

April 17, 2009

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

*Via RESS and by courier*

Dear Ms. Walli:

**Re: EB-2008-0150 Consultation on Energy Issues relating to Low-income  
Consumers - Report of the Board: Low-income Energy Assistance Program**

The Electricity Distributors Association (EDA) is the voice of Ontario's electricity distributors.

The EDA is pleased to provide the attached comments regarding the proposed Low-Income Energy Assistance Program. The EDA has consulted with its members on the proposals and has summarized their feedback in the attached comments.

Yours truly,

"original signed"

Richard Zebrowski  
Vice President, Policy & Corporate Affairs

Attach.

## **EDA Comments on Low-income Energy Assistance Program (EB-2008-0150)**

The EDA notes that the OEB has proposed three components for the Low-Income Energy Assistance Program (LEAP): 1) temporary financial assistance for low-income energy consumers on need; 2) the benefits of access to more flexible customer service rules on matters such as bill payment and disconnection notice periods; and 3) targeted conservation and demand management programs.

EDA members believe the temporary financial assistance based on the approach used in the “Winter Warmth” programs is generally reasonable. The following comments focus on the assistance program that will be coordinated with local social service agencies. Specific EDA comments on the more flexible customer service rules are provided in a separate submission on the proposed amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code (EB-2007-0722). It should be noted that EDA members generally did not support most of the proposed new customer service rules for low income customers.

The EDA agrees with the Board’s guiding principles for developing LEAP. Those principles are:

- Emergency funding available to low-income energy consumers should be increased
- Funding should be accessible on a province-wide basis
- Funding should be available to both electricity and natural gas consumers
- Distributors should develop partnerships with social agencies
- Eligibility for the assistance program should be based on need, as determined by a social agency
- The assistance program should not be overly costly or complicated to administer
- The assistance program should result in more effective and efficient handling of arrears management and disconnection

The EDA had indicated in its previous submission that it would prefer leveraging existing processes such as Winter Warmth and having social service agencies continue their role in engaging directly with low income customers. We agree that social agencies are best able to determine which customers are eligible for assistance. We understand that social agencies are focused in helping those most in need and that partnering with a local social service agency to work with those in need will lower the implementation costs for providing those in need with financial assistance.

The proposed level of funding of 0.12% of the distribution revenue requirement or \$2,000 is significantly greater than the funding levels provided by most distributors through Winter Warmth. We recognize that offering year-around assistance would explain part of the increase. The EDA understands that the OEB has concluded that this level of funding would not create an undue burden on other ratepayers. The EDA agrees that this level may be a reasonable burden but there is a concern that overtime there may be calls for increasing the funding level due to increased uptake, and at slightly higher levels it may be considered an undue burden. Any change to this funding level should be carefully considered and reviewed.

The EDA remains concerned that LEAP funding out of individual utility revenue requirements instead of a broad-based funding mechanism (such as has been used for Rural Rate Assistance) inevitably creates serious inequities between the customers of different utilities. It is already evident in 2009 that many Winter Warmth funds were exhausted well before the end of the heating season in areas with lower income demographics. However, in other areas surpluses exist. Overall, a system based on individual revenue requirements results either in different support levels for low income customers in different service areas, for no reason other than being in different service areas, or in different burdens for customers in different service areas, or both. If LEAP continues, an equitable and sustainable source of funding must be found.

The EDA notes that the OEB proposes to establish a LEAP Implementation Working Group with representatives of distributors, consumers and social service agencies. The EDA agrees that it is essential that a working group be formed quickly to address a range of implementation issues that have already been identified by distributors. The EDA would like to nominate some volunteers for the working group who have some experience working with social service agencies. The preliminary list of implementation issues center on eligibility and impact on social service agencies.

EDA members expressed concerns about the increased burden on social service agencies once LEAP is promoted. Many social service agencies are staffed by volunteers and the expected increased demand for assistance may require increased resources for agencies. If agencies cannot handle the demand, distributors are concerned that they may be negatively impacted if customer requests for assistance are instead going to the distributor.

EDA members have noted that criteria for eligibility should be established to assist social service agencies in having consistent practices across the province. For example members asked whether student housing, where students typically have very low income, would be eligible for LEAP, even though their economic situation is not unexpected and not an emergency.

Members also questioned whether social agencies are expected to provide the distributor with a list of customers eligible for special customer service assistance. Will the low-income list be composed of customers actually receiving LEAP assistance or will the list be composed of customers who also had received LEAP in the past. The EDA believed the purpose of LEAP was to provide emergency funding assistance. Once the emergency is over, the EDA believes the customer is no longer eligible and would not be on the low-income list. This issue was raised with respect to the proposed LEAP customer service measures.

The proposed LEAP customer service measures appear to assume that there are low-income customers that are in an emergency situation for an extended time or that customers get special customer services if they received LEAP at some time in the past. The EDA believes it would be problematic if customers stayed on the low income list after the emergency has passed. Maintaining a list of these past LEAP customers on

special treatment would require someone to monitor when customers should no longer receive special treatment.

Regardless of who is on this list, members had significant concerns about creating a new sub-class of low income customers with different customer service measures. Unless the number of customers on the list is very small, and the administration of the special customer services is done through flags on accounts and manually implemented by staff, it is generally not possible to implement most of the special services without significant and costly changes to the distributors' customer information systems. One of the guiding principles for LEAP was that the assistance program should not be overly costly or complicated to administer. The EDA believes the LEAP customer service measures conflict with this principle. More detailed comments are provided in the EDA's submission on the proposed amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code (EB-2007-0722). The EDA believes these customer service measures should be an item for discussion by the LEAP Implementation Working Group in order to have a better understanding of the significant impacts on distributors.