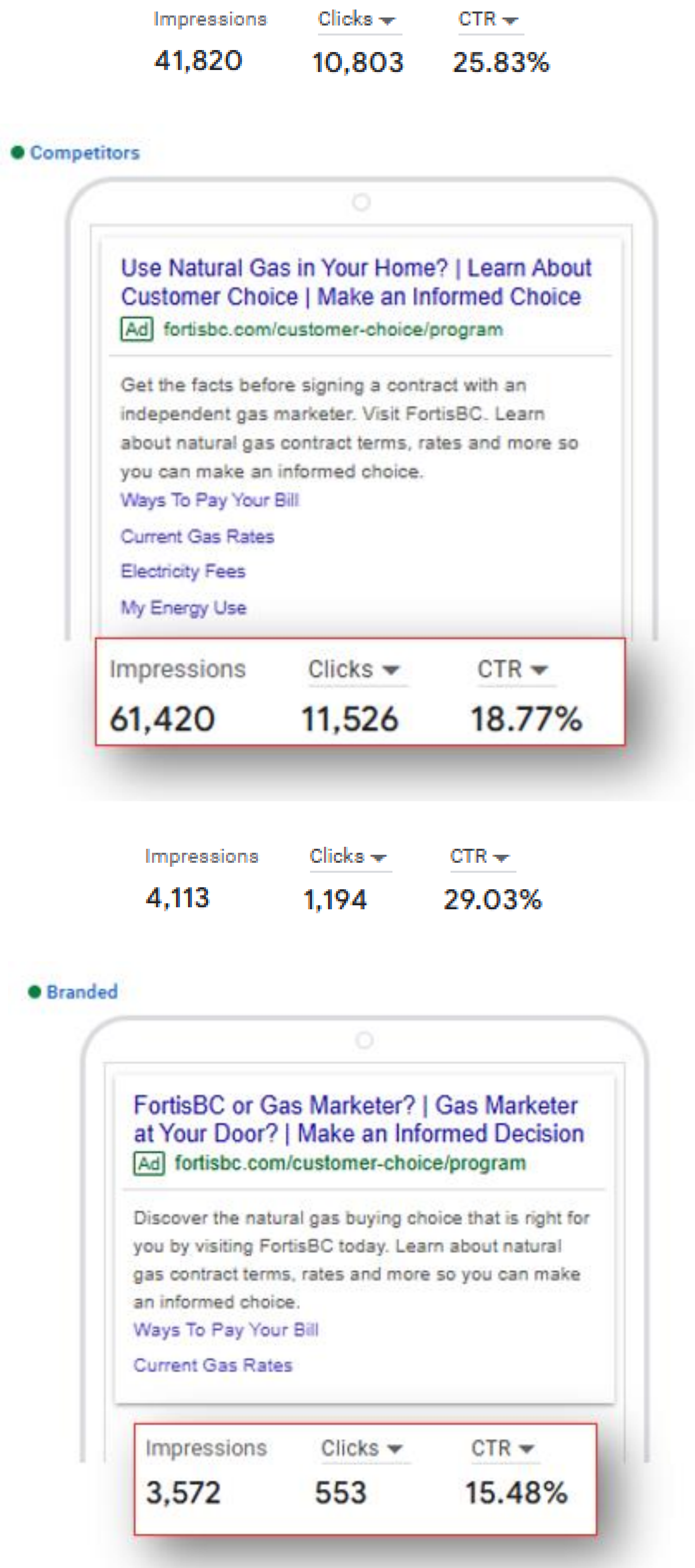
Digital media consisted of paid search engine marketing through paid Google Ads, and organic social media through Facebook and Threads. The digital media campaign ran from March 1 through November 30, 2025, in all regions where the Customer Choice Program is available. All channels drove traffic to the 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 65 thousand impressions on Google Ads featuring Customer Choice were delivered. Compared to 2024, the click-through rate (CTR) decreased by 29 percent, cost per click increased by 9.6 percent and total clicks increased by one percent. Further, the CTR saw an upward linear trend over the course of the campaign. The total number of impressions increased by 41.5 percent in comparison to previous years, as indicated below in Table 5-1: Digital Communications Statistics. While impressions increased by 41.5 percent, and the number of clicks increased by one percent, the CTR decreased by 29 percent, which demonstrates that while we are reaching a wider audience, comparatively there were fewer clicks to the website. This indicates that relevant ads were served to users that were more likely to click the ads. 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 2022 through to 2025 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
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
2025	Mar-Nov	64,992	12,079	18.59%	$2.28	1.05	16%	12,343	-	0:03:01

<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]

[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.

