

April 17, 2009

BY COURIER

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

**EB-2008-0150 – OEB Consultation on Energy Issues Relating to Low Income Consumers:  
Comments of Hydro One Networks Inc. and Hydro One Brampton Networks Inc on the  
Board Proposed Low-Income Energy Assistance Program**

Hydro One Inc. (on behalf of both Hydro One Networks Inc. – “Networks” and Hydro One Brampton Networks Inc.- “Brampton”) is pleased to provide comments on the Ontario Energy Board’s (“the Board”) March 10<sup>th</sup> Report on the Low Income Energy Assistance Program (“LEAP”).

Overall, Hydro One agrees with the Board that electricity distributors in Ontario should adopt practices to address the needs of their low income customers. The comments are organized according to the sections of the report.

***Section 2, Principles***

Hydro One agrees in general with the principles listed in the report and supports the establishment of a consistent and comprehensive approach.

- *Emergency funding available to low-income energy consumers should be increased.*
  - Hydro One agrees that the available level of emergency funding should be increased.
  - Networks and Brampton understand that distributors will act as the collection agencies to collect funds through distribution rates in respect of LEAP in accordance with the formula prescribed by the Board.
  - Furthermore, Networks and Brampton assume that the Board will put rules in place to determine how the collected funds should be allocated between the local social service agencies that are certified to work in distributor service territories as it would be inappropriate for distributors to be held accountable for making that decision.
- *Funding should be available to both electricity and natural gas consumers.*
  - Hydro One understands that funds collected through electricity distribution rates will be available to assist with bill payments for electricity low income consumers, and likewise

funds collected through natural gas distribution rates would be used to assist with bill payments for natural gas low income consumers

- This understanding is predicated on the assumption that LEAP is to be a fair and equitable program available to all low income consumers across the province in a consistent manner without creating cross-subsidies between the electricity and natural gas sectors
- *Distributors should develop partnerships with social service agencies.*
  - Networks and Brampton understand that the Board will set the rules for eligibility and certify the local social service agencies to operate in the distributor service territory and that the certified local social service agencies will deliver LEAP
  - The distributors will work with the certified local social service agencies to achieve the synergies in delivering the LEAP on the assumption that this is done in accordance with clear and consistent rules established by the Board to ensure that all low income customers receive fair and equitable treatment under LEAP.
  - The process for delivering LEAP must not entail any “individual” or local social service agency specific criteria because that would undermine the success of delivering a consistent program to all low income customers in the province
  - Furthermore, Networks and Brampton understand that the Board will administer the ongoing low income process from the perspective of monitoring the performance with suitable auditing of the local social service agencies to ensure that funds are disbursed as needed and that it is unlikely that any agency will run out of funds before the completion of LEAP in any given time period
  - Networks and Brampton expect that in certifying the local social service agencies, the Board will ensure that the necessary and relevant information pertinent to each certified local social service agency is available to a distributor for notifying its customers if required
- *The assistance program should not be overly costly or complicated to administer.*
  - Hydro One agrees that a relatively low cost, simple program is a valid goal and will work to achieve it, but there will be challenges.
  - As noted above the program has to be delivered in a consistent and rule-based manner to avoid any potential for “gaming”, misinterpretation or lack of delivery
  - Working directly as partners with over 200 social service agencies (or related groups), will be challenging and time-consuming for Networks. Accordingly, increases in administrative staff for both Networks and Brampton will be required, with the number depending on the volume of low income customers needing services.
- *The assistance program should result in more effective and efficient handling of arrears management and disconnection.*
  - As part of the Board’s consultation under EB-2007-0722, Networks and Brampton are reviewing proposed changes to the Distribution System Code, Retail Settlement Code and Standard Supply Service Code with regard to arrears management, disconnection, security deposit and other process modifications intended for eligible low income customers, and will make detailed comments through that process.

- *Funding should be accessible on a province-wide basis. Distributors should establish a fund to be recovered through distribution rates, for emergency assistance to low income customers.*
  - As noted previously, Networks and Brampton expect the Board to establish the rules as to the availability of funding for LEAP and how the collected funds would be allocated between certified local social service agencies
  - Furthermore, the rules will need to ensure that the program provides fair and equitable treatment to all low income customers and that it does not result in “first come first served” implementation.
  - Networks and Brampton expect that the rules will also ensure that the certified local social service agencies will be audited on a regular basis to ensure that the funds are delivered as needed and that sufficient funds are in place to administer the LEAP over the required time period
  
