



Bonnie Jean Adams
Regulatory Coordinator
Regulatory Affairs

tel 416-495-6409
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario M2J 1P8
Canada

VIA RESS, EMAIL and COURIER

January 18, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Review of Customer Service Rules
Ontario Energy Board (the "Board") File No.: EB-2017-0183
Comments of Enbridge Gas Inc. ("Enbridge Gas")**

In accordance with the Board's Notice dated December 18, 2018, enclosed please find comments of Enbridge Gas on the Board's proposed amendments to the Gas Distribution Access Rule.

Please contact the undersigned if you have any questions.

Sincerely,

(Original Signed)

Bonnie Jean Adams
Regulatory Coordinator

Encl:

Comments of Enbridge Gas Inc.

in response to

**Ontario Energy Board Notice of Proposal to Amend
the Gas Distribution Access Rule**

EB-2017-0183

January 18, 2019

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1. Introduction

On September 6, 2018, the Ontario Energy Board (“Board”) issued for comment its Report titled Review of Customer Service Rules for Utilities Phase One (“Board Report”). The Board Report is the outcome from Phase 1 of a Customer Service Rules Review Process initiated by the Board on May 16, 2017. On October 5, 2018 Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”), now amalgamated to form Enbridge Gas Inc. (“Enbridge Gas” or “the Company”), submitted comments in response to the Board Report. Enbridge Gas was supportive of the Board’s efforts to “...maintain the right balance between consumer protection and the operational needs of energy utilities”¹, but a select number of serious concerns were raised by both utilities.

While the Board was responsive to some comments, the Company is concerned that some of the most pressing issues raised in its two October 5, 2018 submissions were not addressed by the Board in its Notice of Proposals to Amend Codes and a Rule (“Notice”) and Proposed Amendments to the Gas Distribution Access Rule (“Proposed GDAR Amendment”) dated December 18, 2018. Among other matters, the Board’s Notice and Proposed GDAR Amendment establish a mandatory winter reconnection policy, prescribe the terms of an equal billing plan (“EBP”), require gas distributors to offer an OEB-prescribed alternative payment arrangement (“APA”), and suggest that recovery of the incremental costs associated with the Proposed GDAR Amendment will not be permitted.

On a broader level, the Company is concerned with an apparent contradiction within what is being requested of gas distributors; with calls for cost savings, efficiency and improved customer service on the one hand, and direction to implement strict, specific and overly complicated rules and requirements on the other. Specifically, on pages 41 to 42 of the Notice, the Board acknowledges that some utilities are likely to incur costs and that the “cost might be material.” Subsequently, however, the Board goes on to state that “some of the incremental costs are likely to be offset by the expected decrease in the costs associated with dealing with customer complaints relating to the customer service issues addressed in this Notice.”² Lastly, the Board expresses that “Utilities are also expected to explore other opportunities for cost savings such as expansion of e-billing, enhanced and timely communication with customers, and improved collection processes.”³

Putting aside the fact that both Union and EGD have gone through multiple iterations of incentive regulation prior to amalgamation and thus have already realized many of the purported efficiencies and related cost reductions, the above noted expectations of the Board are directly contradicted by the number and nature of new rules being assigned to gas distributors. There are numerous examples within the Proposed GDAR Amendment of new and complex requirements which will be extremely difficult to program into a customer service system in order to apply the rules to customer account management, allow for self-services through online portals, and work with integrated voice response technology (“IVR”). By way of example, section 9.2.7 of the Proposed GDAR Amendment states:

¹ Covering Letter to Board Report

² Notice, at page 42.

³ *Ibid.*

For the purposes of section 9.2.3, a consumer is deemed to have a good payment history unless, during the relevant time period set out in section 9.2.3, the consumer has received more than one disconnection notice from the gas distributor, more than one cheque given to the gas distributor has been returned for insufficient funds, more than one pre-authorized payment to the gas distributor has been returned for insufficient funds, a disconnect/collect trip has occurred or the gas distributor had to apply a security deposit in accordance with section 9.2.32 and required the consumer to repay the security deposit in accordance with section 9.2.33. If any of the preceding events occur due to an error by the gas distributor, the consumer's good payment history shall not be affected.

A great deal of time and effort will be required to determine how such a complicated and multi-faceted rule can be logically integrated into Enbridge Gas's two customer information systems ("CIS"s). Once that has been determined, the rule will need to be coded and tested for accuracy. Subsequently, the same logic will need to be developed for the IVR and customer portal online to ensure there is consistency across all channels the customer chooses to use. Lastly, these rules also need to be integrated into existing and new training so that employees can respond to customer questions. None of this provides added simplicity, ease of understanding or efficiency. To the contrary, the Company expects these new requirements to contribute to overall process complexity and inefficiency. Several other proposals, including but not limited to the application of prescribed forms of APAs and the allocation of payments, are even more complex, difficult to automate and in some cases impossible to apply without extensive changes to core functionalities within some of Enbridge Gas's systems, with costly manual intervention serving as the final backstop should automated system changes prove untenable.

The Company is continuously looking for efficiencies in customer care; an effort which in recent years has driven an increased focus on customer self-serve transactions via an online customer portal. Enbridge Gas's customers live in a world that expects Amazon-like simplicity and one-click solutions. The rules outlined in the Proposed GDAR Amendment will eliminate the flexibility the Company currently employs when working with customers; flexibility which is valued by customers as indicated in the Board's own research as described in the Board Report.⁴ Many of these new rules cannot be translated into an online transaction with any efficiency, and will ultimately result in customer confusion, increased call volume, and manual intervention by staff members. These additional calls will result in inefficiencies and increased costs for all ratepayers.

