



Ontario Energy Board

Commission de l'énergie de l'Ontario

**Electricity Distributors' Provision of Service and
Application of Charges
(EB-2007-0722)**

October 18, 2007

Agenda

8:30 – 9:00	Registration
9:00 – 9:15	Opening Remarks (<i>Takis Plagiannakos</i>)
9:15 – 10:30	Customer Service Issues (<i>Alison Cazalet</i>)
10:30 – 10:45	Morning Break
10:45 – 12:00	Customer Service Issues cont. (<i>Alison Cazalet</i>)
12:00 – 12:45	Lunch (To be provided)
12:45 – 2:45	Specific Service Charges (<i>John Vrantsidis</i>)
2:45 – 3:00	Afternoon Break
3:00 – 3:45	Customer Classification (<i>Laurie Reid</i>)
3:45 – 4:00	Closing Remarks



Background

- Staff identified a number of issues of concern as expressed through customer complaints and stakeholder enquiries:
 - Variations in the level of service provided to customers across distributors has been a cause of concern for customers.
 - Distributors have sought clarification on policies for which the Board has provided little or no guidance.

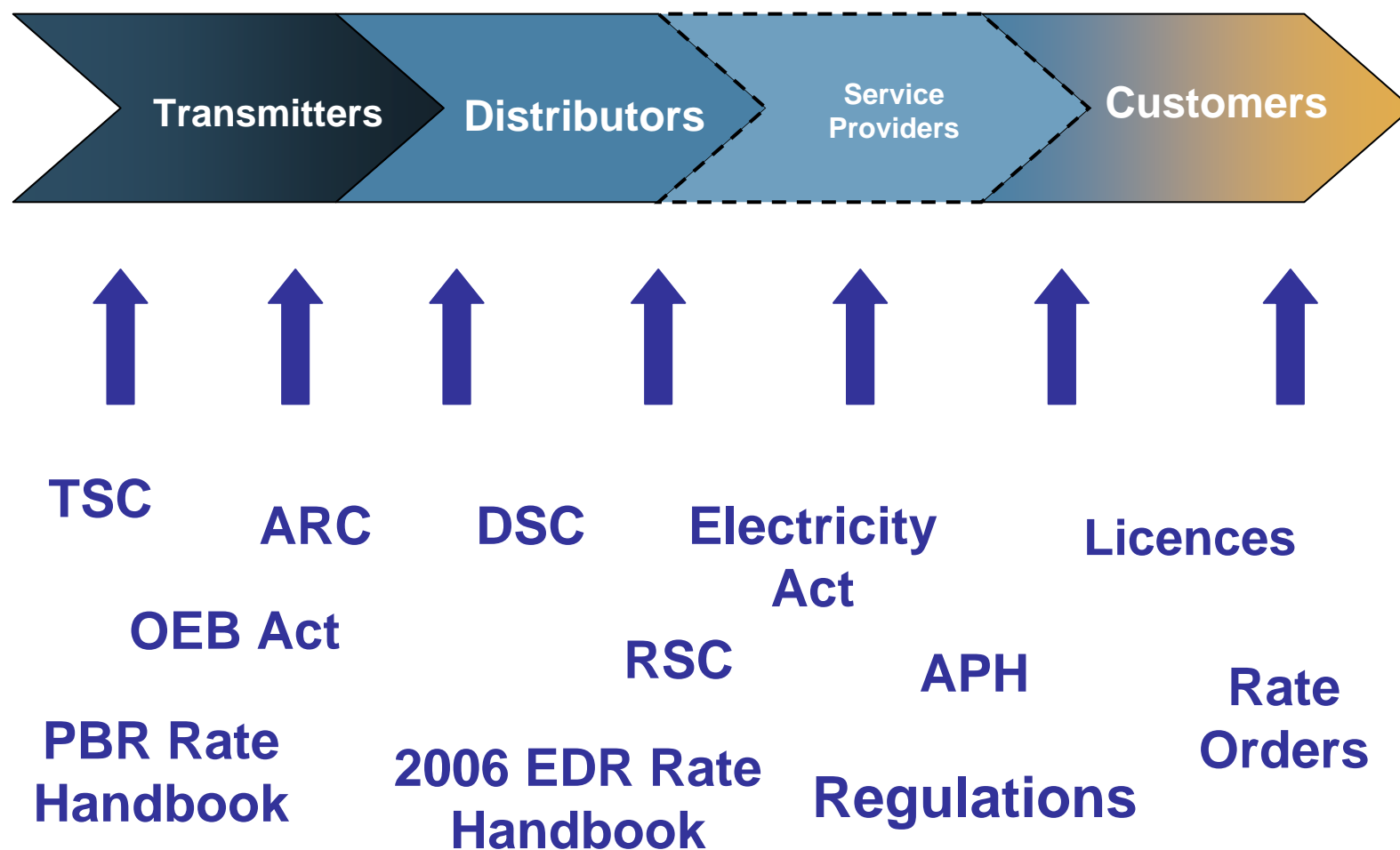


Objectives

- The main objectives of this project are:
 - To determine whether there is a need for consistent treatment of electricity consumers across all electricity distributors.
 - To provide clarification to distributors on how to implement certain legal and regulatory requirements.
- For some issues, it may be appropriate to codify any existing guidance provided in the rate handbooks to clarify and strengthen the rules.
- For other issues, no rules or guidance currently exist, and may need to be developed.



