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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

April 17, 2009

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2007-0722 – Proposed Code Amendments: Customer Service, Rate Classification, Non-Payment Risk and Low Income Electricity Customers – Comments from Hydro One Networks and Hydro One Brampton Networks

In accordance with the Board's Notice of Proposal to Amend Codes issued March 10, 2009, I attach Hydro One Networks' and Hydro One Brampton Networks' comments on the Board's proposed amendments.

Three paper copies are being provided by courier to the Board and I have also attached proof of successful submission of these comments through the Board's Regulatory Electronic Submission System as directed in the Notice.

Sincerely yours,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attachment

SUBMISSION OF HYDRO ONE NETWORKS INC.
AND HYDRO ONE BRAMPTON NETWORKS INC.
REGARDING THE BOARD'S PROPOSED CHANGES TO AMEND
THE DISTRIBUTION SYSTEM CODE,
THE RETAIL SETTLEMENT CODE AND
THE STANDARD SUPPLY SERVICE CODE

The OEB has proposed to amend the above Codes in response to issues raised by three proceedings:

EB-2007-0722 Customer Service

EB-2007-0635 Management of Customer Commodity Default Risk

EB-2008-0150 Energy Issues Relating to Low Income Consumers

Introduction

Hydro One supports the goals of the proposed Code amendments, to improve consistency in distributor services and to support the proposed low-income energy assistance program. However, we have concerns with some of the proposed amendments as the changes being proposed will reduce efficiency of our operations, add significant costs in some cases, introduce inconveniences to our customers, and increase paper management activities and the amount of manual work.

These proposed amendments will require extensive changes to the Customer Service System (our billing system), in part to shift core and embedded timelines which are central to a monthly billing system when changing payment or notice periods, and in part because they require adding duplicate parallel processes for segmented eligible low income electricity customers. We estimate the changes will cost over \$2 million, to make the billing System changes, to effect work process changes, to prepare staff, to provide customer notice and to respond to customer questions. We anticipate that 9 to 12 months will be required to implement these changes.

Some of the Code requirements are not currently possible for us to implement precisely as described. For example, our bill remittance service provider does not provide the envelope post-mark date on payment received. We have confirmed with our service provider they are not able to provide this information. The payment remittance processes we use are consistent with other household service providers, and traditional practices. To reflect the proposed Code amendments we will assume that the date of payment is a set three days prior to the date provided by our service provider.

As indicated in Hydro One's comments on EB-2008-0150, we assume that the OEB will certify the Social Service Agencies to determine eligible low income electricity customers and the Social Service Agencies and Hydro One will establish a relationship. We anticipate that the OEB will give a set of criteria to the Social Service Agencies to determine eligible low income electricity customers. While this should be a relatively efficient course of action, there will still be increased administrative activity for Hydro

April 17, 2009

One. We estimate that there are up to 200 social service agencies working in Hydro One's large and varied service territory.

Billing Cycle Limitations

The timelines listed for payment periods, disconnection notice periods and other processes for eligible low income electricity customers do not align with a monthly billing cycle. Our Customer Service System is established on a core monthly billing cycle; the billing and collection activities are triggered by the monthly cycle of consumption and bill issue. The new timelines for eligible low income electricity customers will extend past the next month's scheduled bill, and so we expect these account management activities will need to be handled outside the billing system, in a manual process. This will increase costs. Once the volume and complexity of the needs become better defined through experience, we will re-evaluate how to address the need.

Written consent

Hydro One has developed an approach to address the need for written consent. To adhere to the proposed amendments, we propose to wait one week, as a grace period after the account is closed, for a new customer to set up an account in writing. If we do not have the account set up in writing by the end of that grace period, we would disconnect. We anticipate this approach will result in higher costs than today's practice to connect new customers that missed the one week grace period and will result in increased customer dissatisfaction.

Further comments, on specific DSC sections for the proposed Attachment A:

Section 1.2: Amended section 1.2 defines an eligible low income electricity customer. Hydro One recommends including definitions for "social service agency" and, "energy bill payment assistance program."

We understand the Ontario Energy Board will certify the social service agencies who can determine an eligible low income electricity customer. Hydro One recommends that a list of certified Agencies be available for customer and distributor use on a real-time and daily basis, and that processes be established to clarify certification for Agencies who contact us but are not yet certified by the OEB.

