



Energizing Our Community

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February 28, 2011

**Via RESS and by courier**

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

Attn: Kirsten Walli, Board Secretary

**Re: Revised Updated Proposed Amendments to the Distribution System Code (the "DSC"), the Retail Settlement Code (the "RSC") and the Standard Service Supply Code (the "SSSC") - Board File No: EB-2007-0722**

Dear Ms Walli:

Orillia Power Distribution Corporation has reviewed the Board's latest Notice of Revised Updated Proposed Amendments and the attachments provided. Our comments are attached.

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

Yours respectfully,

Pauline Welsh  
Regulatory Officer





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

Orillia Power Distribution Corporation ("OPDC") has reviewed the Revised Updated Proposed Low-Income and Other Customer Service Amendments issued by the Board February 8, 2011. OPDC offers the following comments with regard to proposed changes set out in Attachment A, B and C of the Board's Notice:

**Section 1.2 of the DSC, RSC and SSSC**

Section 1.2 "eligible low-income customer" means:

(c) a residential electricity customer **who demonstrates to the distributor**, with appropriate supporting documentation, that he or she is a recipient of one of the following government-assistance programs: Ontario Works, Ontario Disability Support Program, Ontario Child Care Supplement for Working Families, National Child Benefit Supplement or Guaranteed Income Supplement for Seniors.

Comments:

OPDC believes that the proposed section 1.2 (c) will streamline the evaluation process but it is imperative that the partner social service agency make the decision and advise the distributor of a customer's eligibility for low-income status. It is unlikely that the customer will view the distributor as objective in making such a decision. We also believe it is inappropriate for the distributor to be privy to a customer's sensitive or personal financial circumstances. It is important to protect the customer's dignity and this is best served under the mandate of the social service agency. OPDC asks that the Board change the phrase "who demonstrates to the distributor" highlighted above to read:

"who demonstrates to the social service agency or government agency that partners with a given distributor"



A residential electricity customer who has been qualified as an eligible low-income customer under subsections a) to c) shall remain an eligible low-income customer for code purposes for a period of 2 years from the date on which he or she was so qualified.

Comments:

This proposed new rule further reduces the burden on the partner social services agency and offers the customer relief and protects their dignity in not having to return to the social agency too often. OPDC supports this proposed rule.

#### **Section 2.4.12A of DSC**

When issuing a bill for a security deposit in accordance with section 2.4.12, **the distributor shall include a bill insert advising a residential customer** that the security deposit requirement will be waived for an eligible low-income customer provided that such a customer contacts the distributor and thereafter confirms his or her low-income eligibility. The distributor shall notify the customer by means of a bill insert, bill message, or outgoing telephone message and shall include...

Comments:

OPDC agrees with the Board's proposed change to this section making the bill insert one of three optional methods of communicating this message to customers. We ask that the Board replace the words highlighted above, "the distributor shall include a bill insert..." with:

"the distributor shall advise a residential customer..."

#### **Section 2.7 of the DSC**

2.7.2 (c) in the case of an eligible low-income customer, a period of at least **8 months**, where the total amount of the electricity charges remaining overdue for payment is **less than or equal to twice the customer's average monthly billing amount**;

(d) in the case of an eligible low-income customer, a period of at least **12 months** where the total amount of the electricity charges remaining overdue for payment is **between 2 and 4 months of the customer's average monthly billing amount**;

(e) in the case of an eligible low-income customer, a period of at least **16 months** where the total amount of the electricity charges remaining overdue for payment exceeds **four times the customer's average monthly billing amount**.

Comments:

Our billing system provider has been proactive with respect to proposed customer service rules for low-income customers due to the short implementation times contemplated in the previously issued Board proposed amendments. Some

programming based on the initial proposed amendments has already been started and introducing this change will require substantial rework. Program set up for two payment terms and 10/20 months as previously proposed is similar to the set up for 5/10 months for all residential customers. The new proposed amendments suggesting 3 periods for repayment and 3 measurement tests for amount overdue will require considerable programming to modify setup to accommodate this. OPDC asks the Board to consider meeting somewhere in the middle, as follows:

“(a) a period of at least **8 months**, where the total amount of the electricity charges remaining overdue for payment is **less than twice the customer’s average monthly billing amount**;

(b) a period of at least **16 months**, where the total amount of the electricity charges remaining overdue for payment is **equal to or exceeds twice the customer’s average monthly billing amount.**”

## **Section 2.7 of the DSC**

2.7.4 Where a residential 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, a security deposit amount due or an under-billing adjustment, the distributor may cancel the arrears payment agreement.

