



## BY E-MAIL AND WEB POSTING

**January 30, 2012**

**To: All Licensed Electricity Distributors  
All Participants in Consultation Processes EB-2007-0722 and EB-2008-0150  
All Other Interested Parties**

**Re: Consultation on Proposed Electricity Reporting and Record Keeping  
Requirements for Distributors Related to Revised Customer Service Rules  
Board File: EB-2007-0722**

### **1.0 Purpose of Consultation**

The Ontario Energy Board (the "Board") is requesting stakeholder comments on proposed amendments to the Board's Electricity Reporting and Record Keeping Requirements ("Electricity RRR").

The amendments will require electricity distributors to record and file information regarding the implementation of the customer service-related amendments (revised "Customer Service Rules") to the Distribution System Code, Retail Settlement Code and Standard Service Supply Code (the "Codes") adopted by the Board earlier in this consultation (EB-2007-0722).

When designing the details of the proposed Electricity RRR amendments, the Board considered the various objectives communicated when the revised Customer Service Rules were developed. In order to assess to what extent the revised Customer Service Rules have met these objectives, the Board proposes RRR amendments requiring electricity distributors to collect and report data pertaining to the application of the Customer Service Rules.

In developing the proposed reporting requirements, Board staff also considered what information is collected in other jurisdictions with respect to the evaluation of residential, including low-income, customer service rules.

In determining what type of information distributors should record and file, the Board sought to keep the new Electricity RRR requirements at a minimum while also gathering

sufficient data to monitor and assess the impacts of the major revised Customer Service Rules adopted.

Although the Board expects that distributors will have much of the required data available as part of the normal operation of their businesses under the revised Customer Service Rules, some distributors may incur additional costs in modifying their customer information management systems.

If some electricity distributors have concerns about the incremental costs of an Electricity RRR measure proposed, the Board requests that cost estimates in support of such concerns should be provided as part of their comments.

To assist in the development of the proposed Electricity RRR amendments Board staff met with the Financial Assistance Working Group (the “Working Group”) previously set up in the EB-2080-0150 low income consultations and obtained their input and comments. The meeting took place on December 15, 2011 and included electricity distributors, ratepayers groups and social service agencies.<sup>1</sup>

The Working Group reviewed a preliminary staff discussion document on proposed reporting requirements and provided their input and comments. Subject to some utility concerns about overall implementation costs, the Working Group was generally supportive of the reporting requirements discussed. In several areas, specific changes were recommended and most of these changes have been included in the proposed reporting requirements set out below.

The full package of proposed amendments to the Electricity RRRs is set out in Attachment A to this letter. Comments from interested parties are invited. No costs will be awarded for submissions provided. The Board notes that the Low Income Energy Network, Vulnerable Energy Consumers Coalition and Consumers Council Canada are eligible for costs as part of the Working Group and attended the December 15, 2011 meeting where the proposed reporting requirements were discussed.

## **2. Uses of Data to be Collected**

### **2.1 Annual Performance Monitoring**

The information to be reported by the distributors under the proposed Electricity RRR amendments, supplemented by customer complaint and other data available to the Board, will be used to monitor results each year for customers and distributors under the revised Customer Service Rules.

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<sup>1</sup> Representatives of the following stakeholders attended the December 15, 2011 meeting: Coalition of Large Distributors; Consumers Council Canada; Cornerstone Hydro Electric Concepts; EnerCare Connections; Housing Help Association of Ontario; Hydro One Networks; Low Income Energy Network; Ministry of Energy; Neighbourhood Information Post; United Way Toronto; and Vulnerable Energy Consumers Coalition.

Staff will summarize the annual results based on the performance indicators proposed below, undertake further analysis of the data to assess performance versus the base year(s) (where data is available), and compare and contrast performance of low-income versus non low-income customer service rules and across distributors.

## **2.2 Evaluation of the Impact of the Revised Customer Service Rules**

As discussed above, the Electricity RRR amendments that are being proposed by the Board are the ones that are considered most appropriate for annual monitoring and assessment of the application of the revised Customer Service Rules by electricity distributors. The information collected, supplemented with additional data from other sources, could also be used for any future evaluation of the impact of the revised Customer Service Rules in the areas identified by the Board. The annual monitoring and assessment, as well as any future evaluation of the impacts of customer service rules (discussed further in section 5 below), could lead to modifications to the customer service rules or reporting requirements where warranted.