2.4.11: This section is part of the Code for new customer connect or move in/account set up situations. We assume that additional paragraph (a) refers to new customer connect or move in/account set up situations. Security deposits will be applied to an existing eligible low income electricity customer that is receiving assistance from an energy bill payment assistance program, if good payment history is not maintained. In addition, we assume that a security deposit can be requested from an eligible low income electricity customer that is receiving assistance from an energy bill payment assistance program, before reconnection if the customer has reached the disconnect stage. Not collecting security deposits from low income customers on payment assistance plans, could result in a flight risk of low income customers without recourse for the LDC.

2.4.18.c: Security deposit from third party: Regarding the “*guarantee provided by a third party that is acceptable to the distributor, based on a reasonable assessment of third party’s ability to make payment under the guarantee,*” we assume that part of the acceptability to the distributor would include decisions regarding legal responsibility for the bill (third party or customer) and required documents.

2.4: Security Deposits. The approximate costs and timelines for Hydro One to make changes to the Customer Service System to include the revised security deposit processes have been included in the above “Introduction” section.

2.4.25A.a: We presently return the amount “immediately” rather than in equal instalments paid over the same number of months. Since the proposed amendment says “shall”, not “may”, in “*a distributor shall return the amount in equal instalments paid over the same number of months as the security deposit was paid by the customer*”, we plan to seek an exemption, in order to continue our present practice. We believe that changing our current practice would increase costs and customer complaints.

2.4.26A: Applying a security deposit to an account for a residential customer before disconnection will increase the risk for the distributor, as the remaining account security held could, in most cases, be less than the outstanding balance and upcoming billing amounts.

2.5.4.a and 2.5.3.a: Bill issued by mail to eligible low income electricity customers. The proposed amendment for section 2.5.4.a adds three days by defining the deemed issue date as 3 days after the print date. If the date the mailed bill is deemed to have been issued, is 3 days after the print date, and the due date is 21 days after the deemed issued date for eligible low income electricity customers, this will allow 24 days from the date the bill is printed. Furthermore, section 2.5.5 adds time to this period, before payment is actually received. The total days will be 27. The cumulative number of days presses the limits of the monthly billing cycle inherent in our billing system. We may need to move work outside the billing system, into a manual process.

2.5.4.b: Bill issuance by internet and email. Presently, for customers for whom Hydro One issues a bill by making it available over the internet, we send email solely to those customers who request it. Under the proposed amendments, we will be required to send email to all such customers, even if they do not wish to receive the emails.

2.5.5: Date of bill payment. Our bill remittance service provider does not provide the envelope post-mark date on payment received, nor the date that the customer launched their electronic payment. We have confirmed with our service provider that they are not able to provide this information. Our service provider provides the date upon which they received the payment. To reflect the proposed Code amendments we will calculate the payment date as being set three days prior to the date provided by our service provider. Three days are the number of days reasonably expected between the post-mark date and the date provided by the service provider.

April 17, 2009

2.5.8: Computation of time. Under our interpretation of this section, Hydro One will continue with the calendar day count used to count between two events (regarding item “a”), including payment periods and disconnection notice periods. Our interpretation is that an “act” as in items “b” and “c” does not occur between two “events” as in item “a”.

2.6: Customer arrears program. Changes to our CSS will be required to incorporate the new proposed arrears management timelines. The approximate costs and timelines for Hydro One to make changes have been included in the above “Introduction” section.

2.7.3: Today we have verbal agreement with landlords and provide landlords notice, by letter, if a tenant moves out. A more formal process to establish signed agreements will increase our administrative costs, and increase timelines due to the written communication. It could also be a costly inconvenience, as disconnection can take place after the tenant leaves if written consent is not available from a landlord. To adhere to the proposed amendments, we propose to wait one week, as a grace period after the account is closed, for a new customer to set up an account in writing. If we do not have the account set up in writing by the end of that grace period, we would disconnect. We anticipate this approach will result in higher costs than today’s practice to connect new customers that missed the one week grace period and will result in increased customer dissatisfaction.

4.2.2: Disconnect notice content: Changes to the Customer Service System will be required to incorporate additional data into the Disconnect Notice.

4.2.2.f: Disconnect Notice content, social service agencies and energy assistance charities. We assume that the list of certified Social Service Agencies will provide “*telephone numbers, addresses and other available contact information for all local social service agencies and local energy assistance charities*”, and that the Disconnect Notice can refer the customer to that source.

4.2.2.h: Disconnect Notice content, Vital Services By-law. Hydro One Networks’ service territory is vast and diverse. Since to our knowledge no list of locations where Vital Services By-laws exist, we will need to mark “Not Available” in this part of the Notice.

