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March 26, 2012

VIA RESS, E-MAIL & COURIER

Ms. Kristen Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Ontario Energy Board (“Board”) File No. EB-2010-0280
Customer Service Amendments to the Gas Distribution Access Rule
Submission of Enbridge Gas Distribution Inc. (“Enbridge”)**

On March 1, 2012 the Board issued a letter asking gas distributors to reply to specific changes in select areas of their proposed low-income customer service standards and policies.

Following a request by Enbridge to extend the due date, the Board granted all gas distributors until March 26, 2012 to provide a reply to the Board’s letter.

Enclosed please find Enbridge’s response.

Please contact the undersigned if you have any questions.

Yours truly,

[original signed]

Bonnie Jean Adams
Regulatory Coordinator

Attachment

cc: Mr. David Stevens, Aird & Berlis (via email)
All EB-2010-0280 Interested parties (via email)

EB-2010-0280
Consultation on Low-Income Gas
Customer Service Standards

SUBMISSIONS OF
ENBRIDGE GAS DISTRIBUTION INC.

(in response to the OEB's March 1, 2012 Notice)

March 26, 2012

A. BACKGROUND AND OVERVIEW

1. In its June 29, 2011 letter, the Ontario Energy Board (the “OEB” or the “Board”) sought stakeholder input in respect of possible low-income related customer service standards for rate-regulated gas distributors. The Board invited gas utilities to provide information about their current customer service practices and policies for low-income customers, and also asked gas distributors to suggest appropriate new or modified policies, if appropriate. The Board also asked whether it is appropriate to issue prescriptive customer service rules for low-income customers that would apply to all gas distributors.
2. In response, Enbridge Gas Distribution (“Enbridge” or the “Company”) provided submissions dated July 22, 2011. Enbridge’s submissions set out how the utility addresses the circumstances of low-income customers, and balances those customers’ needs with the costs of meeting such needs (which costs are borne by all customers). Enbridge urged the Board to refrain from creating and mandating separate and prescriptive low-income customer service standards.
3. In its March 1, 2012 Notice re. Consultation on Low-Income Gas Customer Service Standards (“the Board’s Notice”), the Board indicated that it is reasonably satisfied with the gas distributors’ proposals for addressing low-income customer service issues in many areas. In those areas, the Board will not adopt a prescriptive approach, and will instead require the gas distributors to document their policies and post them on their websites, and adhere to the policies.
4. In a few areas, the Board indicated that it is not yet satisfied with the gas distributors’ proposals, and asked the gas distributors to provide further comments about whether they would adopt what the Board sees as best practices in those areas, or why that approach would not be appropriate.
5. Enbridge appreciates the Board’s recognition that, for the most part, Enbridge’s existing customer service policies, with the amendments proposed in its July 2011 submissions, satisfy the Board’s expectations for low-income customer service standards. Enbridge is pleased that the Board continues to adopt a light-handed approach to regulating these policies, rather than prescribing detailed industry-wide rules.

6. As set out in more detail below, Enbridge has carefully considered the Board's proposed "best practices" in the areas where the Board is not yet satisfied with the Company's customer service standards proposals. Enbridge has determined that it is able to address virtually all of the Board's concerns in the identified areas. The Company's proposed additional changes to its customer service policies to address the issues noted by the Board are explained in the following section of these submissions.

7. If these proposed amendments are acceptable, then the Company would implement them within six months of the Board's decision on this matter. There will be costs and related financial impacts associated with implementing the additional changes to Enbridge's customer service policies. As has been the case with the implementation of other recent changes to its customer service policies, Enbridge intends to record its actual costs and impacts of these additional proposed changes in the Gas Distribution Access Rule Costs Deferral Account ("GDARCD") as the amounts are incurred. The Company will seek the clearance of those amounts at the same time as other deferral and variance accounts are addressed.

B. MATTERS IDENTIFIED IN THE BOARD'S NOTICE

(a) Security Deposits

8. The Board indicated that it is concerned that low-income customers who do not have an account with a financial institution will not be able to benefit from the waiver of security deposit that is available to other customers who sign up for Enbridge's pre-authorized payment plan. The Board's Notice states that it expects gas distributors to modify their customer service policies to waive security deposits for low-income customers who do not have an account with a financial institution and who are willing to join an equal billing plan.

9. Enbridge has considered the Board's stated concerns, and is prepared to amend its security deposit requirements for low-income customers in response. The Company proposes to update its security deposit policies to waive security deposit requirements for low-income customers who do not have an account with a financial institution, provided that the low-income customer: (i) has been qualified as a low-income

customer, under the criteria set out in the LEAP Emergency Financial Assistance program; and (ii) has enrolled in Enbridge's Budget Billing Plan.