5.1.2 Organic Social Media: Threads Posts

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 1 to November 30, 2025, for a total of 92 posts (88 posts on Threads and four on Facebook). 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 2025.

Figure 5-2: Customer Choice Threads posts

• **Did you know you have a choice who you could buy gas from? It's true! The Customer Choice Program allows you to buy from us or gas marketer. Make an informed decision and compare the rates.**
What's your preference for buying natural gas? Compare the difference between our variable rate and a fixed -rate contract from a gas marketer.
• Is your gas 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.
Is a gas marketer at your door? Get the facts before you speak with a door-to-door salesperson selling contacts from an independent gas marketer


fortisbc 03/11/25

Did you know you have a choice who you buy gas 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. bit.ly/3l1z1...

fortisbc 03/14/25

Is a gas marketer at your door? Get the facts before you speak with a door-to-door salesperson selling contracts from an independent gas marketer. bit.ly/3tyrb...

fortisbc 03/24/25

Is your gas 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. bit.ly/3l1z1...

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 March 2025 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 2025 included the ongoing support and performance monitoring of all servers and applications associated with the GEM system. FEI also continued its corporate initiatives to upgrade aging hardware, software, and system infrastructure.

As FEI upgrades system infrastructure, GEM functionality and reports require continuous monitoring and testing to ensure all components continue to operate as designed. Key system enhancements and sustainment activities completed in 2025 included:

- Updating the RNG Blend service percentages used to calculate marketer supply requirements to 2 percent on January 1, 2025, and to 3 percent on November 1, 2025.
- Completing an external audit of system security, which identified multiple vulnerabilities in the aging Customer Choice infrastructure. All required remedial work was completed by year-end.
- Performing break/fix and maintenance activities on various GEM reports as needed.
- Updating the Distribution Summary page on the GEM website to provide gas marketers with revised daily use rates by region and rate class for the new gas year beginning November 1, 2025.
- Applying required technical updates to the NSS, Oracle, and GEM SQL database servers to ensure software stability.
- Completing all tasks required to remove a gas marketer from GEM and related systems upon their exit from the Program, in accordance with security protocols and reporting requirements.
- Completing a technology upgrade analysis and recommendations report for implementation in 2026. The costs for the upgrade are anticipated to be fully absorbed by FEI's capital cost recovery budget. The key findings and recommendations are summarized below.

  Key Findings:

  - The main data system has grown very large and contains many outdated components.
  - Some processes rely on old technology that is difficult to maintain and understand.
  - Several systems depend heavily on each other, which increases risk and makes changes harder.
  - Many reports are no longer needed or are duplicates.
  - One system, which moves files and runs jobs, is fragile and occasionally fails, requiring manual intervention.

- Some data is manually re-entered into other systems because there is no proper integration.

Recommendations:

1. Begin with "Systems Housekeeping"

   Remove unused tables, reports, code, and old processes. This reduces complexity and risk and makes future upgrades easier.

2. Clean Up Reports

   Over 50 reports exist today – many are outdated or redundant. Consolidating or removing them will reduce workload and confusion.

3. Simplify the Main Data System

   Retire old pieces that no longer serve a purpose and reduce unnecessary dependencies.

4. Integrate NSS with GEM

   Move remaining useful functions from the aging NSS system into the more modern GEM platform.

   Benefits include:

   - Eliminating an old database;
   - Reducing the number of file transfers;
   - Replacing an unreliable service;
   - Removing duplicated data; and
   - This approach does not require changes to SAP or major changes to other systems.

5. Plan for Future Modernization

   Longer-term options include modernizing the GEM website and potentially merging the Customer Choice and Operational Data Store (ODS) databases once the environment is clean and simplified.

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.