## **3.0 Proposed Electricity Reporting Requirements Related to Customer Service Rules**

### **3.1 Number of Customer Accounts**

The Board believes it is important to track the number of both residential and low-income customer accounts in order to monitor the implementation of the revised Customer Service Rules and to assess their effectiveness.

The number of “residential customers” at year end is already filed by distributors pursuant to section 2.1.5.4 a) of the Electricity RRR and no amendment is required in this regard. It is expected that the number of “residential customers” reported under section 2.1.5.4 a) will correspond to the number of residential customer accounts and thus will be consistent with the new low-income customer accounts data to be reported below.

The Board proposes adding new section 2.1.8 a) i. to the Electricity RRR that will require the following additional information be filed annually:

- Number of eligible low-income customer accounts at year end.

“Eligible low-income customer” was previously defined in the relevant Board Codes, in particular sections 1.2, 1.3.2 and 1.3.3 of the Distribution System Code, Retail Settlement Code and Standard Service Supply Code respectively.

A cross-reference to the Codes’ definition of “eligible low-income customer” has been added to the definition section (section 1.2) of the Electricity RRR.

In practice, social agency partners will be advising electricity distributors when a customer is qualified as low-income for the purpose of receiving a special low-income code provision and/or receiving emergency financial assistance.

### **3.2 Disconnections for Non-Payment**

One of the expected impacts of the revised Customer Service Rules is to reduce the number of disconnections for non-payment. Collection of the new data proposed below will allow the Board to ascertain if there has been a reduction in residential, including low-income, customer disconnections as a result of the revised Customer Service Rules.

The Board accordingly proposes in new sections 2.1.8 b) i. and ii. of the Electricity RRR that the following information be filed annually:

- The number of residential customer accounts disconnected for non-payment during the course of the year.
- The number of low-income customer accounts disconnected for non-payment during the course of the year.

### **3.3 Arrears and Arrears Payment Agreements**

One of the expected impacts of the revised Customer Service Rules is to help customers better manage their payments. Collection of the data proposed below will allow the Board to ascertain if there has been a reduction in residential and low-income customer arrears under the revised Customer Service Rules.

The Board accordingly proposes in new sections 2.1.8 c) i. to iv. of the Electricity RRR that the following information be collected and filed annually with respect to residential and low-income customer arrears:

- The number of residential customer accounts in arrears at year end.
- The number of low-income customer accounts in arrears at year end.
- The total dollar amount of arrears for residential customer accounts in arrears at year end.
- The total dollar amount of arrears for low-income customer accounts in arrears at year end.

It is proposed for comment that a distributor may treat a customer account as being “in arrears”, for Electricity RRR reporting purposes, any time after the 16-day minimum payment period provided under section 2.6.3 of the Distribution System Code has elapsed. The Board understands that usually distributors offer a few more days before any customer account is treated as being in arrears. As a result, the start date for determining “arrears” in practice would vary by distributor.

The above approach of tracking accounts in arrears will capture a significant number of customers who are a few days late in paying their bills. Therefore the Board would also like to consider the use of an alternative approach to determine when an account is past due in order to track the customers that will likely experience hardship in paying their electricity bills.

The Board understands that utilities, as part of their normal business practice, undertake internal analysis of customers accounts in arrears that are more than 30 or 60 days past due. The Board invites comments as to what is the more common practice in this area among electricity distributors, in order to consider modifying the above proposed reporting requirement to only track “arrears” that are more than 30 or 60 days past due.

The Board also proposes that information regarding the number and the dollar amount of arrears payment agreements be reported, as described below, to allow the Board to assess the use and success of the arrears payment agreements provided under the Codes.

The Board accordingly proposes in new sections 2.1.8 c) v. to x. of the Electricity RRR that the following additional data be filed annually regarding residential and low-income customer arrears payment agreements entered into under the Distribution System Code rules in this area, namely:

- The number of arrears payment agreements entered into during the course of the year with residential customers
- The number of arrears payment agreements entered into during the course of the year with low-income customers.
- The total amount of monies owing under arrears payment agreements entered into during the course of the year with residential customers.
- The total amount of monies owing under arrears payment agreements entered into during the course of the year with low-income customers.
- The number of arrears payment agreements with residential customers that were cancelled during the course of the year due to non-payment.
- The number of arrears payment agreements with low-income customers that were cancelled during the course of the year due to non-payment.

