



October 5, 2018

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

Dear Ms. Walli:

**RE: Review of Customer Service Rules for Utilities
Board File Number EB-2017-0183**

On September 6, 2018 the Ontario Energy Board (the “Board” or “OEB”) issued its *“Review of Customer Service Rules for Utilities Phase 1”* (the “Report”). The Report invited written comments from interested stakeholders, and encouraged utilities to identify any technical limitations that might affect a utility’s ability to implement the proposals set out in the Report. The OEB also sought input on the time required to address those limitations.

This is the submission of the Coalition of Large Distributors (“CLD”)¹ in response to the Report. This submission has been filed via the Board’s web portal and three (3) requisite paper copies have been couriered to the Board.

GENERAL COMMENTS

The CLD appreciates the opportunity to provide comments on the Report and the Board’s efforts in considering best practices of energy utilities and other service sectors in jurisdictions across Canada and the United States. It is also admirable that the OEB engaged customers across the province on this matter. The CLD offers the following comments and suggestions in order to help achieve the intended objective of the review.

The Report states that the objective of the Customer Service Rules review “is to determine whether the Rules continue to serve the needs of customers, while maintaining an appropriate balance between consumer protection and the ongoing operational needs of utilities.” While the Report includes evidence of customers’ preferences, the proposals do not adequately consider the costs that these proposals would place upon customers generally or the operational risks imposed on utilities that serve them. Specifically, it is not clear to what extent customers are willing to pay for these preferences, the extent to which there will be additional costs, or have an understanding of how electricity rates are constructed and the implicit broader socialization of costs related to many of the proposed amendments.

¹ The CLD is comprised of the following electricity Local Distribution Companies: Alectra Utilities, Hydro Ottawa Limited, Toronto Hydro-Electric System Limited, and Veridian Connections Inc.



Of the related industry information that has been collected and submitted to the Board since 2010 (e.g., Reporting and Record Keeping Requirements, “RRRs”), the Report does not identify to what extent the data has informed these recommendations. In fact, distributors’ financial information (e.g., in terms of cash flow impacts, bad debt and ongoing operating costs) does not appear to be a focus of this review or related customer engagement activities (e.g., the online survey).

For the comparative regulatory regimes analyzed, it is not clear if material differences were weighed. For example, the telecommunications companies that were studied may bill for their services in advance of providing service. Meanwhile, licensed Ontario electricity distributors bill after their services have been provided. Further, cost structures and pricing flexibility are inherently and materially different between these industries. The timeframe in which bills are rendered and due can have a material impact on an electricity distributor’s cash flow (e.g., payment of the IESO power bill) and bad debt risk. The Report also implies that the most frequently adopted practices are unanimously the best practices, which is not necessarily true. Material differences exist between jurisdictions, energy types, service sectors, utility scale and customers that may necessitate different policies and practices.

The CLD is concerned that many of the proposals will shift a cost burden driven by a small subset of customers to all ratepayers at large. Recognizing that certain customers may face hardships, this nonetheless conflicts with generally accepted regulatory principles related to rate making and cost causality principles. The CLD urges the OEB to consider these tradeoffs when making a final determination with regard to these amendments.

Conditional Request for Deferral Account

Many of the proposed amendments ignore the basis on which distributors’ rates have been set and are at odds with sound regulatory principles. Utility rates are constructed on the basis of a revenue requirement, inclusive of offsets to account for revenues related to these Specific Service Charges (“SSC”). Costs to provide these services will not cease, and without a balancing provision to account for this reduction to rates, utilities will be undercompensated for their reasonable costs. Further, to enact such proposed amendments midterm of a utility’s multi-year incentive framework is punitive and not consistent with regulatory principles allowing utilities a reasonable opportunity to recover their costs. The CLD generally does not support the proposals relating to the removal of specific service charges. At a minimum, the OEB should make provision for distributors to either record the forgone revenues in a Deferral/Variance Account or to charge a Rate Rider that recovers an amount of revenue equivalent to that which will not be charged by the removal of the SSCs. Upon rebasing their costs, distributors can appropriately seek to recover their reasonable costs by building these costs directly into their respective revenue requirements. Rate changes should be coordinated with both the coming into force date(s) and with other anticipated rate changes so that the number of rate changes experienced by the customer can be minimized.

