



uniongas

A Spectra Energy Company

April 20, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Consultation on Energy Issues Relating to Low Income Consumers
Written Comments on Board Report - Board File No. EB-2008-0150**

In response to the Board's request for written comments on anticipated implementation issues, proposed solutions and proposed Code amendments, Union Gas Limited provides the attached submission which summarizes Union's views on specific proposals discussed in the Board's report as well as the associated Board staff report.

Should you have any questions, please do not hesitate to contact me.

Yours truly,

[Original signed by]

Patrick McMahon
Manager, Regulatory Research and Records

**Comments on Report of the
Ontario Energy Board:
Low-Income Energy Assistance Program
(EB-2008-0150 – March 10, 2009)**

**Submission
of
Union Gas Limited**

April 20, 2009

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Introduction

Union Gas is a natural gas utility that provides energy delivery and related services to approximately 1.3 million residential, commercial and industrial customers in over 400 communities in northern, southwestern and eastern Ontario. Union estimates, based on 2006 census data, that approximately 143,000 or 12% of its customers are considered “low income” per provincial Low Income Cut Offs.

This submission is in response to the Board’s request for comments on its March 10, 2009 report on the proposed Low Income Energy Assistance Program (LEAP).

Union agrees with the Board’s conclusion that LEAP on its own cannot address the broader problem of poverty in Ontario, or even that of energy poverty. Union recognizes the significant challenges facing low income consumers. These challenges are increased by current conditions related to the global economic recession. Union believes that the implementation of LEAP must be coordinated within the existing landscape of assistance available to low-income households in Ontario to be effective. Union agrees with Board staff that the government is best suited to address the broader context of poverty.

Guiding Principles

Union generally agrees that the Board’s seven guiding principles are an appropriate base upon which to develop policies and programs to assist low-income energy consumers. The principles the Board identified were:

- 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 service agencies.
- Eligibility for the assistance program should be based on need, as determined by a social service 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.

Union agrees with the Board’s conclusion that a social service agency partner should carry out much of the program’s administration rather than energy distributors. Union notes, however, that even with a social agency doing much of the administrative work, Union expects to incur significant capital and ongoing O&M costs.

Low-Income Assistance Through Rates

Union agrees with the Board's conclusion that it should not require utilities to implement special rates for low income consumers nor should it attempt to create a customer class of low-income energy ratepayers. Requiring utilities to design and implement rates based on income would be contrary to established principles of rate design that have been used by the Board for many years when approving just and reasonable rates.

Eligibility for Assistance

Union agrees with the Board that it is not possible to have a precise definition of "low-income energy consumer" that would be valid at all times and in all circumstances.

Union supports the Board's conclusion that the individual assessment of eligibility should not be the responsibility of the Board or the distributors. As indicated in the Board's report, the Board and the distributors do not have the expertise to make such an assessment whereas social agencies have the information, expertise and experience to determine which consumers should be eligible for assistance and what type of assistance is best provided.

To determine the need for assistance, Board staff suggest following the practice currently in place for the Winter Warmth Program where those consumers are deemed to be in need of assistance if they (1) have energy bills that are currently in arrears; or (2) have recently received a disconnection notice. The onus is on the consumer to show proof of "need" to a social agency, and the social agency in turn identifies the consumer as "low income". Union agrees with this type of eligibility criteria and approach. Union does not support burdening utilities and ratepayers with the administrative costs associated with providing social agencies with this type of information on an ongoing basis for purposes of identifying eligibility for assistance. In addition, the utility is not positioned to provide such information or make such a determination in any event.

Union expects that if social agencies will be relied upon to determine the eligibility for energy cost assistance, then these social agencies will be part of the Board's proposed implementation working group.

Low-Income Energy Assistance Program (LEAP)

Union agrees with the Board's proposal concerning the three components for LEAP:

1. emergency financial assistance for bill payment
2. tailored customer service measures; and
3. targeted conservation and demand management programs

The Board notes in its report that tailored customer service measures and targeted conservation and demand management programs may reduce low-income energy consumers' need for financial assistance. Union believes that these components of the "toolbox" will reduce the need for direct financial assistance.

LEAP Funding and Emergency Financial Assistance for Bill Payment

Based on successful experience gained under existing Winter Warmth or similar programs, the Board expects that distributors will provide LEAP funding to a social service agency partner that serves their franchise or service area.

