



October 9, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Policy Review of Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance
Board File No.: EB-2014-0198**

On September 18, 2014, the Ontario Energy Board (the "Board") released a Draft Report of the Board on the *Residential Billing Practices and Performance of Electricity and Natural Gas Distributors* (the "draft Report"). The draft Report considers policies intended to meet the objectives of providing timely and accurate billing, specifically the transition to monthly billing and an estimated billing policy for residential consumers.

A. Monthly Billing

In its draft Report, the Board invited stakeholders to comment on the proposal to switch to monthly billing effective January 16, 2016 and to respond to the following questions:

1. For the electricity distributors that do not offer monthly billing, what are the barriers faced in meeting the Board's goal of having all residential customers moved to monthly billing by January 1, 2016? What are the offsetting benefits such as reduced costs?
2. Should seasonal customers also be billed on a monthly basis? What are the barriers to moving to monthly billing? What are the offsetting benefits such as reduced costs?

Oakville Hydro Electricity Distribution Inc. (Oakville Hydro) does not have any seasonal customers in its service area. Therefore, Oakville Hydro will limit its comments to the question regarding the barriers that it anticipates in moving to monthly billing effective January 1, 2016 and offsetting benefits.

1. Barriers Faced in Moving to Monthly Billing

a) Water and Wastewater Billing

Like many other electricity distributors, Oakville Hydro bills its customers for water and wastewater services on their electricity bill. For monthly billing to be effective, it is essential that water and wastewater charges are also billed on a monthly basis. This may be accomplished by estimating the first bill in a bi-monthly billing period or by transitioning water and wastewater services to monthly meter reading. Both options introduce challenges to the implementation of monthly billing.

If Halton Region agrees to permit Oakville Hydro to estimate the first bill in a bi-monthly billing period there will be a significant increase in the volume of work related to water and wastewater billing. If Halton Region agrees to transition to monthly billing by providing monthly meter readings they either need to increase the frequency with which they read the meters or invest in metering technologies to enable remote meter reading. Both alternatives will result in additional costs for Halton Region.

Oakville Hydro, along with the other electricity distributors in Halton Region, has initiated discussions with Halton Region regarding this transition however, Oakville Hydro cannot control the timeframe for Halton Region's transition to monthly billing.

b) Implementation Time

Effective implementation must include communications with customers regarding the costs and benefits associated with the move to monthly billing. There will also be a need to modify current practices, procedures, system setup and modifications and collaborate with Halton Region. Oakville Hydro estimates that an appropriate implementation time would be at least one year. Therefore, direction from the Board with respect to the move to monthly billing would need to be announced later this year.

c) Internal Resources

As noted in the draft Report, there is the potential for incremental costs to be incurred with the move towards monthly billing. Oakville Hydro anticipates the need to acquire additional temporary resources to support the transition and permanent resources to manage the increased workload on an ongoing basis. Resources will be needed to develop and deliver communications campaigns, implement system changes and manage the increased workload.

d) Miscellaneous Issues

Electricity Retailers can also expect to see an increase in their costs as the number of requests that flow through the Electronic Business Transaction ("EBT") hub increases significantly

with monthly billing. Oakville Hydro suggests that the Board may wish to consider extending stakeholder engagement to include electricity retailers.

The number of transactions processed by the Independent Electricity System Operator (“IESO”) through the Meter Data Management and Repository (“MDM/R”) can also be expected to increase significantly. Oakville Hydro suggests that the Board may wish to consider extending stakeholder engagement to include the IESO.