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[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 2025 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 2025[9]

Cost Description	2017	2018	2019	2020	2021	2022	2023	2024	2025
Technology Sustainment	$ 91,577	$ 87,598	$ 96,882	$ 149,613	$ 52,571	$ 24,872	$ 29,469	$ 50,477	$ 61,391
Infrastructure Sustainment	$ 93,541	$ 96,259	$ 93,747	$ 97,451	$ 98,040	$ 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	$ 10,020
Program Administration	$ 203,800	$ 209,084	$ 218,669	$ 227,202	$ 191,975	$ 204,360	$ 178,418	$ 198,265	$ 217,263
BCUC	$ 116,679	$ 99,599	$ 105,847	$ 107,502	$ 109,769	$ 92,094	$ 129,304	$ 117,670	$ 123,094
Customer Education	$ 29,700	$ 30,000	$ 38,560	$ 28,400	$ 33,287	$ 36,365	$ 30,309	$ 36,200	$ 30,145
Total Program Costs	**$ 551,297**	**$ 538,534**	**$ 563,709**	**$ 620,183**	**$ 495,660**	**$ 465,749**	**$ 475,560**	**$ 510,672**	**$ 539,952**
Actual Utility share	$ 327,661	$ 324,410	$ 334,741	$ 361,594	$ 300,868	$ 288,604	$ 287,972	$ 308,459	$ 320,740
Actual Gas Marketer share	$ 223,636	$ 214,124	$ 228,968	$ 258,589	$ 194,792	$ 177,145	$ 187,587	$ 202,213	$ 219,212
Gas Marketer Recoveries	$ 257,464	$ 206,388	$ 196,118	$ 220,672	$ 299,870	$ 192,215	$ 132,186	$ 150,211	$ 202,841
(Over)/Under-recovery	$ (33,828)	$ 7,736	$ 32,850	$ 37,917	$ (105,078)	$ (15,070)	$ 55,401	$ 52,002	$ 16,370

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 2025, technology sustainment costs increased 22 percent to approximately $61 thousand from approximately $50 thousand in 2024. 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 2025, there were more support activities required for GEM maintenance, report updates and analysis of the overall system infrastructure to provide recommendations for the 2026 system upgrade project.

7.4 *INFRASTRUCTURE SUSTAINMENT AND CONTACT CENTRE*

Infrastructure sustainment support includes the administration costs of FEI's Contact Centre and Customer Service Systems staff. Support costs for both infrastructure sustainment and contact centre support remained set at $98 thousand and $10 thousand, respectively in 2025.

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 10 percent in 2025 to $217 thousand, up from $198 thousand in 2024.

7.6 *BRITISH COLUMBIA UTILITIES COMMISSION COSTS*

In 2025, BCUC-related expenditures increased by approximately 5 percent, from $118 thousand in 2024 to $123 thousand, based on the amounts from BCUC invoices recorded in FEI's general ledger (GL) at year-end. These costs reflect activities associated with the administration of the Customer Choice Program, including program administration, regulatory proceedings, external expert consultants, and dispute handling and adjudication.

To provide transparency into how these costs are incurred, BCUC Staff provided a functional breakdown of their 2025 expenditures, summarized in Table 7-4 and detailed further in Appendix A (BCUC Customer Choice Program Expenditures 2025).[10] The breakdown in Table 7-4 is presented to illustrate the relative allocation of costs across Program activities. FEI reports total BCUC costs on a GL basis, consistent with the established methodology used to calculate gas marketer fees for the subsequent year. The information provided by the BCUC is used to

[10] Variances between the total reported by FEI and the BCUC's Customer Choice Program expenditures for 2025 result from differences in accounting treatment and cost allocation. Specifically, these variances reflect FEI's use of accrual accounting; timing differences associated with different fiscal year ends, timing of the receipt of BCUC invoices; and the allocation of BCUC Commissioner time.

understand cost drivers and assess year-over-year changes in the composition of Program expenditures.

Table 7-4: Allocation of BCUC Customer Choice Program Expenditures by Activity (2025)

BCUC Program Activity	% Allocation
Annual Program Administration	55%
Regulatory Proceedings	18%
Annual Dispute Resolution	
• Handling, Administration, Investigation	11%
• Adjudication	16%
TOTAL	**100%**

7.7 *CUSTOMER EDUCATION COSTS*

In 2025, customer education costs decreased by 17 percent to $30 thousand from $36 thousand spent in 2024. The reduction was due to the fact that reprinting of the Customer Choice Standard Information Booklet was not required in 2025, resulting in lower overall expenditures for the year.

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.[11]

FEI believes that the digital communications strategy continues to serve as anticipated.

7.8 *TOTAL PROGRAM COSTS*

In 2025, total Program costs increased by 6 percent to approximately $540 thousand from $511 thousand in 2024. 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 BCUC categories in 2025.

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

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 2026 gas marketer service fees. These fees initially became effective on April 1, 2017, as approved in Order A-1-17.[12] 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 decreased from $0.22 to $0.18 in 2026. There has also been a decrease in postage fees to $1.25 per confirmation letter from $1.46 effective January 2026, resulting in an overall decrease in the confirmation letter fee on April 1, 2026, to $1.43.