Legal and Regulatory Framework





Ontario Energy Board
Commission de l'énergie de l'Ontario

Customer Service Issues

Presenter: Alison Cazalet, OEB Staff

Customer Service Issues for Discussion

- Staff have identified the following Customer Service issues for review:
 - Bill Payment
 - Disconnection Procedures
 - Opening and Closing of Accounts



Bill Payment (1)

- Bill payments are a cause of concern for customers due to the implications for disconnection. Rules may increase consistency across distributors and reduce customer complaints, in the following areas:
- **Due date for bill payment** – the PBR and EDR Handbooks suggest 16 calendar days from date of mailing or hand delivery of bill.
- **When payment considered to have been made** – PBR Handbook suggests date posted marked, or when stamped/acknowledged by financial institution. No rules or guidance exist for electronic payments.
 - It appears many distributors allow payment electronically, and some distributors even issue bills electronically (through email).



Bill Payment (2)

- **Allocation of partial payments between energy and non-energy charges** (e.g. water & sewer services, CDM-related products or services)
 - Distributors are permitted disconnect for non-payment only of charges owing for distribution or retail of electricity (“energy charges”)
 - Are rules necessary to ensure customers are not disconnected for failure to pay non-energy charges?
- **Equal/Budget billing plans**
 - Customers & retailers have expressed concern that some distributors do not permit customers enrolled with a retailer to participate.
 - Some distributors make participation conditional upon participation in other programs (e.g. pre-authorized payment).
 - Can Equal/Budget billing negate some of the benefits of smart meters, if the billing amount each period is not directly related to consumption?



Bill Payment (3)

- **Correction of billing errors** – Addressed in the RSC:
 - Distributors must credit amounts over-billed for up to 6 years.
 - Distributors must collect amounts under-billed (2 years for residential customers, duration of defect for non-residential).
- Over what period should distributors be required to credit amounts over-billed?
- Payment of under-billed charges can impose a burden on customers. What is the appropriate length of time to allow customers to pay?
 - Length of time equivalent to under-billing?
 - In full, on next bill?
 - In full if amount owing is less than a certain amount. If greater, then payback period equivalent to period of under-billing?
- What about in cases of meter tampering, theft of power, etc?



Disconnection (1)

- The Electricity Act and the DSC set out the grounds for disconnection for non-payment. Staff are not proposing to revisit this issue.
- Rules for the procedures associated with disconnection, and in particular, disconnection notices, are less clear and in some cases absent. Disconnection notices are important for health and safety reasons, and are required by law.
- **Form of notice** – the Electricity Act requires personal service or prepaid mail, or posting on the property. The PBR Handbook suggests hand delivery or registered mail and “direct contact”. There is a variety of practices among distributors. Do these constitute “reasonable” notice:
 - Notice of intention to disconnect?
 - Notice of scheduled disconnection?
 - Message on the customer’s bill?



Disconnection (2)

- **Timing of disconnection notices** – the Electricity Act requires “reasonable notice”. The DSC “recommends” no less than 7 calendar days.
 - How many days is “reasonable”?
- **Who should receive the notice?** – the Electricity Act says notice must be given to the person responsible for the overdue amount, or posted on the property. PBR Handbook suggests the customer and tenants of the customer.
 - In addition to providing notice to the account holder, should distributors have a process to allow customers to give consent for disconnection notices to also be delivered to other parties? (i.e. case workers, other family members?)



Opening & Closing of Accounts

- The issue of concern is the opening of account(s) for electricity service in a person's name without that person's knowledge or express consent and where no request for service has been received from that person. As the account holder, the distributor then looks to that person for payment of charges owing for the distribution and retail of electricity.
- Common customer complaints:
 - (1) **Landlord as default account holder**: outgoing customer requests account finalization and no new request for service received. Distributor continues providing service to property, opens account in landlord's name, and bills landlord for charges accrued (since account finalization).
 - (2) **Third party request**: account opened in a person's name on the basis of a request by a third party (e.g. landlord requesting account for a tenant, or vice versa). Party requesting the account may or may not be posing as the new account holder.



