

As an association representing the interests of customers with demand of 1000kW or larger, AMPCO's natural interest in the EB-2007-0722 proceeding is with the concerns of the larger non-residential customers. At the same time, AMPCO members are well aware that they also have a more general stake in the health and efficiency of the distributors that serve them. From this perspective AMPCO has participated in both the EB-2007-0722 and EB-2008-0150 initiatives.

II. Proposed Amendments to the Codes: Customer Service

C – 1: Payment Period

The Board is suggesting that the payment period be extended to a 21 day period for eligible low-income electricity consumers at a minimum. The Board does however recognize that distributors can exercise at their discretion to extend the payment period in appropriate cases to coincide with the customer's receipt of government fixed income payments. We would suggest that the Board also add to this suggestion, any social service payment that may be paid out at certain times of the month. This would then mirror efforts made by LEAP.

C – 2: Determining When Bills Are Issued and Payment is Received

There are two specific circumstances the Board should consider that do not seem to be adequately covered in the report as written.

The first concerns the establishment of the issue date as the third day after the print date for mailed bills. This will generally be adequate, but may on occasion produce an incorrect assignment of the issue date. Some of the more sophisticated billing systems contain programmed triggers that prevent a bill from being mailed out if one or more parameters of the bill exceed preset limits, such as for example, as residential bill that is calculated at over \$x,000 for a single month. In some utilities, all large customer bills are automatically pulled aside for manual review.

In such cases, the bill may not in fact be mailed until more than three days after the bill creation date, especially if secondary checks are required or billing staff need to be diverted to more pressing priorities.

The definition of issue date should provide for the postmark date to be accepted as authoritative in the event of a dispute.

The definitions of payment date should be acceptable for payments mailed within Canada. This does not recognize, however, that many customers have out of country billing addresses for at least part of the year. It would be unfair to the distributor to accept a foreign postmark date as the payment date, as mail delays from some countries can be quite lengthy.

Distributors should not have to accept postmark as payment date for out of country payments. If this were made clear, expatriate customers would be incented to make timely payment arrangements with their distributors (e.g., via internet banking or prepayment).

C-4: Method of Payment

It should not be necessary to recover credit card costs through a specific service charge, if credit cards payments are only allowed when notice of disconnection has been issued. Such a charge would often be seen by affected ratepayers as unduly punitive, especially if their payment situation was more a case of unfortunate circumstance than neglect or irresponsibility. In such cases, the distributor already charges a late payment fee, which should be adequate to recover credit card transaction costs.

E-3: Duration of Over- or Under-billing Subject to Refund or Recovery

The discussion provides no rationale or discussion for the asymmetrical treatment provided residential and non-residential customers who have been under-billed through no fault of their own. Setting the time limit for non-residential customers at six years and for residential customers at 12 months is unjust and discriminatory. This proposal is arbitrary, unwarranted, grossly unfair and completely unacceptable.

It is the responsibility of the distributor to ensure that customers are properly metered and their bills are properly calculated. It is accepted that the metering installations of non-residential customers can be complex and that distributor errors related to calculating billing demand can produce a greater likelihood of billing error. However, it is also true that distributors allocate to non-residential customers greater costs for metering, one of which relates to the cost of regular metering verification. It is unfair and counter-intuitive to unduly impose excessive financial risk for a distributor's error on these customers, especially when residential customers are afforded greater protection.

Non-residential customers are often private businesses, which price their products and services based on their known costs at the time. Setting the recovery period for under-billing at six years places businesses in the position of potentially having to pay costs for services or goods that have long since been sold and for which the business itself has no recourse for recovery. For a marginal business with significant electricity costs, such an approach could imperil continuing operations, while the distributor would remain essentially impervious to the consequences of its errors. In reality, since the distributor had likely (incorrectly) absorbed the under-billing as line losses for the previous six years, the repayment would essentially become found money. The customer may also suffer additional losses in the form of accounting costs and/or changes to tax filings.

Another category of non-residential customers that would be unfairly treated in this proposal is institutions and non-profit organizations such as schools, hospitals, churches, etc. In all of these cases, allowing a six year recovery would effectively transfer the responsibility for distributor errors onto institutions, taxpayers and parishioners who neither caused nor benefited from the under-billing when it occurred. AMPCO concurs with the Board's view that one year is an appropriate period for calculating the repayment of under-billing. Distributors should bear the major consequence of their billing errors and such an environment should incent greater attention to metering and bill calculation. AMPCO also agrees that rectification of under-billing caused by customer error or theft should not be time limited.