The length of the arrears payment agreements to be offered to residential and low-income customers varies by the amount outstanding. Details are set out in section 2.7.2 of the Distribution System Code. An examination of whether agreement completion rates varied by the length of the arrears agreement could be undertaken in a future evaluation of arrears agreements.

### **3.4 Bad Debts**

One of the expected results of the revised Customer Service Rules is to assist electricity customers in better managing their payments. Collection of the data proposed below

will allow the Board to ascertain if there has been a reduction in residential and low-income customer bad debts.

The Board accordingly proposes in new sections 2.1.8 d) i. to iv. of the Electricity RRR that the following information be filed annually in this area:

- The number of residential customer accounts that recorded bad debt expense during the course of the year.
- The number of low-income customer accounts that recorded bad debt expense during the course of the year.
- The total dollar amount of bad debt expense for residential customer accounts during the course of the year.
- The total dollar amount of bad debt expense for low-income customer accounts during the course of the year.

### **3.5 Equal Billing and Equal Monthly Payment Plans**

The information proposed below to be reported will allow the Board to assess to what extent residential and low-income customers have taken advantage of the additional billing and payment options now offered under the Codes. The availability of such payment arrangements is expected to assist customers in better managing their electricity bill payments.

In particular, the Board proposes in new sections 2.1.8 e) i. to iv. of the Electricity RRR that the following information be filed annually in this area by distributors:

- The number of residential customer accounts enrolled in equal billing plans at year end.
- The number of low-income customer accounts enrolled in equal billing plans at year end.
- The number of residential customer accounts enrolled in equal monthly payment plans at year end.
- The number of low-income customer accounts enrolled in equal monthly payment plans at year end.

The meaning of “equal billing” and “equal monthly payment” plans for RRR reporting purposes will be the same as previously set out in the Notice issued February 8, 2011: An equal billing plan refers to an arrangement whereby a bill is issued to a customer and the amount due in each bill is equalized over the billing periods in the year. The billing may occur on a monthly, bi-monthly or quarterly basis. In this case there is no requirement for automatic withdrawals from a financial institution. An equal monthly payment plan refers to an arrangement where an equalized payment amount is automatically withdrawn from a customer’s account with a financial institution on a monthly basis, with a bill to follow that may be on a monthly, bi-monthly or quarterly basis. These definitions now have been added to the Electricity RRR.

To assist with future analysis of the new data, space will be added to the revised RRR filing forms for an electricity distributor to report the billing frequency for their residential customers.

The current customer service rules (in section 2.6.2 of the Standard Service Supply Code) mandate that the prescribed equal payment and billing options need only be offered by electricity distributors to residential customers on standard service supply. Space will be added to the filing forms for an electricity distributor to report if it voluntarily has extended its equal payment or billing plan to residential customers enrolled with electricity retailers. In such cases, those customers should be included in the total enrolment figures reported under the above filing requirements.

### **3.6 Security Deposits**

The new information proposed to be reported below will allow the Board to monitor the impact of the revised customer security deposit rules on residential security deposits held by the distributors. In addition, it will allow the Board to assess the extent to which eligible low-income customers have made use of the security deposit waiver and refund options provided under the Distribution System Code. When a security deposit for low-income customers is waived or refunded, the customers will have more funds to better manage their regular electricity bill payments.

The Board accordingly proposes in new sections 2.1.8 f) i. to iv. of the Electricity RRR that the following information be filed annually in this regard:

- The number of residential customer accounts with security deposits held at year end.
- The total dollar amount of security deposits held in respect of residential customers at year end.
- The number of low-income customer accounts with security deposits held at year end.
- The total dollar amount of security deposits held in respect of low-income customers at year end.

### **3.7 Load Control Devices**

The Distribution System Code sets out, in section 2.9, the procedures to be followed by distributors that wish to install a load control device in lieu of disconnecting a customer for non-payment. To allow a better understanding of disconnection-related trends under the revised Customer Service Rules, the Board is interested in also gathering information about load control device usage.

The Board accordingly proposes in new sections 2.1.8 g) i. and iv. of the Electricity RRR that the following information be filed annually with respect to:

- The number of residential customer accounts where load limiter devices were installed during the course of the year
- The number of low-income customer accounts where load limiter devices were installed during the course of the year.
- The number of residential customer accounts where timed load interrupter devices were installed during the course of the year.
- The number of low-income customer accounts where timed load interrupter devices were installed during the course of the year.

The same definitions of “load limiter device”, “timed load interrupter device” and “load control device” will be adopted for Electricity RRR purposes as contained in the Distribution System Code. Proposed cross-references to the DSC definitions are added to section 1.2 of the Electricity RRR for convenience.

