



April 12, 2010

BY RESS AND BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Walli:

RE: CLD Written Comments in Response to the Notice of Further Revised Proposed Amendments to the Distribution System Code, the Retail Settlement Code, and the Standard Supply Service Code

Board File Number: EB-2007-0722

This submission is filed on behalf of the Coalition of Large Distributors (“CLD”) in respect of the above-captioned proceeding.

The CLD is comprised of Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections Inc. The CLD appreciates the opportunity to provide written comments on this important issue which impacts many of our core customer service procedures.

The Board has invited Stakeholder comments on a number of issues. These issues will be addressed in the order in which they appeared in the March 12, 2010 Notice (“Notice”) of Further Revised Proposed Amendments to the Distribution System Code (“DSC”), the Retail Settlement Code (“RSC”) and the Standard Supply Service Code (“SSSC”) (collectively the “Codes”) following the General Comments section below.

General Comments

As is clear from the numerous revisions and amendments to the Codes in respect of key issues addressed in this Notice, the broad scope of customer service activities and needs makes standardizing customer service practices challenging. Distributors strive to accommodate customers who are in financial difficulty; however some of the proposed collection practices and timelines may have the effect of increasing incidents of large overdue balances. Providing more generous payment terms to one subgroup of customers will inevitably raise the costs for all customers. The CLD has consistently cautioned that any benefits provided to a sub-group of customers must be cost efficient and prudently incurred. Extending the time allowed for customers to pay their bills and/ or allowing extra time for third parties to become involved, for example, may not solve a customer's financial problems but merely prolongs them. While customer groups seek more leniencies in the collection of accounts, distributors must balance prudent collection costs with the risk of increased bad debt expense. A consensus is difficult to achieve.

Only a very small percentage, typically less than 10% of residential customers experience difficulty keeping their bills current. Standardizing more complex bill payment measures for this small group of residential customers creates additional financial burden for all customers. Additional costs will be incurred due to changes in customer information system programming, administrative procedures, and accounts receivable timelines. The relative benefits of some provisions are not apparent.

Further, implementation of these amendments by January 1, 2011 may be problematic for many distributors due to the ongoing implementation of other changes including HST, IFRS, smart meter installations, TOU rates and FIT and micro-FIT programs. An implementation date of 12 months after the code amendments are finalized is more practical from both a business and customer impact perspective.

Proposed Section 4.2.3(b) and (c) of the DSC

The change in the proposed section noted above provides for 10 days as the new disconnection notice period rule for all classes of customers.

The current period is 7 days, and the CLD maintains that this is an adequate notice period. It is the CLD's position that in circumstances of pending disconnection, an increase of three days accomplishes very little. In fact, this change may perform a disservice to the customer who, in

most cases, will not be able to pay in 10 days if they cannot pay within 7 days. At the same time, the customer continues to consume electricity and accrues additional costs that may or may not be collected. This has the impact of unnecessarily increasing the bad debt expenses of distributors. The experience of many CLD members is that customers who find they are having difficulty paying their bills are repeatedly in this unfortunate situation with each billing cycle. Extending the notice period by three days can in some cases, cause the customer to receive their new bill while concurrently attempting to pay their last bill, for which they have been given a disconnection notice. Therefore, the CLD concludes that 7 days is the appropriate notice period.

Proposed Section 4.2.2.6 of the DSC

This change relates to a change in the time period within which a residential customer may request that a disconnection notice be suspended while the customer seeks bill payment assistance, the change would move the suspension period from 14 days to 10 days.

The CLD supports reducing the time period from 14 days to 10 days.

Proposed new Section 4.2.2(e) of the DSC

This change will require a disconnection notice issued to a residential customer to state the forms of payments that the customer may use to pay the amounts that are identified as overdue in the disconnection notice. It must at least include payment by a credit card issued by a financial institution, as well as any other method of payment that the distributor ordinarily accepts, and which can be verified within the time period remaining before disconnection.

The CLD seeks clarification as to whether a unique disconnection notice for residential customers is required. Currently, distributors rely on a generic notice. Therefore, it should be noted that this proposed provision may add complexity and cost to the collection process should a unique notice be required strictly for residential customers.

Proposed new Section 4.2.2(h) of the DSC

This new section will require a disconnection notice issued to a residential customer to inform the customer that a disconnection may take place whether or not the customer is at the premises.

The CLD supports this addition as it is important information to provide to the customer.

