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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER A-4-14**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

FortisBC Energy Inc.
Customer Choice Program Sixth Annual General Meeting

BEFORE: D.A. Cote, Commissioner May 23, 2014

O R D E R

WHEREAS:

- A. FortisBC Energy Inc. (FEI) obtained a Certificate of Public Convenience and Necessity (CPCN) on August 14, 2006 for the Commodity Unbundling Project for Residential Customers (Customer Choice) in accordance with the government's 2002 energy policy, which would allow for the direct sale of natural gas to residential and small volume commercial customers through gas marketing companies licensed by the BC Utilities Commission (Commission);
- B. Article 34 of the Code of Conduct for Gas Marketers requires the Commission to hold an Annual General Meeting to discuss program improvements or enhancements. The Annual General Meeting can take place by written or in-person process, as determined by the Commission;
- C. On February 3, 2014, by Order A-2-14, the Commission established a Preliminary Hearing Timetable for the Sixth Annual General Meeting;
- D. In accordance with the Preliminary Hearing Timetable: FEI filed the Customer Choice program statistics for the 2013 calendar year on February 28, 2014; Interveners submitted issues for discussion by March 14, 2014; and Interveners submitted Reply Submissions on which issues warrant discussion and whether a written process or in-person meeting is warranted by March 28, 2014; and
- E. The Commission has reviewed the submissions filed and determines that an in-person meeting is warranted to address the issues included on the Issues List attached in Appendix B of this Order.

NOW THEREFORE the Commission orders as follows:

1. A Regulatory Timetable attached in Appendix A to this Order is established for the remainder of the Customer Choice Program Sixth Annual General Meeting.
2. Only issues included on the Issues List, attached as Appendix B to this Order, will be addressed during the remainder of the proceeding for the reasons outlined in Appendix B.
3. An in-person meeting will be held at 1125 Howe Street, Vancouver, BC on June 26, 2014, and will follow the Agenda attached as Appendix C to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th of May 2014.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachments

FortisBC Energy Inc.
2013 Customer Choice Program Sixth Annual General Meeting

REGULATORY TIMETABLE

ACTION	DATE (2014)
Commission establishes an Issues List and date(s) for written submissions for in-person meeting	Monday, May 26
In-Person Annual General Meeting	Thursday, June 26
FEI releases Customer Choice Annual Report, addressing the issues raised	Thursday, July 10
Intervener Final Submissions	Thursday, July 24
FEI Reply Submissions	Thursday, August 7

FortisBC Energy Inc.
2013 Customer Choice Program Sixth Annual General Meeting

ISSUES LIST

The Commission has reviewed the issues raised for discussion during the Sixth Annual General Meeting proceeding and, based on the submissions, established the following Issues List:

Issues List
1. Update on complaints - how complaints are arising and what might be done to close any remaining gaps in consumer protections.
2. Midstream cost impacts of releasing customers outside of the anniversary date and the process for doing so.
3. Inclusion of all customers currently served by FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. into the Customer Choice Program following amalgamation.
4. Bill-Ready Billing Capability – Topic limited to questions only regarding FEI’s analysis of this proposal in Exhibit B-3.
5. Third Party Verification script – proposal to remove the question asking the customer if he/she would like to get a copy of the agreement for reference.
6. Monthly consumption file – add customer bill amount to the monthly consumption files to retailers for transparency and retailer revenue reconciliation purposes.
7. BCPSO request discussion of the potential for a Commission-led fulsome review of the Customer Choice Program.

The following Interveners raised ten issues for discussion: FortisBC Energy Inc. (FEI), Direct Energy Marketing Ltd. (Direct Energy), Just Energy (BC) LP (Just Energy) and the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Pensioners’ and Seniors’ Organization *et al* (BCPSO). Of the ten issues raised, the Commission has not included three issues on the Issues List, for the reasons outlined below.

