

March 11, 2011

Via RESS and Canada Post

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms. Walli,

Re: Customer Service Amendments to the Gas Distribution Access Rule, Board File No.: EB-2010-0280

Direct Energy (DE) would like to thank the Ontario Energy Board (the Board) for the opportunity to comment and provide input on this important matter. DE has had the opportunity to review the submissions of both Enbridge Gas Distribution and Union Gas, and offers the following comments.

DE is generally supportive of the submissions made by both natural gas utilities in that there is neither need nor benefit to adopting a prescriptive approach which would impose a requirement for gas distributors to create customer service policies that align with the Electricity Customer Service Rules¹. In particular, DE is fully supportive of the submissions made by both distributors with respect to their payment allocation methodologies and encourages the continuation of their current practice of applying payments to the oldest outstanding receivable first². DE believes that any measure imposed by the Board to change this allocation methodology as well as changes to the current security deposit practices will likely increase the bad debt exposure of these distributors. Any increase in bad debt will be detrimental to all parties involved, particularly those costs which must be borne by the ratepayers.

Enbridge Open Bill Access

Open Bill Access Settlement Agreement

As is well known by the Board, the Enbridge bill is open to third party billers. These billing arrangements are governed by the Open Bill Access Settlement Agreement³ and a standardized contract for all parties entitled "Open Bill Access Billing and Collections Services Agreement"⁴. As part of these agreements, Enbridge in essence purchases the receivables from the third party billers for a fee⁵, and subsequently collects payments from its customers for those receivables by applying those payments to the oldest non-current charges first, and then to current charges⁶. These Open Bill arrangements allow for a minimum of \$5.4 million in benefit to accrue to Enbridge

¹ EB-2010-0280: EGD Submissions Pg 2; para 5; and, Union Gas Limited Submissions; Pg 3

² EB-2010-0280: EGD Submissions Pg 12; para 45 (b); and, Union Gas Limited Submissions; Attachment A; Pg 3

³ EB-2009-0043: Settlement Proposal Documents December 2, 2009

⁴ EB-2009-0043: Settlement Proposal Documents December 2, 2009; Exhibit N1, Tab 1, Schedule 1, Appendix 2

⁵ EB-2009-0043: Settlement Proposal Documents December 2, 2009; Exhibit N1, Tab 1, Schedule 1, Appendix 2; Pg 15

⁶ EB-2010-0280: EGD Submissions Pg 12; (b)

ratepayers⁷ on an annual basis, while allowing customers the convenience of consolidating multiple energy related charges on a single bill.

Customer Disputes and Collections

As Enbridge has noted on page 12 of their submission on this matter “there is a clear process directing that when a customer disputes any [emphasis added] third party charges, then a hold is placed on the account...”. In addition to Enbridge’s submission, DE would further advise the Board that should a third party dispute not be resolved within sixty (60) days, Enbridge has the right to deduct or net out from the amount otherwise paid to the biller an amount equal to the “At-Issue Receivable”⁸. Clearly this process protects customers from collection activities on disputed charges, while maintaining Enbridge’s ability to rightfully collect on credit that has been extended to its customers. Furthermore, the vast majority of charges on the Enbridge bill are related to natural gas supply and transportation which are otherwise included on the utility commodity portion of the bill.

Any changes to Enbridge’s ability to collect outstanding receivables will ultimately affect the bad debt rate of the company. This in turn has a direct impact of increasing costs for third party billers and their customers, as the “Scheduled Settlement” amount for third party billers is directly tied to Enbridge’s bad debt rate⁹. As such, any prescriptive measure made by the Board which increases the bad debt exposure of Enbridge will increase costs for all parties, especially to those mutual customers of Enbridge and third party billers. Furthermore, increases in the bad debt of Enbridge may make third party billing services increasingly unattractive, jeopardizing the \$5.4 million in benefits guaranteed to Enbridge ratepayers on an annual basis.

Conclusion

In conclusion, the Open Bill Access Settlement Agreement that was approved by the Board and accepted by the parties was predicated in part, on the payment allocation methodology of Enbridge maintaining a reasonable bad debt rate. Given the tremendous benefit to ratepayers as a result of the Settlement Agreement and the flexibility allowed the natural gas utilities with respect to Customer Service Rules, Direct Energy believes that no changes are required to the allocation of payments between gas and non-gas charges, and further agrees with the utilities that a prescriptive approach to customer service policies are not required.

I would like to thank you again for the opportunity to provide comment, and ask that you please contact me if you have any questions or concerns.

Yours sincerely

Original signed by

Ric Forster
Director, Government & Regulatory Affairs
Direct Energy Marketing Limited

⁷ EB-2009-0043: Settlement Proposal Documents December 2, 2009; Exhibit N1, Tab 1, Schedule 1, Pg 12

⁸ EB-2009-0043: Settlement Proposal Documents December 2, 2009; Exhibit N1, Tab 1, Schedule 1, Appendix 2; Pg 25

⁹ EB-2009-0043: Settlement Proposal Documents December 2, 2009; Exhibit N1, Tab 1, Schedule 1, Appendix 2; Pg 45