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Vice President and Chief Regulatory Officer
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BY COURIER

June 28, 2012

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

Dear Ms. Walli:

EB-2011-0021– Hydro One Remote Communities’ Application for an Exemption from Sections of the Distribution System Code - Summary of Discussions with Nishnawbe Aski Nation (NAN)

On December 23, 2010, Hydro One Remote Communities Inc. (“Remotes”) filed an application with the Ontario Energy Board (the “Board”) and on March 1, 2011 filed an updated application for a licence amendment under section 74 of the Ontario Energy Board Act, 1998 (the “Act”). Remotes sought exemptions from the following sections of the Distribution System Code (“DSC”) dealing with collections practices: 2.7.1.2; 2.7.2; 2.7.1.3; 2.8.2; 4.2.2.3; 4.2.3.1(a); 6.1.2.1; 6.1.2.2 and 7.10

On October 12, 2011, the Board issued an Interim Decision and Procedural Order No. 3 in this matter. That order granted Remotes an interim exemption from these sections of the DSC and required Remotes to “initiate discussions with NAN representatives regarding collection practices, treatment of arrears, payment arrangements and disconnection procedures for low income customers in NAN communities.

Specifically, the Board asked Remotes to discuss its existing collection practices, treatment of arrears and payment arrangements for low income customers and the practical effect of the DSC exemptions sought in this application.

Remotes followed up with NAN, starting in January 2012 at NAN’s Energy Conference. Details of the correspondence between Remotes and NAN are documented in Attachment 1.

On March 9, Remotes wrote a letter to each of the First Nation communities it serves, including those represented by NAN, offering to meet to discuss the DSC rules and the proposed amendments. Only one community requested a meeting with Remotes, and as a result, on May 23, Remotes met with the

Chief and Council of Kitchenuhmaykoosib Inninuwug (also known as Big Trout Lake) to discuss the DSC rules and Remotes' proposed exemptions. The presentation for that meeting is attached as Appendix E. Notes from that meeting are attached as Appendix F. The community was fully supportive of Remotes requested exemptions.

As part of its regular program to improve customer service within the communities it serves, Remotes undertook a Chief and Council survey in November/December 2011, which included feedback on Remotes' services including billing and collections. Feedback obtained through that survey, was quite positive about Remotes approach to collections and disconnections. In fact, when asked what Hydro One does best, five communities pointed to collections and service disconnection activities and 92% thought that Remotes does a good or very good job keeping the customer fully informed about residential collections and disconnections taking place in their community. A copy of the survey results is included as Appendix "D".

Based on the feedback received from Remotes efforts to fulfil the Board's Order, and in the absence of any substantive opposition to the exemptions, Remotes recommends that the Board permanently approve the requested exemption from sections of the DSC.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

Attachment 1

EB-2011-0021– Hydro One Remote Communities’ Application for an Exemption from Sections of the Distribution System Code - Chronology of Correspondence between Hydro One Remote Communities and NAN

Remotes was invited to participate in a NAN Energy Conference in Thunder Bay January 31-February 2. As the issue of Remotes’ request for exemptions was on the agenda, on January 16, Remotes wrote to NAN representatives to request an opportunity to discuss the DSC exemptions with NAN representatives at the Energy Conference. On January 26, NAN declined the request.

Remotes wrote to NAN on February 23 requesting a meeting to discuss the exemptions. A copy of that letter is attached as Appendix A. On February 24th, NAN’s lawyer wrote to advise that he would discuss a meeting date with NAN officials the week of February 27-March 2.

On March 16, Remotes followed up with NAN’s lawyers requesting a meeting date. On March 20, NAN wrote proposing a meeting the week of April 9 to 13. A meeting was set for April 11. The presentation for that meeting is attached as Appendix B. Notes from the meeting are attached as Appendix C. In that meeting, NAN representatives indicated that NAN was contemplating preparing a proposal and forwarding it to Remotes. NAN also stated that they were interested in having further discussions on that proposal. As of the date of this filing, no proposal has been received.

APPENDIX A



**Hydro One
Remote Communities Inc.**
483 Bay Street, 8th Flr, South Tower
Toronto, ON M5G 2P5
www.HydroOne.com



BY FAX AND EMAIL

February 23, 2012

File: EB: 2011-0021

Grand Chief Stan Beardy
Nishnawbe Aski Nation
710 Victoria Avenue East
Thunder Bay, ON
P7C 5P7

Dear Grand Chief Beardy:

Re: Hydro One Remote Communities Inc. Request for Exemptions from the Distribution System Code

I am writing to request a meeting with you and/or your representatives to discuss Hydro One Remote Communities Inc.'s ("Remotes") collection practices.