The Company understands that it is the general desire of the Board to align the customer service rules applicable to electricity and gas distributors. In finalizing the amendments to the GDAR which will implement mandatory customer service rules for gas distributors, Enbridge Gas urges the Board to place simplicity, efficiency and effectiveness above any desire for consistency, as these values will ultimately create and maintain the benefits for customers the Board seeks. These principles underpin Enbridge Gas's recommendations within this submission.

The remainder of this submission will first address 5 key areas which the Company believes require consideration: i) mandatory winter reconnection, ii) equal monthly billing plans, iii)

⁴ Board Report, at page 34.

alternative payment arrangements, iv) other practical challenges, and v) cost recovery and timing. Each key area includes commentary from Enbridge Gas structured to support the succinct recommendations which conclude each section. Lastly, the Company has included as Attachment 1 several recommended line by line revisions to the Proposed GDAR Amendment, along with an explanation for why each proposed change is appropriate.

2. Mandatory Winter Reconnection

Enbridge Gas Comments

While the Company has some concerns with section 9.9 of the Board's Proposed GDAR Amendment, Enbridge Gas takes no issue with the Board's proposal to institute a winter disconnection ban for low-volume customers of natural gas distributors. Enbridge Gas's concern is with the proposed mandatory winter reconnection of disconnected customers as described in section 9.9.2 of the Proposed GDAR Amendment requiring that "...a gas distributor shall ensure that any residential property that had been disconnected solely on the grounds of non-payment is, if an occupied residential property, reconnected by December 1st."

Enbridge Gas has serious concerns and strongly believes application of this reconnection policy to natural gas distributors should be reconsidered. As noted on page 29 of its Notice, the Board wishes to adopt the current electricity distributor licence conditions for gas distributors "...with such modifications as the context requires." The Company believes the context of natural gas as a fuel requires modification of this policy as currently written because of the inherent differences between natural gas and electricity. While the Board acknowledges in its Notice that concern was expressed by the gas distributors about the appropriateness of mandatory winter reconnection of disconnected customers⁵, the key concerns highlighted by EGD and Union in their earlier submissions are neither mentioned nor addressed in the Notice or Proposed GDAR Amendment.

To reiterate in brief, unlike electricity distributors natural gas utilities cannot re-activate natural gas service for customers without physically entering the residence to conduct mandatory appliance inspections that are required by the *Technical Standards and Safety Act*. On page 29 of its Notice the Board acknowledges the Electrical Safety Authority requirement for an inspection prior to reconnecting electricity customers that have been disconnected for more than six months, and instructs electricity distributors to prioritize reconnections to avoid triggering this requirement. However, there is no similar acknowledgement of inspection requirements placed on gas distributors, nor is there acknowledgement that such requirements cannot be circumvented. Given that in many (or even most) instances electricity distributors can re-activate service remotely without even physically attending the exterior premises of a residential customer, it must be acknowledged that the costs to natural gas ratepayers of this policy will logically exceed costs experienced by electricity ratepayers on a per unit basis. Because of this difference, gas distributors must contact the customer to arrange a time for service re-activation, raising the possibility of multiple interactions to schedule the appointment and the prospect of one or more failed appointments in which the customer fails to attend the premises at the time agreed upon. These activities will incur additional costs.

⁵ Notice, at page 27.

Further, Enbridge Gas urges the Board to take into account the different roles that electricity and natural gas play in the day to day lives of consumers. There is no substitute for electricity given its deep integration within Ontarians' lives. For many customers, natural gas can be ignored or replaced from May through November. This reality was clearly described in Union's October 5th submission:

Unlike gas customers, electricity customers disconnected for non-payment have a significant incentive to pay their bills in order to reactivate service. While it is inconvenient to live without natural gas in the summer, it is virtually impossible to live without electricity at all times of the year. When an electric customer is disconnected, that customer usually reacts immediately to reactivate their electric service. In contrast, when a natural gas customer is disconnected, it is often the fall/winter heating requirement that incents a customer to reactivate their service. Mandating the reconnection of all disconnected customers each December 1, without payment or payment arrangements, will remove any and all incentives for delinquent customers to pay their winter heating bill. It is conceivable that a customer could convert to an electric water heater for the summer to avoid paying for gas altogether, receiving free gas through each winter period. The impact on bad debt as well as the operational impact to reconnect these customers would be significant.... The costs of serving and reconnecting delinquent customers would necessarily be borne by the customers who do pay their bills.⁶

This difference in customers' incentive to address accounts in arrears with electricity and natural gas utilities respectively exists today without a mandatory reconnection policy in place for natural gas distributors. Enbridge Gas anticipates significant, but difficult to accurately estimate, increases in arrears and bad debt when customers learn that their gas service will be restored in November of each year without any requirement to make payment for past bills. It is highly likely that the cost to natural gas ratepayers of this policy will exceed the cost to electricity ratepayers in light of this important difference in context. Enbridge Gas submits that these differences between electricity and natural gas are an appropriate justification for the modification of the mandatory winter reconnection policy in its application to natural gas distributors.

Even were Enbridge Gas to agree with the working assumption that the differences between natural gas and electricity are not material in this respect, which the Company does not, it is presently unclear whether the current policy is appropriate and effective in the electricity sector, just as it is unclear what the cost implications are for all electricity ratepayers as a result of this policy. In its Notice the Board acknowledges that "...there is no conclusive information on the impact of the current electricity winter disconnection ban."⁷ As anecdotal evidence of perceived neutral-to-positive impacts of the policy the Board notes that the number of customers in arrears and dollar amounts in arrears in the electricity sector reduced from calendar year 2016 to 2017, with the policy having not existed in 2016 and coming into force in 2017.⁸ In consideration of this data Enbridge Gas would note the implementation of The Fair Hydro Act, 2017, reducing electricity bills by 25% on average for residential customers effective July 1st, 2017 and

⁶ Union Gas EB-2017-0183 Submission, October 5, 2018, at page 3.

⁷ Notice, at page.28.