➤ ***Program fees and cost recovery – detailed review***

By letter dated March 14, 2014, Direct Energy states: “given the amount of discussion at the 2012 Annual General Meeting pertaining to program fees and cost recovery in light of a declining customer and complaint base, along with statements made by FEI in section 1.7 of the annual Report with respect to the prospect of program fee changes for 2015, Direct Energy believes that it would be beneficial for all parties to discuss these matters in detail at this year’s meeting.” (Exhibit C1-2)

The issue of the dispute resolution fee was raised during the 2012 AGM, in the context of the revised dispute process. The issue raised was specific to the dispute resolution fee and the revised dispute process, as opposed to a detailed discussion on overall program fees and general cost recovery. (Customer Choice Fifth Annual General Meeting Transcript, Volume 1, pp. 61-62)

In the 2013 Choice Program Statistics Report, FEI states:

“As Gas Marketer recoveries continue to decline each year while Program Costs have remained relatively stable over the same period, FEI must ensure that Program costs are recuperated by Program Fees. FEI will continue to monitor recovery levels in relation to program costs and may propose the prospect of program fee changes for 2015 at the 2013 Annual General Meeting.” (Exhibit B-1, p. 14)

The Commission notes FEI did not raise the prospect of program fee changes for discussion at the 2013 AGM. (Exhibit B-2) By letter dated March 28, 2014, in response to Direct Energy’s proposal to discuss program costs and recoveries, FEI explains its rationale for not raising program fees as an issue at the 2013 AGM:

“FEI reviewed the current fee structure and, in light of Amalgamation and the inclusion of customers served by FortisBC Energy Inc. Vancouver Island and FortisBC Energy Inc. Whistler, FEI determined that the current fee structure remains appropriate. If at such a time FEI requests to change the fee structure, then we agree that a detailed review would be appropriate at that time. As such, FEI requests to defer this discussion until a change in the fee structure is proposed.” (Exhibit B-3, Appendix A, p. 8)

Given that FEI is not proposing a change in program fee structure, due to the stabilizing factors noted by the company, a detailed discussion of program fee changes for 2013, as suggested by Direct Energy, is not warranted at this time. This issue can be addressed if and when FEI proposes a change in the fee structure.

➤ ***Update on the Pay-As-You-Save (PAYS) program***

By letter dated March 13, 2014, Just Energy requests an update on the PAYS program that will include: an overview of how it is working; information as to when retailers will be able to offer home comfort products through the program; and working group coordination. (Exhibit C3-2) The Commission notes this program is known as the On-Bill Financing (OBF) Pilot program. Given that Just Energy refers to it as the PAYS program in its issues submission, the Commission will also refer to it as the PAYS program in the context of this Order to avoid confusion.

In its Reply Submission, FEI provides a written update on the program in response to Just Energy’s request, noting the PAYS program, which is entirely independent of the Customer Choice program, is currently operational. (Exhibit B-3, Appendix A, pp. 1-3) FEI notes retailers: “operating in Program Eligible Areas currently have the opportunity of offering products and services through this program, provided that their products/services offered comply with section 5 of the Regulation ‘Prescribed Improvements’.” (Exhibit B-3, Appendix A, p. 3) FEI is of the position that a working group is inappropriate.

In the Commission’s view, a discussion regarding a PAYS working group comprised of Customer Choice program Interveners is not warranted given that the PAYS program is currently operational and completely independent of the Customer Choice program. Further, FEI has provided the PAYS program update requested by Just Energy in its Reply Submission. For these reasons, the Commission has not included the PAYS issue proposed by Just Energy on the Issues List.

