



April 23, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319, 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: Electricity Distributors: Customer Service, Rate Classification and Non-payment Risk
EB-2007-0722

Pursuant to the Ontario Energy Board's ("Board") letter dated March 10, 2009, Chatham-Kent Hydro and Middlesex Power Distribution is pleased to submit its brief written comments on the Report of the Board ("Report") with respect to the Electricity Distributors: Customer Service, Rate Classification and Non-payment Risk (EB-2007-0722) in join submission with Low income Assistance Program.

If you have any questions or concerns, please do not hesitate to contact Jim Hogan at (519)352-6300 ext 277 or email jimhogan@ckenergy.com.

Yours truly,

Cheryl Decaire
Coordinator Regulatory and Rates
(519)352-6300 ext 405
Email: cheryldecaire@ckenergy.com

CC: Jim Hogan, Chief Financial Officer



Comments on the Low -Income
Consumers- Low Income Energy
Assistance Program and Customer
Service, Rate Classification and Non-
Payment Risk

Chatham-Kent Hydro and Middlesex Power Distribution Corporation ("CK-MP") are pleased to be given the opportunity to provide additional comments on the Ontario Energy Board's ("Board") proposed changes to assist the Low-Income Energy Users in the Board files Consultation on Energy Issues Relating to Low-income Consumers - Low Income Energy Assistance Program (EB-2008-0150) and Electricity Distributors: Customer Service, Rate Classification and Non-payment Risk (EB-2007-0722).

CK-MP supports the initiative of the Board in providing assistance to the low-income energy users and therefore we will only provide comments on sections of the report and code changes that we believe require some adjustments or clarifications.

1. Eligibility and the Determination of Low-income Energy Users

CK-MP strongly believes that the determination of low-income energy user should not be the responsibility of local distribution companies ("LDC"). Due to the nature of the information required from customers to evaluate their qualification and because we do not have the expertise to provide those services it cannot and should be an LDC responsibility.

CK-MP will require the expertise of a social agency in our region to work with the customers and determine if they meet the qualifications of a low-income energy user. In order for CK-MP to work with an eligible local social agency we will be require from the Board the following;

- The requirements for selecting a local social agency including what a reasonable level of administration costs should be for the social agency
- The criteria that a social agency would use to determine that an individual is a low income energy user

CK-MP do not believe that they should take on any risk or financial implications when it comes to selecting the social agency as well as how customers will be classified as low-income energy users.

2. Equal Billing Program

CK-MP currently offers an equal billing program and strongly supports this program as budgeting tool for the customers. CK-MP will review the balances twice a year, after the summer months and after the winter months.

CK-MP would recommend that the Board allow LDCs to review the equal billing program twice a year, in October and March. These months are after the high usage periods where in the summer the customers use air conditioners to remain cool and in the winter where they may have electric heat to remain warm. Due to weather conditions the actual consumption from customers can change significantly such that it can be quite difficult to estimate the annual consumption and the customers' bill.

By reviewing the equal billing amount after these high usage periods and making reasonable adjustments when the variances between amounts paid and amounts billed are significant it will benefit the customers by:

- Requiring smaller increases in the equal billing amount when the amount billed is higher than the amount paid
- Providing a reduction in the equal billing amount when the amount billed is less than the amount paid

By having more frequent reviews it will reduce the risk on LDC when large amounts are owed and will provide better customer service by communicating and providing more assistance to the customers in managing and understanding their energy consumption and the related costs. The equal billing program's key concept is to smooth the amount required by customers to pay for electricity. This gives the customer an opportunity to budget and plan in conjunction with their supporting assistance representative.

3. Security Deposits

CK-MP has a concern that LDCs will not be allowed to require any deposit from customers that receive and participate in the "energy bill payment assistance program". Social agencies do not guarantee the bill payment they only provide assistance in paying the bill, therefore the risk to the LDCs is quite large.

