

# Aiken & Associates

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April 17, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2007-0722 – LPMA Comments on Proposed Amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code**

These are the comments made on behalf of the London Property Management Association (“LPMA”) on the Proposed Amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code dated March 10, 2009.

These comments are made in response to the Board’s March 10, 2009 letter inviting participants in the EB-2007-0722, EB-2007-0635 and EB-2008-0150 processes to provide comments on the Proposed Amendments.

**1. Payment Period - The Board has considered mandating a single 21-day minimum period for all customers, but is concerned that this may have an adverse effect on a distributor’s working capital. The Board will be interested in the comments of participants on this particular issue. (page 5)**

LPMA notes that currently most electricity distributors do not use a lead lag study to determine their working capital component of rate base. In fact, in a number of Decisions, the Board has indicated that such a lead lag study is not required when the distributors rebase in a number of years. As a result, distributors will continue to use 15% of controllable OM&A costs and the cost of power. As a result there is not direct impact on the working capital of a distributor for rate making purposes. In other words,

based on the Board approved methodology, the distributor will have to absorb any impact related to cash flow of a 21 day minimum payment period. LPMA believes that this may be more appropriate than the alternative.

The alternative is enhancing the billing system to divide residential customers into two groups – one for which the minimum payment period is 21 days and one for which the minimum payment period is 16 days. In the absence of an automated system to deal with these different payment periods, LPMA would expect that managing such a system could be time consuming and expensive.

If a distributor is concerned about the impact on their working capital, they are free to bring forward a comprehensive lead lag study that would address the added payment period of 5 days for residential customers.

**2. Correction of Billing Errors – A retailer suggested that, where a billing error has been corrected, an auditable trail should exist for use by the distributor, the consumer and a retailer with whom the consumer may contract, to ensure that this information is available to retailers for purposes of verifying consumption, billing and settlement. The Board is concerned that the costs associated this proposal may significantly outweigh the associated benefits, and would be interested in the views of stakeholders on this and any other implementation issues related to this suggestion. (page 10)**

LPMA suggests that with respect to the correction of billing errors, a customer is entitled to be able to verify that the corrected bill is, in fact, correct. This may involve an auditable trail for the customer, or their retailer, in verifying that the bill has been corrected to the satisfaction of all parties.

LPMA does not see why this auditable trail should involve any significant level of costs.

**3. Equal Billing – The Board would be interested in the views of stakeholders as to the need for and terms of such transitional provisions. (page 16)**

a) It does not appear to LPMA that the changes from current equal billing plans to those being mandated by the Board are that significant. As a result, the only transitional provision should be the timeframe over which any such changes are required to be made.

More significant transitional provisions are likely required for those distributors that currently do not have an equal billing plan, or where such a plan does not apply to retailer customers.

b) LPMA supports the conclusion that the failure to make equal billing available to retailer customers is not in keeping with the equitable treatment of consumers. LPMA therefore supports the proposal that distributors make equal billing available to all residential customers that are retailer customers.

c) LPMA supports the proposal that distributors must bill eligible low income electricity customers that are on equal billing on a monthly basis. This will help low income customers manage their bills more effectively than if they are billed on a less frequent basis.

d) The Board's proposal provides a significant amount of detail related to the reconciliation in anticipation of the last or 12<sup>th</sup> month of an equal billing plan. However, the Board's proposal appears to be silent on the need for distributors to adjust the equal billing plan amount part way through the year in order to minimize the impact on the 12<sup>th</sup> monthly bill. The Board does indicate that it is "satisfied that other details related to the administration of equal billing plans can be left to the discretion of each distributor". LPMA believes that the Board should provide guidance with respect to a mid-year adjustment to the equal billing plan amount in anticipation of the last month bill.

e) The Board proposal indicates that for a low income electricity customer, where the refund for the last month bill is equal to or exceeds the customer's average monthly billing amount, the distributor must issue a cheque to cover the full amount of the refund if the customer so requests. LPMA submits that there should be a mechanism put in

place to ensure that a low income electricity customer is aware of his right to request the cheque. This could be a message on the bill indicating that the customer is eligible to receive a cheque for those low income customers that qualify.

f) When a low income electricity customer has a shortfall that carries forward into equal monthly installments for the following year, LPMA suggests that this should be clearly and adequately explained to those customers.

#### **4. Attachment A – Section 1.2**

The definition of an eligible low income electricity customer includes a phrase that indicates that *“his or her income has been confirmed to the customer’s distributor by a social service agency recognized by the Board for this purpose”*.

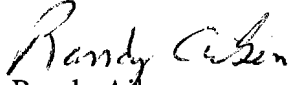
It is not clear to LPMA whether there is a formal process that the Board will have for recognizing a social service agency. There are likely to be numerous social service agencies that will be involved across the province. The Board may want to indicate how it intends to “recognize” such agencies in order to streamline the process.

#### **5. Attachment C – 2.4.32**

This section talks about situations that occur when a *“customer’s purchase of electricity”* over 12 consecutive months meets a threshold of the distributor’s approved distribution revenue requirement. LPMA suggests that the phrase “customer’s purchase of electricity” should be defined. It is unclear to LPMA whether this purchase would include costs related to the commodity, distribution rates, rate riders, transmission rates, debt retirement charge, wholesale market charge, and so on. LPMA suggests that wording similar to that proposed in section 2.5.7 in the Proposed Amendments to the Distribution System Code (Attachment A) for *“electricity charges”* should be included in this section.

Please contact me if the Board requires any further information related to these comments.

Sincerely,

A handwritten signature in cursive script that reads "Randy Aiken".

Randy Aiken  
Aiken & Associates