To establish the amount of funding that distributors should allocate for the financial assistance portion of LEAP, the Board reviewed the Winter Warmth and other similar programs in which Ontario's natural gas and electricity distributors currently participate. The Board believes that the amount allocated to low-income energy consumer assistance could be increased without creating significant rate pressure.

The Board has determined that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or \$2,000, is a reasonable commitment of distributors to LEAP. This would represent the maximum amount that distributors would be permitted to recover through rates.

Based on Union's forecast infranchise distribution net revenue for 2009, Union's maximum LEAP commitments for November 2009 would be approximately \$845,000. This commitment would be in addition to that portion of the settlement in Union's Late Payment Penalty litigation designated for the Winter Warmth Program (\$1.8 million per year over 3 years).

The Board encourages distributors to seek to augment their LEAP funding from other, non rate-related, sources such as shareholder or other charitable donations. Union is not in a position to be able to actively pursue charitable donations from other parties to make additional funds available for social assistance. However, if approached, Union would direct those that wish to make a charitable contribution to assist low-income energy consumers to social agencies such as the United Way. Union would also consider the Winter Warmth Fund and/or LEAP as a possible beneficiary of employee fund-raising events.

LEAP Customer Service Measures

Union agrees that access to more flexible and tailored customer service rules may allow low-income energy consumers to better manage their bill payments, lessen the need for financial assistance, and allow distributors to more effectively manage collections, bad debts, and disconnection / reconnection costs.

Consistent with the Board's guiding principle on eligibility, Union agrees that social service agencies should determine who is eligible and carry out much of the program's administration rather than placing that responsibility with energy distributors.

Union needs clarification on whether a customer who may not qualify for direct financial assistance (or if direct financial assistance is not available) could qualify for assistance under the proposed customer service measures. It is Union's suggestion that only those customers who qualify for direct financial assistance be given access to more flexible customer service terms and conditions, and that documented recognition of such qualification be provided to the utility directly from the social services agency.

Union has identified many areas within our billing applications that will require changes to meet the proposed customer service measures. At a minimum, Union estimates that \$3 million will be required to implement the proposed changes, with recovery expected in rates. In addition, there will be significant incremental operating costs associated with customer care that cannot be quantified until the implementation details have been determined.

Union notes that further evaluation of the proposed measures and how they can be incorporated into existing work plans will be required before implementation can be scheduled.

Union sees no barrier to having LEAP funding in place for November 2009. Given the significant system and process changes that would be required to implement the proposed customer service measures, however, Union does not believe that it will be possible to implement these measures by November 2009.

Billing and Bill Payment

In its report, the Board indicated that low-income energy consumers would benefit from the following customer service measures with respect to billing and bill payment:

1. longer bill payment periods;
2. faster repayment of over-billed amounts and installment payments for under-billed amounts; and
3. monthly equal billing and other specific equal billing requirements.

Longer Bill Payment Periods

Board staff has proposed extending the bill payment period to 21 days for qualified low-income energy consumers who may require additional time to make arrangements for bill payment. While customers will receive the benefit of an additional 5 days to pay the first bill under a revised bill payment process, Board staff did not elaborate how extending the bill payment period will provide any other benefit to customers that are having difficulty meeting existing payment due dates. Regardless of the initial bill payment period, customers will continue to have a payment due every thirty days.

In its Notice of Proposal to amend the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code, the Board noted that it was considering mandating a single 21-day minimum period for all customers. Union estimates that the extension to a 21-day payment period for all customers would add approximately \$1.3 million to our cost of service related to a delayed cash flow. From an implementation perspective, a single minimum payment period for all customers would be much easier to administer and would likely be more cost-effective than system and operational changes to accommodate more than one minimum payment period.

Repayment of Over-Billed Amounts

Board staff's recommendation to allow low-income energy consumers to request repayment by cheque in all cases of over-billed amounts is consistent with Union's existing practice. Union recognizes that these consumers may have other particularly urgent needs for these funds.

Installment Payments for Under-Billed Amounts

Board staff's recommendation to recognize low-income electricity consumers' limited ability to pay (especially unexpected amounts for which the consumer may not have budgeted for) by allowing low-income energy consumers to repay any under-billed amounts in equal installments over the same period as the billing error occurred is consistent with Union's existing practice. Union's billing processes include controls designed to prevent errors. However, to the extent that errors do occur, Union's current practice is to allow repayment at the customer's request over the same length of time as the error occurred.