Last spring, Remotes applied to the Ontario Energy Board ("the Board") for exemptions from various sections of the Distribution System Code relating to collection practices.

The Distribution System Code establishes rules that all regulated distribution companies in Ontario must follow. In 2010, the OEB amended the Code to standardize collection practices across the province. Remotes made its application for exemptions because it believes that the timelines for collection and disconnection established in the Code are not appropriate in its service territory.

Nishnawbe Aski Nation ("NAN") intervened in this proceeding and argued that the new rules set minimum standards that should be followed across the province. NAN also expressed concern that Remotes' existing collection practices were not well understood across Remotes' service territory.

The Board has asked Remotes to enter into discussions with NAN regarding its collection practices, treatment of arrears, payment arrangements and disconnection procedures in NAN communities. The Board has also asked Remotes to explain our existing practices and the practical effect of the exemptions we sought in the application.



APPENDIX A



Our Director Kraemer Coulter and I would like to meet with you and/or your representatives to discuss the requested exemptions, our current collections practices and those mandated by the OEB. We would be free to meet with you at your Thunder Bay offices, our offices in Thunder Bay or the Hydro One offices in Toronto at your convenience.

Please contact me by phone 416-345-6698 or email una.oreilly@HydroOne.com to set up a meeting. We look forward to meeting with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Una O'Reilly", with a stylized flourish at the end.

Una O'Reilly
Manager, Business Integration
Hydro One Remote Communities Inc.

C Deputy Grand Chief Les Louttit
 Douglas Cunningham
 Mel Steward
 Kraemer Coulter



Distribution System Code New Customer Service Rules

Nishnawbe Aski Nation
DSC Exemption Request

Customers and Service Territory



21 Remote Communities are served by Hydro One

15 are First Nation Communities

13 are air/winter road access

3,500 Customers

19 distribution systems

57 Diesel Generators

2 Mini-Hydro Stations

4 Wind mills

Handle 14 - 17 Million Litres Fuel per year

The communities of Whitesands and Collins are served through the Armstrong Distribution system & generating station



What we do

- We generate and distribute electricity to our customers.
- We aim to lead in safety, environmental management, reliability and customer service relationships.
- There is a higher cost to servicing remote communities
- Customer rates are comparable to rates in the rest of the province because of provincial and federal contributions. Revenues from our customers account for about one-third of our revenues.
- Our business is operated to break-even. We do not make a profit.



The Ontario Energy Board

- Ontario electricity distributors, including Remotes, are regulated by the Ontario Energy Board.
- The OEB reviews and approves our budget and sets rates for customers through a public hearing process.
- The OEB establishes service and reliability rules
- The OEB expects distributors to collect revenues from its customers and sets rules for the way that we bill and collect from customers.
- In July, 2010 the OEB changed its rules for setting up new accounts and for collecting from customers.

Distribution System Code (DSC)



- The DSC rules establish standardized processes for all LCD's
- Occasionally, we seek exemptions to the DSC rules where we believe the standard processes will negatively affect our customer's service quality or significantly increase customer costs.
- Recently changes to the DSC were made to the collections and service disconnections rules across the province.
- We requested an exemption to some of these rules through a formal request to the OEB called a proceeding.
- NAN intervened in this proceeding to ensure that the Remote customers it represents would be fairly treated.
- As part of the proceeding, the OEB asked us to discuss these rules with you, to ensure that you are aware of their new rules, our collection procedures and our request for exemptions.



Remotes' Current Practices

- We serve communities that are located across a vast territory.
- In some communities, postal service is unreliable. Many customers do not have telephones. Many customers do not have bank accounts.
- We believe our collection practices are appropriate to our service territory. Over the past eight years, we have reduced outstanding residential arrears and service disconnections.
- To reduce collection costs, we organize trips by community. We work with local Band Councils on the timing of trips, and to ensure that customers have access to available community support.
- Many customers do not pay their bills during the winter months but we do not disconnect services during the winter because of harsh weather conditions.