In the alternative, the OEB may determine to implement such a rate change upon a distributor’s next rebasing, in order that rates may be set appropriately.

Table 1 depicts how four such proposals could affect the net revenue of each distributor within the CLD:

Table 1 – Estimated Impact on Other Revenue

| Impact on Other Revenue (\$) | |
|---|-------------------------|
| Extending Minimum Payment Period & Removal of Late Payment Charges in Arrears Payment Agreement | \$300,000 - \$2,500,000 |
| Removal of Collection of Account Charges | \$150,000 - \$2,900,000 |
| Waiving Reconnect Charge for Low-Income Customers | \$10,000 - \$175,000 |

The CLD strongly recommends the Board undertake more comprehensive analysis and insightful consultation before considering further changes to the Customer Service Rules. More insightful stakeholding is key to effective and informed decision making and for customers to understand the potential impacts of preferences identified in both the short and longer term. If the Board does, however, decide to proceed with any of these proposals the CLD expects that, at a minimum, the Board will allow utilities to account for, track and annually dispose of the lost revenues related to the proposed changes through a variance account until the distributor’s next rebasing, at which time they can be appropriately captured in the distributor’s revenue requirement.

Implementation Cost and Timeline

The CLD observes that the Report of the Board marks the completion of Phase I of the Customer Service Rules changes; Phase II will follow, either later in 2018 or in 2019. Given the imminent and additional potential changes, the CLD recommends that the OEB coordinate the implementation of the changes such that distributors can avoid programming changes in their CIS more than once, since these changes tend to be costly and disruptive.

Some of the changes proposed by the Board will require significant coding changes for most distributors’ Customer Information Systems (“CIS”). The cost of these changes is not insignificant and was not contemplated at the time when rates were rebased. The CLD submits that it would be appropriate and, in fact, necessary to track these costs through a variance account for future recovery upon disposition. The costs related to implementing these changes will be material for some distributors; some CLD members have expressed that implementation costs may reach up to \$1 million.

For instance, in the case of Alectra Utilities, it has been integrating four Customer Information Systems (“CIS”) and four Enterprise Resource Planning (“ERP”) systems as a result of its consolidation. Those projects will be fully complete by the end of Q2 2019. Only then would Alectra Utilities will be in a position to begin to implement the proposed changes.



Once full consideration has been given to all of the issues, including whether or not some of the proposals should be amended, adopted, or removed, the CLD proposes a minimum of a nine month implementation period from the date the Board issues the amendments. However, a reasonable extension should be granted to those distributors who are unable based on the complexity of changes required relative to existing system and resource capabilities.

CLD RESPONSE TO SPECIFIC PROPOSALS

Unit Sub-meter Providers

All proposals made in this Report apply to USMPs except for those relating to the following:

- Equal billing/equal payment plans;
- Emergency credit card payments (to avoid disconnections);
- Discontinuing the application of late payment charges on the amount that is covered by the OEB's prescribed Arrears Payment Agreement for residential customers;
- Winter Disconnection & Reconnection;
- Non-Payment of Account Charges.

The CLD supports the OEB's policy to introduce matching rules for utilities and USMPs, and urges the OEB to continue this approach, to the extent possible, with these amendments.

Security Deposit

- Security deposit requirements should be waived for new residential customers enrolling in the utility's equal billing and/or pre-authorized payment plan as determined by the utility;
- Security deposits for small business customers should be returned after three years of good payment history.

The CLD respectfully disagrees with the Board and submits that security deposits should not be waived for new residential customers that have enrolled in the utility's equal billing and/or pre-authorized payment plan. Waiving security deposits fundamentally alters the risk profile of the utility, and accepting an equal billing and/or pre-authorized payments from the customer does not balance out the non-payment risk associated with not having to provide a deposit. While this practice has been adopted by some distributors, the CLD submits that such a decision would be best left to each distributor to determine the impact such a policy change would have on its risk profile. Alternatively, if the Board would rather not leave this to individual distributors to decide for themselves, then the CLD respectfully submits that this policy should remain unchanged. In any event, the Board should also consider whether such a change might impact a distributor's credit rating and cost of borrowing, which may be an issue especially for smaller utilities.

