October 23, 2009

Ontario Energy Board
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ATTN: Ms. Kirsten Walli:
Board Secretary

Ontario Energy Board – Revised Proposed Amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Code
Board File No.: EB-2007-0722

Dear Ms. Walli

Cornerstone Hydro Electric Concepts Association (CHEC) believes it is important to provide comment on the revised code changes. The wide sweeping changes proposed by the Board in this initiative warrants attention by all LDCs as the changes can impact on the way LDCs do business as well as the level of service the customers in the province of Ontario receive.

While many of the changes proposed by the Board are supported or reflect current practices concern exists among the CHEC members that some of the proposed changes will force LDCs to take a more “prescriptive” approach to account and arrears management. While recognizing that codification is to set a minimum standard for all customers, concern exists that the scope of the changes will negatively impact on responsible account management and that the costs will outweigh the benefits. The Board has not presented any empirical data that illustrates improved customer service or savings from the proposed changes. CHEC has concerns that neither of these will be achieved with a number of these proposed changes.

The following outlines the issues that CHEC would like to discuss with respect to the proposed changes at this time.

1. **Date of Payment:**
   The Board’s revised proposal is to provide a three day grace period for customers who mail their payment. The proposed wording requires the LDC to determine the date of payment if paid by mail as three days prior to the date on which the distributor received the payment. With this wording the payment could actually appear as if it was received early – which indeed is not the case. The actual receipt date should be recorded.

CHEC proposal: Indicate that the LDC will provide a three day grace period after the due date for payments received by mail.

2. **Inequity in Payment Method:**
While many LDCs have already instituted a grace period for payments the codification of the requirement does highlight some inequity in customer treatment. If a customer pays one day late at a financial institution the payment is deemed late, whereas the same payment, mailed on the same day will be deemed to have been received on time (as the mail service will generally deliver the mail within the 3 day window).

While an inequity may be "codified" extending the three day window to all payment methods is not the solution as this would extend the due date for all customers by three days. This further extension (3 days at beginning and 3 days at end) would impact negatively on cash flow and would work counter to distributor programs such as preauthorized payment plans which assist customers to make timely payment. Within the payment cycle LDCs and the OEB must remain cognizant of the requirement for LDCs to pay the IESO invoice for cost of power on a timely basis. Extending the payment window for all customers would negatively impact on the ability to pay the invoice in a timely manner or would required additional working funds.

CHEC proposal: Remove the requirement to provide a grace period and leave this to the individual LDC account management discretion.

3. **Equal Monthly Payment Plan:**
The recognition that the plan is an "equal payment plan" is appreciated by CHEC. Historically setting appropriate payments have been determined based on past account history and/or similar building consumptions. The experience of staff in setting appropriate monthly payments is essential.

The increased flexibility to allow customers to enter the payment plan at any time in the year can result in high reconciliation amounts or the distributor requesting to change the amount within the first quarter. Large reconciliations in either direction are to be avoided. For accounts moving to equal payment at various times in the year a pro-rating of the monthly payment should be considered.

CHEC proposal: The average monthly payment should be prorated at a rate estimated to allow the account to have minimal reconciliation amounts. For example if a customer joins the plan with only 8 months remaining to reconciliation the monthly average payment would be adjusted to recognize that the amount collected will only be over 8 months instead of 12. This will help to minimize the amount outstanding at reconciliation and reduce customer issues around reconciliation.

The revised proposal requires that if the amount of the reconciliation exceeds the average monthly payment that the total amount is rolled over into the next year's plan. The carryover of the amount into the following year effectively increases the cost of electricity for the customer for that time period which may or may not be beneficial for the customer. In addition the running total does not provide a clean break from one year to the next.

CHEC proposal: A customer statement be issued notifying the customer what the final payment amount will be and the full amount of the payment is withdrawn.

4. **Retail Customers and Equal Payment Plan:**
It is agreed that retail customers should be offered equal payment plans, if the amounts can be properly calculated and the risks properly managed. At the current time distributors are not positioned to be able to cost effectively provide that service to the retail customer for the entire bill amount.

The cost of power for a retail customer is a combination of the retail rate and the Provincial Benefits. The existing CIS systems are not able to handle the multitude of rate plans offered by retailers. In addition the Provincial Benefits would need to be predicted which currently is a significant portion of the customer's bill. Requesting the distributor to manage the system with these unknowns will require more administrative oversight than the standard equal payment plan resulting in increased costs for all electricity customers.

CHEC proposal: While CHEC agrees that the opportunity for equal payment plans should be available CHEC believes the OEB staff should further investigate the issues surrounding equal payment plans for retail customers and the ability to implement.

5. **Disconnect Notices and Timing:**
The current requirements for disconnect notices and the allowable time frames allowed many distributors to address arrears for one bill prior to receipt by the customer of the following bill. This helped the customer understand the amount owing and overdue. The extension of the time frame, which includes the 3 days for mailing, 16 days for due date and the 14 days for the notice of disconnect results in the customer receiving a second bill prior to the disconnect notice being dealt with.

CHEC proposal: The overall timing should be maintained within a 30 day window. This 30 day window would allow for the bill to be printed, mailed, received, disconnect notice issued and come due in this period. This will allow both the LDC and the customer to deal with the outstanding amount and any disconnect notice prior to the second bill. LDCs could provide longer periods if they so choose.

6. **Third Party Notification of Disconnect:**
CHEC agrees that when a customer requires third party help that additional time is required. The time frame proposed is too long and merely increases the amount that the customer will eventually owe. While it is recognized more time is important, timely response by all involved is also required.

CHEC proposal: The total time from the issuance of a disconnect notice to eventual disconnect should be set at 21 days where a third party is involved. This would provide an additional 7 days over the 14 days provided on the initial notice.

7. **Ability to Act on Disconnect Notice:**
A clarification is required with respect to whether a disconnect notice needs to be re-issued in the case where a third party reviews and determines that they will not assist. A further 21 days may have passed which exceeds the 11 days for the distributor to take action on a disconnect notice.

If the expectation is that the disconnect notice needs to be reissued this unduly extends the time for the LDC to take action.

CHEC proposal: The LDC should have 11 days to act on the previous disconnect notice from the date notified by the third party that assistance will not be provided.

8. **Application of Security Deposits to Arrears:**
The intent of the security deposit is to cover the last bill that the customer may have with the LDC. The security deposit is not an operational fund and should not be applied to an active account that is in arrears. When the deposit is applied to an active account all security is lost on the account increasing the risk to the other customers of the distributor.

The application of the deposit against arrears of an active account also becomes a problem for the customer as they now have to find the additional funds to replace the deposit. The same holds true for arrears payment agreement – the deposit should not be applied as the customers service is being maintained based on the arrears payment agreement.

CHEC proposal: Remove the need to apply the deposit prior to issuing a disconnect notice or entering into a payment plan.

9. **Ability to Implement:**
The CIS will require significant modification to manage the code changes proposed. CHEC LDCs third party providers have noted that the proposed changes are extensive, will require some time to fully understand once approved, and will require both programming and training time to implement. With the other changes currently on-going (Smart meters, FIT etc) that require programming changes, the ability to implement on the short term is impacted.

CHEC proposal: An eight to twelve month period should be provided for implementation from the date any code changes are approved. The suggested time frame will allow sufficient time for re-programming, staff training and policies to be implemented. In addition the implementation of the equal payment plan should be coordinated to occur when customer bills are lower to avoid an early deficit on the account.

The changes proposed are significant to the customer service relationship and are more extensive than merely documenting existing practices. If the majority of the proposed changes are implemented by the Board, LDCs will need to implement significant changes to ensure that they operate within the codes and still actively manage arrears. The proposed extended time lines may result in more disconnect notices being issued to "start the clock ticking" to help limit the overall timeline of the process.

Respectfully submitted

Gord Eamer

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Innisfil Hydro Distribution Systems	Lakefront Utilities
Lakeland Power Distribution	Midland Power Utility
Orangeville Hydro	Parry Sound Power
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