The Board believes it would prove cumbersome to distinguish between load control devices installed by distributors due to non-payment versus the limited cases where they are installed at the request of the customer. The proposed reporting requirements above are designed to capture both.

#### **4.0 Additional Data**

In addition to the mandatory data to be reported through the above proposed Electricity RRR amendments, the Board believes that collection of other available data is important in order to help better assess the impact of the revised Customer Service Rules.

The low-income electricity customer service rules came into effect on October 1, 2011. The Board accordingly requests electricity distributors to file available baseline data for 2010 and 2011 in respect of the various measures to be tracked under the forthcoming Electricity RRR amendments.

It is proposed below that the present Electricity RRR amendments come into force on January 1, 2013. The Board believes it would prove helpful if distributors also provided available relevant data for the 2012 period, the first full year under the low-income customer service rules.

#### **5.0 Evaluation of the Impact of the Revised Customer Service Rules**

The Low-Income Energy Assistance Program (“LEAP”) Report of the Board issued on March 10, 2009 indicated that it will be important to later “evaluate and measure” performance so as to better understand, among other things, “how effective the LEAP program has been in managing low-income energy consumer issues in relation to their use of natural gas and electricity such as disconnections, bad debt expenses, etc.”.

In addition, the Notice issued on March 10, 2009 stated:



The Board acknowledges that although some of the implementation costs could be material, it believes that the benefits of the proposed amendments outweigh the costs. The Board also believes that some of the costs associated with implementation of the new requirements are likely to be offset by a decrease in the costs associated with dealing with customer calls and complaints in relation to the customer service issues, as well as by a reduction in bad debt write-offs, account collection costs and disconnection costs going forward.

After tracking the impacts of the Customer Service Rules, the Board will decide whether it is necessary to conduct an evaluation of these impacts. If such an evaluation is required, the Board expects this evaluation to include mainly trend analysis for “directional assessment” regarding the impacts of the revised Customer Service Rules.

The scope of the future assessment will depend on the actual results and experience under the revised Customer Service Rules to that date. A mixture of quantitative and qualitative measures may be used. The evaluation of the impact of the revised Customer Service Rules could involve, for example, the following:

- Trend analysis of the performance indicators collected or derived from the Electricity RRR data to be collected above.
- Estimation of the impacts of the revised Customer Service Rules relative to 2010 and 2011 base years in the areas identified above.
- Comparison and contrast performance of low-income versus non low-income customer service rules and across distributors.
- Review of customer service questions and complaints received by the Board.
- Collection of additional data through surveys, interviews, focus-groups etc. could be initiated to assess the impact of the rules from the perspective of distributors, customers and social service agencies.

If the evaluation reveals that a particular provision is not contributing towards the intended results of the revised Customer Service Rules, the Board could decide to propose changes to that customer service rule. Any evaluation could also make recommendations for changes and improvements to the Electricity RRR reporting requirements in this area.

## **6.0 Implementation Date**

The Board proposes that as of January 1, 2013, distributors should start collecting information in respect of all of the attached Electricity RRR amendments. This will allow enough time for distributors to adjust their customer information systems to gather the data required under the proposed Electricity RRR amendments.

The first required filing of the above information will be due April 30, 2014.

Distributors will also be requested to file on April 30, 2013 any available data for 2010, 2011 and 2012 in respect of the various measures to be tracked under the proposed Electricity RRR amendments. As discussed above, this additional data will be used in the assessment of the impact of the revised Customer Service Rules.

## **7.0 Invitation to Comment and Filing Instructions**

All interested parties are invited to provide comments by February 13, 2012. Two (2) paper copies of each comment must be provided and should be sent to:

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

The Board requests that interested parties make every effort to provide electronic copies of their comments in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their comments through the Board's web portal at [www.errr.ontarioenergyboard.ca](http://www.errr.ontarioenergyboard.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of comments may be filed by e-mail at [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca).

Those that do not have internet access should provide a CD or diskette containing their comments in PDF format.

Comments to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2007-0722** and include your name, address, telephone number and, where available, your e-mail address and fax number.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written

comment will be available for viewing at the Board's offices and will be placed on the Board's website.

This letter, the proposed amendments attached to this letter, and all written comments received by the Board will be available for public inspection at the office of the Board during normal business hours and on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca).