4.2.2B: Disconnection notice to a third party. Should a customer choose this option, we assume that the 11 day notice valid period be reset, otherwise the window available for disconnect will have passed.

The proposals for additional information in disconnect notice, new disconnect notice period, expiry period and in-person or telephone contact, will require changes to adjust the automated steps in our Customer Service System, and approximate costs and timelines are included in “Introduction”.

6.1.2: Agreement in writing required. As noted in the above “Introduction” section, this requirement will add additional administrative burden to utility operations.

In addition, we believe it will be an inconvenience to customers setting up services to move into a premise.

Each year we process about 120,000 move in/move out requests. In 2007, there were approximately 14,000 orders issued to our field staff to follow up on accounts where we had not heard from the “move in” customer. This amounts to almost 12% of customers who do not set up accounts before they move into their new home or business. The above reflects a process using verbal agreement, and which includes leaving the power on and information at the premises to remind customers to call us to set up an account.

A more formal process to establish signed agreements will increase our administrative costs, and increase timelines due to the written communication. It could also be a costly inconvenience, as disconnection can take place with no written agreement, thus no official customer, in place. The property would be left without power.

To adhere to the proposed amendments, we propose to wait a week, as a grace period after the account is closed, for a new customer to set up an account in writing. If we do not have the account set up in writing by the end of that grace period, we would disconnect.

In addition, we assume that customer agreements for account responsibility established up to December 31, 2009 and gathered through verbal agreements, will be grandfathered and exempt from this new requirement.

Further comments, on specific RSC sections for the proposed Attachment A:

7.2.3: Equal billing. Hydro One’s equal billing program is a form of budget billing, where the plan amount is adjusted at quarterly intervals to reflect actual usage patterns. This is recognized in the current Standard Supply Service Code. Hydro One assumes that the proposed amendments are consistent with Hydro One’s equal billing program, and also consistent with an equivalent form of levelized or budget billing available to all standard supply service customers that fall within the residential class.

7.7: Billing errors. Today Hydro One issues a refund amount as a credit on the next bill, and cheques are issued if a customer requests. These changes will increase administrative cost as cheque issue is more costly. Changes to CSS will be required to modify current processes to credit the next bill.

7.7.2a: states, “... shall repay the full amount by cheque within 21 days of discovery of the error.” While this will typically be implemented, there are difficult situations where additional time will be required. Refund steps cannot begin until the amount to be refunded is calculated. In some cases this requires accessing historical records not readily available in the Customer Service System, and calculation of various electricity price rates over billing periods. If the result requires an adjustment to the billed amount, the appropriate signing authority must be collected. Account adjustments which are more complicated may not be able to be completed within the specified time. .

April 17, 2009

7.7.3 and 7.7.4: In the case of an underbilled situation, accepting payment in equal monthly instalments over the duration of the error will require manual management of the account each month for the duration of the payment period, increasing costs.

Further comments, on specific SSS Code sections for the proposed Attachment A:

2.6.2: Equal billing. The amendments recommend the equal billing plan offered to an eligible low income electricity customer shall bill on a monthly basis. Currently, Hydro One customers who are part of acquired communities are billed on a bi-monthly basis. This will be adjusted to monthly during the implementation of time of use rates, currently scheduled in 2010. Hydro One requests exemption to monthly equal billing for customers in acquired communities until the roll out of time of use rates. This small time delay would eliminate the cost for interim system changes.

The above “Introduction” section includes the approximate costs and timeline for Hydro One to make changes to the Customer Service System to address the proposed Equal billing options for eligible low income electricity customers, which include: offer two dates within the month on which payment is due; where reconciliation shows funds are owing to the customer, send a cheque; where reconciliation shows funds are owing from the customer, add in equal instalments over the next eleven months.

Comments, on specific RSC sections for the proposed Attachment B:

2.8.1: Customer Classification. The paragraphs in the main discussion body of the March 10 OEB amendment-proposal document (on page 27) which correspond to Attachment B’s proposal regarding section 2.8.1, refer to customer complaints and issues as related to kilowatt boundaries – including 50 kW and 5,000 kW. Also, the paragraphs following section 2.8.1 refer to “demand”. Since the focus is on demand, we assume that the wording “*review each nonresidential customer’s rate classification*” of the first part of the proposed section 2.8.1 refers to reviewing the level of kW demand consumption of customers in each non-residential customer rate classification.

Contact Information

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