⁸ Notice, at page.28.

expanding the eligibility of and support offered through the Ontario Electricity Support Program⁹. This legislation almost certainly yielded positive impacts on the number of customers and total amounts in arrears, or at the very least constitutes a change in circumstance great enough to make this measure of the policy's neutral-to-positive impact uncertain. The Company urges the Board to withhold expanding its application of a mandatory winter reconnection policy to natural gas distributors until conclusive information regarding the impact of the current electricity policy is available for consideration.

In lieu of a mandatory winter reconnection policy, Enbridge Gas recommends consideration of other tools to address the underlying concerns which the reconnection policy seeks to address. As restated by the Board in its Notice, "...the primary objective of the winter disconnection ban is protecting residential customers from entering the winter season without electricity and natural gas for heating purposes."¹⁰ The Company strongly supports this objective, and puts considerable effort into working with customers to avoid disconnection for non-payment given how unfavourable this outcome is for customers, utilities and other ratepayers. Enbridge Gas takes no issue with the Board's creation of a winter disconnection ban for natural gas distributors; indeed this policy largely represents the codification of practices Enbridge Gas had already adopted on a voluntary basis. It is not clear to Enbridge Gas that it is also necessary to mandate reconnection of non-paying residential customers for the winter season. Instead, a more optimal solution is to work with consumers to avoid arrears and disconnection in the first place. Enbridge Gas notes that other tools to financially assist customers are already in existence (e.g. the Low-Income Energy Assistance Program). To the degree there are concerns that more support is required for non-paying customers, a blanket mandatory winter reconnection policy sub-optimally addresses these concerns by offering reconnection to any customer without screening or conditions; potentially subsidizing customers that do not require assistance. Such subsidies should not be funded by other ratepayers, as would be the result of this policy due to increased arrears and bad debt costs.

To the extent that the Board institutes a mandatory winter reconnection policy in the natural gas sector despite the submissions above Enbridge Gas requests that the Board require customers to meet modest conditions in order to qualify for reconnection under section 9.9.2 of the revised GDAR. The conditions proposed will help ensure that paying customers are not subsidizing repeat non-paying customers, unresponsive customers and those that do not require natural gas for heat.

- First, in support of the Board's stated objective the Company requests that this policy only apply to customers for whom natural gas is their primary heating source. This condition will ensure that the costs of the reconnection policy are only being incurred in support of the Board's objective of "...protecting residential customers from entering the winter season without electricity and natural gas for heating purposes"¹¹ [emphasis added].

⁹ Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent, Ministry of Energy, May 31, 2017, <https://news.ontario.ca/mndmf/en/2017/05/ontario-passes-legislation-to-lower-electricity-bills-by-25-per-cent.html> , accessed January 14, 2019

¹⁰ Notice, at page 28.

¹¹ *Ibid.*

- Second, in acknowledgement of the increased importance and difficulty of coordinating with customers to arrange for reconnection and entry into their residence, Enbridge Gas requests that the onus be on customers to contact the natural gas distributor to request reconnection. This condition will reduce the cost to natural gas distributors of attempting to differentiate customers requiring reconnection from vacant or abandoned properties.
- Third, Enbridge Gas wishes to limit the impact of a subset of customers “gaming” the system by disconnecting and reconnecting in consecutive years without payment, accruing increasing arrears amounts which are never intended to be addressed. The Company requests that customers who availed themselves of reconnection under section 9.9.2 of the revised GDAR during the previous winter season and were subsequently disconnected again for non-payment should not be eligible for reconnection under section 9.9.2 without entering into an Alternative Payment Arrangement, including the upfront payment of the prescribed amount required under section 9.5.4.
- Finally, for the same reason described immediately above Enbridge Gas requests that in order to qualify for winter reconnection under section 9.9.2 customers must have either made a payment or received gas service within the previous 6 months.

Enbridge Gas Recommendation

1. Remove the mandatory winter reconnection policy currently described in section 9.9.2 of the proposed GDAR Amendment.
2. Should the Board proceed with its mandatory winter reconnection policy as proposed, Enbridge Gas recommends the following conditions be met in order to require reconnection:
 - i. The customer must use natural gas as their primary heat source;
 - ii. The customer must contact the natural gas distributor to request and arrange reconnection;
 - iii. Customers that received reconnection during the previous winter season in accordance with the reconnection requirement described in section 9.9.2 of the GDAR and were subsequently disconnected for non-payment are not eligible for reconnection under section 9.9.2 of the GDAR; and,
 - iv. The customer must have either made a payment to the gas distributor or received gas service with the gas distributor within the 6 months preceding a mandatory winter reconnection under section 9.9.2.

3. Equal Monthly Billing Plan

Enbridge Gas Comments

As described in Attachment 1: Recommended Changes to Proposed GDAR Amendment, Enbridge Gas proposes that the Board should adjust section 9.4.1 f) vii) of the revised GDAR to address new requirements for Equal Billing Plans (“EBPs”). Specifically, the Company is concerned by the proposed requirement to roll over a variance balance due for recovery over the following year. Enbridge Gas instead proposes that distributors be required to contact the customer and advise them of available payment arrangement options to true up the balance.

The Company submits that requiring utilities to carry over funds owing for collection over a full year would push the collection of current dollars owed out an entire year, and would create unnecessary confusion for customers. As a result of this policy change customers’ EBP monthly payments may increase the following year by two amounts; the increased monthly payment amount required to avoid a future balance owing, plus the amount required to pay the variance balance owing from the prior year.

