



MILTON HYDRO DISTRIBUTION INC.

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By RESS and Courier

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

**Re Milton Hydro Distribution Inc., Distribution Licence ED-2003-0014
Response to Customer Billing Practices and Performance
EB-2014-0198**

Milton Hydro Distribution Inc. ("Milton Hydro") is pleased to provide its comments in response to the Ontario Energy Board's ("OEB") Draft Report of the Board on the Residential Billing Practices and Performance of Electricity and Natural Gas Distributors (the "Draft Report") OEB File No. EB-2014-0198.

Milton Hydro has been billing customers monthly since the early 1990's. Milton Hydro recognized the significant benefit to the customer in getting more timely information allowing them an opportunity to alter their consumption patterns in a more timely manner. It also allows the customer an opportunity for better management of their household expenses. As electricity charges have and will continue to be a greater percentage of household expenditures, it is incumbent on the electricity sector to help customers meet the challenges of rising costs. Monthly billing also benefits Milton Hydro in collection activities which Milton Hydro believes has ultimately resulted in lower write-offs over the years.

Milton Hydro also bills water and waste water ("water/waste water") on behalf of the Region of Halton (the "Region"). The revenue received for billing on behalf of the Region is treated as a revenue offset in calculating Milton Hydro's revenue requirement.

Milton Hydro supports monthly billing in the interests of the customer and the LDC. For the purposes of this report, Milton Hydro's comments will be limited to the barrier to monthly billing that currently exists and will continue to exist for all distributors that bill for other services and may now be mandated

into monthly billing. Milton Hydro understands that approximately one third of distributors will be impacted by this barrier.

The Distribution System Code (“DSC”) Section 2.6.6 states;

“Where a bill issued to a residential customer includes charges for goods or services other than electricity charges, a distributor shall allocate any payment made by the customer first to the electricity charges and then, if funds are remaining, to the charges for other goods or services.”

Initially Milton Hydro’s interpretation of this section referred to the “electricity charges” billed and due for payment and therefore would allocate customer payments to the electricity charges due and payable with any balance of payments being charged against the water/waste water charges also due.

In responding to a customer issue in early 2012, OEB Staff provided Milton Hydro with the following guideline for compliance with the DSC 2.6.6:

“The order of allocation of funds should be (according to the DSC) in this order:

- 1. electricity arrears*
- 2. electricity current*
- 3. water arrears*
- 4. water current”*

OEB Staff also stated:

“The current state of the DSC doesn’t distinguish between monthly or bi-monthly invoicing so in the example you give, although what you say is logical, it doesn’t follow the intent of the DSC. We don’t believe the intent of the DSC is to cause issues for the LDCs that deal with the billing of other goods and services however the DSC’s purpose is electricity not water.”

Milton Hydro provides the following as an example of the barrier to monthly billing of electricity and other services. A customer’s bill is issued on July 1st with a due date of July 17th and includes electricity and water/waste water. The customer misses the due date and receives a past due notice. The customer makes the payment for the July 1st bill on August 2nd, one day after the August 1st bill is issued, which has a due date of August 17th. Following the direction received from OEB Staff the customer’s payment is allocated as follows:

1. first to the July electricity bill;
2. second to the August electricity, which is not due for 15 days; and
3. the balance of the payment, if any, is applied to the water/waste water portion of July’s bill.

Based on the OEB Staff interpretation of the DSC 2.6.6 a customer may never pay the water/waste water portion of their bill in full. When a customer makes a payment on their bill, their expectation is that the bill in arrears is paid first.

The monitoring and re-allocation of customer payments is a manual and time consuming process in addition to the staff time spent in customer service explaining the DSC 2.6.6 to customers. Milton Hydro would recommend that the DSC Section 2.6.6 be amended to address the allocation of payments in a logical manner:

1. electricity charges due in the order outlined in the DSC, Section 2.6.6.2B;
2. other services such as water/waste water due; and if funds remaining,
3. electricity charges not yet due;
4. other services not yet due.

Milton Hydro submits that if the OEB is seriously considering mandating monthly billing in the interests of good customer service then the Distribution System Code, Section 2.6.6, needs to be clarified to properly and logically allocate customer payments to electricity charges that are due for payment as set out above.

Respectfully submitted,

Original signed by

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