Proposed Section 4.2.2.4 of the DSC

The existing section will be revised to require that a distributor shall make reasonable efforts to contact, in person or by telephone, a residential customer to whom the distributor has issued a disconnection notice for non-payment at least 48 hours prior to the scheduled date of disconnection. If direct contact is made, the information to be provided to the customer will include information about the scheduled dates for disconnection, payment options before and at the time of disconnection, and about the existence of an arrears management program.

The CLD makes reasonable efforts under the current rules to communicate this information to the customer and will continue to do so under the proposed section.

Proposed new Section 4.2.4(a) of the DSC

The new section will require a distributor to ensure that facilities or staff are available to accept payment by credit card of the amount outstanding from a residential customer during the regular business hours of the utility, from the period the disconnection notice is issued until the time distributor staff attends at the customer's premises to execute the disconnection.

The CLD has no issue with this new section as most CLD members currently accept credit card payments throughout the collection process, including at the time that the representative attends to execute the disconnection. The CLD also makes it clear to customers that they may initiate credit card payments at any time by telephone or via the internet (if the distributor has this service available); there is no need for the customer to wait until a representative comes to their premises to disconnect.

Proposed new Section 4.2.4(b) of the DSC

The new section will require a distributor to ensure that facilities or staff are available to accept a credit card payment of the amount outstanding any time the distributor attends at a residential customer's premises to execute a disconnection, whether during or after regular utility operating hours.

As stated above, most CLD members currently accept credit card payments at the time that the customer service representative attends at a residential customer's premise to execute a disconnection. The CLD believes that there may be reasons beyond the control of the distributor's representative that will not allow the completion of the credit card payment

transaction (such as difficulties with wireless technology). As stated in the comments for the section “Proposed new Section 4.2.4(a) of the DSC” above, the customer is expected to be able to make a credit card payment via the internet or by telephone with or without the presence of the distributor’s representative. The CLD therefore proposes that the words “require a distributor to ensure” be replaced with “require a distributor to make every provision to ensure”.

Proposed new Section 4.2.4(c) of the DSC

This new section will require that where a customer was not successfully contacted 48 hours before the scheduled date of disconnection, that under proposed new section 4.2.2.4, a distributor make a reasonable attempt to speak to the customer to advise him or her that the disconnection will be executed and that payment by credit card can be accepted.

Distributors make at least four attempts to remind the customer that a payment is due; they do so through the initial bill, a reminder notice, an automated telephone call and the final notice, before disconnection procedures are initiated. Any further attempts would be redundant and costly.

An important consideration during the disconnection process and in consideration of the proposed amendments is that of LDC staff security. Requiring crew workers, sent to disconnect customers, to attempt to contact the customer on site may increase security risks and, in some cases, may require the need to send additional crew members to perform a disconnection. One individual may be required to address any issues with the customer, and a second individual may be necessary to perform the actual disconnection. This has the impact of increased costs, in order to ensure staff security.

The CLD notes the additional wording suggested by the Electricity Distributor’s Association (“EDA”) in their response to this Notice and would support the addition of the words ‘with due regard to safety and security of utility personnel’ as appropriate to address the safety and security concern.

Proposed Section 2.7.2.of the DSC

This change will add the current bill amount to the total amount owing under an arrears payment agreement.

Adding the current bill to the arrears management program is a significant concern for the CLD. The collection process is driven by overdue amounts; therefore, adding the current bill creates more complexity to the collections process and significantly increases the bad debt risk exposure. It is not clear to the CLD how this provision provides further assistance to the consumer in managing their account arrears. The CLD currently insists that customers on an arrears payment plan keep current with their current bills. If they do not keep current, disconnection procedures begin. Any deviation from this policy would be a major concern for the CLD.

Proposed new Section 2.8.4A and proposed revised Section 6.1.2.2.of the DSC

Under the new and revised sections, a distributor will have the option of accepting requests for service provided over the telephone for the purpose of complying with proposed sections 2.8.1, 2.8.2, 2.8.3, and 6.1.2.1 of the DSC, provided the voice recording is retained for at least 24 months after the new account is established.

Distributors that have the ability to record calls have generally established 6 months as a reasonable period of time to retain telephone information. Retention for 24 months, or retention for any period of time for distributors who presently lack that ability, would require the purchase of more sophisticated and costly telephone systems. Six months has previously been used as the retention period because by that time the account has successfully been transferred and hopefully paid; any dispute will likely have been resolved. There may be the rare exception where it would have been to the distributor's advantage to have held the information for 24 months but it is not necessary to incur the additional costs for such rare occurrences. Further, it is suggested elsewhere that telephone calls need to be retained for a period of time other than 24 months. It is not practical to have a variety of retention period policies. The retention policy should be consistent with whatever period of time is selected; the CLD suggests that 6 months is sufficient.