If requests for extended payment periods exceed Union's manual handling capacity, Union would be required to either develop an automated solution or hire additional staff with the expectation that related costs would be recoverable from ratepayers. The costs and time associated with such a solution has not been estimated.

Equal Billing Options

Given the extensive use of natural gas by residential customers for home heating, Union encourages all of its customers to join the equal billing program to lessen the impact of higher winter bills. With respect to Board staff's suggestion to allow low-income electricity consumers who elect equal billing to be given the option of at least two different monthly payment dates (such as the 1st or 15th of each month), Union does not currently have the functionality in its billing system to select payment dates based on customer preference.

Union's current process is to read the meters of all customers within a defined area on the same date. Implementation of a customer choice of payment date would require significant modifications to Union's billing system, operational processes and resourcing. Accordingly, Union suggests that optional monthly payment dates be eliminated, based on all of the other changes to the terms and conditions of service for low-income consumers.

Board staff suggests that low-income consumers who elect equal billing should receive any refund of over payments at the time of reconciliation in the form of a cheque (at least where the amount is large enough that it would need to be credited over more than one bill) and that any shortfall be rolled into the following year's installments in equal monthly amounts. Union currently has an annual reconciliation process and offers a refund at that time in the form of a cheque to customers upon request in recognition that all customers may have an urgent need for the funds. Union also has a practice of allowing customers to pay any shortfall over a period of time but not rolled into the next year's installments. Board staff's recommendation would require a functionality modification to Union's billing system. The costs and time associated with such a modification have not been estimated in any detail.

Disconnection

In its report, the Board indicated that low-income energy consumers would benefit from the following customer service measures with respect to disconnection:

1. a standard disconnection notice that includes information of particular relevance to low-income energy consumers; and
2. a longer minimum notice period prior to disconnection.

Standard Disconnection Notice

Union agrees that the information provided on the disconnection notice should be standardized for all utilities. With some exceptions, Union agrees with the minimum information proposed by Board staff to be included on a disconnection notice. It should be noted that Union uses its bill as its disconnection notice.

The following provides a comparison between the information proposed by Board staff as the minimum required in a disconnection notice and Union's current practice:

the amount that is overdue, including any late payment charges

- Union currently identifies these amounts on disconnection notices

the scheduled date of disconnection

- Union does not identify the scheduled date of disconnection because of the complexity of scheduling a qualified individual to physically disconnect service at the meter (i.e., not automated)

any action(s) that the customer can take to avoid disconnection and the deadline for taking such action(s)

- Union currently provides this information on disconnection notices

any reconnection charge that may be payable

- Union currently does not include reconnection charges on its disconnection notice but could with minimal change to its billing system

contact information for the distributor

- Union currently provides this information on disconnection notices

contact information for local social service agencies and local energy assistance charities

- Union works with its customers and social service agencies to keep the gas flowing and provides contact information to customers upon request. This information is not provided on our disconnection notice and Union does not support adding this information to a standardized notice as it may not be applicable to all customers. Low-income energy consumers can be referred to social agencies by calling Union.

a description of the process for qualifying for assistance that is available to low-income energy consumers

- Union submits that providing adequate details of qualification processes and criteria is best left to the social service agencies that will be asked to deliver the assistance to low-income energy consumers.

a reference to the arrears payment plans offered by the distributor

- Union currently does not make reference to arrears payment plans on disconnection notices nor do we support adding this detail to a disconnection notice. Union works with each customer individually to maintain service through an arrears payment plan designed for their unique situation.

confirmation of whether a local Vital Services By-law is in effect that applies to a customer's rental unit and whether the distributor has provided the required notification to the municipality

- Union does not have Vital Services By-Law information available in our billing system so could not provide it on a disconnection notice. Union could provide this information with a modification to its billing system.

Longer Minimum Notice of Disconnection

Board staff suggest that distributors provide 21 calendar days' notice as a minimum prior to disconnecting a low-income energy customer. Union works with its customers and social service agencies to keep the natural gas flowing and currently offers a minimum of 16 days notice of disconnection. This time period corresponds to our billing payment period.

With respect to Board staff's suggestions regarding alternatives to disconnection, Union understands the challenges that customers face when paying their utility bills and the impact that this can have on them and their families. That is why Union works with its customers and social service agencies to keep the natural gas service connected. Disconnecting a customer is always a measure of last resort.

