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VIA RESS, EMAIL and COURIER

Ms. Kirsten Walli
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
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**Re: EB-2014-0227 Ontario Energy Board
Stakeholder Forum for Development of an Ongoing Ratepayer Funded
Electricity Bill Assistance Program (“OESP”)
Enbridge Gas Distribution Inc. - Comments**

In accordance with the Ontario Energy Board's letter issued on October 23, 2014 for the above noted proceeding, enclosed please find the submission of Enbridge Gas Distribution Inc.

Please contact the undersigned if you have any questions.

Yours truly,

(Original signed)

Bonnie Jean Adams
Regulatory Coordinator

Comments of Enbridge Gas Distribution (“Enbridge”)

Summary of Enbridge’s Key Points and Position:

- Social programs such as the one proposed should be reviewed against other options and mechanisms available to the Ontario government for handling a re-distribution of disposable income between household income brackets. Rather than requiring the energy regulator and regulated entities, who distribute energy, to attempt to redistribute disposable income, other mechanisms may better address the overall issues facing low income populations.
- Clear, specific, measurable objectives and outcomes need to be defined for such an OESP.
- All associated costs of the program are to be fully recoverable in rates, upon actual cost realization, as baseline data for such a program in Ontario does not exist
- An overall acceptable level of cost burden to be borne by all ratepayers needs to be defined for all such ratepayer funded social assistance programs, including Low Income Energy Assistance Program Emergency Financial Assistance (“LEAP EFA”), Low Income Conservation Programs and this new OESP
- The program design and delivery needs to be coordinated and integrated with existing programs, including eligibility and administration requirements, to avoid duplication and increased overall administrative costs of providing the various mandated social assistances for LI Energy Consumers
- Enbridge does not support a centralized model for funding an OESP

Detailed Written Comments:

Enbridge provides the following comments with regard to the Board’s request for stakeholder input within it’s EB-2014-0227, Development of an Ongoing, Ratepayer Funded, Electricity Bill Assistance Program.

Enbridge is a natural gas distributor which is not necessarily impacted by any of the requirements of this Board initiative at this point. However, Enbridge’s interest in these proceedings is to understand any potential precedent for natural gas utilities in the future. As a result, Enbridge is commenting in a general manner as to what the considerations and challenges might be where it was impacted. These could possibly be of similar consequence and therefore require consideration for impacted electricity distributors.

Electric and natural gas distributors are already engaged in bill assistance including LEAP EFA (or in some cases Winter Warmth programs) which are intended to assist low income and in-need households to pay for the cost of energy in Ontario from within their available disposable income. Enbridge is concerned that the public observation and perception of the Energy Industry of any program which the Board may decide

upon through this proceeding will be viewed as a foray into social policies. Enbridge would recommend a broader view of what level of disposable income is available for not only the cost of energy but for many other goods and services required to live in Ontario. Social programs such as the one proposed, could then be reviewed against other options and mechanisms available to the Ontario government for handling a re-distribution of disposable income between household income brackets. These other mechanisms may better address the overall issues facing low income populations.

Before attempting to address the questions outlined by the Board to effectively assess program design options, the Board must first establish clear, specific and measurable program objectives and outcomes for this new social assistance program. In the absence of such clear and specific objectives, any comments on the suitability of specific design approaches will not address how any options considered do or do not address the intended outcomes. In its invitation, the Board references significant preliminary work completed to date, however findings from that work are not yet available to guide program design and comments.

Enbridge Responses to Questions for Stakeholder Input

Board Question #1.

Should the OESP be designed to provide support to the greatest number of low-income customers or to provide targeted support to those low-income customers with the greatest need?

Enbridge Response:

Generally, Enbridge advocates for a program design that provides equitable assistance to low-income customers.

However, before determining program objectives and design options regarding which Low Income consumers will benefit from an OESP, the Board needs to consider and establish the overall cost burden that is acceptable for all other energy customers to bear.