The CLD understands the OEB's intention to decrease the length of time that security deposits are held for small business customer from five years to three years. While small business customers typically represent a higher risk profile due to higher variability in consumption relative to residential customers, and understanding that this change will likely put upward pressure on utility bad debt, the proposal for three years of payment history should provide reasonable evidence of a customer's ability and willingness to pay.

Minimum Payment Period

The minimum payment period before late payment charges can be applied by a utility should be at least 20 calendar days from the date the bill was issued to the customer.

The CLD continues to believe that an extension to 20 calendar days, in combination with mailing time and payment receipt computation rules (three days each), and other changes to the collections timeframe (addressed below) results in an excessive collections calendar, which ultimately affects cash flow and accounts receivables and may have negative credit quality implications. The impact on working capital of each additional day is also substantial, and will ultimately be borne as a cost by ratepayers at large.

In the table below, the CLD has estimated the revenue requirement impact that each additional day will have to five different sized distributors. Calculations provided use the OEB generic calculation with adjustment to the collection lag days to reflect one to four additional collection days. Revenue requirement impacts utilize 2018 filers cost of capital factors.

Table 2 – Estimated Impact to Revenue Requirement

| | | | | | |
|---|--|---------|-----------|------------|------------|
| Working Capital Base (\$) | 22,000K | 92,400K | 550,000K | 1,100,000K | 2,750,000K |
| Working Capital Allowance at 7.5% (\$) | 1,654K | 6,948K | 41,359K | 82,718K | 206,796K |
| Revenue Requirement at 7.5%(\$) | 99,613 | 418,374 | 2,490,318 | 4,980,637 | 12,451,592 |
| Days Change | Revenue Requirement Impact (\$) | | | | |
| 1 | 3,627 | 15,232 | 90,668 | 181,337 | 453,342 |
| 2 | 7,253 | 30,465 | 181,337 | 362,673 | 906,683 |
| 3 | 10,880 | 45,697 | 272,005 | 544,010 | 1,360,025 |
| 4 | 14,507 | 60,929 | 362,673 | 725,346 | 1,813,366 |

Additionally, most utilities provide for the mailing time and payment receipt time computation rules prescribed by the OEB regardless of the form of bill or payment method (i.e. all customers already have at least one day for printing +3 +16 +3 =23

days before late payment charges actually start to apply on day 24 or later). While extending the payment period by an additional four days may not seem excessive, it does contribute significantly to the myriad of changes to the collections calendar, which includes up to 15-20 days in sum total, as illustrated in Table 3 – Billing and Collection Timelines below.

It is also important to remember that the extension of the payment period also affects the timing of any subsequent collection activities. As noted further below, combined with the formalization of a reminder notice period and an extension of the disconnection notice period, this payment period extension will have a substantial impact on the potential timing between electricity use, non-payment, and potential disconnection.

The CLD urges the OEB to reconsider extending the length of the current payment period. As an alternative, the CLD recommends either formally incorporating the time computation days into the payment period such that it applies to all customers across all utilities, or at the very least limiting the extension of the minimum payment period from 20 days to 18 days.

