

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, section 74, as amended;

AND IN THE MATTER OF an Application by Hydro One Remote Communities Inc. for an exemption from certain sections of the Distribution System Code, specifically ss. 2.7.1.2, 2.7.2, 2.8.1, 4.2.2.3, 4.3.3.1(a), 6.1.2.1, 6.1.2.2, and 7.10

NISHNAWBE ASKI NATION INTERROGATORIES FOR HYDRO ONE REMOTE COMMUNITIES INC.

Inquiries concerning Remotes and EB-2007-0722

1. Hydro One Remote Communities Inc. (“Remotes”) has stated that it requires exemptions from specific sections in the Distribution System Code (“DSC”) identified in the EB-2007-0722 Notice dated February 8, 2011. What status, if any, did Remotes seek in respect of the proceeding in EB-2007-0722 to provide its comments and outline its concerns about the proposed amendments to the DSC after the Ontario Energy Board (“OEB”) provided notice of its consultation process on September 6, 2007?
2. Was Remotes a member of the Electricity Distributors Association (“EDA”) in September 2007 and thereafter? Is Remotes currently a member of the EDA?
3. Did Remotes file any material with the OEB in respect of EB-2007-0722 to object to any of the proposed amendments to the DSC? If so, please provide copies of such filings.
4. Did Remotes file any material with the OEB in respect of EB-2007-0722 to request an exemption to any of the proposed amendments to the DSC? If so, please provide copies of such filings.
5. Did any other organization, including the EDA or Hydro One Networks (“HON”), represent the interests of Remotes in EB-2007-0722 in respect of the proposed amendments to the DSC? If so, please identify the organization.
6. The EDA made a number of submissions to the OEB in respect of EB-2007-0722, after advising the Board that it had consulted with its members. If the EDA was not representing the interests of Remotes in respect of EB-2007-0722, did Remotes ever

advise the OEB that EDA's submissions did not represent the interests and concerns of Remotes?

7. Remotes is a subsidiary of HON. HON made a number of submissions to the OEB in respect of EB-2007-0722. If HON did not represent the interests of Remotes in respect of EB-2007-0722, did Remotes ever advise the OEB that HON's submissions did not represent the interests and concerns of Remotes?

Inquiries concerning Remotes and EB-2008-0150

8. In July 2008, the OEB advised that it was initiating a consultation process to provide an opportunity for interested parties to make presentations on a variety of low income energy issues, and submit written comments following a stakeholder conference. That process was part of EB-2008-150. The OEB's consultation process had been prompted by the Divisional Court's May 2008 decision in *Advocacy Centre for Tenants-Ontario v. Ontario Energy Board*, which confirmed the OEB's jurisdiction to consider the "ability to pay" when setting utility rates.

A stakeholder conference was subsequently held at the OEB's offices from September 22 to 25, 2008, during which participants were given the opportunity to make presentations on a variety of issues, including (a) whether the OEB should implement policies, programs or other measures designed to assist low-income energy consumers, (b) whether there were programs already in place among distributors to assist low-income energy consumers, and (c) what customer service issues (e.g. payment periods, disconnection rules, security deposits and specific service charges) were of particular relevance and what arrears management programs were in effect in Ontario or abroad.

As a result of the stakeholder conference, OEB Staff released a report to the Board in February 2009. The report covered the very issues that were incorporated into the amendments to the DSC from which Remotes now seeks exemption. Further, on March 10, 2009, the Board released a Report on the Low-Income Energy Assistance Program. With respect to the above:

- a. Did Remotes request the right to participate in the OEB's consultation process?
- b. Did Remotes attend the September 2008 stakeholder conference? If Remotes attended the conference, did Remotes make any representations or voice any concerns or objections about any of the proposals relating to low-income energy consumers?
- c. If so, what were the representations, concerns, or objections of Remotes? Please provide any relevant documents outlining any such comments, concerns, or objections.

- d. If Remotes did not attend the stakeholder conference, why did it not do so?
9. After the OEB released its Staff Report to the Board in February 2009, did Remotes offer any comments, or voice any concerns or objections to any proposals relating to the low-income energy consumers which eventually became the amendments to the DSC (from which Remotes now seeks exemption)? If so, what were those comments, concerns, or objections?
10. In its Report to the Board on the Low-Income Energy Assistance Program (March 10, 2009), the OEB stated that stakeholders who participated in EB-2008-150 “expressed a desire for more consistent treatment of low-income energy consumers across the province, regardless of where they live, the fuels they use or the distributor serving them...[and that the] Board believes it is important that there be a comprehensive and province-wide approach to assisting low-income energy consumers.”

Given such information, including the Board’s stated position, why does Remotes submit in its materials filed on March 1, 2011 that its existing collection practices (for which it seeks exemption from the DSC) “are designed to meet the intent of the Board’s changes to the DSC.” Specifically, how will exemption from the DSC sections cited in Remotes’ Notice of Application accomplish the following:

- a. promote and result in more consistent treatment of low-income energy consumers across the province;
- b. achieve the Board’s stated objective of having a comprehensive and province-wide approach to assisting low-income energy consumers (e.g. by establishing province-wide minimum standards in the DSC); and
- c. meet the intent of the Board’s changes to the DSC.

Please explain by providing reasons.

General inquiries relating to Remotes’ submissions to the OEB

11. Has Remotes taken any steps to comply with any DSC amendments which came into effect on October 1, 2010, January 1, 2011, or April 1, 2011, as the case may be? If so, please identify the specific steps which have been taken to ensure compliance with the new DSC rules.
12. In its letter to the OEB, dated March 1, 2011, which forwarded Remotes’ updated Application for exemptions, Remotes stated in part that “Given the many areas where Remotes requires exemptions from the Code [i.e. the DSC], Remotes requests that the Board consider exempting Remotes from the DSC.” In light of this statement, is

Remotes requesting that it be exempted from the DSC in its entirety? This is not clear to NAN.

13. Remotes notes in part 2 of its submission that the isolation of the communities it serves limits economic opportunities, that most of Remotes' customers are economically disadvantaged, they are low income, unemployment is high, the cost of consumer goods is more expensive, and employment opportunities are mainly part-time or seasonal. Given these factors, does Remotes agree that its residential customers are among the poorest residents in Ontario? If so, are there reasons other than the "organizational cost concerns" outlined in Remotes' submissions why Remotes does not want to be bound by the minimum standards in the DSC rules recently introduced by the OEB?
14. In part 2 of its submission, Remotes states that approximately 40 per cent of Remotes' customers do not have bank accounts, only about 50 per cent of Remotes' customers have telephones and, although phone call can be made from the Band Office and messages can be left there for residents, it is not possible to easily reach many residents by phone. What is the source of Remotes' stated information on these issues? What measures has Remotes taken in recent years to obtain contact information for residents using the internet and to liaise with customers using email?
15. In part 3 of its submission, Remotes states that it has "developed collection practices that respond to the needs of its customers and the unique challenges posed by the isolation of its service territory." Please provide whatever information Remotes has relating to the following issues:
 - a. Particulars of any consultation between Remotes and specific Band Councils concerning the "collection practices" of Remotes described in its submission to the OEB. In short, does Remotes have any evidence that the collection practices (i.e. the payment arrangements, arrangements for the opening and closing of accounts, and standard timelines which it has apparently been using since 2007) are the result of consultation between Remotes and Band Councils in NAN communities? If so, please provide details of the consultations which took place, including names of the Councils, the dates and locations of such consultations, and provide copies of any supporting documents to that effect;
 - b. Particulars of any agreements between Remotes and specific Band Councils relating to Remotes' collection practices since 2007. In short, has Remotes ever provided a written agreement to any Band Councils of its "collection practices" and requested the Band Council to provide its consent or approval to such collection practices? If so, please provide copies of such agreements.

- c. Has Remotes ever provided a written description of the collection practices it has apparently been using since 2007 to any Standard “A” and/or residential customers in communities served by Remotes?
- d. Did Remotes ever provide any written information to Band Councils, or to Standard “A” or residential customers in the communities it serves, outlining the proposals of the OEB to amend the DSC (which subsequently resulted in the DSC rules from which Remotes now seeks exemption)?
- e. Did Remotes ever advise any Band Councils, or Standard “A” or residential customers, prior to March 1, 2011, that it was not in agreement with the amendments to the DSC which resulted from EB-2007-0722 or EB-2008-1050? If so, provide particulars of such notification, including copies of any relevant documents.

Inquiries relating to Payment Arrangements: Sections 2.7.1.2 and 2.7.2

16. In its submissions to the OEB for EB-2008-0232 (which proceeding was an application by Remotes for a rate for its two main customer groups. In its submission filed on August 29, 2008 (EB-2008-0232, Exhibit C1, Tab 2, Schedule 4, pp. 1 to 4), Remotes wrote in part:

Standard A (i.e., government) accounts make up approximately 13% of customers (by number) but account for 93% of the outstanding arrears (based on 2007 figures). Prior to 2005, Remotes did not disconnect Standard A accounts in arrears, did not write off outstanding balances and did not have an adequate provision for bad debts related to First Nations Band (Standard A) accounts in arrears, as it was believed that Indian and Northern Affairs Canada (“INAC”) would backstop amounts due from First Nation Band accounts. Following a meeting with Officials from INAC in 2005, Remotes’ understanding of INAC’s position changes, such that it became clear that INAC would no longer backstop amounts from First Nations. As a result of this change in understanding, Remotes increased its provision for bad debts in 2006...The external financial auditor accepted this approach. There are significant challenges and uncertainties related to the collection of Standard A arrears. Remotes has set a target to reduce outstanding Standard A arrears by 15% each year, with some success. Payment plan arrangements and federal government support for these arrangements are being negotiated, but there are limited options available to address these arrears, as arrears relate primarily to essential services such as nursing stations, water and sewage facilities and schools.

Over the past four years [i.e. from 2003 to 2007], Remotes has been very successful in reducing non-Standard A residential arrears, which make up 7% of

the outstanding arrears based on 2007 figures and has worked closely with Band Councils and with residential customers to improve payment of these accounts, but collections are expected to be an ongoing challenge. Most non-Standard A customers do not have bank accounts and are economically disadvantaged. For many of these customers, electricity is the only utility service for which they are billed, making education about the importance of paying bills an ongoing necessity.

Overall, bad debt expense is expected to be lower in 2008 and 2009 as Remotes expects to negotiate payment arrangements with First Nation Band Councils, and an adequate provision for Standard A accounts has now been established...Direct account write-offs averaged \$0.6 million in the 2005-2007 periods. Remotes recovers accounts that were previously written off when the customer reconnects to the system, or if the customer sets up an account in another community or residence.

Given this excerpt from Remotes' submission to the OEB in EB-2007-0232, please provide the following information:

- a. The figures showing the number of Standard "A" customers and the number of non-Standard "A" (i.e. residential) customers in communities served by Remotes, and the corresponding percentage of the total arrears accounted for by each of these two customer groups, for the years 2008, 2009, and 2010, including the aggregate figures for the total arrears;
 - b. The figures relating to "write-offs" of arrears for the years 2008, 2009, and 2010 for each of the two customer groups; and
 - c. An explanation of the role which "write-offs" of arrears during 2008, 2009, and 2010 has played in reducing the overall arrears figures for Remote communities during that period.
17. Given that most of the arrears from Remote communities have been arrears from Standard "A" (i.e. government) customers, why did Remotes not make any distinction in its submission in this proceeding (EB-2011-0021) between arrears from Standard "A" customers and arrears from non-Standard "A" customers (i.e. residents), and provide arrears-related figures and percentages for each of these groups for the years 2008, 2009, and 2010?
18. With respect to the arrears program which Remotes advises it has been using since 2007, how does the requirement of a 50% "up front" payment from a Remote customer in arrears, with the remaining 50% owing being paid during the following four (4) months, "meet the intent of the Board's changes to the DSC"?