While Union is in agreement with the proposals made regarding disconnection notices and longer notice periods (with some exceptions noted above), once qualified low-income energy consumers are identified by a social service agency, Union currently has no mechanism or functionality in its billing system to track low-income households that would allow it to implement such measures. Accordingly, Union believes that it may be more cost-effective and easier to implement if a single 21-day disconnection notice period is used for all customers. The increase in bad debts, and the funding for that increase, would need to be recovered in rates.

Security Deposits

In its report, the Board indicated that low-income energy consumers would benefit from the following customer service measures with respect to security deposits:

1. a deposit waiver for low-income energy consumers that receive energy bill assistance; and
2. extended periods over which to pay required deposits in certain circumstances.

Union does not support measures that would result in special programs, rules, waivers of fees and penalties and arrears forgiveness for low income consumers. The rationale for a distribution utility applying a security deposit is to protect the utility from those customers who fail to pay their bills and protect other ratepayers who would be required to make up the loss of revenue and increased costs from non-paying customers.

Without security deposits, bad debt levels would rise as would the rates of all ratepayers from whom the bad debt is recovered.

As was explained by Union during the consultation process, the request for a security deposit may be waived by Union in any of the following situations:

- New customers who join the equal billing plan and the automatic payment plan concurrently.

- New customers who provide an excellent credit bureau report or a positive letter of reference from another utility.
- Customers that have payments assured by a social service agency.

While security deposits are added to the customer's first bill and are due at that time, Union's customers can request additional time to pay the security deposit. As long as the customer keeps paying the new charges on the bill each month and a portion of the security deposit, Union currently allows the deposit to be paid over a number of months.

Union does not support measures that would result in waiving security deposits for low income consumers. To the extent that the Board feels that special security deposit measures are needed, Union would support funding these measures through the Winter Warmth Program, LEAP or other available social assistance programs.

Arrears Management

In its report, the Board indicated that low-income energy consumers would benefit from payment agreements that allow low-income energy consumers to pay arrears over an extended period.

If a low-income energy consumer cannot fully pay their bill within 16 days (or the proposed 21 days) from when the bill is issued, they can contact Union to make payment arrangements. These arrangements are mutually agreed upon with the customer and are structured with the overall objective to pay off the total amount due. As long as the customer meets the arrangements and progresses towards settlement of the arrears, no collection activity takes place. Arrangements may continue over a number of months. The onus is on the customer to contact Union so that payment arrangements can be made in a timely manner.

Union's current practice is to work with all customers to arrange suitable payment arrangements. In the event that requests for extended payment periods becomes unmanageable, Union could require additional staff, with a commensurate impact on costs and rates. The costs associated with these additional resources have not been estimated in any detail.

Board staff suggests considering the waiver of any late payment charges on outstanding debt provided the customer maintains any agreed-upon repayment schedule. The late payment penalty charge is a well established and practical device in widespread use in Ontario and elsewhere to encourage prompt payment of utility bills. The primary objective of this charge is to encourage customers to pay promptly and thus minimize the growing cost of carrying accounts receivable. Union concurs with the Board's past determinations that these costs as well as extraordinary collection costs should be borne by customers who cause them to be incurred.

Union does not support measures that would result in arrears or late payment charge forgiveness for low income consumers. Without proper arrears management and payment, bad debt levels would rise as would the rates of all ratepayers from whom the bad debts are recovered. In Union's view, it may be easier and fairer to increase the total annual funding to the social services agency and have lower operational and rates impacts compared to the impacts of waiving the late payment charge.

Given the extensive use of natural gas by residential customers for home heating, Union encourages its customers to join the equal billing program to lessen the impact of higher winter bills. This

program equalizes the amount due each month, which makes the bill more stable, predictable, and affordable.

To the extent that the Board feels that special arrears management measures are needed, Union would support funding these measures through the Winter Warmth Program, LEAP or other available social assistance programs. Eligible low-income households that have energy bills that are currently in arrears or about to go into arrears can receive assistance from these same sources.

Late Payment Charges

Board staff suggests that it may be appropriate for the Board to consider changing the maximum permissible late payment charge to the distributor's approved short-term debt rate, plus 5%.

Union is concerned that a maximum late payment charge equal to our approved short-term debt rate, plus 5% will not adequately cover the utility's costs attributed to late paying customers.