To avoid this undesirable outcome for customers, utilities will instead be forced to review and adjust EBP payments more frequently throughout the year than is current practice if the Board proceeds with its Proposed GDAR Amendment as drafted. Enbridge Gas currently has the ability to adjust EBP amounts quarterly, but has historically worked to avoid such changes to maintain the consistency desired by customers when enrolling in an EBP. Adjusting EBP payments more frequently will allow utilities to avoid having an EBP variance balance owing that must be carried forward under the Board’s Proposed GDAR Amendment, but will have the unfortunate result of creating more frequent changes to EBP amounts for customers. In Enbridge Gas’s experience the very reason that customers choose an EBP is for consistency of bill amounts. The most frequent reason cited for customer calls and complaints associated with an EBP is a change in the EBP amount, as frequent changes to an EBP runs counter to the customers’ expectations. In fact, prior to amalgamation Union recorded a 300% increase in calls related to EBPs in months where EBP monthly amounts were adjusted. Thus without implementing the changes proposed by Enbridge Gas to the GDAR amendment, customers will one way or another be forced to endure a poorer EBP experience, likely resulting in lower uptake of the service and increased costs resulting from calls and complaints.

Enbridge Gas experiences limited complaints related to its EBPs and urges the Board to make the language change proposed below and in Attachment 1 to maintain the positive experience currently enjoyed by EBP customers.

Enbridge Gas Recommendation

1. Modify the proposed wording for GDAR section 9.4.1 f) vii) to the following:

vii) where the annual reconciliation demonstrates that funds are owing by the consumer in an amount that is equal to or exceeds the consumer’s average

monthly billing, the gas distributor shall contact the consumer advising of payment arrangement options to pay the difference.

4. Alternative Payment Arrangements

Enbridge Gas Comments

As communicated in EGD's October 5, 2018 submission¹², imposition of OEB-prescribed APAs upon natural gas distributors will incur additional costs without evidence of benefits for customers. As noted in that submission, and not refuted in the Notice, the "Customer Feedback" section of the Board Report does not mention customer support for the stringent OEB-prescribed APAs, instead expressing a desire to "...negotiate payment arrangements that address their specific needs with their utilities"¹³. This is the current practice successfully employed by Enbridge Gas. Further, electric utilities call for similar flexibility and "...reported limited success rates in relation to the OEB-prescribed APAs."¹⁴

This is a fair example of the dynamic discussed by Enbridge Gas in the Introduction to this submission. The Board has expressed an expectation that the costs of implementing the Proposed GDAR Amendment are "...likely to be offset by the expected decreases in the costs associated with dealing with customer complaints relating to the customer service issues addressed in this Notice."¹⁵ In the case of OEB-prescribed APAs, gas distributors are being asked to address a customer service area which has not been identified as a concern by customers, using a tool which electricity distributors have found to be unsuccessful. It is highly unlikely that implementation of this policy will result in any operational savings; in fact it appears more likely to increase operational costs due to an increased number of customer calls and complaints resulting from implementation of an approach which has been deemed to be of limited assistance by those that have delivered it to date.

Due to operational complexities, Enbridge Gas cannot practically offer and manage both OEB-prescribed APAs and more flexible utility-designed APAs. Should the Board proceed in requiring gas distributors to offer OEB-prescribed APAs, the Company will be required to cease offering customized, negotiated payment options to customers; removing the very option for arrears payment which customers explicitly reported support for in the "Customer Feedback" section of the Board Report.

Enbridge Gas Recommendation

1. Replace the OEB-prescribed APA currently described in section 9.5 of the Proposed GDAR Amendment with a simpler and more effective minimum which does not specify different calculations for different amounts owed, requires a 25% upfront payment (20%

¹² Comments of Enbridge Gas Distribution Inc. in response to *Report of the Ontario Energy Board: Review of Customer Service Rules for Utilities Phase One*, EB-2017-0183, Oct. 5, 2018.

¹³ Board Report, at page 34.

¹⁴ *Ibid.*

¹⁵ Notice, at page 42.

for a low income customer), and allows for remaining amounts to be paid over a period of 4 months (5 months for low income). Please see Enbridge Gas's proposed revision and additional support in Attachment 1.

2. Should the Board proceed with the imposition of OEB-prescribed APA requirements as proposed the Company recommends the below alterations to the Proposed GDAR Amendment. For clarity, given Enbridge Gas's strong preference to see the revisions proposed above implemented, the recommendations above are reflected in Attachment 1, while those below are not:
 - i. Increase the down payment amount a gas distributor may require from consumers entering into an APA outlined in section 9.5.4 from 15% to 25% for a standard low volume customer, and from 10% to 20% for a low-income customer (section 9.5.5); and,
 - ii. Reduce the period over which a customer may pay all remaining charges (after having paid a down payment) outlined in section 9.5.6(b) and 9.5.6(c) from 10 months and 8 months respectively to 6 months in the event the total amount is equal to or exceeds twice the residential consumer's average monthly billing payment.

5. Other Practical Challenges

Enbridge Gas Comments

In addition to the above noted concerns and considerations Enbridge Gas would also bring two specific, practical challenges to the Board's attention for consideration.

First, the current wording within the Proposed GDAR Amendment requires that funds paid to gas distributors by customers be first allocated to current gas charges on a customer's bill prior to being allocated to past gas charges. Enbridge Gas is unable to meet the wording as proposed as the core functionality of one of its billing systems requires that oldest charges are paid first, regardless of type. This core functionality of the system cannot be modified. In Attachment 1 Enbridge Gas has proposed a language revision to section 9.3.8 of the Proposed GDAR Amendment which it believes will allow for compliance with the revised GDAR while preserving the Board's intent in implementing this requirement.

Second, one of the Company's two CISs will be extremely challenged to move from a fixed, flat security deposit for residential customers to a dynamic security deposit calculation based upon actual or estimated past consumption. Such a change would require significant time and effort, and incur significant costs for ratepayers, for very limited (if any) improvement in customer protection or service. The Company recommends revisions to the Proposed GDAR Amendment which will allow for implementation of a fixed security deposit approach that meets the Board's security deposit requirements for a typical residential customer.