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	$1.43	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 $16 thousand of gas marketer fees in 2025, 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.

[12] Order A-1-17 dated February 20, 2017, Section 3.1, Service Fee approvals, page 10.

8. PROGRAM FEES AND FEE STRUCTURE

Based on the 2025 actual costs for the Customer Choice Program, FEI has calculated the 2026 gas marketer fees and presented them in Tables 8-1 through 8-5 below. The new Program fees take effect on April 1, 2026. Table 8-1: 2026 Annual Program Cost Allocation lists each Program expense category, the 2025 annual actual expenses, the percentage of cost-sharing between the gas marketers and FEI, and the corresponding dollar amounts. The 2026 total gas marketer allocation is set to be approximately $219 thousand, and FEI's share is approximately $321 thousand. The applicable variable fee amounts are then calculated based on the total expected recoverable amount of $219 thousand plus or minus any over/under-recovery from the previous year and the balance in the deferral account.

Table 8-1: 2026 Annual Program Cost Allocation

Program Expenses	2025 Annual Expenses	Percentage Allocation		Dollar Allocation	
		Gas Marketer	Utility Share (FEI)	Gas Marketer	Utility Share (FEI)
Infrastructure Support Expenses					
Technology Sustainment	$ 61,391	50%	50%	$ 30,695	$ 30,695
Infrastructure Sustainment	$ 98,040	0%	100%	$ -	$ 98,040
Program Administration Expenses					
Contact Centre	$ 10,020	0%	100%	$ -	$ 10,020
Program Administration	$ 217,263	50%	50%	$ 108,632	$ 108,632
BCUC	$ 123,094	60%	40%	$ 73,856	$ 49,237
Customer Education	$ 30,145	20%	80%	$ 6,029	$ 24,116
Total Expenses	**$ 539,952**			**$ 219,212**	**$ 320,740**

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 (includes Technology Sustainment)	$ 30,695	14.00%
Program Administration (includes Program Administration, BCUC & Customer Education)	$ 188,517	86.00%
Total Expenses	**$ 219,212**	**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.[13] After performing the year-end reconciliation for 2025, FEI reports an after-tax balance in the deferral account of $25,793, reflecting an under-recovery carried over from prior years. In 2025 the recoveries from gas marketers were less than Program expenses.

The 2025 activity in the deferral account is shown in Table 8-3 below.

Table 8-3: 2025 Marketer Cost Variance Deferral Activity

Description	Reference	Sub-Totals	Totals
January 1, 2025 Opening Deferral Balance			**$ 12,832**
2025 Gas Marketer Expenses	Table 7-3	$ 219,212	
2025 Gas Marketer Recoveries	Table 7-3	$ (202,841)	
Net Gas Marketer 2025 (Over)/Under Recovery			$ 16,370
2025 Financing Costs	BCUC Order A-9-16		$ 1,011
Taxes on Over/Under Recovery			$ (4,420)
December 31, 2025 Ending Deferral Balance			$ 25,793
Taxes on deferral account			$ 9,540
(Over)/Under recovery to marketer			**$ 35,333**

FEI will collect this under-recovery from marketers in 2026 by applying the pre-tax deferral account balance of $35,333 ($25,793/ (1 - 27% tax rate)) to increase the total amount recoverable from marketers for 2026 as part of the calculation to set the 2026 variable fees. As shown in Table 8-4 below, there is a forecast of approximately $255 thousand in Program expenses to be recovered from gas marketers in 2026. After accounting for the cumulative prior years pre-tax under-recovery in the deferral account of approximately $35 thousand, there is approximately $255 thousand ($219 thousand + $35 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 21 percent of the total $254,545 to be recovered from gas marketers. The remaining 79 percent will be recovered from the variable fees.

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

Table 8-4: 2026 Fixed and Variable Fee Recovery Proportions

			Proportion of Total Fees
Total Expenses	$	219,212	
Plus: (Over)/Under recovery	$	35,333	
Total Recoverable from Gas Marketers	**$**	**254,545**	
Less: Fixed Fee amount	$	54,000	21.21%
Variable Fee amount	$	200,545	78.79%

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 14 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 86 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, 2025, divided by 12 months.

