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December 5, 2011

via RESS e-filing – signed original to follow by courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited's ("THESL") Request for Temporary
Exemption from the Distribution System Code and the Retail Settlement Code –
Interrogatory Responses
OEB No. EB-2011-0269**

Please find attached THESL's responses to interrogatories from Board Staff. THESL did not receive any interrogatories from other parties.

Should you have any questions or concerns on this matter, please contact me at 416-542-2517.

Yours truly,

[original signed by]

Glen A. Winn
Manager, Regulatory Applications & Compliance

:GAW/acc

RESPONSES TO INTERROGATORIES FROM BOARD STAFF

1 **INTERROGATORY 1:**

2 **Reference(s):** **Toronto Hydro-Electric Sytem Limited's ("THESL")**
3 **September 30, 2011 letter:**
4 **The activities described above have competed with THESL's**
5 **ability to finalize until recently, the defining of the complex**
6 **requirements associated with the regulatory customer service,**
7 **collections and LEAP requirements that THESL's CIS vendor**
8 **will use to develop code. However, THESL has now received**
9 **an estimate from its vendor of a 58-week work effort (8,400**
10 **hours) to develop code; this will extend THESL's compliance**
11 **date for full completion from the initial estimated date of June**
12 **24, 2012, to December 17, 2012.**

13
14 1.1. Please update the status of THESL's new CIS, including its progress on
15 automating the requirements of the sections of the Distribution System Code
16 ("DSC") and the Retail Settlement Code ("RSC") that are the subject of this
17 application (the "Relevant Sections").

18
19 **RESPONSE:**

20 1.1 Business requirements have been defined and approved, and review sessions with
21 Oracle, THESL's Customer Information System software vendor, have taken
22 place. Oracle is currently in the process of preparing functional specifications.
23 As previously stated, extensive coding is required with expected date of
24 implementation being December 17, 2012. Please see attached Appendix "A" for
25 additional information.

Appendix “A”

As at December 5, 2011

Code	Language of the Code Provision for which THESL Seeks an Exemption:	THESL’s Current Level of Compliance (approximate)	Current THESL Manual Workaround	Future Automated Process	Projected Date that Future Automated Process Will be Implemented
DSC 2.4.26A	A distributor shall not issue a disconnection notice to a residential customer for non-payment unless the distributor has first applied any security deposit held on account for the customer against any amounts owing at that time and the security deposit was insufficient to cover the total amount owing.	100%	<ul style="list-style-type: none"> CIS database is queried daily and retrieves all accounts that are scheduled to receive disconnect notices and that have deposits. These deposits, where partially or fully paid, are applied to the account balance at least 2 days before a disconnect notice is produced, and where unpaid the deposit charges are cancelled, also at least 2 days before any disconnect notice is produced. If the application of the deposit monies, or cancellation of the deposit charges, brings the balance of the arrears to less 	CIS system will be modified to automate the application of paid deposits before creation of disconnect notices.	Q4 2012

Code	Language of the Code Provision for which THESL Seeks an Exemption:	THESL's Current Level of Compliance (approximate)	Current THESL Manual Workaround	Future Automated Process	Projected Date that Future Automated Process Will be Implemented
			than the disconnect threshold then the severance activities are cancelled, including the disconnect notice.		
DSC 2.6.5	A distributor shall apply the following rules for purposes of determining the date on which payment of a bill has been received from a customer: a) if paid by mail, three days prior to the date on which the distributor receives the payment; b) if paid at a financial institution or electronically, on the date on which the payment is acknowledged or recorded by the customer's financial institution; or c) if paid by credit card issued by a financial institution, on the date and at the time that the charge is accepted by the financial institution.	53%; estimated 80% by December 31, 2011	<ul style="list-style-type: none"> For all payment methods, the CIS system has been configured to allow a 4-day grace period for all payments made after the due date before any late penalty is applied. 53% of customers paying late pay within 4 days of the due date. As a temporary measure, THESL is extending the grace period to 7 days, which will capture 80% of customers paying late. THESL expects this change to be implemented by December 31, 2011. THESL expects to implement further system changes by February 15, 2011, which will put THESL at 100% compliance. 	CIS system will be fully modified to comply with rules prescribing the deemed date of receipt for all of the various payment types.	Q4 2012