CK-MP would recommend that LDCs be allowed to require a deposit equal to 50% of the normal deposit amount from the low-income energy use customers that participate in the "energy bill payment assistance program".

4. Arrears Management Agreements

CK-MP currently make agreements with our customers that are quite similar to what is proposed in arrears management agreements. CK-MP is however concerned that LDCs will no longer be allowed to charge and collect interest on these outstanding amounts without any adjustment to the rates.

Of greater concern to CK-MP is whether customers are allowed to have more than 1 arrears management agreement in place at any given time and what are the disconnect guideline when a customer cannot meet the arrears management arrangements and the current billing.

CK-MP would recommend that customers can only be on 1 arrears management agreement at a time. CK-MP would also recommend that if a customer cannot meet the payment arrangements in the arrears management agreement and the current bills then LDCs should be allowed to follow current disconnect procedures without further delay.

5. Credit Card Usage

CK-MP currently has partnered with a third party to offer our customers the opportunity to pay their bills with a credit card. CK-MP has found that this service is valued by our customers.

In setting the charge for this service CK-MP would recommend that it be based upon the same percentage that is charged by the financial institution or third party partner. The charge should be a pass through charge where neither the LDC nor the customers get an opportunity to get a financial benefit.

6. Retailer Contracts and Low-income Energy Users

CK-MP believes that providing the unique services and incurring the additional costs to assist the low-income energy users is a reasonable approach to being a good corporate citizen. CK-MP believes that at this point in the evolution of the Ontario electricity industry many times the retailer contracts are higher priced than the Regulated Price Plan ("RPP"). Many times the retailer prices have added additional financial burdens to the low-income energy users and as such CK-MP would recommend that the Board allow a twelve month cancellation period of the contracts that were signed by these customers.

It is only fair that the retailers participate in providing additional services and benefits to assist the low-income energy users.

7. Reduce Risk from Larger Commercial and Industrial Customers

CK-MP believes that the criteria being proposed for LDCs to increase payment frequency from their larger customers is set such that only very few LDCs will be eligible to implement.

CK-MP would recommend the following items to allow LDCs to increase the frequency of payments;

- LDCs should be able to use third party credit agencies and scorecards to evaluate the credit worthiness of their larger customers. If the third party credit agency identifies the customer as high risk then the LDC should have the option to increase the frequency of payments.
- LDCs should be allowed to increase the frequency of payments for industrial customers that have monthly bills that are 0.5% of their distribution revenue. The 0.5% is the similar percentage used in the Z-factor analysis approved in the 3rd generation IRM plan.

LDCs are restricted to request deposits from the larger customers if they have a good payment history with the LDC, but are a significant load and may be a large risk due to their overall credit risk. Therefore by increasing the frequency of payments this will reduce the need to collect a deposit from the customer and provide the LDCs with a reasonable risk level.

8. Conservation Programs and Landlords

CK-MP will participate in and support any process that the Board will undertake to identify conservation programs that will support the low-income energy users. In designing conservation programs for the low-income energy users, of which many are tenants, all LDCs will require support of and incentives for landlords.

9. Implementation - Timing and Costs

CK-MP will make best efforts to meet the timeline set out by the Board. We have met with the local United Way to discuss the partnership and options to provide the services. However many of the changes require changes to processes and in particular the customer information system. In preliminary discussion with other LDCs and our service provider a November 1, 2009 implementation date may difficult for all items to be in place.

The United Way has also stated that they may not be ready to provide all services required.

CK-MP is concerned with the cost implications of providing these services and would expect that additional staffing will be required along with expected increases in bad debt costs. CK-MP would recommend that the Board approve deferral accounts to capture the additional costs of these services.

Summary

CK-MP has worked hard in the past to provide the best service we can and to assist the low-income energy users by providing financial assistance and working with local service agencies. With the proposed changes and some recommended modifications to them we will be able to improve our services for the low-income energy users.