



Energizing Our Community

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October 25, 2010

Via RESS and by courier

Ontario Energy Board
2300 Yonge St., 27th Floor
P.O. Box 2319
Toronto ON
M4P 1E4

Attn: Kirsten Walli, Board Secretary

**Re: Updated Proposed Low-Income Amendments and Other Proposed
Amendments to the Distribution System Code, the Retail Settlement Code
and the Standard Supply Service Code - Board File No: EB-2007-0722**

Dear Ms Walli:

Orillia Power Distribution Corporation ("OPDC") is fundamentally opposed to this latest series of proposed changes to customer service rules tailored to a relatively small segment of the province's residential customers. The proposed changes are contemplated at the expense of all customers through higher bills upon recovery of the related implementation and incremental administration costs.

The trend toward such prescriptive legislative and regulatory framework is leading to extreme micro-managing of LDC business and a loss of potential for creative initiative due to the focus on process rather than objectives. We believe this to be contrary to the original intent of de-regulation of the industry which began in November, 2000 with the replacement of the existing MEUs by new OBCA companies. We strongly advocate a view to a more flexible framework that enables LDCs who are on the front line to leverage their customer relationships, infrastructure and capabilities to provide more value to consumers.

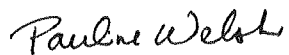
OPDC prefers that the Board reconsider and asks the Board to drop the updated proposed low-income amendments. Beyond this, given the Board's apparent desire to proceed, we submit the following comments in regards to the Updated Proposed Low-Income Customer Service Amendments and Other Proposed Amendments to the July 2,



2010 Customer Service Rules dated September 30, 2010 in the Ontario Energy Board Proceeding EB-2007-0722.

Any questions or concerns can be directed to me at pwelsh@orilliapower.ca or (705)326-2495 ext 240.

Yours respectfully,

A handwritten signature in cursive script that reads "Pauline Welsh".

Pauline Welsh
Regulatory Officer

Ontario Energy Board Proceeding EB-2007-0722
Updated Proposed Amendments to Residential Customer Service Rules

Orillia Power Distribution Corporation ("OPDC") has reviewed the Updated Proposed Low-Income and Other Customer Service Amendments issued by the Board and dated September 30, 2010. OPDC offers the following comments with regard to proposed changes set out in Attachment A and Attachment B of the Board's Notice:

Approved Social Service or Government Agencies

The Board states that distributors will not be required to verify low-income eligibility and that the Board anticipates that social service agencies or government agencies will undertake the actual evaluation and confirmation of low-income eligibility requests. The Board proposes that a significant number of the additional customer service rules be in place by January 1, 2011. The ability of the social service agencies or government agencies to undertake the actual evaluation and confirmation of low-income eligibility requests is pivotal to putting a number of the proposed changes in place by January 1, 2011 as proposed by the Board.

Under an expanded DSC section 4.2.2, distributors will be required to alert customers of the existence of expanded customer service provisions specifically for eligible low-income customers and that emergency financial and other assistance may be available from the distributor and various social service agencies, government agencies, charities. Who are these agencies; are these agencies prepared to take on this task by January 1, 2011; who will provide the training to these agencies on the validation process? What is the process to obtain approval of the OEB? If distributors are required to establish partnerships and fund these agencies, time must be allowed to do so and completing this process, in advance of the proposed amendments coming into force January 1, 2011 is not feasible. Contact lists must be ready before notice of the low-income customer service rules come into force and then maintained going forward. Customers will be asking for this information possibly even before the provisions come into force. For example, various news sources may have released some of the details of the new customer service rules earlier.

Many distributors have existing relationships with local agencies. OPDC has provided annual financial assistance to the local Salvation Army. Customers are now able to approach them as well as other local church based groups for temporary financial assistance. Will these sources of financial assistance be tied to the proposed low-income eligibility requirement? What happens to customers who are not eligible low-income customers by definition but still find themselves in need of temporary financial assistance? This may inadvertently create a two tier system for the social agencies that are approved by the Board to administer the proposed low-income program. This will surely overburden the administration and financial assistance resources of the social service agencies. Furthermore, distributors' mandate has always been to treat all the customers the same and an arbitrary threshold may exclude certain customers experiencing temporary hardship.

Proposed Amendment to DSC Section 1.2, RSC Section 1.2 and SSS Section 1.2

The definition of eligible low-income customer must be clarified.

