



November 10, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

via RESS and email

Dear Ms. Walli:

**RE: Development of an Ongoing, Ratepayer Funded, Electricity Bill Assistance Program
Board File No.: EB-2014-0227**

On October 23, 2014, the Ontario Energy Board (“Board” or “OEB”) posted and emailed a letter regarding a stakeholder forum that it was holding on November 6, 2014, entitled “*Development of an Ongoing, Ratepayer Funded, Electricity Bill Assistance Program, Board File No.: EB-2014-0227*”. This program is referred to as the Ontario Electricity Support Program (“OESP”). The Board’s letter included questions to which it sought responses as well as a request for stakeholder comments.

This is the submission of the Coalition of Large Distributors (“CLD”). The CLD consists of Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections Inc. This submission has been filed via the Board’s web portal (RESS) and two (2) requisite paper copies have been couriered to the Board.

The CLD appreciates opportunities to engage in constructive, meaningful consultation on matters of Board policy. The CLD has a track record of regularly contributing ideas and opinions in OEB consultations that have the potential to impact the operations of CLD members and, more importantly, their customers. The CLD participates in these important policy discussions because it is positioned to bring forth the perspective of six large distributors (or “LDCs”) who deliver electricity to approximately 40% of the customers in Ontario.

Stakeholder Forum on the Development of the Ontario Electricity Support Program

Members of the CLD participated in the Board's stakeholder forum held on November 6, 2014 (the "Stakeholder Forum"). Different options and elements of the OESP were debated, which has helped to inform this submission.

Determination of Low Income Eligibility

It was apparent that there was a consensus among the Stakeholder Forum participants on the desire for distributors NOT to be responsible for determining low income eligibility. In particular, Mr. Roger Colton, consultant to the Low Income Energy Network ("LIEN") when asked for his recommendations on where the functions for "intake and income verification" should be, responded:

What I think is that there are people better qualified than I to decide where that function should be.

I can tell you in the states where we've placed that -- in the states where I've worked, we placed that function with government agencies. We've placed that function with community-based organizations. Those are the two primary places. We have what are called community action agencies, which are community-based service providers that are third party contractors to do that.¹

The CLD agrees with the options that Mr. Colton listed: either a government agency (such as the Ontario Ministry of Finance or possibly the Canada Revenue Agency) or community-based service providers also known as Social Service Agencies ("SSAs"), who happen to perform this determination function for the Low Income Energy Assistance Plan ("LEAP"). The CLD respectfully submits that distributors do not have the resources, experiences, and processes to make those eligibility decisions, nor do they have staff or systems in place to seek, receive, and process income and social situation data in order to do so, e.g., assessing T4 information (if any), finding other sources of income information, confirming the number of children living in a household, etc. It is also the view of the CLD that some customers may not be comfortable disclosing their personal financial information or living arrangements to an electricity distributor, which could create an unintended barrier towards seeking assistance.

Further, the costs to perform the eligibility determination function would be significant if they were to be incurred by 70 electricity distributors, and arguably duplicative of costs already being incurred by other agents performing this same function (i.e., government agencies and SSAs). Additional costs would be unnecessarily incurred by LDCs to manage sensitive and confidential customer information, and to train or hire staff to be able to assess the legal compliance of documents they receive in order to determine the eligibility of a social assistance-related claim. Client inefficiencies may also result for those who do not qualify and need to explore other social service alternatives.

One of the questions asked during the Stakeholder Forum was whether legislative changes would be needed in order to implement the OESP. In that context, the CLD submits that distributors may not have

¹ Ontario Energy Board Transcripts, EB-2014-0227, Development of the Ontario Electricity Support Program: Stakeholder Forum, November 6, 2014, ("Transcripts"), p. 30.

the legal right to gather confidential information related to a customer's income and living arrangements, and to use it for the purpose of determining eligibility for a program such as the OESP.

The CLD also submits that the eligibility determination function should not be assigned to LDCs even for an initial period. Distributors do not have the skills or the systems to undertake (even temporarily) a social agency function, and do not consider it prudent to invest funds to create such capacity, especially if it were to be abandoned as soon as another appropriate agent could be ready to provide this function.

