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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

October 23, 2009

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

Dear Ms. Walli:

EB-2007-0722 – Revised Proposed Code Amendments Regarding Customer Service – Comments from Hydro One Networks

In accordance with the Board's Notice of Proposal to Amend Codes issued October 1, 2009, I attach Hydro One Networks' comments on the Board's proposed amendments.

Three paper copies are being provided by courier to the Board and I have also attached proof of successful submission of these comments through the Board's Regulatory Electronic Submission System as directed in the Notice.

Sincerely,

ORIGINAL SIGNED BY ANDY PORAY FOR SUSAN FRANK

Susan Frank

Attach.

SUBMISSION OF HYDRO ONE NETWORKS INC.
REGARDING THE BOARD'S REVISED PROPOSED AMENDMENTS
TO
THE DISTRIBUTION SYSTEM CODE,
THE RETAIL SETTLEMENT CODE AND
THE STANDARD SUPPLY SERVICE CODE

Hydro One Networks Inc ("Hydro One") is responding to Ontario Energy Board Revised Proposed Amendments, in Notice dated October 1, 2009.

General

Hydro One understands that while these amendments apply to all residential customers, many of them are targeted to customers who are having difficulty paying their bills. We expect that the Board's proposal that these be changes implemented by January 1, 2010 is driven by the desire to have these new processes available in time for winter billing. However, many of the proposed changes will require extensive enhancements to customer processes and to associated enabling technologies, such as Hydro One's billing application, the Customer Service System (CSS). Meeting a January 1, 2010 implementation is not possible.

We also request that, in setting the implementation date(s), the OEB consider the many other changes underway that are impacting our customers, customer service processes and supporting applications over the next year. In particular, the time period for implementing time-of-use rates has been advanced at Ontario Government direction, and Hydro One will begin this implementation in the first quarter of 2010. To manage the risks of this major customer service implementation, Hydro One is scheduling technology freeze periods at that time. TOU billing is planned to start in April of 2010 and be phased in for customers throughout the year. Multiple changes to our work processes will be rolled out along with extensive staff training. Bringing this new pricing into effect is a significant effort requiring the allocation of focused resources without compromising other immediate priorities (e.g. implementing new processes required for connecting renewables and introduction of harmonized sales tax planned for July 2011).

Hydro One recommends a January 1, 2011 implementation date, which would permit the necessary "end-to-end" changes to customer service processes across many functions; preparation of work instruction and training for Call Centre and field staff (at up to 60 locations across the Province); changes to financial management of customer accounts, and with up to 300,000 customers in arrears at any one point, the necessary automation.

Hydro One notes that some of the programs in the proposed amendments are already available to Hydro One customers, including an equal payment plan for customers who are retailer-enrolled, and, the option to pay by credit card if in a disconnect situation. These, coupled with our continued pilot of Winter Warmth, will help customers who are having difficulty paying their bills until the amendments are put into place and implemented.

Hydro One's Comments related to specific amendments

DSC (Distribution System Code) 2.6.3 and 2.6.4 and 2.6.5, establish new milestones for bill issue and payment received. These changes require alteration of the billing and collections triggers and event scheduling established within Hydro One's CIS technologies. Hydro One could adopt the 16-day payment period to be able to incorporate the proposed three-day issue and payment allowances, and still maintain a monthly billing cycle. However, this will have a negative impact on customers, which we believe is not the intent of the amendments. In Hydro One's opinion, our current 21-day payment period gives ample time for customers to receive the bill and manage their payment response. Hydro One believes that these 'issue' and 'receipt' changes would not benefit customers compared to current policies. In addition, this change will make our bill issue/payment processes inconsistent with other monthly household bills and services.

DSC 2.6.4 (b) establishes the bill "issue date" as the day of email sent to customer, when billing is made available over the internet. Please note, when Hydro One customers sign up with our eBilling service provider, they have the option to set up a reminder email to let them know that they have a bill waiting to be viewed. However, it is not mandatory for customers to sign up for the email. Our service provider can not make issuing an email mandatory, as it would infringe on the user rights established between our service provider and their clients. Hydro One suggests that the date the when the bill is available on-line should establish the bill issue date for electronic means. Otherwise, Hydro One will ask for an exemption to this amendment.