Code	Language of the Code Provision for which THESL Seeks an Exemption:	THESL's Current Level of Compliance (approximate)	Current THESL Manual Workaround	Future Automated Process	Projected Date that Future Automated Process Will be Implemented
DSC 4.2.2.4	A distributor shall make reasonable efforts to contact, in person or by telephone, a residential customer to whom the distributor has issued a disconnection notice for non-payment at least 48 hours prior to the scheduled date of disconnection.	100%	<ul style="list-style-type: none"> A list of disconnections scheduled to be completed 48 hours in the future is created manually by THESL's Field Collections vendor. Additional information is manually added to this list by THESL, downloaded into the telephone auto-dialer system, and customers are contacted. The scripted call advises the customer of all information pursuant to section 4.2.2.4 of the Distribution System Code. 	Auto-dialer files will be triggered, created and sent out at least 48 hours prior to any disconnection.	Q4 2012
DSC 7.10.2	<p>This service quality requirement [DSC 7.10.1] must be met at least 85% of the time on a yearly basis.</p> <p>DSC 7.10.1 – Where a distributor has disconnected the property of a customer for non-payment, the distributor shall reconnect the property within 2 business days, as defined in section 2.6.7, of the date on the which the customer: a)</p>	100%	<ul style="list-style-type: none"> Reconnections are completed within 2 business days of payment of arrears or entering into an Arrears Payment Plan This is a manual process where staff issues a reconnect service order to the appropriate department for reconnection and follow up. 	<ul style="list-style-type: none"> A new report will be created to assist in monitoring the reconnection service quality level, currently tracked manually. 	Q4 2012

Code	Language of the Code Provision for which THESL Seeks an Exemption:	THESL's Current Level of Compliance (approximate)	Current THESL Manual Workaround	Future Automated Process	Projected Date that Future Automated Process Will be Implemented
	makes payment in full of the amount overdue for payment as specified in the disconnection notice; or b) enters into an arrears payment agreement with the distributor referred to in section 2.7.1A.				
RSC 7.7.1	Where a distributor has over billed a customer or retailer by an amount that is equal or exceeds the customer's or retailer's average monthly billing amount, determined in accordance with section 7.7.5, the distributor shall, within 10 days of determination of the error, notify the customer or retailer of the over billing and advise that the customer or retailer may elect to have the full amount credited to their account or repaid in full by cheque, within 11 days of requesting payment by cheque. Where the customer or retailer has not requested payment by cheque within 10 days of notification of	90%	<ul style="list-style-type: none"> When creating credit adjustments that are equal to or greater than one month's average bill, for accounts that have been over billed, THESL billing clerks contact the customer within 10 days of determining a customer has been over-billed in error. A letter template has been created for use in contacting these customers, and in addition clerks have been advised that a telephone call can also be made as needed, for faster notification where required to meet the 10-day deadline. The option of having the credit 	<ul style="list-style-type: none"> CIS system will be modified to identify credit adjustments made to an account, calculate the average monthly bill for that account, and where the credit adjustment is equal to or greater than the average monthly bill amount, the customer will be notified of the 	Q4 2012

Code	Language of the Code Provision for which THESL Seeks an Exemption:	THESL's Current Level of Compliance (approximate)	Current THESL Manual Workaround	Future Automated Process	Projected Date that Future Automated Process Will be Implemented
	the error by the distributor, the distributor may credit the full amount to the account.		<p>refund paid to the customer by cheque is offered in both the letter and verbally if contacted by telephone. Where refund cheque payment is not selected by the customer, the credit amount is applied to the account balance.</p> <ul style="list-style-type: none"> Where the refund cheque option is requested by the customer, a follow-up task is created by the billing clerk and is completed by the Remittance team within prescribed timelines. 	<p>option to receive a refund cheque.</p> <ul style="list-style-type: none"> Additional notifications will also be built into the CIS system that will automatically calculate monthly bill averages for use by the billing clerks. 	

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INTERROGATORY 2:

Reference(s): THESL's Application, page 2: "Through manual workarounds, THESL is compliant with most of the requirements set out in the Notice"

2.1. Please indicate with which requirements of the Relevant Sections THESL is currently complying.

2.2. How does THESL determine compliance?

2.3. Why does THESL seek an exemption from the requirements with which it is currently in compliance?

RESPONSE:

2.1. Please see Appendix "A" as appended in to response to Interrogatory 1.

2.2. THESL determines compliance based on the rigour of its manual processes or semi-automated workarounds, reports, quality reviews, vendor management and general THESL management oversight. Database queries help to identify accounts or situations requiring manual intervention. In some cases, manual workarounds have been improved upon during the course of the year based on findings from regularly performed quality checks. Quality checks are a regular monthly process whereby samples of work are reviewed to ensure accuracy, quality and compliance with processes.