Background

- Liability for charges owing for electricity service is an important issue, and one that the Board has examined before.
- In 2004, the Board initiated the Unpaid Electricity Charges proceeding (RP-2004-0166) to examine several issues, including distributors' practice of requiring payment and/or guarantees from landlords for the arrears of tenant-account holders.
- Subsequent to the initiation of this Board proceeding, the decision issued in *Duong v. Waterloo North Hydro* concluded that electricity service is a matter of contract.
- The Board confirmed its view, expressed through amendments to the DSC, and consistent with the line of reasoning expressed in *Duong v. Waterloo North Hydro*, that it is the contracted customer of a distributor that has exclusive responsibility for unpaid electricity charges.



Questions for Discussion

- Practices of some distributors do not appear fair to customers, and it appears appropriate that the Board develop and implement rules.
- What are the implications for distributors of not being able to open any accounts in the absence of a request for service?
- What are the implications of distributors being required to verify the identity of any person requesting service?
- In both cases, consider the implications for:
 - Interaction with customers?
 - Staffing?
 - Disconnection and reconnection policies and procedures?
 - Revenues and expenses?



Questions for Discussion Cont.

- Staff are aware that some distributors are concerned that disconnecting between account holders may lead to property damage (e.g. from frozen pipes).
 - Should this issue be addressed and, if so, how? For example, by contacting landlords to seek instructions as to whether service should be continued at the landlord's expense?
- Are there any other implications of disconnecting a property whenever no request for service has been received?



Implementation Options

- For those issues that the Board determines warrant development of policies, such policies could be implemented through such instruments as:
 - The Distribution System Code
 - The Retail Settlement Code
 - Distribution Licences





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Specific Services: Overview of Definition & Application Issues

Presenter: John Vrantsidis, OEB Staff

Issue1) Definition & Application of Specific Services

- Schedule 11-1 of the 2006 EDR Handbook listed 30 approved common Specific Services (and associated standard Specific Service Charge)



Issue 1: Definition & Application of Specific Services

- Information on definitions and explanations regarding the application of common Specific Services exist and can be found in the following sources, but the Specific Services are not always applied uniformly by all distributors

Sources:

- Chapter 11, 2006 EDR Handbook
- Chapter 9, 1st Generation Handbook
- Standard Application of Rates (Ont Hydro)



Issue 2: New Common Specific Services

- It could be useful to develop Board-approved charges for several new common specific services

Potential Examples:

- cable locates that occur outside of normal working hours
- disconnection/reconnection charges for reasons other than non-payment
- provision of consumer information upon the 3rd or more request per year



Issue 3: Updating Approved Charges

- New standard “default” amounts were identified for common Specific Service Charges as part of the 2006 EDR Process
- Utility could request approval for other charges or different amounts for common charges

Options:

- Generic updating of default amounts for common Charges – if so, for what rate year(s)?
- Treat as part of the revenue envelope in a future incentive plan
- Each utility to request updating as it sees fit



Issue 4: Pass-Through Charges

Background:

- Inherited regulatory practice permitted utilities to pass through the actual costs of providing a specific service
- At present, some distributors have such charges listed in their OEB-approved rate orders



Issue 4: Pass-Through Charges

Options:

- 1) All distribution-related specific services for which a distributor wants to levy a charge are to be listed in future rate orders (i.e. whether \$ amount or pass through)
- 2) Future rate orders to add a generic statement that other (undefined) charges may be passed through on a purely cost recovery basis





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Commission de l'énergie de l'Ontario

Customer Classification Issues

Presenter: Laurie Reid, OEB staff

Customer classification issues

- Issue: customer complaints, particularly around the 50 kW boundary
- Customer classifications
 - Initially defined in PRB Handbook
 - Residential, General Service, Large Use, Street Lighting, Sentinel Lighting, Intermediate Use, Temporary Service
 - Currently on every rate order
 - May differ slightly for each distributor
 - Customer classes may be altered or standardized in Distribution Rate Design project



Evaluation and reclassification of existing customers

- Issue:
- How often must the Distributor evaluate?
 - On customer request or at least once per calendar/fiscal year or at distributor's discretion
 - Should be stated in conditions of service
- Issue:
- How often may the Distributor reclassify the customer?
 - Once per calendar year or once per quarter
- Issue:
- How often may a Customer request evaluation and reclassification?
 - Once per calendar year
 - Should be the same as distributor
- Should be stated in the conditions of service



Assignment of new customers to classes

- Issue:
 - Does the assignment process need to be codified?
- PRB Handbook: preliminary classification must be evaluated after 1 year
- DSC says:
 - 5.1.2 A distributor may install a demand or interval meter in order to assign the customer to a rate class
 - 5.1.3 Mist meters are for existing customers with an average monthly peak demand during a calendar year of over 1 MW...



Classification definitions

- Issue:
- What is the definition of demand?
- Options:
 - kW or 90% kVA
 - Monthly peak or average monthly peak
 - Calendar year or fiscal year or rolling 12 months
- Issue:
- When should the reclassification take effect?
- Options:
 - After next meter read or next billing period or next fiscal year or after a notice period or on May 1/Nov 1
 - Should be consistent whether at customer's request or distributor's





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Meeting wrap-up and next steps