AMPCO asks that the Board remove this unfair and unjustified asymmetry in customer treatment.

F. Equal Billing

The Board's intent with respect to increasing the availability of equal billing to all residential customers is accepted as well intentioned and directionally sound.

The current structure of equal billing plans in Ontario, however, may not be optimal and paragraph (iii) appears to codify this structure. Namely, paragraph (iii) would seem to set in place the currently common equal billing plan design whereby 11 equal payments are set, with an annual reconciliation paid out by one party to the other at the end of the year, with the exception of the 12 month payment plan for eligible low income customers. While it usually works well, this plan design has significant shortcomings when the reconciliation process reveals that the past year has been under-billed. Since customers rarely like to pay a significant amount at reconciliation time (having entered into the plan to avoid just such surprises), the incentive for the distributor is to err on the side of over-estimating consumption. This can produce a compound problem for low income consumers, who would have to make up for the previous year's under-billing and also pay for a greater estimate of consumption in the prospective year.

There are other types of payment plans that provide customers the benefits of more predictable payments without the chaotic uncertainty that frequently occurs with annual reconciliation. Such plans are generally modifications on the type of treatment the Board is proposing for eligible low income customers, whereby future payment amounts are based on rolling averages of past consumption. TXU (Texas) offers such a budgeting option for its residential customers, based on a three month rolling average. This type of plan design provides predictability for both the customer and the distributor, while eliminating both the equal payment estimating problem and the issue of having one party hold an excess of the other's money for too long.

The above is not a specific recommendation for another form of budget or equal payment plan. Rather, it is a recommendation that the applicable code be worded so as not to restrict distributors from innovating in the area of budget billing in ways that improve service to customers.

G-1 Form and Content of Disconnection Notice

The proposal that a disconnection notice be mailed separately from the regular bill is necessary, but may not always be sufficient. The Board may wish to consider requiring also that the mailing envelope be distinctly different from the distributor's regular mailing envelopes, either in size, colour or some other distinguishing feature. Modern billing and mailing systems are quite capable of handling these distinctions.

Having the date of receipt of a disconnection notice defined as the third day after printing may provide insufficient notification, especially if the customer is not resident at the service location. IT is also inconsistent with the definition of bill issue date in C-2. This definition appears to be based on a paradigm of a local distributor mailing to a local resident, but this is not always the case. Such a short timeline also ignores problems in mail processing or manual validation that could delay mailing. For distributors with multiple operations around Ontario, such as Hydro One, mail delivery often takes longer than three days.

The Board may wish to consider changing this requirement to one where the distributor is obliged to provide the customer with a "clock start" date that is 5-7 days after the time the disconnect notice is created.

III Proposed Amendments to the DSC: Customer Classification

The report correctly takes note of the boundary issues related to customer classification and reclassification. It is, however, unclear why at this time the Board would choose to leave unaddressed the issue of appropriate policies and rules for initially determining customer classification. Absent clear and consistent rules across distributors for customer classification, it is hard to see how related matters such as cost allocation and metering standards can be addressed. AMPCO recommends the Board revisit this matter with a view to determining the current and desired breadth of variety in customer classification rules, particularly for non-residential customers.

The report also does not address the underlying cause of customer angst over boundary issues; namely, that a customer's cost of energy can change significantly with only a slight change in energy or demand. The fact that this occurs is itself strong evidence that existing classifications are either inadequate or are the subject of inaccurate cost allocation. There should be no reason why a customer should incur a markedly higher or lower service charge when changing classification, if the change itself does not drive a significant change in metering or billing cost.

The Board's proposed changes to the DSC to set rules regarding reclassification procedures and frequency are supported as far as they go. At the same time, the Board must also be aware that these changes do not address the cost allocation and fixed/variable split issues that exacerbate changes in classification when they occur.

IV Customer Commodity Non- Payment Risk

AMPCO concurs that the responsibility for managing commodity non-payment risk should remain with distributors for those customers who are not market participants. For those customers that are market participants, the IESO holds this responsibility and distributors need not be concerned with commodity non-payment.

1. Billing Frequency

In normal circumstances, billing frequencies more often than monthly should not be considered. There are very few examples of other services or commodities that are billed on a greater frequency than monthly. In our experience, frequencies of twice monthly or weekly are reserved for special situations where the customer has established that their credit worthiness is questionable, or if the customer is unable to provide adequate prudential support.