Enbridge Gas Recommendation

1. Revise section 9.3.8 of the Proposed GDAR Amendment as proposed in Attachment 1.
2. Revise section 9.2.11 of the Proposed GDAR Amendment as proposed in Attachment 1.

6. Cost Recovery & Timing

Enbridge Gas Comments

In Enbridge Gas's view, the Board's indication in its Notice that gas distributors should not be permitted to record implementation costs for potential future recovery is unfair and is premised on incorrect assumptions and information. Enbridge Gas's concerns with the Board's comments in the Notice fall into two categories: (i) the Board's minimizing of the cost impacts from the new customer service rules; and (ii) the Board's indication that it is not reasonable to allow distributors to recover costs associated with its Proposed GDAR Amendment.

As already explained, Enbridge Gas expects to incur substantial costs to implement the new customer service rules as proposed, and also expects substantial ongoing revenue impacts once the new customer service rules are implemented. These cost impacts were not included in the base rates for either EGD or Union.

The Board acknowledges that there may be financial implications for gas distributors resulting from the new customer service rules.¹⁶ However, the Board does not appear to acknowledge the magnitude of the cost impacts. In the one area where the Board expressly acknowledges that there may be cost impacts (mandatory winter reconnections), the Board states the utilities failed to provide "evidence" to support the assumption that this will cause cost impacts.¹⁷ This is unfair. In their October 5, 2018 submissions, EGD and Union provided reasoning to support these assumptions based on extensive experience providing service to customers, but questions how "evidence" about impacts from something that has not yet happened can be provided. Enbridge Gas submits that any fair observer would conclude that the implementation of a full new suite of customer service rules for gas distributors, specifically including rules requiring reconnection of non-paying customers, will lead to cost impacts. The "evidence" of such cost impacts will be available once the new customer service rules are implemented. It will be seen in the implementation costs, as well as in the impact on operating costs such as administration, bad debt and customer communications.

The Company would also point out that gas distributors will be impacted differently from electricity distributors by the new customer service rules. One of the Board's key findings in this EB-2017-0183 consultation is that gas distributors' existing customer service policies "are not as comprehensive [as the rules for electricity distributors]."¹⁸ It is for this reason that the Board

¹⁶ Notice, at page 40.

¹⁷ *Ibid.*

¹⁸ Notice, at page 6.

“proposes to amend the GDAR to include Rules for gas distributors similar to the ‘electricity Rules’ ”.¹⁹ The wide-ranging changes to GDAR will obviously require substantial work and will result in substantial differences in the customer service rules that gas distributors will use on a go-forward basis. The scope of these changes will be much more significant for gas distributors than for electricity distributors who are already subject to the mandatory customer service rules outlined in the *Distribution System Code*.

The Board indicates its belief that the benefits of the proposed customer service rules outweigh the costs.²⁰ Whether or not this is the case, the Board’s position does not address the fact that the benefits will be enjoyed by customers and the costs will be incurred by the distributors. If indeed the benefits outweigh the costs, then it follows that there should be no issue with the persons enjoying the benefits (the customers) paying the costs.

The Board’s indication that utilities should recover their costs through expansion of e-billing, improved collection services and enhanced customer communication²¹ is troubling. None of the proposed GDAR amendments make these activities or enhancements easier. Importantly, these are areas where Enbridge Gas has already focused efforts over its multiple incentive regulation terms. Moreover, any future additional success on these items is already accounted for in the fact that Enbridge Gas has a “stretch factor” included in its rate setting mechanism, which the Board contemplated would incent the Company to “...find further efficiency improvements beyond those proposed [by the Applicants]”.²² Disallowing gas distributors’ ability to recover these incremental costs suggests that the Board expects Enbridge Gas’s incentive rate setting mechanism to use some of the cost synergies available as a result of the amalgamation of Union and EGD to fund increased customer care costs resulting from new customer service rules. The costs imposed as a result of the Proposed GDAR Amendment are net new to gas distributors, clearly are not embedded in Enbridge Gas’s rates, and clearly were not contemplated when Enbridge Gas’s current incentive rate setting mechanism was approved. Taking all of this into account, and given that these are Board directed changes, it is clear that Enbridge Gas cannot absorb the costs resulting from the Proposed GDAR Amendment through incremental operational efficiencies and should not be required to do so.

As far as gas distributors are concerned, the Board’s statement that “it has not been its practice to allow distributors to recover costs associated with implementation of customer service rules and changes to them”²³ is not correct. Both EGD and Union have had Board-approved deferral accounts for many years that expressly relate to the recording and recovery of costs associated with changes to GDAR, including costs associated with customer service requirements implemented through changes to GDAR.

Since 2012, both EGD and Union Gas have been recording and recovering costs associated with the changes to GDAR that implemented the Low-Income Customer Service Rules (LICSRs). Each utility had informed the Board of their plans to proceed in this manner in the EB-2010-0280 Customer Service Rule Amendment consultation, and no objection was made by

¹⁹ Notice, at page 7.

²⁰ Notice, at page 42.

²¹ *Ibid.*

²² EB-2017-0306/0307, August 30, 2018 Decision and Order on Enbridge Gas Distribution Inc. and Union Gas Limited Application for Amalgamation and Rate-Setting Mechanism, pages 27-28.

²³ OEB, at page 42.

the Board at that time. The Board has permitted the recovery of the associated costs each year, as part of each utility's annual deferral and variance account disposition proceeding.

In the EB-2017-0306/0307 amalgamation proceeding, both EGD and Union Gas applied to continue their GDAR cost impact deferral accounts for the deferred rebasing period (now known to be 2019 to 2023). This proposal was made at a time when this EB-2017-0183 customer service rules consultation was underway and it was expected that there might be upcoming changes to gas distributor customer service rules. The Board approved the applicants' proposal for the accounts to be continued.²⁴ The Accounting Orders for these accounts (Gas Distribution Access Rule Impact Deferral Account (EGD) and Gas Distribution Access Rule (GDAR) Costs Deferral Account (Union Gas)) are provided as Attachment 2 and Attachment 3 respectively to these comments. The Board's proposed determination that costs associated with the new customer service rules being implemented through GDAR amendments cannot be recorded for future recovery²⁵ directly conflicts with the terms of the existing Board-approved GDAR cost deferral accounts for the EGD and Union rate zones. This is not appropriate. It directly contradicts the Board's recent affirmation and approval of the accounts for the 2019 to 2023 period.