II. Customer Service Code Amendments

A. Bill Issuance and Payment

3. Computation of Time

The CLD offers the following comments on the computation of time of payment, as it relates to the procedures in question. For all distributors, at close of business all payments received are processed and recorded as payment on that day and date. Any payments received after close of business are considered to be paid on the next business day. Most businesses have payment cut off times and consider payments received after that time to be paid on the next business day. Any other computation of time of payment is neither reasonable nor practical. If the

computation of time of payment is put in place such that payments made up to the opening of business the next morning are back dated to the previous day, this will be contrary to most other business practices locally and globally. The CLD strongly suggests this be reconsidered and that common business practices be applied.

4. Credit Card Payments

This section of the Notice proceeds to discuss payment options including cash and debit cards.

On the issue of debit cards, the CLD suggests that in its experience, there have been no notable cases of customers in disconnection status requesting the debit card payment option. Since a debit card payment implies an immediate withdrawal of funds from a bank account, customers who are in disconnect status would understandably likely not request or require this payment option. The CLD believes acceptance of debit cards should be left to the discretion of the individual utility. The CLD agrees with the Board that for security reasons, accepting cash payments should not be a mandatory requirement.

D. Equal Payment Plans

The CLD would like to bring to the attention of the OEB the asymmetrical nature of the requirement for distributors to issue cheques to customers who have overpaid while participating in the equal billing plan, compared with debiting the customers' accounts in the case of underpayments while participating in the program. In addition, the CLD submits that it has been a long-standing practice that distributors credit overpayments to the accounts of customers in the equal billing plan and there has been no indication that customers on the equal billing plan generally expect to be issued cheques for overpayments. There may be significant changes for some CIS systems to allow for the option of issuing such cheques. Given these concerns, the CLD would like to have the option to credit the customers' accounts for overpayments.

E. Disconnection for Non-Payment

7. Reconnection

The October Proposed Amendments require a distributor to reconnect a property that has been disconnected for non-payment within two days, at least 85% of the time, after payment in full of

the amount overdue, or the entering into of an arrears payment agreement. Distributors will make every effort to reconnect a disconnected customer, certainly within a few business hours. The CLD seeks clarification as to whether there is a new requirement to track this information and to report to the OEB as with other service quality measures. Tracking requires additional programming which involves additional costs and changes to existing processes and procedures.

F. Security Deposits

Section 2.4.26A of the DSC in the October Revised Proposed Amendments requires that a distributor not issue a disconnection notice to a residential customer unless the distributor has first applied any available security deposit against the amounts owing at that time and the deposit proved insufficient to cover the total amount owing.

The CLD urges the OEB to reconsider this proposed amendment. The CLD Letter of October 23, 2009, stated many reasons why this amendment should not be approved. Put simply, this proposed amendment does not balance the needs of the distributors with the needs of customers. Allowing the deposit to be used to pay a bill negates the main purposes of collecting the deposit in the first place which is to protect the distributor against non-payment of the customer's final bill. If the deposit is used to pay a current bill, the distributor will immediately bill the customer for another deposit which can be paid over 6 months. In doing this, distributors are simply delaying the customer's payment problem another few months, changing the amount owing from a bill amount to a deposit amount, increasing the distributor's bad debt expense and negatively impacting cash flow. The manual process of applying deposits and then rebilling deposits will cause processing and ultimately programming challenges that will only increase costs with few, if any, attached benefits. Changing the security deposit policy may result in a broader change in general customer behavior and further exacerbate the risks of bad debt.

Summary

The CLD has strong concerns about the direction in which some of these recommendations point. While distributors are naturally concerned and do have practices in place to assist customers in financial difficulty, it is in the interest of all ratepayers that any standardized programs and policies put in place are effective and cost efficient. Our comments and suggestions in this submission reflect this position.

As mentioned in the CLD letter of October 23, 2009, there may be merit in re-establishing a Working Group, in order for the industry to more fully understand the complicated issues

involved in this area, and to reach a consensus. CLD members would appreciate the opportunity to be part of any further consultations in this very complex and challenging area.

The CLD appreciates the opportunity to comment on the proposed code amendments. If there are any questions regarding these comments, please do not hesitate to contact the undersigned.

Yours truly,

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