For example, the original manual process to apply the security deposit to accounts prior to issuing a disconnect notice was to have THESL's field collections vendor pull from their batch of work orders those that had a security deposit fully or partially paid on their account. However, the quality review uncovered some

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1 errors in this process. Instead, a query is now run, and from this list, THESL
2 employees apply the security deposit to accounts, and no work order is created
3 unless the amount does not sufficiently cover the arrears. A second query is run
4 after this work is manually completed, to ensure no accounts were missed. In the
5 event an account is overlooked despite these controls, this would become apparent
6 during the conversation between THESL and the customer concerning payment
7 options for reconnection.

8
9 Likewise, for the 48-hour notice requirement prior to disconnecting, the original
10 process had the field collections vendor preparing a list of customers to call based
11 on work orders for upcoming disconnections. Management oversight and vendor
12 meetings ascertained that a semi-automated solution would improve results.
13 Thus, a query has been written to identify disconnections in a pending state, and
14 the results of this query are entered into the auto dialler, eliminating the need to
15 prepare the call list manually. In the event that a customer notification is
16 overlooked despite these controls, THESL would resolve the issue to the
17 customer's satisfaction as soon as possible.

18
19 With respect to applying credits greater than or equal to a customer's average
20 monthly billed amount, of those that THESL has identified, the THESL employee
21 calculating the adjustment is required to complete the entire transaction, including
22 sending a letter to notify the customer or telephoning the customer to advise of the
23 credit. When this process was introduced, frequent supervisory oversight of staff
24 was used to ensure the new process was integrated into their daily work. At this
25 time, monthly quality reviews are in place to ensure this process is sustained.

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1 2.3. The manual workaround activities are labour intensive, resulting in a higher risk
2 of errors and greater probability that a process may break down and some
3 accounts be overlooked. Accordingly, there is a risk that THESL may, from time
4 to time, be unable to be 100% compliant despite best efforts to comply manually,
5 particularly given its large customer base of over 700,000 customers and a greater
6 than 20% turnover of the customer base each year.

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INTERROGATORY 3:

Reference(s): Appendix A to THESL's Application:
DSC – Disconnection and Reconnection 4.2.2.4
An exemption is requested from calling 100% of our
residential customers 48 hours prior to the disconnection of
service.

- 3.1. Please describe the process THESL uses for providing notice to residential customers who are in arrears and scheduled for disconnection.
- 3.2. Please confirm whether or not, since the coming into effect of 4.2.2.4 of the DSC, any of THESL's residential customers were disconnected by THESL without contacting the customer and providing the information required by section 4.2.2.4 of the DSC 48 hours prior to the disconnection of service? If yes, please provide the following information:
- 3.2.1. number of customers disconnected;
 - 3.2.2. how was the issue identified (i.e. by THESL or by the customer)?;
 - 3.2.3. actions taken by THESL to rectify the situation; and
 - 3.2.4. whether the issue was resolved to the customer's satisfaction.

RESPONSE:

- 3.1. THESL uses a telephone auto-dialer method of contacting customers 48 hours prior to disconnection. Please refer to section 4.2.2.4 of Appendix "A" as appended in response to Interrogatory 1, for a full description of the current manual process being followed. THESL plans to automate this process to eliminate the need to manually create the list of customers to be contacted and to automatically upload this list into an auto-dialer system.

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- 1 3.2. To date, the manual process has captured all customers needing a 48-hour
2 notification prior to disconnection. However, in the event that an error does occur
3 and/or on receipt of a customer complaint, THESL will resolve the customer's
4 concerns to their satisfaction as soon as possible.
- 5 3.2.1. N/A
- 6 3.2.2. N/A
- 7 3.2.3. N/A
- 8 3.2.4. N/A

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1 **INTERROGATORY 4:**

2 **Reference(s):** **Appendix A to THESL's Application:**
3 **DSC – Conditions of Service 2.4.26A**
4 **An exemption is requested from applying 100% of the security**
5 **deposits prior to issuing a disconnect notice.**
6

- 7 4.1. Please confirm that it is THESL's practice to honour a request from a customer,
8 who has been sent a disconnection notice for non-payment, to apply the security
9 deposit being held on account for the customer to the customer's outstanding
10 arrears to avoid disconnection. If this cannot be confirmed or is incorrect, please
11 explain why.
- 12 4.2. Please confirm whether or not, since the coming into effect of section 2.4.26A of
13 the DSC, any of THESL's residential customers were disconnected by THESL for
14 non-payment where the security deposit held on account for the customer was
15 sufficient to cover the customer's outstanding arrears? If yes, please provide the
16 following information:
- 17 4.2.1. number of customers disconnected;
18 4.2.2. how was the issue identified (i.e. by THESL or by the customer)?;
19 4.2.3. actions taken by THESL to rectify the situation; and
20 4.2.4. whether the issue was resolved to the customer's satisfaction.