To be clear, Enbridge Gas is not asking for pre-approval to recover cost impacts from the new customer service rules. Instead, Enbridge Gas is simply confirming that it will record the cost impacts in pre-existing Deferral Accounts for future disposition. The nature and amounts of the costs incurred can be reviewed at the time that the accounts are brought forward for recovery.

Across Enbridge Gas's two CISs implementation of the customer service rules as per the Proposed GDAR Amendment is estimated to cost approximately \$3 million to \$3.6 million and require approximately 18 months. The Company notes that these cost estimates incorporate only the cost of implementation. Enbridge Gas anticipates the Proposed GDAR Amendment will also result in impacts to revenues and operating costs. Given the difficulty in predicting the magnitude of these impacts, estimates have not been included in this submission.

The Board's Notice indicates at page 44 that all proposed amendments to the GDAR will come into force 9 months after the date the Board publishes the final GDAR amendment. Enbridge Gas will be able to implement many of the required changes within that timeframe, but will require certain extensions due to the expansive system work that is required on its CISs. Specifically, Enbridge Gas will require an extension to 18 months to complete the system changes required related to collections, including such items as new detailed rules pertaining to APAs and application of late payment penalties. Once the GDAR amendment is finalized and issued, Enbridge Gas will also need to investigate an overall project implementation plan to determine if the many individual systems changes can be completed concurrently or if an extension may be necessary for the overall GDAR project.

²⁴ EB-2017-0306/0307, August 30, 2018 Decision and Order on Enbridge Gas Distribution Inc. and Union Gas Limited Application for Amalgamation and Rate-Setting Mechanism, page 45.

²⁵ Notice, at page 42.

Enbridge Gas Recommendation

1. The Board should confirm that Enbridge Gas is permitted to record and recover the incremental costs associated with implementing the Board's new prescribed customer service rules through the approved GDAR cost deferral accounts.
2. The Board should allow gas distributors 18 months to implement the amendments to the GDAR.
3. Should the Board not grant an overall extension from 9 to 18 months for implementation of the Proposed GDAR Amendment, Enbridge Gas will file a letter with the Board seeking deadline relief for implementation of specific requirements which cannot be accommodated on 9 months' notice.

ATTACHMENT 1: Recommended Changes to Proposed GDAR Amendment

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p>1.2.1 Definitions</p> <p><i>New provision</i></p>	<p><i>“non-residential consumer” means a low-volume consumer in a premises that is not a residential property.</i></p> <p><i>“residential consumer” means a low-volume consumer in a residential property.</i></p> <p><i>“residential property” means a single-family residence or a dwelling unit within a multiple family dwelling or a premises that is used for business purposes that also includes a dwelling unit consuming at least half of the gas supplied to the premises.</i></p>	<p>The new definitions relate to terms that are proposed to be added to GDAR, but which are not presently defined in the Proposed GDAR Amendment.</p>
<p>9.2 Security Deposits</p> <p><i>New provision</i></p>	<p>9.2.11(a)</p> <p><i>Notwithstanding the requirements of section 9.2.11, a gas distributor may choose to calculate and require a standard amount for the security deposit required from all residential customers, so long as the standard amount is less than the security deposit for a typical residential customer as calculated pursuant to section 9.2.11. A gas distributor that chooses this option will be required to indicate the standard security deposit amount in its Conditions of Service.</i></p>	<p>This approach is administratively much simpler, and will not disadvantage the vast majority of consumers.</p>

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p>9.3.7 Bill Issuance and Payment</p> <p>Re. Late Payment Charges</p> <p>9.3.7 Where payment on account of a bill referred to in section 9.3.6 is sufficient to cover gas charges, security deposits and billing adjustments, the gas distributor shall not impose late payment charges, issue a disconnection notice or disconnect gas supply.</p>	<p>9.3.7 Where payment on account of a bill referred to in section 9.3.6 is sufficient to cover gas charges, security deposits and billing adjustments, the gas distributor shall not impose late payment charges (except for non-gas charges), issue a disconnection notice or disconnect gas supply.</p>	<p>Enbridge Gas submits that there is no reason why customers who have failed to pay non-gas charges on time should be excused from applicable late payment charges.</p>
<p>9.3.8 Bill Issuance and Payment</p> <p>Re. Payment Allocation</p> <p>9.3.8 Where payment on account of a bill referred to in section 9.3.6 is not sufficient to cover gas charges, security deposits and billing adjustments, the gas distributor shall allocate the payments in the following order: gas charges, payments towards an arrears payment agreement, outstanding security deposit, under-billing adjustments and non-gas charges.</p>	<p>9.3.8 Where payment on account of a bill referred to in section 9.3.6 is not sufficient to cover gas charges, security deposits and billing adjustments, the gas distributor shall allocate the payments in the following order: payments towards an arrears payment agreement or arrears if no payment arrangement is in effect, gas charges, outstanding security deposit, under-billing adjustments and non-gas charges.</p>	<p>Enbridge Gas is unable to meet the wording as proposed as the core functionality of one of its billing system requires that oldest charges are paid first, regardless of type. This core functionality of the system cannot be modified and cannot accommodate the requirement as proposed in GDAR 9.3.8. The adjusted wording allows the system to accommodate and meet the GDAR requirement.</p>
<p>9.4 Equal Monthly Billing Plan</p> <p>9.4 f) vi) where the annual reconciliation demonstrates that funds are owing to the consumer in an amount that is equal to or exceeds the consumer's average monthly billing amount, the gas distributor shall credit the amount to the consumer's account and advise the consumer that the consumer may contact the gas distributor within 10 days of the date of the bill to request a refund of the overpayment by cheque instead and the gas distributor shall make payment within 11 days of the consumer's request;</p>	<p>9.4 f) vi) where the annual reconciliation demonstrates that funds are owing to the consumer in an amount that is equal to or exceeds the consumer's average monthly billing amount, the gas distributor shall credit the amount to the consumer's account and advise the consumer that the consumer may contact the gas distributor to request a refund of the overpayment.</p>	<p>See Item 3 in Enbridge Gas Submission. The proposed changes will simplify the process, and avoid the scenario where a customer never catches up on its equal payments (because each year it is repaying the underestimate from the prior year). Enbridge Gas will make best efforts to ensure that no customer will be required to pay large additional balances as a single lump sum. Without the change, system changes would be required to effect the change, and these have not been quantified.</p>