OPDC has a college and a university in its service territory and by definition many students may qualify as low-income customers. The transient nature of the average student would lead to abuse of the proposed expanded customer service provisions in particular the waiving of the security deposit and the settlement of amounts in arrears over 10 or 20 months. For example, if a student is considered a low-income customer, and with the proposed arrears management program allowing more than two defaults before disconnection, the student may be finished their year before we are in a position to disconnect.

Furthermore, in the past couple of years, OPDC has experienced the loss of many manufacturers in our service territory. Employment in this area is largely driven by tourism which is also driven by the economy, with previously high paying manufacturing jobs being replaced with lower paying seasonal/tourism employment. Although not transient these sources of income are often seasonal and many customers may meet the definition of a low-income customer.

Typically distributors have mitigated this type of revenue risk by collecting security deposits. Bad debts for distributors will most certainly increase. In addition, the volume of customers seeking determination of the low-income status could realistically overwhelm the approved agencies.

Eligible Low-Income Status Review and Reclassification

General Service accounts are subject to annual review and reclassification (more frequently in event of persistent change) based on the previous 12 months. Will the approved social service agencies or government agencies be required to monitor the status of an eligible low-income customer? For example, will the customer be required to provide proof of continued low-income eligibility? How long will the eligible low-income customer remain with this status before follow up review is required? Will distributors continue to apply the low-income customer service rules to an eligible customer until notified otherwise? Distributors should not have to police this.

As automation is preferred wherever possible, the answer to this question will impact decisions regarding billing set up changes. One option may be to create a new residential customer class which would be subject to reclassification upon notification of the approved social service agencies or government agencies. This involves a great deal of manual tracking and will increase the need for staff resources, thereby further driving up costs.

Proposed Amendment to DSC Section 1.7, RSC Section 1.7 and SSS Section 1.6

The updated proposed amendments put forward are in addition to existing amendments to customer service rules for all residential customers coming into force January 1, 2011 and April 1, 2011. Our billing system provider has cooperated fully since the Board's Notice of Amendments dated July 2, 2010 and the reality of the time needed to implement such changes is clearly 6 to 12 months. Automated solutions are not yet in place and, as a result, OPDC has implemented manual procedures and work-arounds in an effort to remain compliant. These manual procedures are labour intensive and costly. The timelines for the updated proposed amendments dated September 30, 2010 will be subject to the same challenges and further strain distributor resources.

Proposed Amendments to DSC Sections 2.4.12A, 2.4.23B, and RSC Section 7.7.4.1

The requirement that distributors include bill inserts or otherwise give notice to certain and in some cases all residential customers of the additional customer service rules is onerous. OPDC believes too much information in a customer bill will generally be ignored by the average customer and that educating customers regarding the new rules will be achieved through news releases, distributor websites and other notices. In addition, OPDC has many walk-in customers and it would not take long to pass along the existence of the new customer service provisions. OPDC already works diligently to assist its customers in avoiding disconnection and could introduce customers eligible for the low-income customer service provisions at this time. OPDC asks that the Board remove the requirement for bill inserts in the noted sections.

Proposed Amendment to DSC Section 2.7.1.3

OPDC asks the Board to remove the proposed requirement to waive the down payment referred to in section 2.7.1.2 and replace it with an optional reduction of the down payment (eg 5% - 10%) at the discretion of the distributor. The arrears management down payment should remain with a discretionary adjustment to a minimum down payment, (\$50.00 for example) for low-income customers. The down payment for the arrears payment agreement may encourage early contact by the customer with a social service or government agency before the customer's balance accumulates beyond the funding level the agency may provide. Even a small down payment will mitigate the burden of the subsequent arrears payment agreement and reduce the risk of payment default. In addition, the down payment requirement reinforces the seriousness of the situation for the customer.

Proposed Amendments to DSC Section 2.7.2(d) and RSC Section 7.7.4.1(ii)

OPDC asks the Board to remove this section. The proposed period of 20 months or more for an arrears payment agreement or for payment of under-billed amounts is excessive. Low-income customers who are tenants or students are fairly mobile/transient and 10 and 20 months may often mean they have moved, perhaps out of the Distributor's territory. OPDC suggests that both the proposed DSC section 2.7.2(c) and RSC section 7.7.4.1(ii) could be changed to allow a period of at least 10 months without distinction in amount due as currently proposed. This still allows the eligible low-income customer to appeal to the distributor for a longer period if the need is there.

By stating a rigid 'minimum period', this may be doing more harm than good to the customer. In many arrears situations, the customer wants to clear the arrears up as soon as possible. By including a minimum period such as 20 months, the agreement is longer than necessary.