DSC 2.7.2 In establishing the arrears management program, it should be noted that "current billed amounts" will be part of the agreement, in addition to the outstanding electricity charges. Therefore, Hydro One suggests revising 2.7.2 as follows:

"The arrears payment agreement referred to in section 2.7.2 shall allow the residential electricity customer to pay all remaining electricity charges that are then overdue for payment, after applying the down payment referred to in section 2.7.1.1, including all electricity-related services charges that have accrued to the date of the agreement, along with the current bill amounts, over the following period.":

DSC 2.8.3 will require establishment of written agreements with landlords of all known rental units. This will increase distributors' administrative costs and timelines at account transfer due to written communications needs. Hydro One would revise processes to consider allowing one week's grace period after an account is closed, for a new customer to set up an account in writing. However, if we do not have the account set-up request in writing by the end of that grace period, Hydro One would require the option to disconnect the premise. We expect this will result in higher costs and customer dissatisfaction, as it adds inconvenience to new customers.

DSC 4.2.2 This section required including the Vital Services By-law in disconnection notices, specific to each customer property. Hydro One serves customers in approximately 300 municipalities. The company has not found a central listing of

Vital Services By-laws. We have found that Vital Services By laws do not exist in some locations, and can vary in others. The work effort required to align appropriate and accurate information to each customer, and varying it depending on location across the province, is unknown at this time. We propose, that at the most, distributor's disconnect notice would instead advise the customer that a Vital Services By law may exist in his/her community, and that he/she should contact their municipality for more information.

DSC 4.2.2.2 This section requires distributors to send a copy of the disconnection notice to third party at the written request of a customer. Hydro One suggests that guidance should be provided to distributors regarding the evidence required from customers regarding the third parties' consent for the distributor to add their names to a Hydro One account and hold their mailing information

DSC 6.1.2.1, states that charges can be recovered only from a person that has agreed in writing to be the customer of the distributor. Per 2.8.3, this will increase distributors' administrative costs and timelines at account transfer. Hydro One would review our processes to consider allowing one week's grace period after an account is closed, for a new customer to set up an account in writing. If the company does not have the account set-up request in writing by the end of that grace period, we would exercise the option to disconnect the premise. We expect this will result in higher costs and customer dissatisfaction, as it adds inconvenience to new customers.

DSC Section 7.4.2 provides for a ten day cancellation notice should a customer default on payment arrangements. This should be limited to a one-time instance over the course of the 5 or 10 month payment arrangement timeline.

SSSC (Standard Supply Service Code) Section 2.6.2 outlines adjustments to Equal Payment Program. Hydro One requests that eligibility for this program be established. We suggest this should be available for customers on fixed-income only. This limitation would serve to levelize the volume of meter data, bill production, and customer calls across each billing day rather than concentrated only on two days of the month. This helps with efficiency of operation, by avoiding extra costs to establish systems, printing machine capacity, and call handling resources that are required for only a limited number of peaks during the month. For example, our bill print processes will handle a maximum of 70,000 to 80,000 bills printed each night.

Hydro One continues to assess the cost of implementing these changes, and has now estimated the cost range to implement the changes in the revised proposed amendments, at between \$3 - \$6 million. This is still a "ball park" estimate, but it is higher than the estimate included in our April 2009 comments on the initial proposed amendments, as these revised amendments apply to a larger audience (up to 800,000 residential customers in place of customers who would qualify as low-income) and implementation change requirements have been further clarified since the spring. The company has not included these costs in our 2010 business planning which formed the base of our 2010/11 Distribution Rate Application.

Hydro One is committed to providing cost-effective, reliable electricity delivery services to our customers. To the extent that improvements to service quality are accompanied by incremental costs and implementation complexities, we have identified several areas where the Board may benefit from our input, especially where there may be unexpected side effects on customer satisfaction.