Union questions how effective a late payment charge would be if it was lower than the current rate of 19.56% per annum (1.5 % applied to unpaid balances including previous arrears when payment of the monthly bill has not been made in full 16 days after a bill is issued). More importantly, the late payment charge is not a financing program; it is an important way to incent customers to pay their bills on a timely basis.

A lower late payment charge would diminish any incentive to pay bills on time. Without an effective deterrent to late payment, the costs associated with late payment including O&M and rate base carrying costs would rise as would the rates of ratepayers from whom these costs are recovered.

Union currently has no functionality in its billing system or administrative processes that would allow it to implement a unique late payment charge for low-income energy consumers. Implementation of such a measure would require a re-engineered and redesigned administrative and billing process. The costs and time associated with such modifications have not been estimated in any detail.

Other Service Charges

Board staff suggests that the Board may wish to set province-wide caps on service charges relating to collections and non-payment. The new maximums could apply to both regular hour and associated after-hours charges, and apply to the following service charges:

- returned cheque charge;
- collection of account charge – no disconnection
(Note: Union does not currently apply a collection of account charge.)
- disconnect/reconnect at meter; and,
- disconnect/reconnect at pole (electricity)

It is Union's view that setting province-wide caps on service charges may result in cross-subsidization. However, it is feasible for the Board to set province-wide caps and accept the cross-subsidization and rate adjustments that result.

LEAP Targeted Conservation and Demand Management Programs

Union agrees that electricity conservation and demand management (CDM) and natural gas demand side management (DSM) programs can be effective tools to assist low-income energy consumers to reduce their overall energy usage.

Given the fact that low-income energy consumers are more likely to reside in homes that are in need of energy efficiency upgrades, efforts should be made to ensure that the recently (March 20, 2009) announced Ontario government intention to invest \$620 million to match federal funds to renovate 50,000 social housing units and build 4,500 new affordable housing units are directed towards improving the energy efficiency of these housing units.

Based on our experience to date, Union understands the value of developing DSM programs tailored to meet the specific needs of low-income energy consumers. The objective of Union's existing low-income DSM program is to empower low-income energy consumers to control their natural gas usage through ongoing education on energy conservation. The intent is to promote behavioural changes and the adoption of conservation programming.

As is explained in more detail in Union's comments on the LEAP Targeted Conservation and Demand Management Programs section, Union seeks clarification of how the budget for low-income DSM will be set, how it will be measured and what incentives, if any, will be provided to utilities providing low income DSM programs. Union understands that the Board is already considering a process on how to set these parameters as a result of extending the existing DSM plans for a one-year period.

Union appreciates the Board's position that distribution utilities should be given an opportunity to continue to explore DSM initiatives that fail to meet the test of a positive total resource cost (TRC) benefit. The existing low-income TRC program parameters restrict Union in many cases from offering longer term / permanent programs. TRC parameters also restrict Union from offering deeper measures which will provide customers with substantial savings. One possible solution to this issue could be that the Board provides funding to the utilities for low income DSM programming (via rates) and moves the portfolio outside of the traditional DSM framework. Results could be recorded in a scorecard approach, allowing the utilities to focus on deeper measures, while still providing a shareholder incentive for generating results. These are details that Union suggests need to be developed in a working group.

On a regular basis, Union's low income DSM programs are subject to changing input parameters which dictate their entry (or not) into the marketplace. Certainty around program inputs is required in order to run long-term, stable programming for customers.

Union believes that some of the largest barriers to low-income program design are the ability to identify and communicate with the target audience as well as budget constraints and the struggles to find existing businesses and/or skilled workers within our franchise area to implement these programs. Union continues to make it a priority to solidify partnerships with community agencies to help identify customers and bring further awareness of the programs in the communities that we serve. Union has not experienced significant problems in the take up of our low income DSM programs to date due to the successful partnerships with local social agencies.

Union believes that the essential components of effective DSM low-income programs are that the programs must be no cost to the customer, provide ease of access and have a strong focus on customer education and awareness.

To ensure that money spent on conservation programs for low-income consumers is optimized, it would be beneficial for the Board's proposed implementation working group to specifically identify what is currently offered, what is being planned and the future needs of the low-income consumers once these programs are fully used.

LEAP Deferral Account

To ensure timely implementation of LEAP, the Board has proposed that a LEAP deferral account be established.

Union believes that this deferral account should be used to track both LEAP contributions as well as costs incurred to allow for the development and implementation of different customer service measures and delivery of the LEAP initiative.