2.7.4.3 Where an eligible low-income customer defaults on **more than two occasions** 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, the distributor may cancel the arrears payment agreement.

2.7.4.4 For purposes of sections 2.7.4 and 2.7.4.3, the **defaults must occur over a period of at least 2 months** before the distributor may cancel the arrears payment agreement.

2.7.7 The distributor shall not disconnect the property of a residential customer, for failing to make a payment subject to an arrears payment agreement, unless the customer is in default, according to sections 2.7.4 or 2.7.4.3, and 2.7.4.4, and the distributor has cancelled the arrears payment agreement in accordance with the provisions of this Code.

### **Comments:**

Proposed amendments to Section 2.7 of the DSC provide that the distributor may cancel an arrears payment agreement where the customer defaults 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 **on more than one occasion for all residential customers and on more than two occasions for low-income customers**. We consider payments negotiated under an arrears payment agreement to be separate from a payment on account of a current electricity charge billing or an

under-billing adjustment. The Board proposed amendment appears to allow a customer to miss a payment on an arrears payment plan and a payment on account of a current electricity charge billing or an under-billing adjustment due in the same month plus an additional payment due the following month. This potentially translates over a 2 month period to at least two missed payments for non low-income customers, and at least three missed payments for low-income customers, who have an arrears payment plan.

The revised proposed amendment that defaults must occur over a period of at least 2 months will allow the amount owed by the some customers to become unmanageable, ultimately leading to disconnection. OPDC has enough experience working with our customers to know that all attempts to contact some customers are intentionally ignored by the customer as long as they believe we can't disconnect their electric service. The customer that typically abuses or dishonors payment arrangements will not be discouraged from this practice, thus delaying disconnection as long as possible before agreeing to work with the distributor to remain connected. A majority of customers make genuine efforts to avoid disconnection and will be encouraged to contact the distributor to arrange or review a payment arrangement or to advise them of available financial assistance before missing a second or third payment.

OPDC asks the Board to remove the proposed section 2.7.4.4 requiring that defaults must occur over a period of at least 2 months before the distributor may cancel the arrears payment agreement.

## **Section 2.6.2 of SSSC**

2.6.2B 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 billing plan**.

### Comments:

The Board's letter has suggested that a distributor should offer both low-income and non low-income residential customers receiving standard supply service the option of entering into an equal monthly payment plan or an equal monthly billing plan, whichever is most cost effective to implement and administer. OPDC supports this change.

However, in the Board's clarification of the definition of an equal payment plan and an equal billing plan, it appears that the key difference is the requirement for automatic withdrawal from a financial institution. As distributors, we find the two plans very confusing to differentiate and believe that customers will be equally confused. We ask that the Board modify the proposed amendments by combining both payment plans under one section 2.6.2. The sections 2.6.2A and 2.6.2B as proposed are lengthy and minimum requirements for each payment plan are mostly identical. OPDC's suggests changes to the Boards' proposed amendments to section 2.6.2 of the Standard Supply Service Code, effective April 1, 2011 as noted **in bold**:

"Effective April 1, 2011, section 2.6.2 of the Standard Supply Service Code is to be replaced with the following new section:

2.6.2 a distributor shall offer an equal monthly payment plan option **or an equalized billing plan option** to all residential customers receiving standard supply service. The equal monthly payment plan **and equalized billing plan** options shall meet the following minimum requirements:

(b)(i) a distributor may require a residential customer on an equal monthly payment plan **or an equalized billing plan** to agree to pre-authorized automatic monthly payment withdrawals from the customer's account with a financial institution;

(b)(ii) a distributor shall waive the requirement for pre-authorized automatic monthly payment withdrawals from the customer's account with a financial institution for eligible low-income customers; "

### **Coming into Force**

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. With our experience to date in working to implement the earlier customer service amendments that are now coming into force, OPDC appreciates the 180-day and 90-day coming into force periods that the Board is proposing will apply from the date that the new rules are posted on the Board website.

References to coming into force of the many proposed amendments to codes are very confusing and difficult to follow. OPDC asks that the Board present the coming into force dates in a more easily understood format. Given the multiple coming into force dates, planning and implementing system changes has been extremely frustrating and distributors may inadvertently miss key coming into force dates.

### **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 strongly believe it is premature to state that the risk of bad debts will be significantly reduced by the changes proposed. OPDC will be monitoring bad debts in the residential class in the next 12 months to substantiate any such benefits.