19. Does Remotes agree that its own arrears program, which requires a larger “up front” payment from a defaulting customer to avoid disconnection as well as the remaining 50% balance being paid over a shorter period, than that provided by the new DSC rules, imposes a heavier financial burden on Remotes’ customers than is the case for other low-income customers in Ontario?
20. Since 2007, what internal documentation has Remotes circulated within its organization to outline and clarify for its employees the collection practices which its employees should be using. Please provide copies of all relevant (historical and contemporary) documents to show that Remotes own employees have, since 2007, been advised of the details of the collection practices which Remotes has described in its submission to the OEB.

Inquiries relating to the Opening and Closing of Accounts: Sections 2.8.1, 2.8.2, 6.1.2.1 and 6.1.2.2

21. In its submission to the OEB, Remotes states that it “does not transfer arrears from one customer to another customer, or from a residential customer to the Band Council.” Is Remotes aware of any practice on the part of its employees in which new customers moving into a residence, or a building where Standard “A” rates apply, have been told that they will not be able to (a) open an account and/or (b) have electricity service reconnected to the premises unless and until they pay the outstanding arrears of a previous occupant of the premises? Can Remotes provide assurances to the Board that this has not been done in the past?
22. Remotes advises that “Residents can move with as little as 24 hours’ notice. Residents tend to move frequently, when better homes are available or to move closer to extended family within the communities.” Please provide any statistics or other information which Remotes has collected to support these statements.
23. With respect to the disconnection of service to a residence, is it Remotes’ practice to actually physically disconnect the meter and/or line to a residence when a customer has fallen into arrears and service to the customer has been terminated? If so, where are the lines and/or meters stored until service to a residence is physically reconnected for the new customer, or for a defaulting customer who has entered into an arrears management program or paid all outstanding arrears?
24. Has Remotes ever demanded additional payments (e.g. reconnection fees) from new customers in order to re-install a meter which has been removed from a residence or to physically reconnect a line to a residence (where such equipment has been disconnected previously by Remotes) as a condition to opening an account for the new customer? If so, please provide particulars relating to such fees (e.g. amounts demanded by Remotes, amounts actually paid by new customers, etc.).

25. Is Remotes aware of damage caused to any residences or other buildings in the communities it serves because of the physical disconnection of electrical lines to such premises after a customer has fallen into arrears and service has been terminated? If so, please provide particulars.

Inquiries relating to the proposed exemptions for Remotes and their impact on LEAP

26. Has Remotes considered whether its collection practices--- especially its arrears program requiring a 50 per cent “up front” payment with only four (4) months to pay the remaining 50% of arrears --- would result in the same eligibility of its customers under LEAP as compared to other low-income customers in the province? If so, please provide copies of any reports or documents relating to same.
27. Can Remotes provide assurances to NAN that its proposed arrears program (which would entail exemptions from sections 2.7.1.2 and 2.7.2) would result in the same benefits and treatment of its customers under LEAP as compared to other low income customers in the province, given the new rules under the DSC and the eligibility criteria of LEAP?
28. Is Remotes contemplating criteria for LEAP, including eligibility requirements, which are different from those articulated by the OEB?
29. Has Remotes chosen a social agency to administer the LEAP? If so, please identify that agency for each of the communities served by Remotes.
30. Has Remotes advised social agencies which it has designated of the collection practices which Remotes has apparently been using since 2007, as described by Remotes in its submission to the OEB? If so, please provide copies of any written material provided to such social agencies by Remotes.
31. Given the economically disadvantaged nature of Remotes’ customers, and given that the funding for LEAP is derived from Remotes’ own customer base, does Remotes agree that LEAP will, at least in part, involve a redistribution of funds from one economically disadvantaged group of customers (e.g. residents who have managed to pay their electricity bills) to another economically disadvantaged group of customers (e.g. residents who have not managed to pay their bills)?
32. Has Remotes ever requested the OEB or the Ontario Government to provide funding for LEAP from a source other than the customers in the communities which Remotes serves? If so, please provide particulars, including any relevant documents.