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BY COURIER

December 23, 2010

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

EB-2008-0150 - OEB Consultation on Energy Issues Relating to Low Income Consumers - Hydro One Remote Communities Inc Request for an Exemption from Specific Distribution System Code Amendments and Low Income Energy Assistance Program

This letter is in response to the Board's decision that Hydro One Remote Communities Inc. ("Remotes") should find innovative solutions to ensure the delivery of emergency financial assistance to low income consumers in the communities that Remotes serves. This letter also requests that Remotes be allowed an exception from specific Distribution System Code ("DSC") amendments which came into affect July 2, 2010.

Remotes revenues include both distribution and generation revenues. Since the Board regulates all of Remotes costs, Remotes intends to include both distribution and generation revenues in its calculation of the 0.12 percent of distribution revenues.

Remotes is currently looking for a lead agency to deliver this program within its service territory. Since most social service agencies are not active in Remotes service territory, Remotes expects to have the agency and the program in place by March 31, 2011. Remotes does not disconnect customers during the winter months, therefore customers are not expected to be adversely affected by this delay.

The communities Remotes serves are in the far north of the province. The majority of its customers are economically disadvantaged. By working closely with customers and with local band councils, Remotes has developed collection and distribution practices that have reduced overall customer arrears and that have reduced the number of disconnections. Remotes residential customer service practices have been designed to work with low income people. The Company's collections practices have also been changed and improved through many years of discussions with local band councils and social service (Welfare) offices in our communities.

The following outlines the DSC code amendments that Remotes request being exempted from:

1. Reconnection Standards

Remotes cannot meet the distribution standard of reconnecting customers within two days without incurring substantial additional costs and, accordingly, requests an exemption from Section 7.10 of the Distribution System Code. Due to the inaccessibility of the communities, Remotes performs disconnections in each community only twice a year. A collection list is developed in January and notices go out starting in February. Remotes works closely with the local band council and has successfully reduced the number of customers in arrears, and is in frequent contact with customers to create payment arrangements. The first trip occurs in April. Due to the length of notice provided and because Remotes works closely with the community leadership to plan the trips, very few customers are disconnected each year. Flights related to collection activities cost approximately \$7,000. Remotes bundles these trips with other work to reduce the cost of collection activities. Similarly, Remotes reconnects customers during the collection trips (i.e. the same day), when in the communities to do other work, or when in a “neighboring” community and a stop can be arranged to reconnect a customer.

2. Payment Arrangements

Due to its unsuccessful history with long term payment arrangements and smaller upfront payments, Remotes requests an exemption from Sections 2.7.12 and 2.7.2. Remotes’ collection trips take place between April and October. Many customers do not pay during the winter months. In the past, Remotes offered residential customers long term payment arrangements (one year). In general, these customers had accrued high arrears, and the longer term of the payment arrangement meant that they continued to accrue arrears during the following winter and ended up with debts that were far beyond their own ability to pay, and far beyond the available support mechanisms within the communities (local social assistance office/band council). Since 2007, Remotes has included all customers with arrears on the collection list and has limited the length of payment arrangements to four months, with 50% payment due up front. Fewer customers are now disconnected at the end of each trip, and customers who are willing to pay have a more manageable amount owing.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank