



October 5, 2018

BY RESS

Ms. Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: Board File No. EB-2017-0183
Comments on Customer Service Rules for Utilities Phase One**

Dear Ms. Walli:

On September 6, 2018, the Ontario Energy Board (“OEB” or the “Board”) issued its *Review of Customer Service Rules for Utilities Phase One*. In the cover letter, the OEB invited comment, including the identification of any technical limitations. Accordingly, Kitchener-Wilmot Hydro Inc. (“KWHI”) submits its comments.

KWHI’s submission has been electronically filed through the Board’s web portal.

Comments

Security Deposits

KWHI agrees with the OEB’s view that a security deposit can be waived for a residential customer enrolling in a pre-authorized payment plan but fails to see how enrollment in an equal billing plan mitigates any non-payment risk. It can, in fact, increase the risk by allowing a consumer to build a deficit standing inside the equal billing balance which they may have difficulty paying upon reconciliation and carry-forward.

KWHI would suggest that this proposal be limited to customers enrolled in a pre-authorized payment plan for a minimum of one year, as this approach mitigates the non-payment risk. If the customer is removed from the plan during the first year, a security deposit should be applicable.



Minimum Payment Period

KWHI believes that the longer a consumer has to pay an invoice for consumption, the bigger the disconnect between their payment and consumption. The customer will no longer be receiving timely pricing signals. With continuing efforts to encourage wise use of electricity, it is counterintuitive to KWHI to further extend the delay between consumption and the due date of the invoice for that consumption.

The allowance for working capital was recently reduced due in part to all distributors adopting monthly billing. In the general model for working capital allowance recognition of the customer paying in 16 days was made. The allowance for working capital should be re-examined in light of the changes that are proposed. For example, the customer will have an additional four days to pay. This will have an effect on working capital. By working through Appendix A in the June 3, 2015 OEB letter for working capital, it appears as though working capital allowance should increase to 8.1% by increasing collection days by four (from 22 to 26).

KWHI estimates the cost for each extra day allowed for collection of the account is \$180,000. An extra four days is \$720,000. In the proposed customer service rules, the OEB states “... *any increases to the cost of working capital will be outweighed by the benefit of allowing customers a reasonable time to arrange for bill payment and avoid any potential late payment charges.*” KWHI does not believe the benefit of allowing a small subset of customers the extra time to pay is worth \$720,000 and only increases the costs to all customers.

Equal Billing

KWHI currently offers an Equal Billing Plan with a choice of three dates to pay. KWHI is seeking clarity on this proposed change. Is the proposal recommending that the LDC gives the customer the choice of withdrawal date rather than the other way around? KWHI would be unable to accommodate a date that the customer chooses in the short term due to CIS limitations.

Arrears Payment Agreements

KWHI has a high failure rate with OEB prescribed APAs and currently offers both OEB prescribed payment plans and non-OEB prescribed payment plans. KWHI seeks clarification on the statement that distributors should not charge late payment fees on an amount that is covered by the OEB prescribed APA. Would this requirement be extended to the more successful payment plans offered by KWHI? KWHI would suggest that waiving of late fees on non-OEB payment plans should remain at its own



discretion, as voluntary waiving of these fees can create good will between the LDC and its customers.

Content of Disconnection Notice

KWHI would prefer to see a prescribed form with prescribed language for the disconnection notice. At no time does KWHI wish to be non-compliant, but at the same time does not want its disconnection form questioned for compliance every time a customer lodges a formal complaint. Therefore, it is in everyone's best interest (the OEB, the LDC and the customer) to have prescribed language in the disconnection notice.

In addition, KWHI feels that it is in the customer's best interest to give the customer an exact termination date. The current prescribed OEB disconnection notice states that a customer will be disconnected within a 10-day window. KWHI's practice is to disconnect a consumer on the first day of the current disconnection window. KWHI believes that by stating the exact date of disconnection, the consumer is provided with better information and the utility holds itself to a higher standard.

KWHI notes that a prescribed disconnection form would reduce burden on both LDCs and Board staff in the event of customer complaints regarding the disconnection form. The current process is for Board staff to investigate the form each time a customer complaint is received, resulting in numerous investigations into the same form. A prescriptive form would eliminate this additional effort.

Disconnection Notice Period and Timing

KWHI disagrees with extending the timing of Disconnection Notices. KWHI believes that if a customer is having trouble paying his or her bill, it will not be made any easier by extending the timing, as this will put a customer further behind. Also, customers may be less able to understand arrears, if some amounts are subject to disconnection and some amounts are still current.

As stated in the Minimum Payment period section above, extending the timing also has a working capital impact on the utility.

Collection of Account Charge

KWHI only charges this amount when a collection is made. KWHI disagrees with the removal of this charge for several reasons:

- All customers should not have to pay the cost of collection of these accounts.
- Some customers prefer this method of payment.



- If KWHI cannot charge to collect from a customer, it may be in KWHI's best interest to disconnect the customer.
- The removal of this charge contradicts Section 5.2.3 Payment by Credit card of Customer Service Rules Report that comments on increased utility costs which in turn may result in rate increases for all customers including those who do not use credit cards. In this case, removal of this charge will result in increased costs for customers who pay their bills on a timely basis. Those customers would end up paying the extra costs for customers who do not.

The removal of this charge will result in an increase in rates at the next cost of service due to the discontinuance of the revenue offset. Since the disconnection charge is currently included in KWHI rates, KWHI is seeking clarity as to what will happen in the interim with the non-collection of this charge? Will a variance account be set up to record the amount that is not collected but is included in rates?

Disconnect/Reconnect Charge

Similar to the Collection of Account charge above, rates will be impacted by the loss of revenue offset. Approximately 20% of KWHI's reconnection revenue is received from the low volume consumer. If this charge is removed for the low volume customer, KWHI will re-examine its policy of reconnecting a customer after hours, reducing its level of service to this segment of the population.

General Comment – CIS System

KWHI has a 35-year-old CIS system and is in the process of replacing it. KWHI notes that it may have to file for a leave of non-compliance until its new CIS is in production. Many of these proposed changes are complex and it would be costly and time-consuming to implement in two different CIS systems.

Respectfully submitted,

Original Signed by:

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Vice President Finance & CFO