Program design should be set within such context of clear, measurable and specific objectives and outcomes. As well, program design principals need to be established to eliminate the possibility of administrative overlap and / or duplication of effort, such as processing applications, verification and documentation. For example, avoiding overlap of administration of an OESP social assistance program with such existing programs as the LEAP EFA and regionally administered CHPI funds, and other financial assistance programs for Low Income populations is strongly recommended. Such overlaps create confusion, inefficiencies and ultimately undue cost burdens for both low income people pursuing these forms of assistance, as well as for the social service agencies administering these multiple forms of social assistance. Similarly, the administrative support required from distributors is increased due to overlap and duplicated account inquires to support each of these programs.

Board Question #2.

How could the OESP best meet the intended objective?

- a) A percentage based credit (i.e. 10%) applied to the customer's total bill that is the same for all eligible low-income customers?
- b) A fixed credit (i.e. a fixed dollar-amount rebated off each bill such as \$50) that is the same for all eligible low-income customers?
- c) A 'customized' fixed-credit that is tied to eligible low-income customers' income level and electricity consumption? (The credit could either be determined individually for each customer, such that the customer only pays an amount equal to a specified percentage (i.e. 6%) of their household income; or by establishing credits for low income customers based on predetermined income and consumption brackets (i.e. a specific credit matched to a certain estimated annual usage.)

Enbridge Response:

Each of the options outlined drive different cost implications. The Board needs to clearly define its support objectives / targets and allow distributors the opportunity to fully analyze and provide cost consequences of design options to meet those objectives. Further distributors would need assurances that all related program costs are fully recoverable in rates.

Generally, of the options outlined, for Enbridge the fixed credit option is preferred as being more equitable, while at the same time likely to be the least complex and least costly approach to implement.

As well, the cost and complexity of implementing a program design that would need to consider forecast of participation and for example as with options "a." and "c", related consumption volumes, may outweigh any intended benefits of the program. Therefore, Enbridge recommends that any actual incremental costs required for implementation of and any associated credits to low income customers from providing an OESP through rates, be fully recoverable through a deferral account or other comparable method. Such amounts would be cleared to all ratepayers in a following year basis, including those who receive the benefit, once those costs are realized and known. The eligible costs to be included are: all program and system setup costs, ongoing program administration and total annual amount of the applied credits/rebates.

A definition of "eligible low income customer" is already in place and used for the LEAP EFA. Further, the existing LEAP EFA social service program already provides annual financial grant toward energy arrears of up to \$500 (gas) or \$600 (electric) per year, to which a significant percentage re-apply year over year. The LEAP EFA social assistance program equates to up to \$41 and \$50 per month respectively. Analysis of the efficacy of the existing LEAP is recommended, including consideration of revisiting the formula to increase ratepayer funding to LEAP, before implementing any new OESP. However, should the new OESP social assistance program be pursued, greater clarity is required to define how these social assistance programs are to be coordinated

with respect to eligibility criteria and eligibility determination. Design of a new program, such as the OESP, should avoid the need for net new eligibility requirements and application processes as these will create further confusion, inefficiencies and drive additional overall costs.

Board Question #3.

How should the OESP be funded: through a provincial charge that is uniform for all ratepayers, collected centrally and then paid out to distributors based on their OESP requirements; or should each distributor collect the revenue required to fund the OESP needed for its service area through its distribution rate?

Enbridge Response:

Enbridge does not support a centralized model for funding the OESP. This approach drives additional costs for the collection and redistribution of the proposed uniform provincial charge, while still requiring all the same program implementation costs for distributors and social agencies to setup and provide ongoing administration to distribute the OESP to eligible low income consumers. Enbridge has a well-operating fund distribution system through our existing Customer Information System (“CIS”) where we are able to track all customer information, billing history, payments and low income status.

In addition to driving significant additional administrative costs of a central agency, such a model would also increase the overall turn-around timelines for providing the benefit to eligible low income customers.

The centralized model contemplated may also go against a regulatory principle of “cost causality” which requires that any OESP costs attributable to an individual distributor be recovered through that distributor’s rates. For example, Enbridge ratepayers should not have to pay for Union or electricity customers’ OESP costs, or vice versa.