Any questions relating to this letter and the enclosed proposed amendments to the Electricity RRR should be directed to John Vrantsidis at 416-440-8122 or by e-mail at [john.vrantsidis@ontarioenergyboard.ca](mailto:john.vrantsidis@ontarioenergyboard.ca). The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, January 30, 2012

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary

Attachment: Attachment A: Proposed Amendments to Electricity  
Reporting & Record Keeping Requirements

**Attachment A**  
**Proposed Amendments to**  
**Electricity Reporting & Record Keeping**  
**Requirements (“RRR”)**  
**January 30, 2012**  
**EB-2007-0722**

1. Section 1.2 of the RRR is amended by adding the following definitions:

a) after the definition of “distributor”:

“eligible low-income customer” means an eligible low-income electricity customer, as defined in sections 1.2, 1.3.2 and 1.3.3 of the Distribution System Code, Retail Settlement Code or Standard Supply Service Code;

“equal billing plan” means a billing plan where the amount due in each bill is equalized over the course of the billing periods in the year, which may occur on a monthly, bi-monthly or quarterly basis;

“equal monthly payment plan” means a payment plan where an equalized amount is automatically withdrawn from a customer’s account at a financial institution on a monthly basis, followed by a bill on a monthly, bi-monthly or quarterly basis;

“load control device” has the same meaning as set out in the definition section of the Distribution System Code;

“load limiter device” has the same meaning as set out in the definition section of the Distribution System Code;

b) after the definition of “SSS”:

“timed load interrupter device” has the same meaning as set out in the definition section of the Distribution System Code;

2. Section 2.1 of the RRR is amended by adding the following subsections:

**2.1.8. A distributor shall provide in the form and manner required by the Board, annually, by April 30, the following information for the preceding calendar year with respect to residential and eligible low-income customers.**

*a) Number of Eligible Low-Income Customer Accounts*

- i. number of eligible low-income customer accounts at year end.

*b) Disconnections for Non-Payment*

- i. number of residential customer accounts disconnected for non-payment during the course of the year; and
- ii. number of eligible low-income customer accounts disconnected for non-payment during the course of the year.

*c) Arrears and Arrears Payment Agreements under the Distribution System Code*

- i. number of residential customer accounts in arrears at year end;
- ii. number of eligible low-income customer accounts in arrears at year end;
- iii. total dollar amount of arrears for residential customer accounts in arrears at year end;
- iv. total dollar amount of arrears for eligible low-income customer accounts in arrears at year end;
- v. number of arrears payment agreements entered into during the course of the year with residential customers;
- vi. number of arrears payment agreements entered into during the course of the year with eligible low-income customers;
- vii. total amount of monies owing under arrears payment agreements entered into during the course of the year with residential customers;
- viii. total amount of monies owing under arrears payment agreements entered into during the course of the year with eligible low-income customers;
- ix. number of arrears payment agreements with residential customers that were cancelled during the course of the year due to non-payment; and

- x. number of arrears payment agreements with eligible low-income customers that were cancelled during the course of the year due to non-payment.

*d) Bad Debts*

- i. number of residential customer accounts that recorded bad debt expense during the course of the year;
- ii. number of eligible low-income customer accounts that recorded bad debt expense during the course of the year;
- iii. total dollar amount of bad debt expense for residential customer accounts during the course of the year; and
- iv. total dollar amount of bad debt expense for eligible low-income customer accounts during the course of the year.

*e) Equal Billing and Equal Monthly Payment Plans under the Standard Supply Service Code*

- i. number of residential customer accounts enrolled in equal billing plans at year end;
- ii. number of eligible low-income customer accounts enrolled in equal billing plans at year end;
- iii. number of residential customer accounts enrolled in equal monthly payment plans at year end; and
- iv. number of eligible low-income customer accounts enrolled in equal monthly payment plans at year end.

*f) Security Deposits*

- i. number of residential customer accounts with security deposits held at year end;
- ii. total dollar amount of security deposits held in respect of residential customers at year end;
- iii. number of eligible low-income customer accounts with security deposits held at year end; and
- iv. total dollar amount of security deposits held in respect of eligible low-income customers at year end.

*g) Load Control Devices*

- i. number of residential customer accounts where load limiter devices were installed during the course of the year;
- ii. number of low-income customer accounts where load limiter devices were installed during the course of the year;
- iii. number of residential customer accounts where timed load interrupter devices were installed during the course of the year; and
- iv. number of eligible low-income customer accounts where timed load interrupter devices were installed during the course of the year.