As well, from the distributor standpoint, there is a strong need to be consistent with processes among all customer classes to prevent further delays in software automation.

Proposed Amendment to DSC Section 2.7.4.3

OPDC asks the Board to remove the proposed default on more than two occasions for the eligible low-income customer. The Board has indicated in its letter dated September 30, 2010 that it encourages distributors to make a good-faith effort to renegotiate any current arrears payment agreement with a low-income customer that can show a significant change in his or her ability to pay. This section could be revised as follows:

"Where an eligible low-income customer defaults on more than one occasion in making a payment in accordance with an arrears payment agreement, or a payment on account of a current electricity charge billing or an under-billing adjustment, and the customer can show significant change in his or her ability to pay, the distributor shall make a good-faith effort to renegotiate the arrears payment agreement before cancelling the arrears payment agreement."

Proposed Amendment to DSC Section 2.7.4.4 (Attachment B)

OPDC asks the Board to remove this proposed section. The proposal that defaults must occur over at least two different billing periods is excessive and may overburden the customer who will have to "catch up" after being allowed to get too far into arrears and possibly ineligible for temporary financial assistance which is often limited and may not be enough to provide the required relief. OPDC believes its suggested wording put forward for DSC Section 2.7.4.3 could be extended to all residential customers.

Proposed Amendment to DSC Section 2.7.6A

OPDC asks the Board to remove this proposed section. A customer who is eligible for low-income customer service provisions will be in a unique position to avoid service charges specifically related to collection, disconnection, non-payment or load control by virtue of their recognized status. The distributor will be able to arrange arrears payment

agreements with low-income customers before disconnection is an issue with the co-operation of the customer. The requirement to waive these charges serves as a disincentive to the low-income customer who otherwise may contact the distributor sooner to avoid the inconvenience and distress of disconnection. These charges are Board approved based on actual costs for the distributor and waiving them is equivalent to creating a bad debt for the distributor.

Proposed Amendment to SSS Section 2.6.2B and 2.6.2C

Distributors are required to offer all residential customers receiving standard supply service the option to join an equal monthly payment plan and may require the customer to join an automatic payment withdrawal plan. OPDC understands the Board's concern that this requirement may preclude some customers who need it most (for example, low-income customers without an account with a financial institution) from taking advantage of the option. The proposed "equalized billing plan" sounds identical to the "equal payment plan". OPDC asks the Board to provide clarification to distinguish the proposed "equalized billing plan" and the "equalized payment plan"? Beyond removing the distributor requirement for an automatic payment withdrawal plan, the proposed new "equalized billing plan" may further confuse customers. OPDC asks the Board to remove section 2.6.2C and change the wording of 2.6.2B as follows:

"Where a distributor currently bills on a monthly or bi-monthly basis, it must offer an eligible low-income customer receiving standard supply service the option of entering into an equalized payment plan which may be monthly or bi-monthly depending on the distributor's billing practice and a requirement to join an automatic payment withdrawal plan shall be waived."

Processing costs will increase by allowing manual payment options. We suggest that the Board consider the possibility of the Social Service Agency entering into a Pre-Authorized Payment on behalf of the low-income consumer.

Summary:

Introducing the proposed low-income eligibility assumes that customers just above the defined threshold are able to manage their bills. OPDC is concerned that these borderline customers will feel unfairly treated in a time when electricity costs have been increasing significantly for all customers often impairing their ability to keep on top of living costs. These customers may need to seek temporary financial assistance from time to time further burdening the social agencies and charities already dealing with their new responsibilities related to low-income customers.

Based on our experience, many of the proposed amendments will require considerable time to implement. Programming and related costs may be substantial. Not only are software changes required, but new setups as well as procedural changes and additional training particularly for provisions that are found too costly to automate.

Given the broad range of the updated proposed amendments, it is not possible at this time to identify all the possible implementation issues or the potential impacts on CIS

systems and billing/collection/disconnection procedures. Given our experience to date in working to implement the earlier customer service amendments that are now coming into force, OPDC suggests that the implementation dates for the updated proposed low-income customer service rules should be moved forward at least 6 to 12 months.

In summary, OPDC does not agree with the Board's expectation that distributors will benefit from the successful operation of the low-income customer service rules. We believe there is little doubt that implementation and ongoing administration costs will exceed the Board's suggested benefits to the LDC and that bad debt write offs will increase, decreasing operating cash and increasing all customer bills upon recovery. As well, given the large number of changes tailored to low-income customers, there is a significant potential for LDC violations on interpreting and implementing the Board's amendments to the Codes.