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March 15, 2011

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

Dear Ms. Walli:

Re: EB-2010-0280 – Customer Service Amendments to the Gas Distribution Access Rule - Comments of the London Property Management Association

Introduction

The Ontario Energy Board ("Board") issued a letter dated September 21, 2010 informing stakeholders that it would be seeking written comments on future proposed amendments to the Gas Distribution Access Rule ("GDAR") pertaining to customer service rules for gas distributors including customer service rules tailored to low-income customers.

The Board indicated that this initiative would result in the development, where appropriate, of customer service standards applicable to all customers of natural gas distributors similar to those developed for customers of electricity distributors. It was stated that the new rules were expected to provide greater protection and certainty for customers while allowing natural gas distributors an appropriate measure of flexibility to allow them to account for operation considerations.

On January 20, 2011, the Board issued a letter seeking input in assessing the need for developing customer service standards for natural gas distributors prior to proposing any amendments to GDAR and indicated that the consultation would take place in two stages. In the first stage, the Board asked gas distributors to review the customer service rules for

electricity distributors that are posted on the Board's website, document the current policies and practices in the areas addressed by those rules, and suggest new or modified policies that are appropriate for gas distributors.

As part of the second stage of the consultation, the Board asked for stakeholder comment on the information provided by the distributors in stage one. Stakeholders were also asked to provide their input on the two specific questions posed in the January 20, 2011 letter.

These are the comments and responses to the questions posed by the Board on behalf of the London Property Management Association ("LPMA").

Comments on Distributor Submissions

LPMA has reviewed in detail the submissions of Union Gas Limited ("Union"), Enbridge Gas Distribution Inc. ("Enbridge") and Kitchener Utilities. The comments provided below are specific to the Union Gas submissions, but have been informed by the submissions of the other two distributors.

As a general comment, LPMA agrees with the distributors that their current customer service policies are functioning effectively and are in the interest of both customers and the distributors.

The current policies, which have evolved over many years, provide significant flexibility for the distributors and the ratepayers that are impacted by the policies. LPMA is concerned that a more prescriptive approach to rules that would govern all distributors could eliminate or severely limit the current flexibility that allows distributors to deal with specific customer needs and circumstances.

LPMA is also concerned with the potential one-time and on-going costs associated with a move to adopting the electricity customer service rules. Enbridge has estimated these costs could be \$2.5 to \$5.0 million for one-time costs and \$12 to \$18 million per year for

additional annual costs (bad debt, working capital costs, call centre). There could be an additional cost of \$15 million per year associated with the requirement to provide a no-cost credit card payment option to customers. While Union has not provided any details on the potential costs (one-time and on-going), it can be assumed that they would be similar to those estimated by Enbridge, at least on a proportional basis.

Both Union and Enbridge have submitted that all of the one-time and on-going costs resulting from modifying their current practices should be recoverable from ratepayers. LPMA submits that any amendments to GDAR should provide benefits to ratepayers in excess of any additional costs that will be incurred by the distributors and ultimately recovered from ratepayers. In other words, the Board should undertake a cost benefit analysis of any proposed amendments to ensure that ratepayers are receiving value for the proposed changes.

In Attachment A to the February 17, 2011 Submissions, Union Gas has proposed a number of modified policies and practices to more closely align their existing policies and practices to the customer service rules for electricity distributors. Most of the proposed changes appear to be minor in nature and would not likely involve significant additional costs (one-time or on-going). For example, including a message on bills with a significant adjustment to inform customers to contact Union for options available will likely have a minimal impact on costs.

While LPMA supports the proposed modifications, it is concerned with the potential costs. For example, increasing the payment applicable period from 16 days to 20 days from invoicing will likely have an impact on the working cash allowance going forward, increasing rate base and the associated cost of capital. This would result in an increase in rates for all customers.

LPMA submits that before any changes are made, the Board should request Union to provide stakeholders with a costing estimate for each of the proposed changes. This would allow all stakeholders the opportunity to review the potential cost associated with

each of the proposed changes and to provide submissions on whether or not the benefit to ratepayers associated with the modification to the policies and practices are warranted.

LPMA notes that in its January 20, 2011 letter, the Board indicated that it intends to pursue customer service standards tailored to low-income customers. LPMA would welcome the opportunity to review and provide comments on any proposals and the costs associated with the changes that the distributors would be required to make.

Responses to Specific Questions

1. Should the Board develop rules which prescribe specific customer service standards to be applied to all rate-regulated gas distributors? If so, should these standards be analogous to the electricity code provisions for customer service standards? What are the potential advantages and disadvantages of this prescriptive approach?

LPMA does not support the development of rules which would prescribe specific customer service standards that would be applicable to all rate regulated gas distributors. As noted earlier in these comments, LPMA believes that this may result in limiting or eliminating flexibility that Union currently has in dealing with customers. This flexibility has a value not only to Union, but also to the customers affected. As Union indicates in its Submissions dated February 17, 2011, the ability to tailor solutions to individual circumstances helps to improve customer satisfaction and to minimize disconnections.

LPMA further agrees with Union that the prescriptive approach would likely lead to higher rates because of the increased costs related to implementation and ongoing management of the rules. LPMA believes that higher costs should be avoided wherever and whenever possible.

Ratepayers could end up paying more for a system that offers them less flexibility, less satisfaction and results in more disconnections than does the current system. LPMA does not believe such an outcome is either desirable or appropriate.

2. Should the Board develop rules which require each rate regulated gas distributor to develop, publish, and adhere to customer service standards for certain prescribed areas of customer service? If so, should the rules include the requirement that gas distributors develop complaint processes which include recourse to the Board in the event disputes are not resolved to the satisfaction of the parties? What are the potential advantages and disadvantages of this less prescriptive approach?

LPMA believes that each rate regulated gas distributor should develop, publish and adhere to its customer service standards for certain prescribed areas of customer service. The related policies and procedures should be available on the distributor websites and available in hard copy or by e-mail upon request from a customer.

As noted by the Board in the January 20, 2011 letter, the objective of this consultation "*is to ensure appropriate customer service standards that are fair, transparent, and consistent across all gas distributors and are enforceable by the Board. The resulting customer service standards are expected to provide greater protection and certainty for customers while allowing natural gas distributors an appropriate measure of flexibility to allow them to account for operational considerations*".

It is submitted that this objective can only be achieved if the policies and practices with respect to customer service standards are transparent to all customers. That is, any customer that wishes to know what the standards are should be able to find out with a minimum of time and effort. LPMA notes that Union indicates that it already publishes its customer service standards on its website and is proposing to make its customer service policies and practices available to all new customers and to existing customers as requested. LPMA supports this proposal. However, upon review of the Union website, it was not clear where the link to this information was. LPMA believes that a clear link should be provided to the customer service standards on the website.

LPMA also supports the need for a clear explanation related to the complaint process which includes recourse to the Board in the event the dispute is not settled to the satisfaction of the parties. Customers are entitled to know their rights and this information should be readily available to them.

Sincerely,

Randy Aiken

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