In short, higher billing frequency is essentially an adjunct or substitute for prudential support that would otherwise be based on the distributor exposure related to the monthly billing period.

Higher billing frequencies are not inherently discriminatory, if they are mutually agreed upon by the distributor and the customer. AMPCO does not support "unilateral" use of higher billing frequency. Rather, AMPCO does support the use of higher frequency billing where it is mutually agreed upon by the customer and the distributor as a means of minimizing both the distributor risk and the cost of prudential support for the customer.

The Board also should not constrain billing frequency formulaically based on the customer's commodity bill as a portion of the distributor's revenue requirements. There are on occasion valid reasons for customers with more modest consumption being placed on specific weekly billing arrangements. This

happens particularly with customers that have marginally profitable seasonal operations, such as ski hills, summer resorts, or gravel pits. Weekly billing can go a long way to reducing distributor risk and controlling the customer's cost of prudential support during times of economic hardship.

2. Alternative Arrangements

This section properly supports the need for distributors and customers to have the flexibility to manage their costs and risks cooperatively. It is the need to promote mutually cooperative risk and cost management that explains why AMPCO does not wish to provide distributors with additional unilateral authority to change billing frequency.

Comments on Attachment A

Part I: Proposed Amendments to the Distribution System Code

2.5 Bill Payment:

Per previous comments, suggest a change to 2.5.4 (a) to read "if sent by mail, on the third day after the day on which the bill was printed by the distributor, or in the event of a dispute, the date of postmark on the bill envelope".

Per previous comments, suggest an additional clause 2.5.5. (c) as follows: "if paid by mail from an out of country location, on the date the envelope is received by the distributor".

Part II: Proposed Amendments to the Retail Settlement Code

Proposed Section 7.2.3:

Suggest changing "equal billing" to "equal or budget billing". This would permit billing innovation that would avoid annual reconciliations, without requiring further amendments to the RSC.

Changes to second paragraph of Section 7.7

As noted previously, AMPCO strongly objects to discrimination of treatment between residential and non residential customers in under-billing situations that are not caused by the customer and which prevention is the responsibility of the distributor. Please remove the word "residential" and strike the sentence with respect to non-residential customers being subject to repayment for six years of under-billing.

Part III: Proposed Amendments to the Standard Supply Service Code

Changes to Section 2.6.2

Per previous comments, suggest changing "equal billing plan" throughout to "equal or "budget billing plan". A budget billing plan may be defined as a payment plan that provides the customer with benefits similar to an equal billing plan; i.e., payment amount volatility is considerably reduced so as to allow customer to better predict and manage their monthly electricity bill.

Change (c) to read "subject to paragraph (d), plans based on 11 equal monthly payments and an annual reconciliation shall provide for..."

2.6.2A (d) The paragraph should begin with “For equal billing plans...” As a second suggestion, this paragraph should provide language that allows the distributor to make reasonable estimates of the impact of prospective rate changes and adjustments if the previous year’s consumption appears to have been unduly high or low due to weather factors.

Comments on Attachment B

AMPCO has no specific comments on the wording of the changes proposed.

Comments on Attachment C

New Section 2.4.32:

Clarify the intent of the introductory sentence to read: “Despite any other provision of this code and despite the billing cycle that would otherwise be applicable based on the distributor’s normal practice as documented in its Conditions of Service, in managing non-payment risk for customers **that are not wholesale market participants** a distributor may:

Add a paragraph (c) as follows: “bill a customer with a dominantly seasonal demand pattern on a bi-weekly or weekly basis, if the value of that customer’s purchases of electricity in the previous 12 months exceeds 20% of the distributor’s approved distribution revenue requirement”

Section 2.4.36

Modify this clause to require that the distributor “shall, in lieu of such billing, offer to negotiate alternative arrangements with the customer, including in relation to a lesser frequency of billing or in relation to the giving or retention of prudential support equivalent to those the customer would be required to provide the IESO if the customer were a wholesale market participant”

New Clause 2.4.37

Add “Despite any other provision of this code, a distributor may, at its discretion, offer to customers that have difficulty providing adequate prudential support, alternate billing frequency arrangements with the objective of reducing the amount of prudential support needed.”

For more information:

Adam White
Association of Major Power Consumers in Ontario
(416) 260-0225
awhite@ampco.org

Wayne Clark
SanZoe Consulting Inc.
(705) 728-3284
wayne.clark@xplornet.com