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p>vii) where the annual reconciliation demonstrates that funds are owing by the consumer in an amount that is equal to or exceeds the consumer’s average monthly billing, the gas distributor shall roll over the balance due to the following year’s equal monthly billing plan and recover the balance over the first 11 months of the following year’s equal monthly billing plan;</p>	<p>vii) where the annual reconciliation demonstrates that funds are owing by the consumer in an amount that is equal to or exceeds the consumer’s average monthly billing, the gas distributor shall contact the consumer advising of payment arrangement options to pay the difference.</p>	
<p>9.5 Arrears Payment Arrangements</p> <p>9.5.4 As part of the arrears payment agreement, a gas distributor may require that the consumer pay a down payment of up to 15% of the gas charges arrears accumulated, inclusive of any applicable late payment charges but excluding other service charges, when entering into the arrears management program.</p> <p>9.5.5 Where an eligible low-income customer enters into an arrears payment agreement for the first time or subsequent to having successfully completed a previous arrears payment agreement as an eligible low-income customer, a gas distributor may require that the consumer pay a down payment of up to 10% of the gas charges arrears accumulated, inclusive of late payment charges.</p> <p>9.5.6 The arrears payment agreement referred to in section 9.5.1 shall allow the residential consumer to pay all remaining gas charges that are then overdue for payment as well as the current bill amount if the consumer elects to do so, after applying a security deposit under section 9.5.3, and the down payment referred to in section 9.5.4, including all gas-related</p>	<p>9.5.4 As part of the arrears payment agreement, a gas distributor may require that the consumer pay a down payment of at least 25% of the gas charges arrears accumulated, inclusive of any applicable late payment charges but excluding other service charges, when entering into the arrears management program.</p> <p>9.5.5 Where an eligible low-income customer enters into an arrears payment agreement for the first time or subsequent to having successfully completed a previous arrears payment agreement as an eligible low-income customer, a gas distributor may require that the consumer pay a down payment of at least 20% of the gas charges arrears accumulated, inclusive of late payment charges.</p> <p>9.5.6 The arrears payment agreement referred to in section 9.5.1 shall allow the residential consumer to pay all remaining gas charges that are then overdue for payment as well as the current bill amount if the consumer elects to do so, after applying a security deposit under section 9.5.3, and the down payment referred to in section 9.5.4, including all gas-related</p>	<p>See Item 4 in Enbridge Gas submission.</p> <p>The Proposed GDAR Amendment would allow customers to spread payment arrangements over a longer period of time (up to 10 months). Given the length of time and potential for increased risk of recovery, a higher down payment is appropriate to reduce bad debt risk.</p> <p>The proposed APAs are overly complicated and extend longer than is appropriate. The proposed APAs will increase bad debt costs, which will negatively impact all customers. Enbridge Gas proposes a simpler approach, where the customer can choose the APA best suited to its circumstances, with repayment to be permitted for a term of up to five months (for low-income customers).</p> <p>If Enbridge Gas’s proposal is adopted, cross-references throughout the balance of section 9.5 would have to be updated.</p>

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p><i>service charges that have accrued to the date of the agreement, over the following periods:</i></p> <p><i>(a) a period of at least five months, where the total amount of the gas charges remaining overdue for payment is less than twice the residential consumer's average monthly billing amount;</i></p> <p><i>(b) a period of at least 10 months, where the total amount of the gas charges remaining overdue for payment is equal to or exceeds twice the residential consumer's average monthly billing amount;</i></p> <p><i>(c) in the case of an eligible low-income customer, a period of at least eight months, where the total amount of the gas charges remaining overdue for payment exceeds two times the eligible low-income customer's average monthly billing amount;</i></p> <p><i>(d) in the case of an eligible low-income customer, a period of at least 12 months where the total amount of the gas charges remaining overdue for payment exceeds two times the consumer's average monthly billing amount and is less than or equal to five times the consumer's average monthly billing amount; or</i></p> <p><i>(e) in the case of an eligible low-income customer, a period of at least 16 months where the total amount of the gas charges remaining overdue for payment exceeds five times the eligible low-income customer's average monthly billing amount.</i></p> <p><i>9.5.7 For the purposes of section 9.5.6, the consumer's average monthly billing amount shall be calculated by taking the</i></p>	<p><i>service charges that have accrued to the date of the agreement, over a period of at least 4 months. Overdue amounts may be repaid over a shorter or longer period of time if agreed to by both the gas distributor and customer. Where the customer is an eligible low-income customer the minimum period applicable shall be 5 months.</i></p>	