10. This waiver would apply to all qualifying low-income customers except for those whose accounts have been subject to disconnection during the preceding two years. This means that new low-income customers, as well as existing low-income customers who currently have a security deposit, could benefit from this change in Enbridge's customer service policies.
11. This proposed change to Enbridge's security deposit policy will require updates to the Company's process documentation and will require additional training. Enbridge expects that this proposed change to its security deposit policy will increase its bad debt risks/costs and will ultimately increase the cost of service for all customers.

(b) Correction of Billing Errors

12. While the Board is generally satisfied with Enbridge's proposed customer service standards and practices in the area of correction of billing errors, the Board's Notice indicates that it would prefer Enbridge to include a message on bills with significant under-billing adjustments to inform the customer that they may contact the utility to discuss payment options.
13. In response, Enbridge confirms that it is prepared to include a message on bills with significant under-billing adjustments for all customers to inform them that they may contact the utility to discuss payment options.
14. Enbridge expects that this proposed change will require updates to the Company's process documentation and will require additional training.

(c) Equal Monthly Payment and Equal Billing Plans

15. The Board's Notice indicates that the OEB believes that allowing low-income customers year round access to equal billing plans will be a valuable option that will assist them in better managing payments. As such, the Board urges Enbridge to make this option available to a low-income customer at any time during the year, not just at the start of the heating season.

16. In response, Enbridge confirms that it is prepared to make the option of joining its Budget Billing Plan available to all customers at any time during the year. This amendment to Enbridge's current policies will be included in Enbridge's customer service policies for all customers when the change is implemented.

17. There will be costs arising from this amendment, as a result of system changes, updates to process documentation, as well as additional training.

(d) Disconnection for Non-Payment

18. The Board's Notice indicates that the Board is satisfied that Enbridge has a policy that meets the Board's customer service objectives in this area. Accordingly, no changes are required or proposed.

(e) Arrears Payment Agreements

19. Currently, Enbridge charges a late payment penalty ("LPP") on accounts that are overdue, however, if the customer is impacted by a significant under-billing adjustment, the Company will allow the customer to enter into an arrears payment agreement where LPP is waived. The Board's Notice indicates that the OEB would prefer gas distributors to refrain from imposing further LPPs after a low-income customer has entered into an arrears agreement in all situations.

20. Enbridge does not feel that this change for low-income customers is appropriate. Enbridge already waives LPPs where there is a significant under-billing adjustment and Enbridge works closely with its customers to implement arrears payment arrangements that allow the customer to avoid disconnection and enjoy continued gas service where current accounts are overdue. Extending the term for payment of outstanding accounts through an arrears payment agreement means that Enbridge is providing credit and carrying the cost of an outstanding account for an extended period of time. This increases Enbridge's working capital costs, which adds to the cost of service for all customers. It is appropriate that at least some of the additional carrying cost caused by the customer who is benefitting from the arrears payment agreement be borne by that customer. If low-income customers are able to avoid paying LPPs during the term of extended arrears payment agreements, the effect will be that other prompt-paying

customers are providing a cross-subsidy. Enbridge does not believe that this is appropriate.¹

21. The Board's Notice indicates that the OEB is satisfied with Enbridge's policies in relation to disconnection charges for low-income customers who enter into arrears payment arrangements. Accordingly, no changes in that area are required or proposed.

(f) Definition of Eligible Low-Income Customers

22. For any customer service policies that relate specifically to low-income customers, the Board's Notice proposes that gas distributors use the same eligibility criteria for low-income customers as used for the LEAP Emergency Financial Assistance Program.
23. Enbridge confirms that any of its customer service policies that relate specifically to low-income customers will use the same eligibility criteria as used for the LEAP Emergency Financial Assistance Program.

C. CONCLUSION

24. Enbridge believes that its proposed customer service policies, as set out in its currently posted Conditions of Service², and subject to the updates detailed in these submissions as well as those set out in its July 2011 submissions³ strike the appropriate balance between meeting the needs of all customers, including low-income customers, and minimizing associated costs as much as possible.
25. As noted, Enbridge will update its customer service policies (including its Conditions of Service) within six months of a Board Decision in this matter.

¹ In the event that the Board determines that LPPs should be waived for low-income customers after entering into an arrears payment agreement, then Enbridge would implement that change and would track and collect the related implementation costs (including reduction in LPP revenues) in the GDARCDAs for later disposition.

² <https://www.enbridgegas.com/homes/customer-service/Conditions-of-service.aspx>

³ http://www.rds.ontarioenergyboard.ca/WEBDRAWER/WEBDRAWER.DLL/webdrawer/rec/287148/view/EGDI_SUB_Low%20Income%20Standards_20110722.PDF

26. In all of these circumstances, Enbridge submits that there continues to be no need for the Board to proceed with a more prescriptive approach to regulating gas distributors' customer service policies for low-income customers.