➤ ***Additional bill line items on the FEI bill pertaining to alternative goods or services provided by the gas marketer***

The Essential Services Model (ESM) is the foundation for the Commodity Unbundling Program that was implemented for commercial customers on November 1, 2004, as well as for residential customers on November 1, 2007. Under the ESM, a gas marketer delivers a quantity of the natural gas commodity to Terasen Gas (now FEI), based on the utility's normalized forecast of the gas marketer's customer's annual load requirements. A cornerstone of the ESM has been FEI's ongoing responsibility to provide billing services for all customers whether they choose a fixed rate product from a gas marketer or remain on the FEI regulated variable rate. This business requirement was affirmed by gas marketers when the Commercial Unbundling Program was introduced in 2004, and again when the Customer Choice was rolled out to residential customers in 2007.

Gas marketers raised the additional bill line item issue during the 2009 Customer Choice Program Summary and Recommendations proceeding. Despite strong support by Summit Energy and Just Energy, the Commission did not support the use of the Terasen Gas invoice to market or collect monies for non-utility or non-gas items. (Order A-3-10, Reasons for Decision, p. 9)

Just Energy raised the additional bill line item issue during the 2010 Customer Choice Program Summary and Recommendations proceeding. Upon reviewing the submissions on the issue, the Commission concluded that an additional bill line item was not warranted at the time for the following reasons: the need to maintain separation between the utility and the gas marketer companies, which might be confused by the utility billing for gas marketers' non-gas commodity products; and, it would be inappropriate for the utility to potentially be required to undertake collections activity on items owing to the gas marketing company, or for the customer's credit with the utility to be impacted due to a cost owing for a service other than commodity to the gas marketing company. (Order A-9-11, Reasons for Decision, p. 19)

During the Customer Choice Fourth Annual General Meeting, the additional bill line item was again deliberated, this time in the context of the government directed PAYS program. At the AGM, in response to this issue, Commission staff noted: "If PAYS is going to have the ability for other people to have access to the utility bill, then [the gas marketers'] argument [for additional bill line items] has quite a bit of weight at that time, saying, 'and so should we.' But we don't know that yet, and in fact we're hearing that maybe it's the opposite of that." (Customer Choice Fourth Annual General Meeting Transcript, Volume 1, p. 107, lines 7 to 23)

The Commission notes the PAYS program criteria and terms and conditions, which the Commission approved by Orders G-163-12 and G-226-13, do not allow third-party access to the utility's bill.

The Commission's Decisions on this issue, as first set out in Order A-3-10 and again in Order A-9-11, denying the request for additional bill line items are definitive in addressing this issue. If third party access to the utility bill had materialized under the PAYS program, the Commission may have considered including this issue for discussion during the 2013 AGM proceeding on the basis of a change in circumstance. However, there has been no change in circumstance since the Commission's determinations on the additional line bill items issue in 2010 and 2011; as such, this issue does not warrant discussion during this proceeding.

FortisBC Energy Inc.
2013 Customer Choice Program Sixth Annual General Meeting

**CUSTOMER CHOICE PROGRAM
SIXTH ANNUAL GENERAL MEETING
AGENDA**

Date: June 26, 2014
Time: 9:00 a.m. – 12:00 p.m.
Location: Commission Hearing Room, 12th floor 1125 Howe Street, Vancouver BC
Moderator: Kristine Bienert – Acting Director, Policy, Planning and Customer Relations, BCUC

Item for discussion	Presented by
1. Update on complaints - how complaints are arising and what might be done to close any remaining gaps in consumer protections.	Commission staff
2. Midstream cost impacts of releasing customers outside of the anniversary date and the process for doing so.	FortisBC
3. Inclusion of all customers currently served by FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. into the Customer Choice Program following amalgamation.	FortisBC
4. FEI's analysis of Just Energy's Bill-Ready Billing Capability proposal - Topic limited to questions only regarding FEI's analysis.	FortisBC
5. Third Party Verification script - remove the question asking the customer if he/she would like to get a copy of the agreement for reference.	Just Energy
6. Monthly consumption file - add customer bill amount to the monthly consumption files to retailers for transparency and retailer revenue reconciliation purposes.	Just Energy
7. BCPSO request discussion of the potential for a Commission-led fulsome review of the Customer Choice Program.	BCPSO