- *Eligibility for the assistance program should be based on need, as determined by a social service agency.*
  - Hydro One expects that the rule-based process will ensure that the certified local social service agencies will ensure that those customers with the same level of need of assistance with bill payment will be looked after
  - Networks and Brampton assume that an eligible low income customer will receive temporary assistance for a prescribed period as identified by the certified local social service agency
  - The certified local social service agency will provide the relevant information to the distributor that will in turn activate the special treatment designed for low income customers in accordance with the proposed code amendments in proceeding EB-2007-0722.
  - It is Networks and Brampton’s experience that low income customers do not remain in that state in perpetuity but tend to move out of that category as circumstances change. Therefore Hydro One assumes that a designated low income customer will cease to be such after the expiry of the prescribed period at which time this customer would revert to the default position of a normal customer subject to paying approved charges, unless otherwise advised by the certified local social service agency.

***Section 3, Low Income Assistance Through Rates***

Hydro One agrees with the Board’s conclusions that neither changes to rate design nor the creation of a low income ratepayer class is wise and also that such approaches could lead to distortions in prices and ratepayer costs.

***Section 4, Eligibility for Assistance***

Hydro One agrees that utilities are not suited to either develop eligibility criteria to determine low income customers or qualify customers as such. This is best left to the Board to develop the criteria and to certified local social service agencies to apply the eligibility criteria in a consistent manner.

## ***Section 5, LEAP***

### ***5.1 Emergency Financial Assistance***

On page 9, we note the report's suggestion that the LEAP would expand on the Winter Warmth program by extending emergency service year-round. Similar to our earlier comment respecting the Province-wide coverage of social service agencies, it should be confirmed that the administrative resources and role of Winter Warmth can, in fact, be extended to support the full Province and all distributors.

### ***5.2 Customer Service Measures***

As noted earlier, Hydro One is reviewing the proposed changes to billing, disconnections, security deposits and arrears management as part of the Board's consultation respecting changes to the Distribution System Code, Retail Settlement Code and Standard Supply Service Code (EB-2007-0722) and will make detailed comments through that process.

### ***5.3 Targeted Conservation and Demand Management (CDM) Programs***

Hydro One agrees that provision of programs targeted toward low income customers could benefit these customers in reducing their energy consumption. In order that the low income program be "...a consistent program across the province and one where low-income energy consumers have access to similar services irrespective of the distributor that serves them", Hydro One suggests establishing a Province-wide low income program, which could be established under OPA's direction and funding.

## ***Section 6, Consumers In Multi-Residential Units***

Hydro One agrees that separately billed low income residents of condominiums and rental units should have the same access to the program as those of single-family dwellings.

## ***Sections 7 and 8, Implementation, Education and Outreach***

Hydro One agrees that an implementation working group, which would further define the parameters of the LEAP program, must be established and we would suggest this be done quickly in order to ensure availability of the program by November of this year.

We would appreciate the opportunity to participate in the working group, as we believe that there are many questions that should be clarified, including:

- How do we ensure Province-wide equity and consistency of coverage through social service agencies, given the myriad of agencies, their differing criteria and processes, and the gaps and overlaps in their areas?
- How does the process of assisting such a customer begin, and with whom – the customer him/herself, the utility or the social service agency, or with any of the three, depending on the circumstances?

- What is the proposed flow of funds? How are these equitably allocated between agencies and from there, between customers? How the funds are administered and are there restrictions on their provision? Would a portion of the funds be allocated to the agencies to address their incremental administrative costs as a result of this program?
- Presumably agencies maintain current lists of vulnerable customers today – do these receive any priority? Is everyone to be treated solely on a case by case basis?
- What information will be required between distributors and the Board and also between distributors and social service agencies? How can participants create and operate an efficient program while appropriately managing the confidentiality of sensitive customer information?
- What additional guidelines will be needed to objectively and consistently assess potential CDM measures for low income customers?
- Are there automation options which could help utilities manage their administrative costs?
- How will program success be measured?

Hydro One strongly believes that the Board, with the working group, must take the lead in establishing a common framework which would involve:

- Certifying local social service agencies (i.e., developing criteria and registering them to participate in the program).
- Working with the agencies and utilities to clarify roles, responsibilities, communication protocols, information management processes, etc.
- Establishing criteria and procedures to ensure an equitable allocation of the funds to customers.
- Recognizing the additional responsibilities placed on these agencies and their potential need for incremental funding.
- Developing monitoring, reporting and assessment processes to ensure consistent application of the program (and any correction or refinement, when needed).

To make this work, we recommend the inclusion of representative social service agencies in the Board's working group. Hydro One believes this would speed up the learning process, enable a better understanding of each other's issues and help develop positive working relationships from the start of the process.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank