



**INFRASTRUCTURE SERVICES DEPARTMENT
KITCHENER UTILITIES**

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BY E-MAIL & COURIER

July 22, 2011

Ontario Energy Board
Attn: Ms. Kirsten Walli, Board Secretary
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

Re: EB-2010-0280 – Low-Income Related Customer Service Standards for Natural Gas Distributors – Submissions by the City of Kitchener (“Kitchener”)

In response to the Ontario Energy Board’s (“Board’s”) letter dated June 29, 2011, Kitchener respectfully provides the following brief submissions in response to the two sets of questions posed by the Board in its letter, with our appreciation for the opportunity to do so.

1. Are current low-income customer service standards, along with the proposed modifications and enhancements, sufficient to provide reasonable consistency across the province and appropriate levels of service for low-income customers such that a less prescriptive approach to Board oversight is warranted?

As previously submitted by Kitchener for the customer service standards to be applied generally by rate-regulated gas distributors, a less prescriptive approach to Board oversight is preferable. This approach preserves the value of existing customer service rules that reflect fair and balanced practices which have evolved over time, reflect geographic or demographic differences between gas service territories and which are well understood and accepted by customers. Change to existing utility customer service standards comes at a cost and with risks of creating customer confusion and / or potential for abuse.

The costs of change and the potential for abuse and moral hazard are of particular concern for Kitchener with respect to the proposed modifications and enhancements to low-income standards for rate-regulated gas distributors. If they are modeled after the electricity standards, then, respectfully, Kitchener does not view them as appropriate levels of service commensurate with the cost to implement and adhere to them. In short, such modified standards for low-income customers may provide reasonable consistency across the province, but they would not be appropriate, in our view. As a municipality, Kitchener is facing considerable pressures and challenges in funding its programs and delivery of services. Managing costs effectively is an emphatic priority for Council and City Staff in meeting the expectations of all of our citizens and ratepayers.

2. If so, should the Board adopt the same approach as that proposed for customer service standards in general (i.e., require each rate-regulated gas distributor to develop, publish, and adhere to low-income related customer service standards for certain prescribed areas of customer service, including a complaints process with recourse to the Board?)

As previously submitted by Kitchener for the customer service standards to be applied generally by rate-regulated gas distributors, there may be certain areas where prescribed standards may be developed in a cost effective way that add value and provide meaningful consistency of application across regulated utility energy sectors. A complaints process which includes recourse to the Board continues to be a sensible and practical approach.

However, in our respectful view, great care must be taken in the development of any prescribed customer service standards applicable to low-income customers because of the additional costs and significant administrative burden required to implement and adhere to them. These additional costs will necessarily be borne by other utility customers who themselves are not immune from the unfavorable economic or other factors that plague low income customers. It is not a question of whether to assist low-income energy customers, but how best to do so in a fair and balanced way between over-arching governmental social or income redistributive programs and energy utility specific programs or service standards.

We have completed and attached our comments to Attachment A from the Board's June 29th letter to this response. These comments can be inserted by Board Staff into a Word version of Attachment A, converted into pdf format and posted to the Board's website. Alternatively, Staff could provide a Word version of the Attachment A template to Kitchener and we can do so. To be responsive to the timeline set out in the Board's June 29th letter, we are providing the attached extract today.

Kitchener thanks the Board for this opportunity to provide our comments on the questions which it posed on low-income customer service standards for rate-regulated gas distributors and hope they are helpful. We look forward to participating further in the Board's consultations in these proceedings.

Sincerely,



James A. Gruenbauer, CMA
Manager, Regulatory Affairs and Supply

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Cc: W. Malcolm (Kitchener)