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p><i>aggregate of the total gas charges billed to the consumer in the preceding 12 months and dividing that value by 12. If the consumer has been a customer of the gas distributor for less than 12 months, the consumer’s average monthly billing amount shall be based on a reasonable estimate made by the gas distributor.</i></p>		
<p>9.9 Winter Disconnection and Reconnection</p> <p><i>9.9.2 Subject to section 9.9.3, a gas distributor shall ensure that any residential property that had been disconnected solely on the grounds of non-payment is, if an occupied residential property, reconnected by December 1st. Nothing in this section shall require the gas distributor to reconnect an occupied residential property in respect of a Disconnection Ban Period if the consumer gives unsolicited notice to the Licensee not to do so in writing for that Disconnection Ban Period and has not rescinded that notice.</i></p> <p><i>9.9.3 Nothing in sections 9.9.1 or 9.9.2 shall:</i> <i>(a) prevent the gas distributor from taking such action in respect of an occupied residential property as may be required to comply with any applicable and generally accepted safety requirements or standards; or</i> <i>(b) require the gas distributor to act in a manner contrary to any applicable and generally accepted safety requirements or standards.</i></p>	<p><i>9.9.2 Subject to section 9.9.3, on request from a residential customer, a gas distributor shall ensure that any residential property that had been disconnected solely on the grounds of non-payment is, if an occupied residential property, reconnected by December 1st. Nothing in this section shall require the gas distributor to reconnect an occupied residential property in respect of a Disconnection Ban Period if the consumer gives unsolicited notice to the Licensee not to do so in writing for that Disconnection Ban Period and has not rescinded that notice.</i></p> <p><i>9.9.3 Nothing in sections 9.9.1 or 9.9.2 shall:</i> <i>(a) prevent the gas distributor from taking such action in respect of an occupied residential property as may be required to comply with any applicable and generally accepted safety requirements or standards; or</i> <i>(b) require the gas distributor to act in a manner contrary to any applicable and generally accepted safety requirements or standards; or</i></p>	<p>See Item 2 in Enbridge Gas submission.</p> <p>Given the necessity and difficulty of coordinating with residential customers to arrange for reconnection (which requires entry into their residence), Enbridge Gas proposes that the onus be on customers to contact the gas distributor to request reconnection. This condition will reduce the cost to gas distributors of attempting to differentiate customers requiring reconnection from vacant or abandoned properties.</p> <p>Enbridge Gas wishes to limit the impact of a subset of customers “gaming” the system by disconnecting and reconnecting in consecutive years, accruing increasing arrears amounts which are never intended to be addressed. The Company proposes that customers who availed themselves of reconnection under section 9.9.2 of the revised GDAR prior to the previous winter’s December 1st deadline and were subsequently disconnected again for non-payment should not be eligible</p>

As per Proposed GDAR Amendment	Recommended Alternative	Rationale
<p>9.9.4 For the purposes of sections 9.9.1 to 9.9.3:</p> <p><i>“Disconnection Ban Period” means the period commencing at 12:00 am on November 15th in one year and ending at 11:59 pm on April 30th in the following year;</i></p> <p><i>“occupied residential property” means an account with a gas distributor that is:</i> <i>(a) inhabited by a residential consumer;</i> <i>or</i> <i>(b) in an uninhabited condition as a result of the property having been disconnected by the gas distributor outside of a Disconnection Ban Period.</i></p>	<p><i>(c) require the gas distributor to reconnect an occupied residential property where the residential customer has been reconnected pursuant to section 9.9.2 for the previous winter season; or</i> <i>(d) require the gas distributor to reconnect an occupied residential property where the residential customer has not either made a payment or received gas service within the previous six months.</i></p> <p>9.9.4 For the purposes of sections 9.9.1 to 9.9.3:</p> <p><i>“Disconnection Ban Period” means the period commencing at 12:00 am on November 15th in one year and ending at 11:59 pm on April 30th in the following year;</i></p> <p><i>“occupied residential property” means an account with a gas distributor that is:</i> <i>(a) inhabited by a residential consumer who uses gas for heating purposes; or</i> <i>(b) in an uninhabited condition as a result of the property having been disconnected by the gas distributor outside of a Disconnection Ban Period.</i></p>	<p>for reconnection under section 9.9.2 without entering into an Alternative Payment Arrangement, including the upfront payment of the prescribed amount required under section 9.5.4.</p> <p>The reason for the mandatory reconnection requirement is to meet the Board’s objective of “...protecting residential customers from entering the winter season without electricity and natural gas <u>for heating purposes</u>”^[1] [emphasis added]. To effect this stated objective, the Company proposes that the mandatory reconnection policy only apply to customers for whom natural gas is their primary heating source.</p>

^[1] Notice, at Page 28.

ACCOUNTING TREATMENT FOR A
GAS DISTRIBUTION ACCESS RULE IMPACT DEFERRAL ACCOUNT
("GDARIDA")

The purpose of the GDARIDA is to record all incremental unbudgeted capital and operating impacts associated with the development, implementation, and operation of the Gas Distribution Access Rule and any ongoing amendments to the rule. Such costs would include, but not be limited to, market restructuring oriented customer education and communication programs, legal or expert advice required, operating cost or revenue changes in relation to the establishment of contractual agreements, and developing revised business processes and related computer hardware and software required to meet the requirements of the GDAR.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record costs related to Gas Distribution Access Rule requirements:

Debit:	GDARIDA	(Account 179. 20_)
Credit:	Accounts payable	(Account 251. 010)

To record the unbudgeted costs associated with GDAR development, implementation, and operation.

2. Interest accrual:

Debit:	Interest on GDARIDA	(Account 179. 21_)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the GDARIDA using the Board approved EB-2006-0117 interest rate methodology.

UNION GAS LIMITED

**Accounting Entries for
Gas Distribution Access Rule (GDAR) Costs
Deferral Account No. 179-112**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-112
 Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs

Credit - Account No. 728
 General Expense

To record, as a debit (credit) in Deferral Account No. 179-112 the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the Board.

Debit - Account No.179-112
 Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs

Credit - Account No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-112, interest on the balance in Deferral Account No. 179-112. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.