Union seeks clarification from the Board on whether it expects each distributor to individually apply for approval of a LEAP deferral account, and the timing of when such an application should be made.

In its report, the Board indicates that the proposed deferral account may be brought forward for disposal upon rate rebasing. Union believes that a LEAP deferral account should be treated as any other deferral account and be included in the annual non-commodity deferral account disposition processes.

Consumers in Multi-Residential Units

Union agrees with the Board's proposal that low-income occupants of rental and condominium units that are billed for their energy use separately (i.e., if their energy-related costs are not included in their rent) should be entitled access to the LEAP funding collected by distributors through distribution rates.

Implementation

The Board is of the view that LEAP should be available across the province by November 2009. While Union is in agreement that assistance should be provided as soon as practical, Union currently has no mechanism or functionality in its billing system to identify and track low-income households that would allow it to implement several of the customer service measures that have been identified. Union submits that there will need to be development time associated with any systems and administrative changes that are introduced. Accordingly, Union suggests that the date

by which additional funding is available be separated from the date by which new customer service measures are available.

The Board expects that natural gas distributors will implement LEAP customer service rules similar to those that may ultimately be adopted for the electricity sector. Union agrees with the Board's position that codifying these rules in relation to the natural gas distributors is not required.

The Board indicates that it will begin work immediately on developing appropriate reporting requirements. This work is expected to be completed by the fall of 2009 and in advance of the expected date for distributors to have LEAP in place. Union suggests that reporting requirements should be consistent with the timing of implementation, especially where new customer service conditions may be later than the increased funding availability.

The Board has indicated that it will establish a LEAP Implementation Working Group with representatives of distributors, consumers, and social service agencies. Union Gas would welcome the opportunity to join this Working Group.

Education and Outreach

Union agrees with the Board that consumer education and outreach are fundamental to the success of LEAP. Union also agrees that it is critical for distributors to undertake a consumer awareness campaign to make their local energy assistance programs better known to their low-income energy customers.

Union believes that its customers should be looking to Union first for information on products and services available. Any information accumulated by the Board for publication on its web site should include links to specific utilities and social agencies who are delivering these programs. Union does not believe that the Board should assume responsibility for informing utility customers about programs available within the utility's franchise area. It is important that any consumer education initiatives to be undertaken by the Board complement the education and outreach activities to be undertaken by distributors.

Summary of Issues / Proposed Responses Requiring Clarification

- Union believes that the implementation of LEAP must be coordinated with the existing landscape of assistance available to low-income households in Ontario to be effective. Union agrees with Board staff that the government is best suited to address the broader context of poverty.
- Union seeks clarification on the proposed LEAP Implementation Working Group. Specifically, when will the working group be established, who will participate and what will be the scope of the working group. Union would welcome the opportunity to be part of the working group.
- Union seeks clarification on whether a customer who may not qualify for direct financial assistance (or if direct financial assistance is not available) could qualify for assistance under the proposed customer service measures. It is Union's view that only those customers who qualify for direct financial assistance be given access to more flexible customer service terms and conditions, and that documented recognition of such qualification be provided to the utility directly from the social services agency.
- Given the significant system and process changes that would be required to implement the proposed customer service measures, Union does not believe that it will be possible to implement these measures by November 2009. Accordingly, Union seeks clarification on whether the date by which additional funding is available can be separated from the date by which new customer service measures are available.
- Union suggests that reporting requirements should be consistent with the timing of implementation, especially where new customer service conditions may be later than the increased funding availability.
- To implement the proposed customer service measures, Union will be required to incur incremental O&M and capital expenses to significantly change its billing system, operational processes and resourcing. Union seeks clarification on how these costs will be tracked and recovered.
- Union seeks clarification from the Board on whether it expects each distributor to individually apply for approval of a LEAP deferral account, the timing of when such an application should be made, and what costs will be captured in the deferral account. Union also seeks clarification on when the proposed deferral account will be brought forward for disposal. Union believes that a LEAP deferral account should be treated as any other deferral account and be included in the annual non-commodity deferral account disposition processes.
- Union seeks clarification of how the budget for low-income DSM will be set, how programs will be measured and what incentives, if any, will be provided to utilities providing low income DSM programs. Union understands that the Board is already considering a process on how to set these parameters as a result of extending the existing DSM plans for a one-year period.

- Union seeks confirmation from the Board that any consumer education initiatives to be undertaken by the Board will complement the education and outreach activities to be undertaken by distributors.