21
22 **RESPONSE:**

- 23 4.1. THESL is complying fully with this requirement through manual processes.
24 However, THESL recognizes that manual processes are subject to a higher degree
25 of human error than are automated processes. In the event that this step is
26 overlooked and a customer brings this to THESL's attention, THESL confirms it

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1 will honour the request and apply the security deposit being held on account
2 against the customer's arrears, in keeping with this requirement.

3

4 4.2. No customers have been disconnected for non-payment where the security deposit
5 held on the account was sufficient to cover the outstanding arrears.

6 4.2.1. N/A

7 4.2.2. N/A

8 4.2.3. N/A

9 4.2.4. N/A

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INTERROGATORY 5:

Reference(s): Appendix A to THESL's Application:
DSC – Bill Issuance and Repayment 2.6.5
Under the former CIS, THESL made modifications to decrease
our late payment charges based on backdating the date of
payments according to the payment type (3 days for mail and 2
days for payments made through financial institutions or
electronically). An exemption is requested for the period of
time up to approximately June 24, 2012 when the same
modification is expected to be made to CC&B.

5.1. Please advise when THESL begins to apply late payment charges to customers' bills.

5.2. Please confirm whether or not THESL has applied late payment charges to customers' bills as a result of using different rules than those prescribed for determining the date on which payment of a bill has been received from a customer. If yes, please provide the following information:

5.2.1. number of affected customers;

5.2.2. how was the issue identified (i.e. by THESL or by the customer)?;

5.2.3. actions taken by THESL to rectify the situation; and

5.2.4. whether the issue was resolved to the customer's satisfaction.

RESPONSE:

5.1. Late payment charges are applicable 20 days after the bill date.

5.2. THESL was fully compliant with this requirement until June 30, 2011, when the conversion to the new CIS took place. Post-conversion, THESL is now

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1 approximately 53% compliant. Currently, a four-day grace period exists after the
2 due date, so any payment type received on or prior to the 24th day after the bill
3 date will not incur late payment charges. 53% of customers who pay late, pay
4 within four days of the due date. However, in the event a payment is received 25
5 days after the bill date, currently the system cannot backdate the date the payment
6 is deemed to have been received, or alternatively, deduct the requisite number of
7 days depending on payment type, from the late payment calculation.

8
9 5.2.1. 43% of THESL's customers incurred late payment charges at least once in
10 2010. In the first half of 2011, 33% of THESL's customers incurred late
11 payment charges at least once. It is expected that the same trend will be
12 apparent in the latter part of 2011.

13
14 5.2.2. THESL identified this issue as a result of learning that it was not able to
15 configure this change in its new CIS as of the conversion date. Therefore,
16 a request was made for a temporary exemption from this requirement until
17 code changes can be implemented and corrective action taken.

18
19 5.2.3. THESL is working with Oracle to automate the enabling processes, with a
20 modification that encompasses the rules affecting the various payment
21 types. The full solution implementation is expected by December 2012.
22 However, THESL plans to implement two interim steps in order to
23 become 100% compliant prior to the forecasted December 2012
24 implementation of the more complex system changes. Firstly, the grace
25 period during which no late payment charges are applied will be extended
26 from four days to seven days, in recognition of the fact that 80% of
27 THESL customers who pay late pay within seven days of the due date.

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1 THESL expects this change to be implemented by December 31, 2011.
2 Secondly, until the full solution is implemented, THESL plans to modify
3 the late payment calculation formula to account for the prescribed deemed
4 date of receipt rules. This modification is expected to be implemented by
5 February 15, 2011, which will bring THESL to 100% compliance.

6
7 Once THESL reaches 100% compliance, for those customers who may
8 have been charged one to three days' of late payment charges, per
9 payment, in excess of the prescribed rules, THESL will reimburse those
10 customers through a credit back to their account.

11
12 5.2.4. THESL is not aware of any complaints to date; however, THESL will
13 waive late payment charges in excess of the prescribed provisions where
14 such charges are disputed by a customer. Once THESL achieves 100%
15 compliance, THESL will reimburse all customers for any charges in
16 excess of the prescribed rules.

