



February 19, 2015

Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Via web portal and by post

Dear Board Secretary:

Re: **Board File No. EB-2014-0198**
Proposed Amendments to the Distribution System Code

The Electricity Distributors Association (EDA) is the voice of Ontario's local distribution companies (LDCs). The EDA represents the interests of approximately 70 publicly and privately owned LDCs in Ontario.

On September 18, 2014 the Ontario Energy Board (OEB) issued its Draft Report of the Board on Residential Billing Practices and Performance of Electricity and Natural Gas Distributors (the Draft Report). The Draft Report proposed that all distributors that presently use bi-monthly billing adopt monthly billing for non-seasonal residential customers by January 1, 2016. In response to the Draft Report, the EDA indicated in its letter of October 9, 2014, that distributors support a voluntary approach to the implementation of monthly billing. Distributors are concerned that there could be significant costs associated with initiating monthly billing and significant ongoing incremental costs. The EDA asked that distributors incurring the incremental costs to transition should be provided a deferral account to track both the upfront costs and the ongoing incremental costs until rebasing.

On February 5, 2015 the OEB issued its Proposed Amendments to the Distribution System Code (the Proposed Amendments) which addresses billing frequency, the use of estimated billing, and billing accuracy. The proposed amendments mandate monthly billing for residential and general service less than 50 kW customers, and extend the deadline to December 31, 2016. The EDA appreciates the one year extension relative to the proposal in the Draft Report. However, the EDA notes that an additional customer class has also been included in the mandated transition, which is expected to increase ongoing costs.

Neither the costs for the implementation of monthly billing nor the ongoing costs have been included in distributors' current revenue requirements. The OEB acknowledged that there is the potential for incremental costs but it expects that these costs may be mitigated by improved cash flows. The EDA agrees that the costs may be offset to a limited extent. However, as identified above, the implementation costs and the ongoing incremental costs are not included in current revenue requirements. The EDA therefore urges the OEB to provide a deferral account for the incremental costs

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(implementation and ongoing) associated with monthly billing which will be offset by any savings attributed to monthly billing.

The Proposed Amendments also address estimated billing. The EDA's October 9 submission identified that estimated bills are needed when meters cannot be accessed, either due to lack of access by the customer or because the smart meter/communication unit has malfunctioned. The EDA submission provided that the methodology for establishing the estimated bill is built into billing systems; distributors do not support additional rules for estimated billing practices given that smart meters have already significantly reduced the need to estimate bills. In the Proposed Amendments, the OEB notes that a large majority of distributors currently estimate bills only in very limited circumstances. Nevertheless, the OEB is proposing that a bill based on estimated consumption be used no more than once per customer per year in the residential class and general service less than 50 kW class. The OEB suggests that this estimated billing rule could be met without incurring material additional costs. The EDA suggests more consultation on this estimated billing rule is needed. This rule does not recognize present estimated billing practices built into billing systems. The EDA agrees that customers are receiving bills based on actual reads the majority of the time, but there are circumstances that could occur more than once per year for a particular customer that would lead to estimated bills. A customer could have an outage for a legitimate reason that is not related to a meter/communication unit malfunction. The EDA believes a performance target for estimated billing should not be based on individual customers, if estimated consumption is the measure. If the concern is meters not working properly, then proposed amendment 2.10.2 of the DSC should be amended as follows:

"Despite 2.10.1 to account for exceptional circumstances, a distributor may issue no more than two consecutive bills to a residential or general service <50 kW customer with a smart meter or interval meter based on an estimated start or end register read once every 12 months."

We are proposing "no more than two consecutive estimated bills" because if the current bill is based on an estimated end register read, then the next bill will be based on an estimated start register read.

If the concern is the use of estimated consumption, which is not necessarily related to smart meter issues, then further discussion on this issue is required. In this case, it would be preferable to remove the estimated billing rule since there are already reasonable standards in place through the reports provided by the MDM/R, as well as, the billing accuracy measurement, which are not specific to an individual customer.

Thank you in advance for consideration of the EDA's comments.

Sincerely,



Teresa Sarkesian
Vice President, Policy & Government Affairs
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