Equal Billing

- Distributors should offer non-seasonal residential customers (except customers enrolled with retailers) an equal billing plan;
- Electricity distributors should offer equal billing customers the option of making preauthorized automatic monthly payments, but automatic payments should not be a precondition for enrollment;
- Equal billing customers choosing the pre-authorized automatic monthly payment option should be provided with a choice of at least two dates within a month for automatic payments to be withdrawn;
- Distributors may adjust the methodology for calculating the customer's average monthly bill to account for known changes and/or to accommodate a customer request;
- Distributors may adjust the equal monthly billing amount at any time to accommodate a customer request or if the difference between the equal monthly billing amount and the actual amount is extraordinary;
- Distributors may cancel the customer's equal billing plan after two missed payments under the plan within an equal billing year;
- Distributors should offer the equal billing plan to small business customers subject to the following exceptions:
 - Customers enrolled with energy retailers;
 - Customers with less than 12 months' billing history;
 - Customers in arrears or whose participation in the plan in the past 12 months was cancelled due to non-payment;
 - Customers whose consumption pattern is not sufficiently predictable to be estimated on an annual basis with any reasonable degree of accuracy;
- Distributors should communicate the equal billing plan to eligible customers, at least twice a year, through the customer's preferred method of communication, if known, or otherwise through one or more means that are most effective in making customers aware of the

plan.

The CLD notes that there is some customer and industry confusion as to the differences between the Equal Billing Plan (EBP) and Equal Payment Plan (EPP). For clarity, the CLD understands the following:

- *Equal Billing Plan (“EBP”) – a plan whereby a customer’s consumption and billing are estimated for an annual period, and then split for the customer’s convenience into 12 equal payments. A true up is required at the end of the period (i.e. in month 12) to ensure that the estimated billing reflects actual billing over the full 12-month period. There is no requirement for pre-authorized payment under this plan.*
- *Equal Payment Plan (“EPP”) – a plan whereby the billing is estimated and smoothed as above in the Equal Billing Plan and the customer also consents to have the amounts automatically withdrawn from their financial institution. As above, the annual true up takes place in the last month of the plan and is also withdrawn automatically.*

The CLD has two notable concerns with respect to offering an EPP (and/or EBP) to small commercial customers.

First, The CLD is of the opinion that, due to the high variability of consumption within the small business rate class, offering an equal billing plan to these customers may not actually be to their benefit. Customers in this rate class may experience a large variability in monthly usage, and as such, are likely to also experience large true-ups which may lead to greater payment challenges for these customers. It is the CLD’s recommendation that offering an EPP (and/or EBP) to small businesses not be mandated, but rather be left to the distributor’s discretion to determine its own circumstances and appropriateness of offering an alternative payment plan. Should the Board choose to proceed with this proposal, the CLD submits that distributors be given the discretion to establish plan review and adjustment parameters due to the potential volatility in consumption and billing amounts for this particular rate class.

Second, the CLD further suspects that there will be a variety of states of technical readiness among the utility industry, with some utilities ready and able to offer EBPs within a short period of time, and others taking longer due to technical and resource issues. Additionally, the CLD finds that there are considerable technical challenges associated with some of these changes (e.g. offering an equal billing plan without pre-authorized payments). These technical issues can be overcome if sufficient implementation time is provided; the CLD submits at least 9 months from the date the final regulations are posted. The CLD would also like the Board’s clarification with respect to the requirement to offer customers a choice of at least two dates. It is the CLD’s view that the choice should be offered by the utility for the customer to choose from, rather than the customer offering two dates for the utility to choose from. The latter will introduce administrative and technical complexities without any appreciable benefit.

Finally, the CLD notes that the Distribution System Code already contains many mandatory customer communications with regard to customer services rules. If additional communication requirements are to be introduced, such as with regard

to the EBP/EPP, the CLD requests that maximum flexibility be afforded to distributors in the manner and timing of providing this communication to customers.

Allocation of Payment

- Utilities should allocate payments between energy and non-energy charges as per the current electricity Rules unless the customer specifically requests otherwise;
- A utility should explain to a customer requesting a customized allocation method the potential impact on the customer's electricity service before processing the request.

The CLD submits that providing customers a custom allocation method will provide little benefit to customers, and agrees with the Board that changing the Rules to require distributors to allocate payments based on customer requests will be administratively costly and burdensome.

In the event the option to allocate on a per request basis is pursued, the CLD would support strictly limiting this to an allocation between electricity and non-electricity charges and not between specific types of non-electricity charges.

This proposal should also be amended to include appropriate terms, conditions, or limitations such that the administrative impact can be kept in check. For example, it would be prudent to limit the frequency of such requests to no more than annually. Similarly, the CLD proposes that customers with active arrears payment arrangements or those participating in an equalized payment plan not qualify.