For the Infrastructure Support Fee calculation, the $200,545 total variable fee amount is multiplied by 14 percent, the proportion of this expense category to total expenses, divided by 39,720, the number of active customers on the MSR History report on December 1, 2025, divided by 12 months for a monthly variable fee of $0.06 per active customer.

For the Program Administration Fee calculation, the $200,545 total variable fee amount is multiplied by 86 percent, the proportion of this expense category to total expenses, divided by 39,720 the number of active customers on the MSR History report on December 1, 2025, divided by 12 months for a monthly variable fee of $0.36 per active customer.

Table 8-5 below illustrates the calculation of the 2026 variable fees.

Table 8-5: 2026 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	$	200,545	x	14.00%	=	$28,081	/	39,720	/ 12 months	=	$ 0.06
Program Administration	$	200,545	x	86.00%	=	$172,464	/	39,720	/ 12 months	=	$ 0.36
Total:						**$200,545**					**$ 0.42**

The Infrastructure Support Fee for 2026 will increase from $0.04 to $0.06 per active customer per month. The Program Administration Fee will increase from $0.27 to $0.36 per active customer per month.

9. SUMMARY

In 2025, overall participation in the Customer Choice Program decreased by 5 percent, with participation levels remaining at approximately 40,000 customers. There were seven licensed gas marketers in 2025. Just Energy exited the Program effective November 1, 2025, choosing not to renew its license and returning its remaining customers to FEI supply. Gross enrolments declined by 22 percent, falling to just over 7 thousand in 2025 compared to more than 9 thousand in 2024. Enrolment numbers have averaged roughly 13 thousand per year over the past 5 years. Customer retention data indicates that approximately 20 percent of customers cancel their contract before the contract start date.

Most customers continued to sign 5-year contracts, which accounted for 90 percent of total enrolments. Contract prices for 5-year terms ranged from $3.00/GJ to $6.75/GJ. In 2025, 85 percent of enrolments fell within the $6.00/GJ to $6.75/GJ range, indicating that although the price per GJ decreased relative to 2024, the available price range narrowed. Approximately 1.1 million customers were eligible for the Customer Choice Program as of December 1, 2025, with participation unchanged from 2024 – 3 percent for Rate Schedule 1 customers and 9 percent for Rate Schedule 2 and 3 customers.

A total of 664 disputes were raised in 2025, up from 386 in 2024. The increase was primarily driven by Just Energy's exit from the Program and the transfer of customers back to FEI supply. Standard disputes decreased from 24 in 2024 to 18 in 2025, while cancellation disputes increased from 362 to 646. Overall, disputes accounted for approximately 9 percent of gross enrolments. 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 2025 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' March 2025 gas bills.

The focus for GEM and the supporting system infrastructure in 2025 included ongoing operational support, planning for a GEM and infrastructure upgrade scheduled for 2026, and implementing RNG Blend Service updates within MSR and forecasting reports. Work also included retiring a gas marketer from the system, improving and updating existing reports, and continuing performance monitoring of servers and applications to ensure stable system operation.

The total annual expenditures for the Customer Choice Program were approximately $540 thousand in 2025, which was an increase of approximately 6 percent from approximately $511 thousand in 2024. The deferral account records any over/under-recovery of fees. The debit amount in the deferral account at the end of 2025 was approximately $35 thousand and will be used to increase the amount required for recovery from gas marketers in 2026 to approximately

$255 thousand (see Table 8-4). FEI has calculated the 2026 variable transaction fees using the 2025 actual Customer Choice Program costs and has determined that the two fees in 2026 will be increasing. The Infrastructure Support Fee will increase from $0.04 to $0.06 per active customer per month and the Program Administration Fee will increase from $0.27 to $0.36 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.[14]

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

Appendix A

BCUC CUSTOMER CHOICE PROGRAM EXPENDITURES 2025

British Columbia Utilities Commission

Keshni Nand
Registrar

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February 20, 2026

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 2025

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 2025. 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 Keshni Nand

Keshni Nand
Registrar

GP/db
Enclosure

Table 1: 2025 Customer Choice program expenditures

Function	Program Cost
Annual Program Administration	73,838
Regulatory Proceedings	24,612
Annual Dispute Resolution - Handling - Adjudication	 14,767 20,590
Total	133,807

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	Assume 20% BCUC Salaries allocation
• ***Handling, Administration and Investigation***	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 20% 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 that "[p]rogram administration and regulatory costs account for 80 percent of BCUC costs and the remaining 20 percent are for dispute resolution." BCUC Decision and Order A-9-16 dated October 18, 2016, p. 22.