OESP and LEAP

The CLD appreciates that the OESP is a design of the provincial government, as requested in the Minister of Energy's letter to the OEB dated April 23, 2014, and that the OEB is seeking stakeholder input to find the best method of implementation. Currently, distributors support low income funding through the allocation of revenue requirement to LEAP. During the Stakeholder Forum, parties questioned whether the OESP is a replacement for LEAP. Board staff commented that they were "not sure [they] can shed a lot of light on all of that..."² It would be helpful and would clarify matters if this consultation would address the relationship between the OESP and LEAP, and consider the best method for delivering these functions for the benefit of and fairness to distributors' ratepayers.

Unexpected Costs

The OESP will create significant unbudgeted costs for distributors, both in 2015 for the initiation of the program, and ongoing OM&A to administer each year. Like the provincial government's Smart Meter program, distributors must be permitted to capture these large and unbudgeted costs in deferral account(s) so that they can be recovered at a later date. Otherwise, distributors and their ratepayers will be unfairly penalized for failing to meet efficiency goals due to the additional and unplanned financial constraint of implementing the OESP. It is premature to conclude that the costs associated with the OESP would be proportionally offset by avoided costs associated with accounts that may, otherwise, fall into arrears.

Other significant related LDC activities with attendant unbudgeted costs will be the administrative task of tracking and reporting further, yet-to-be determined, OESP statistics. As the LEAP and new customer service rules have demonstrated, there exists some duplication of effort (e.g., with LEAP reporting) and a significant volume of information (i.e., up to 29 new customer service rules statistics) currently tracked and reported by LDCs with respect to billing, payment, and collection activities. Insights from these statistics, filed as of April 30, 2014, as well as the more recent program surveys, are not yet known. Additional reporting requirements with respect to the OESP need to be weighed against existing reporting requirements for low-income consumers, and the overall value such information provides.

Again, the expectation that incremental start up and operational costs will be offset by a reduction in collection-related costs is an optimistic goal, but, not yet a proven fact.

² Transcripts, p. 93.

Specific Responses to Questions

In the October 23rd Letter, the Board provided questions for stakeholder input. They are repeated below, with responses from the CLD.

Questions for Stakeholder Input

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?

Response:

The CLD believes that this question is best answered by stakeholders and SSAs that deal directly and daily with low-income customers, and those who best understand the need. This is a social policy question that deserves to be answered by experts in the area.

A targeted approach may mitigate costs for implementation of the OESP (e.g., reduce the volume of eligible applicants), but the government's social policy goals should determine the design of the OESP.

2. How could the OESP best meet its 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 levels 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.)

Response:

The CLD submits that the more complicated the method of applying a credit to eligible low-income customers' bills, the greater the cost to implement it. The OESP will be much more complicated to implement and maintain in comparison to the Ontario Clean Energy Benefit, as the application to a sub-set of a class of customers is more involved; the proposed requirement to apply the OESP to sub-metered low-income customers will add another layer of complexity, as LDCs do not currently have information on the customers of sub-meter providers.

The CLD understands from participation in the Stakeholder Forum that Hydro One Networks Inc. supports a relatively simple approach: continue to apply a percentage credit (similar to the OCEB) to the sub-set of eligible residential low income customers. The CLD supports this option because it makes use

of LDCs’ existing customer information system processes, billing coding, and other related infrastructure, which would reduce the costs to implement the OESP and extend the benefits of the prior investments made. The alternative fixed amount credit is not recommended, as such functionality would need to be coded into customer information systems, at further cost.

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?

Response:

This question also requires a social policy-related response. However, the CLD believes that socializing the OESP funding costs across all Ontario ratepayers is preferable, as it would mitigate the burden of low-income disparity that would otherwise be imposed on certain LDCs and their non-low-income ratepayers. One method would be to manage this funding via an IESO charge on customers’ bills. This would offer the transparency that the government seeks in bill presentment, and allow simple pass-through of funding costs by distributors. From an administrative perspective, it would also be much easier to reconcile and manage on an ongoing basis.

The CLD reiterates its appreciation for the opportunity to participate in this consultation. If you have any questions, please do not hesitate to contact the undersigned.

All of which is respectfully submitted.

Yours truly,

[Original signed on behalf of the CLD by]

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