For those distributors that offer third-party billing, distributors may not be fully aware of the customer impact of a partial payment, further complicating the implementation of the proposed option.

While related customer requests are expected to be relatively small, implementation and ongoing administrative costs, resulting from this provision (largely manually) will be incurred. There is also potential for negative customer outcomes. Further, the intended benefit relative to administrative implications is questionable, when customers have other options to manage their cash flow issues, such as APAs. This is particularly true for customers that are only billed for electricity charges.

The CLD recommends that the OEB reconsider the value of this proposed provision and that it be analyzed further before rendering a final decision.

Arrears Payment Agreement (“APA”)

- Distributors should not charge residential customers additional late payment charges on the amount that is covered by the OEB-prescribed APA;
- Utilities should offer reasonable payment arrangements to small business customers unable to pay their bill. In the event a small business customer fails to perform its obligations under a previous payment plan and the utility terminates the plan, the utility

may require that the customer wait 12 months after termination before entering into another payment plan.

The CLD does not support this proposal. Disallowing distributors from charging residential customers late payment charges on amounts covered by the OEB-prescribed APA will have financial implications for those distributors that currently apply the charge and have included its impact in their rates as a revenue offset, and furthermore will remove an incentive for customers to enter into an APA for a shorter duration.

If the Board decides to move forward with this proposal, then at a minimum the CLD requests that the Board establish a variance account to track these costs and allow distributors to dispose of these amounts to all ratepayers on an annual basis until their next rebasing, at which time these costs can be appropriately included in the revenue requirement.

The CLD notes that most, if not all utilities already make reasonable payment arrangements with all classes of customers, including business customers, when it makes sense to do so, and typically work with customers to enable a business to operate while balancing this against bad debt risk.

The CLD is receptive of the proposal to formally extend payment arrangement to small business customers, but cautions that doing so will increase the distributors risk exposure and increase bad debts. Unlike residential customers, commercial customers who are unable to pay their electricity bill may be close to bankruptcy and as such, entering into a payment arrangement that further extends their payment window, increases both the amount of the arrears and the likelihood of the distributor being unable to collect these amounts. This may have implications for credit ratings and therefore the cost of debt.

The CLD further notes that these changes may result in significant technical implications for the tracking and reporting of APA data under RRR 2.1.8, if these APAs are to be tracked separately from residential APAs.

Notice of Disconnection Content

- The Rules should expressly state that a disconnection notice issued to a residential customer should include the information prescribed by the Rules, otherwise it is invalid, and any disconnection following such an invalid notice would be unlawful;
- Implement housekeeping amendments to the Rules to separate the requirements that apply to all utilities from those that may not apply to all utilities.

The CLD objects to the codification of the term 'unlawful' in the proposal. Respectfully, in the CLD's past experience the question of compliance over time can often be an exercise in interpretation and changing perspectives or personnel. To suggest that any unlawful activity has taken place is clearly not appropriate. The distributors are open to making changes to disconnection notices following the Board's guidance or on their own in an effort to improve customer communications. However, distributors should not be held in contempt for the good faith

interpretation of the existing requirements. Less rigid language than “unlawful” would be more proportionate, such as “non-compliant.”

In the event the OEB determines that changes to disconnection notices are required, the CLD requests that the Board provide distributors with a grace period to account for currently printed stock of disconnection notices, provided they are compliant with the current existing regulations.

Disconnection Notice Period, Disconnection Window and Timing

- Utilities should provide customers with an “account overdue notice” at least 14 calendar days before the notice of disconnection is issued;
- Before disconnecting a customer’s service for reasons of non-payment, a utility should provide the customer with 14 calendar days’ notice;
- Where a disconnection notice is sent by mail, the disconnection notice should be deemed to have been received by the customer on the fifth calendar day after the date on which the notice was printed by the utility;
- Utilities should disconnect services within 14 calendar days after the applicable minimum notice period;
- Utilities should not disconnect a customer on a day when the utility is closed to the public to make payment and/or reconnection arrangements or on the day preceding that day.