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INTERROGATORY 6:

Reference(s): **Appendix A to THESL's Application:**
DSC – Reconnection Standards 7.10.2

An exemption is requested from *the reporting requirement regarding reconnection standards*. THESL's normal operating procedure is to reconnect a service disconnected as a result of non-payment within 24-48 hours. However, the reporting structure needs to be developed to provide accurate reporting. This process will be automated in future modifications to CC&B. [emphasis added].

Section 7.10.2 of the DSC: "This service quality requirement must be met at least 85 percent of the time on a yearly basis."

THESL seeks an exemption from "the reporting requirement regarding reconnection standards". However, no reporting requirements have been prescribed in section 7.10.2 of the DSC.

6.1. Please identify the regulatory provision from which THESL is seeking an exemption including the name of the regulatory instrument and the section number if applicable.

RESPONSE:

6.1. THESL currently performs reconnections within two business days more than 85% of the time. Tracking of this performance measure is currently done manually and THESL is in the process of automating the capture of these data. THESL mistakenly included the reporting requirement regarding reconnection standards in its list of exemptions and now hereby withdraws this request.

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INTERROGATORY 7:

Reference(s): Appendix A to THESL's Application:

RSC – Billing Errors 7.7.1

An exemption is requested from the requirement to contact 100% of our customers with overbilling credit adjustments where the amount is greater than a one month average bill. The adjustments will be processed and THESL will be contacting the customers; however, since this is currently a manual process and reporting needs to be developed to identify every account that meets this criterion, some customers may not be contacted within the required timeframes. This process will be automated in future modifications to CC&B.

7.1. With respect to the requirements of section 7.7.1 of the RSC, please confirm that THESL seeks an exemption only from the timelines prescribed in section 7.7.1 of the RSC (i.e. within 10 days of determination of the error) to notify the customer or retailer of the over billing and to advise the customer or retailer of the reimbursement options. Put another way, please confirm that THESL does not seek an exemption from the following requirements:

- notifying the customer or retailer of the error,
- providing the customer or retailer with the reimbursement options, and
- processing adjustment

7.2. If the understanding summarized in item 7.1 above is incorrect, please provide a detailed description of the exemption sought.

7.3. Based on THESL's current manual processes, please provide the average timeframe for contacting customers or retailers whose accounts meet the criteria established in section 7.7.1 of the RSC.

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1 7.4. Please confirm that all payments or bill adjustments as applicable are processed
2 by THESL within the timelines prescribed in section 7.7.1 of the RSC. If not,
3 why not.

4 7.5. Please estimate how many times, since the coming into effect of section 7.7.1 of
5 the RSC THESL has identified that it had overbilled a customer by an amount
6 greater than the average monthly bill?
7

8 **RESPONSE:**

9 7.1. Currently, overbilling situations resulting in a credit equal to or greater than a
10 customer's average monthly billing amount are processed manually. In these
11 circumstances THESL is aware of the credit and able to notify the customer
12 within the prescribed 10 days of determination of the error, provide options and
13 process the adjustment or payment as applicable within prescribed timelines.
14 THESL is fully compliant under these conditions. THESL approximates there
15 have been 200 instances where notifications to customers have been required.
16

17 However, in the circumstance where a customer's previous bills have been
18 cancelled, rather than being calculated manually, the newly calculated bills are
19 generated automatically by the system on the customer's next cycle billing date.
20 In these circumstances, THESL is unaware that a credit situation may exist for a
21 particular customer and is therefore unable to initiate notification. In these
22 situations THESL requires that the system be configured to automatically
23 recognize the event and thus trigger the requisite notifications. Since this
24 automated process typically occurs when required adjustments are minor, THESL
25 estimates that credits greater than one month's average bill resulting from this
26 automated process occur infrequently, and estimate that no more than 20
27 customers may have been impacted. As per THESL's practice, should a customer

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1 contact THESL asking for a refund rather than a credit, this would be honoured
2 regardless of the amount.

3

4 7.2. Further to the response to 7.1, THESL is requesting an exemption from notifying
5 only those customers whose overbilling credit is generated automatically by the
6 system and which THESL is unable to identify manually, until such time as the
7 CIS is configured to recognize the described scenario.

8 7.3. Customers or retailers whose accounts THESL is able to identify and which meet
9 the criteria established in section 7.7.1 of the RSC are contacted within the
10 required 10-day timeframe.

11

12 7.4. THESL confirms that all payments or bill adjustments as applicable are processed
13 by THESL within the required timelines.

14

15 7.5. THESL has identified approximately 200 instances where notifications to
16 customers have been required as a result of credit values equal to or greater than
17 one month's average billing. All of these customers were notified within
18 prescribed timelines. All requested payments (refunds) and adjustments to
19 accounts were also made within prescribed timelines.