The proposed timing for the implementation of monthly billing coincides with the proposed end of the Debt Retirement Charge (“DRC”) and the end of the Ontario Clean Energy Benefit (“OCEB”). When this happens, a typical residential customer will see an increase in their electricity bill. This may have positive and/or negative effects on customer acceptance of monthly billing. On one hand, the customer will have the benefit of having the increase spread over two months making the increase less of a shock to the customer. On the other hand, it may lead to confusion when the customer’s monthly bill is higher than the customer expects. An effective communication campaign will be needed to communicate the impact of monthly billing along with the end of the DRC and OCEB.

e) Customer Survey Results

In a survey conducted in May 2013, Oakville Hydro’s customers agreed that monthly billing would be preferred by most customers and that having monthly bills would help them to manage their expenses. However, the customers also told us that they would not be willing to pay \$1 or \$2 more per bill to acquire monthly billing. With the increased cost of postage, cost containment may be difficult to achieve. Oakville Hydro is planning to increase the number of customers who receive electronic bills but this will require more sustained efforts to create an effective offset to increased postal costs.

2. Offsetting Benefits

As discussed in the draft Report, the incremental costs associated with the transition to monthly billing can be expected to be offset by cost reductions. In its 2014 Cost of Service application, Oakville Hydro filed a third party report on monthly billing prepared for it by Util-Assist Inc. entitled *Billing Frequency: Moving to Monthly Billing*. In their report, Util-Assist identified a number of areas where both quantitative and qualitative benefits might be achieved by transitioning to monthly billing. Some of the areas identified are listed below.

- Improved cash flow
- Reduction in unbilled revenue
- Decrease in bad debts
- Reduction in collection activity

- Increased customer satisfaction
- Enhanced customer education opportunities

While there are offsetting benefits to moving to monthly billing, they are difficult to quantify. In addition, there are differing opinions on whether more frequent billing with lower dollar amounts will increase or decrease bad debts and collection activity.

B. Estimated Bills

In its draft Report, the Board advised that it intends to establish a residential consumer estimated billing policy for electricity distributors. Stakeholders were asked to comment on the proposed policy of the Board regarding estimated billing for residential consumers and respond to the following questions

1. Are there circumstances that should be considered as exceptions to the requirement for all residential consumers to receive bills based on actual meter reads?
2. Are there any barriers to moving to eliminate estimated billing? Are these offset by any benefits?
3. For those limited circumstances where an estimated bill may be required, what is the appropriate methodology to be used in estimating the data?
4. Should the policy establish a similar measure to that in the GDAR (< 0.5% of meters with no read for 4 consecutive months)? If so, what should this measure be and should there be a disincentive for not meeting the measure?

In its draft Report, the Board reported that 49 distributors either do not issue estimated bills or issue estimated bills only in extenuating circumstances. This suggests that 68% of distributors, including Oakville Hydro, have practices and procedures in place to minimize the number of estimated bills. However, it is Oakville Hydro's opinion, that consistency in determining the circumstances when it may be necessary to issue estimated bills and the methodology for estimating those bills would be beneficial to the customer.

1. Exceptions to Requirement to Eliminate Estimated Bills

Should the Board establish a residential consumer estimated billing policy for electricity distributors, Oakville Hydro suggests that the policy recognize that there will be some circumstances where issuing an estimated bill may be necessary. Some examples of circumstances where it may be necessary to issue an estimated bill include:

- Defective or damaged meters
- Inability to communicate with meters

- Customer obstruction
- Extreme weather (causing damage to meters)
- Meter tampering

2. Barriers to Eliminating Estimated Billing

As pointed out in the draft Report, timely and accurate billing is essential to customer satisfaction. In some circumstances, issuing an estimated bill may be preferable to delaying the bill until the issue can be rectified.

3. Methodology for Estimating Bills

It is Oakville Hydro's practice to estimate an end register read and allow the validating, estimating and editing or "VEE" process in the MDM/R to produce final billing data in some circumstances. The issue with this methodology is that the billing data may not match the time-of-use periods during which the customer actually consumed the electricity.

4. Estimated Billing Measure

As noted in the draft Report, the Board will monitor the performance of electricity distributors with respect to billing accuracy as part of the annual performance scorecards. Oakville Hydro suggests that distributors should be encouraged to identify the types of billing errors that occurred in the reporting period in the Management Discussion and Analysis ("MD&A"). Since an estimated bill is considered to be an inaccurate bill, this measure, along with the MD&A, will enable the Board to monitor the number of estimated bills.

All of which is respectfully submitted,

Original Signed By

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