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By Electronic Filing and By E-mail

April 17, 2009

2/14/09
Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

**Electricity Distributors: Customer Service, Rate Classification and
Non-payment Risk**

Board File No.: EB-2007-0722
Our File No.: 339583-000013

We are writing on behalf of Canadian Manufacturers & Exporters ("CME") to provide comments on the proposed amendments to the Distribution System Code contained in a Notice of Proposal to Amend Codes dated March 10, 2009. Specifically, these comments address the proposed amendments to "billing demand based on kVA" and the "process for and frequency of reclassification". CME also has comments on the Low-income Energy Assistance Report ("LEAP Report"). However, because CME's comments are not related to the customer service elements of the LEAP Report, CME will provide its comments under a separate letter. We believe this approach is consistent with the directions provided by the Board in its correspondence of March 10, 2009.

Billing Demand Based on kVA

As set out at page 28 of the Notice of Proposal to Amend Codes, "billing demand" is the value used by a distributor for billing purposes, and is defined as the greater of 90% of the kVA reading of the meter or the kW reading of the meter in circumstances where the meter provides both. CME understands that, at present, some customers may not be aware that their billing demand is actually determined by using 90% of kVA. By extension, they may not be aware that they are operating at a poor power factor. For this reason, the Board has proposed the following amendment:

- 2.8.6 A distributor that charges a non-residential customer on the basis of 90% of the kVA reading of the customer's meter rather than on the basis of the kW reading of the customer's reading shall include on all bills issued to that customer a message to the effect that billing is based on 90% of the kVA reading.

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OEB BOARD SECRETARY	
File No: <i>EB-2007-0722</i>	Sub File: <i>19</i>
Panel	
Licensing	
Other	<i>John V. Takis / Laurie R. / Alison C. / Paul G. / Roy M.</i>
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Subject to the comments that follow, CME supports the proposed amendment.

CME agrees that customers should be advised when their billing is based on 90% of the kVA reading. However, CME is concerned that customers may not appreciate that the use of 90% of the kVA reading for billing is indicative of a poor power factor that increases their electricity costs.

For this reason, CME urges the Board to direct that the customer notice explain the meaning and affect of a customer being billed on the basis of 90% of the kVA reading. At a minimum, the notice should explain that the use of 90% of the kVA reading for billing indicates a poor power factor, and that because their power factor falls below 90% they are being billed for extra associated costs. Furthermore, the notice should provide basic information about how customers can improve their power factor.

Such additional information would, in CME's view, allow customers to make an informed decision on whether to rectify their poor power factor, at their own cost, in order to lower their electricity costs.

Process for and Frequency of Reclassification

CME has reviewed the proposed amendments to sections 2.8.1 to 2.8.5 of the Distribution System Code. Subject to the comments below on the section 2.8.5, CME supports the proposed changes.

CME agrees with the observations of the Board that customers should be reclassified only when it is justified by ongoing and persistent usage. It would appear that the limitation placed on both distributors and customers to only one review of rate classification per year provides an adequate balance between the frequency of customer reclassifications, on one hand, and rate predictability and stability on the other hand.

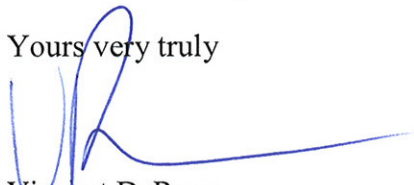
CME's concerns with the proposed amendments related to the process for and frequency of reclassifications relate to section 2.8.5, which reads as follows:

- 2.8.5 Where a distributor assigns a non-residential customer to a different rate class as a result of a review initiated by the distributor, the distributor shall give the customer written notice of the reclassification no less than one billing cycle before the reclassification takes effect for billing purposes.

In CME's view, when a distributor assigns a non-residential customer to a different rate class, the written notice should provide historical details of how the customer's demand has fallen outside the upper or lower limits applicable to the customers current rate classification that justify the reclassification. The distributor should also explain the anticipated rate impact that the customer can expect as a result of reclassification. Finally, the written notice should inform the customer of the right to request a reclassification review pursuant to section 2.8.2. CME believes that a written notice which contains this type of additional information would be valuable to non-residential customers.

If you have any questions or concerns about these comments, please do not hesitate to contact me directly.

Yours very truly

A handwritten signature in blue ink, appearing to read 'Vincent DeRose', with a long horizontal flourish extending to the right.

Vincent DeRose
VJD/kt

- c. Paul Clipsham (CME)
All Interested Parties (EB-2007-0722; EB-2007-0635; EB-2008-0150)

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