As a matter of current practice, most CLD members already provide a reminder notice at least 14 days following the due date. However, as noted earlier, the CLD has concerns with the cumulative effect of extending the timing between the billing date and the potential disconnection date in the event payment is not received. The CLD has prepared Table 3 below to illustrate how one CLD member’s collection timeline (from the end of electricity use to disconnection) will be affected by all of the proposals in the Report. In addition, another CLD member has provided a calendar comparing the current and proposed billing-to-disconnection timelines (Attachment 1) as prescribed in the DSC.

Table 3: Billing and Collection Timelines

| Activity | Current Timeline (Days) | Proposed Timeline (Days) | Difference (Days) |
|---|-------------------------|--------------------------|-------------------|
| Bill Generated | 3 | 3 | |
| Bill Printed | 4 | 4 | |
| Mailing | 7 | 7 | |
| Minimum Payment Period | 23 | 27 | +4 |
| Late Payment Interest Charges Begin | 29 | 33 | |
| Account Overdue Notice Sent* | 39 | 43 | |
| Disconnection Notice Generated/ Sent | 49 | 57 | +4 |
| Allowance for mailing / receipt | 53 | 63 | +2 |
| 72-Hour Reminder Call | 60 | 74 | +4 |
| Disconnection Window opens | 63 | 77 | |
| Disconnection Window closes | 74 | 91 | +3 |
| Allowance for weekends, scheduling, etc. | 6 | 6 | |
| Total days from consumption to disconnection | 80 | 97 | +17 |

**The Account Overdue Notice is currently not an OEB prescribed timeline, but with the understanding that most utilities already perform this step on a voluntary basis, the CLD has included it as part of the current standard practice.*

Under the proposed rules, a customer may not be disconnected for non-payment for nearly three months after the affected consumption period (and provided the sequence does not fall within the Disconnection Moratorium period, or involve a minimum 21 day hold on account of outreach for potential low-income qualification, or the customer entering into a potential APA, which could all further extend the timelines).

The CLD submits that given the existing timelines, adding an additional 17+ days to a distributor’s collection timeline is unnecessary and suggests that the time afforded to the minimum payment period be reconsidered or reduced as noted earlier. Moreover, given that the majority of these steps cannot be initiated until the winter moratorium ends each year, the Winter Moratorium is, practically speaking, effectively eight months in duration, not six, and any lengthening of those steps extends the effective duration even further.

Winter Disconnection Policy

- Current electricity distribution licence conditions relating to winter disconnection ban to remain in effect subject to changing the required reconnection date from November 15th to December 1st;
- Develop winter disconnection and reconnection rules for the gas distributors based on the current licence conditions in effect for electricity distributors as proposed to be amended.

The CLD recommends that the Board consider:

1. *Waiving the requirement to connect residential customers that have been disconnected for more than six consecutive months, unless requested by the customer;*
2. *Allow distributors to issue the 14-day Disconnection Notice effective April 15th.*

Collection of Account Charge

- Remove the Collection of Account charge from electricity distributors' approved Tariff of Rates and Charges.

The CLD strongly disagrees with the Board's reasons for removing the Collection of Account charge from the electricity distributor's approved Tariff of Rates and Charges. This charge helps ensure that material costs which are incurred due to a small subset of customers are not subsidized by the rest of the customer base. Such a charge also has the ability to motivate some customers to reach out to the distributor and to discuss viable payment options prior to disconnection.

Removing the Collection of Account charge from electricity distributor's approved Tariff of Rates and Charges will have material financial implications for distributors that currently apply the charge and have included its impact in their rates as a revenue offset. The CLD does not support this proposal. If the Board does in fact move forward with this proposal, then at a minimum the CLD requests that the Board establish a variance account to track these costs and allow distributors to dispose of those amounts to all ratepayers on an annual basis until their next rebasing, at which time these costs can be included in the revenue requirement.

