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BY COURIER

February 19, 2015

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
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Dear Ms. Walli:

EB-2014-0198 – Policy Review of Electricity and Natural Gas Distributors’ Residential Customer Billing Practices and Performance – Hydro One Networks Inc. Comments

Hydro One Networks Inc. (“Hydro One”) offers the following comments regarding the Notice of Proposed Amendments to the Distribution System Code issued February 5, 2015 (Board File EB-2014-0198).

These comments are informed by Hydro One’s recent experience, in 2014, in dealing with customer billing issues and addressing those issues together with our customers. Also, Hydro One has filed, previous to the issuance of these proposed amendments, an *Application for Extension to Mandated Time-of-Use Pricing Date for Certain Regulated Price Plan Customers* (EB-2014-0360), and our comments are intended to ensure that the proposed amendments properly consider and address the circumstances that led to that exemption request.

Poorly Communicating Meters

In September 2010 (EB-2010-0282) and on further occasions, since then (EB-2012-0384 & EB-2014-0360), the Board has heard evidence from Hydro One that there is a population of smart meters that does not reliably communicate data for billing purposes and therefore does not meet the Distribution System Code’s definition of a “smart meter” from a functional specification perspective, and for which no economic solution exists to the communication issues. To date, Hydro One has used Two-Tier Pricing and provided such customers with monthly bills, using actual reads every quarter and estimated bills otherwise. In the exemption application currently before the Board (EB-2014-0360), Hydro One assessed the affected population of poorly communicating smart meters at ~170,000 (or 13.4%) of our customers.

The Notice of Proposed Amendments states that it is the Board's expectation "that all customers receive bills based on actual consumption data, with limited exceptions". Hydro One respectfully submits that the evidence it has put forward, detailing the challenges facing Hydro One's current metering and communications infrastructure, does not support the Board's contention that distributors will be able to bill on actual data, except for rare occasions or with limited exceptions. Rather, there are technological and economic reasons why significant numbers of customers cannot be billed based on actual data, and where the use of estimated bills is a more economic option for our ratepayers.

To achieve compliance with the proposed section on Estimated Billing (s 2.10) and Billing Accuracy (s 7.11), Hydro One would be required to invest excessive additional capital and ongoing maintenance costs (e.g., uneconomic network tuning, monthly manual reads, etc.) - and in many cases even those measures would still render compliance unachievable.

As such, Hydro One asks that the Board take into account that current application (EB-2014-0360) when these proposed amendments come into force, and that it provide the necessary amendments to Hydro One's licence when bringing these proposed amendments into force. Specifically, it would be appropriate for the Code and/or the Distribution Licence to state that any non-communicating meters that are covered by a Board-approved exemption from Time of Use (TOU) billing, are also exempt from the proposed amendments outlined in this Notice EB-2014-0198.

Notwithstanding Hydro One's own circumstances, more generally Hydro One recommends that the Board apply these proposed amendments only to customers where regular and reliable metering communication has been established (i.e. where the installation is operating in accordance with the definition of a smart meter as outlined in the functional specification (O. Reg 425/06) and where the customer is being billed on TOU rates. Hydro one submits that providing this additional clarity will also benefit customers by letting them know what they can expect and by making it easier for distributors and the Board to communicate on this matter with customers.

Estimated Billing

Hydro One submits that it would be unreasonable to require that all customers' bills be based on actual meter reads, because the conditions necessary to permit 100% accurate meter reads are beyond the reasonable control of the distributor. Hydro One further submits that the proposed amendments do not allow for the flexibility that is required regarding billing based on estimated reads. There are numerous conditions where a customer's bill cannot be based on actual meter reads, including

- mechanical meter failure;
- communication failure where there is no end read to account for the missing Validation, Estimation, and Ending;
- inability to access smart meter or network communication equipment to undertake timely repair (e.g. meters/equipment that is water access only; equipment that is not accessible due to winter conditions, etc.);
- meter Tampering that causes the meter to fail; and
- customer refusal or delays in allowing the distributor access to read a failed meter or install a replacement meter.

The Board has identified in the proposed amendments that it expects customers to be billed based on estimated data no more than once in a twelve month period. Hydro One submits, however, that there are various circumstances where it may be necessary to bill a Residential or General Service < 50 kW customer using estimated data, more than once in a twelve month period, through no fault of the distributor.

As part of Hydro One's initiatives to deal with billing issues in 2014, we have also taken measures to address customer concerns related to persistent estimated bills. Specifically, Hydro One's approach has been to limit estimated bills to no more than 3 consecutive bills and to apply additional manual treatment for any true-up bills where the amount falls outside 'normal' thresholds for the consumer. This approach, when coupled with clear communication to customers, has worked very well and is has led to a reduction in the number of escalated complaints about estimated bills to our Customer Relations Centre.

Also, as cited in numerous submissions during this consultation, equipment and other failures do occur and will result in more than a one estimated bill being issued to certain customers in a twelve-month period. For example, a normal period between identifying the failure and completing the repair could span multiple monthly billing cycles. Hydro One believes that it would be appropriate for the Board to set a compliance threshold similar to that in section 6.2.7A of the Distribution System Code for the number of customers receiving no more than one estimate in a twelve-month period, or to alter this requirement to limit the use of estimated bills to no more than 3 consecutive months. Hydro One is further suggesting the Board initially set the compliance threshold at 90% and that the Board can adjust the percentage over time based on the actual performance of distributors.

As such, Hydro One proposes two alternatives for section 2.10.2:

Alternative 1:

*2.10.2 Despite 2.10.1, ~~to account for exceptional circumstances~~, a distributor may issue a bill to a residential or general service < 50kW customer with a smart meter or interval meter based on estimated consumption ~~once every 12 months~~ **for no more than 3 consecutive months.***

Alternative 2:

*2.10.2 Despite 2.10.1, ~~to account for exceptional circumstances~~, a distributor may issue a bill to a residential or general service < 50kW customer with a smart meter or interval meter based on estimated consumption once every 12 months. **This requirement is to be met 90 percent annually.***

Non-parity with Gas Distributor Requirements

The Board has set forth its proposals to ensure, “that consumers have timely and accurate billing to assist them in better understanding their energy use and controlling their costs.” However, the Board has clearly provided for a lower standard for gas distributors utilizing an equal billing plan.

Section 4.3.1 of the Draft Report of the Board dated September 18, 2014 (page 9) states:

“While the survey results for natural gas distributors indicate that one distributor issues 50% of its bills based on estimated data, With almost half of Enbridge’s customers on an equal billing plan, any impact between estimated and actual bills is mitigated by the annual true-up mechanism. The Board believes that no further policies for natural gas distributors are required at this time.”

Hydro One submits that if, as outlined by the Board, the impacts of an estimated bill are mitigated by the annual true-up for customers on equal billing plans, then all electricity distributors’ equal monthly billing plan (or equal monthly payment plan) customers ought to be explicitly exempted from the Board’s proposed amendments related to estimated billing.

Further Amendments Required

The Distribution System Code and other Board-issued Codes contain sections that would require amendments to be consistent with the proposed changes that the Board has proposed in this Notice. Hydro One recommends to the Board that these other amendments be made now, but with the same future enforcement date, so that all changes related to monthly billing are captured within this proceeding. Examples of such sections include, but are not limited to:

- 2.4.16 of the Distribution System Code
- 2.6.2 of the Standard Supply Service Code
- 7.1.1. of the Retail Settlement Code

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

Attach.