Install/Remove Load Control Device Charge

Remove Install/Remove Load Control Device charge from electricity distributors' approved Tariff of Rates and Charges

While the revenue impact of removing this charge is minor, the CLD believes it would be inequitable for customers to pay a Disconnect/Reconnect fee, but not be obligated to pay a reciprocal fee to install/remove a load control device. Given that the load control devices are offered as an alternative to full disconnection, the CLD believes it is worthwhile to retain the charge as removing it would discourage the availability and use of these devices by distributors.

Disconnect/Reconnect Charge

- Change the name of the charge from “Disconnect/Reconnect” to “Reconnection”;
- Distributors should apply the charge to the bill following the reconnection and allow residential customers to pay it in equal installments over a period of three months following the reconnection;
- Distributors should waive the charge for eligible low-income customers.

The CLD supports renaming this charge to “Reconnection”, as a means to eliminate the misperception that distributors charge customers to disconnect their power for non-payment.

As currently proposed, having distributors apply the reconnection charge spread out over three bills presents a significant technical limitation that would require considerable changes to some distributors’ billing systems to properly implement. The CLD questions whether the OEB’s standard \$65 charge is material enough to justify spreading out over three months given the considerable effort and costs involved in doing so. As an alternative, the CLD would prefer that customers be provided the ability to include the reconnection charge in their Arrears Payment Agreement which gives them the ability to spread their payments out over a longer term than three months. The CLD views this as a better solution for both the customer and the distributor.

Mandating that distributors waive the reconnection charge for eligible low-income customers will have financial implications for distributors that currently apply the charge and have it built into their rates as a revenue offset.

If the Board moves forward with this proposal, the CLD submits that the Board should establish a variance account to track the related incremental net costs and allow distributors to dispose those amounts to all ratepayers on an annual basis until their next rebasing, at which time these costs can be appropriately included in their revenue requirement.



CONCLUSION

The CLD appreciates the opportunity to provide comments on the Report, and respectfully requests that any subsequent action taken by the OEB be consistent with the comments set forth herein.

If you have any questions with respect to any of the above, please contact the undersigned.

Yours truly,

[Original signed on behalf of the CLD by]

George Armstrong
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Attachment 1 – Comparison of Current and Proposed Billing to Disconnection Timeline

The following calendars illustrate that the proposed billing to disconnection timeline would extend from approximately 5-6 weeks from the bill print date to 8-9.5 weeks under the proposed rules, during the 6.5 months disconnection activity is permitted for residential consumers.

Sept. 2018 Current Bill, LPC and Disconnection Timeline

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|----------------------------|--|-----|-----|---|---|---------------------|
| 2 | 3 Bill printed and mailed | 4 | 5 | 6 Deemed Rec'd by customer (3rd bus. day) | 7 Minimum payment period begins (16 calendar days) | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 Bill Due Date |
| 23 LPC Charges Commence | 24 Disc Notice printed and mailed | 25 | 26 | 27 Deemed Rec'd by customer (3rd bus. day) | 28 minimum notice period (10 calendar days) | 29 |
| 30 | OCTOBER 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 1st possible day for disconnection (11 calendar days) | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 Last day for disconnection (notice expires) | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

Sept. 2018 Proposed Bill, LPC and Disconnection Timeline

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|-----|---|---|---------------------------------------|--|---|-----|
| 2 | 3 Bill printed and mailed | 4 | 5 | 6 Deemed Rec'd by customer (3rd bus. day) | 7 Minimum payment period begins (20 calendar days) | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 Bill Due Date | 27 LPC Charges Commence | 28 Friendly Reminder printed and mailed | 29 |
| 30 | OCTOBER 1 Deemed Rec'd by customer (3rd cal. day) | 2 Proposed Friendly Reminder period (14 cal. days) | 3 | 4 | 5 | 6 |
| 7 | | 9 | 10 Disc. Notice printed and mailed | 11 | 12 | 13 |
| 14 | 15 Disc. Notice deemed Rec'd by customer (5th cal. day) | 16 minimum notice period (14 calendar days) | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 1st possible day for disconnection (14 calendar days) | 31 | NOVEMBER 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 Last day for disconnection (notice expires) | 13 | 14 | 15 | 16 | 17 |