Low-income Emergency Assistance

- The Ontario Energy Board introduced a Low-income emergency assistance program (LEAP).
- Remotes contracted with the Ontario Native Welfare Administrators Association (ONWAA) to administer this program.
- Once a year, our low-income customers are eligible grants of \$500-\$600 to avoid service disconnection. Based on OEB guidelines we have set aside \$50,000 a year to fund these grants.
- We have told our customers about the program in bill inserts and in disconnection letters.
- We also mailed each Band Council and Social Service agency.
- ONWAA also informed band councils & welfare offices and sent posters with a 1-800 number to each community.

Distribution System Code Rules



- The rules we asked to be exempt from fall into 3 categories:
- Standard timeframes for disconnections and reconnections
- Payment arrangements
- Opening and closing of accounts



DSC Rules for Disconnection

- Year-round disconnections or load limiters.
- Customers are “deemed” to have received a disconnection notice 3 days after it is printed.
- Customers **must** pay within 10 days or they **must** apply to the LEAP agency within that same 10 day period.
- The LEAP agency **must** contact the distributor within that same 10 day window.
- If not contacted by the agency, the utility **must** disconnect on day 11 or reissue the notice. Trips cannot be rescheduled.
- If contacted by the agency, the agency has 21 days to assess the customer. The distributor cannot disconnect the customer during that time.
- If the customer does not qualify, the distributor **must** disconnect the customer on day 22 or reissue the notice.



Remotes' Disconnection Practice

- Service disconnections only from April to October.
- Trips are scheduled in January. Notices are sent in February to individuals in arrears and to local Band Councils.
- Further notices go out regularly by mail, fax and radio until the date of the trip. (Minimum notice of 2 months).
- Customers are encouraged to make payment arrangements leading up to the trip. They are asked to contact LEAP agency.
- If customers make and keep payment arrangements (up to 4 months to pay), they are taken off the disconnection list.
- Once staff are in the community, customers who have not made payment arrangements are required to make full payment or they are disconnected.
- Band Councils can request changes to the date of the trip based on community events.

Comparison of Reconnection Rule verses Practice



OEB Rule

- When the customer pays their bill in full, the distributor must reconnect the customer within 2 days.

Remotes' Practice

Customers are reconnected when they pay their bill in full as soon as possible.

- As soon as possible means when crews are in the community or in a nearby community. Wait times can range from the same day to two weeks.



OEB Payment Arrangements

- The code requires distributors to establish payment arrangements.
- For customers owing less than 2 months, payment can be made over 5 months. For customers owing more than 2 months, payment can be made over 10 months.
- Distributors can ask for up to 15% as a down payment. Interest charges continue to accrue.
- Customers who miss 2 arrears payments or regular bills are subject to disconnection with 10 days written notice.
- If a customer is deemed “low income” by the LEAP agency they have 8 months to pay 5 months of arrears, and 16 months to pay more than 5 months of arrears. No down payment is required.
- Low income customers who miss 3 payments or regular bills are subject to disconnection with 10 days written notice.



Remotes' Payment Arrangements

- Remotes requires 50% payment up front.
- Customers have four months to pay.
- Late payment charges apply.
- Some flexibility on missed payments.



Opening And Closing of Accounts

- OEB:
 - All **new** residential customers must execute an agreement for service in writing.
 - If the customer does not sign an agreement, they are not responsible for paying for the account.
 - A verbal, recorded statement that the customer is taking over the account is acceptable.
 - If the customer does not execute an agreement for service, service is not connected.
- Remotes:
 - Customers are deemed to have an agreement for service
 - Band Councils/Housing managers can inform us of who to bill.
 - Service disconnection not required for a new customer to move into a home.

Appendix C

Issue/Question/Concern	Response	Notes
<p>Slide 3</p> <p>Is the 1/3 of Remotes Revenues from customers throughout the province or only Remotes customers? How does the funding work?</p>	<p>Revenues from Remotes' customers account for about one-third of our revenues, with the remaining two-thirds coming from RRRP (Rural or Remote Rate Protection). The majority of customers pay rates below the cost of service. Remotes' non-standard A rates are comparable to those in the rest of the province.</p>	
<p>Slide 3</p> <p>Are commercial rates the same as the rest of the province?</p>	<p>Remotes General Service (- Non Std 'A') rates are comparable to rates for grid connected energy general service rates. The RRRP Regulation does not permit a subsidy to these customers. Standard A or government customers pay rates slightly higher than cost.</p>	
<p>Slide 3</p> <p>What/who are Std 'A' customers?</p>	<p>Std 'A' or government rates are defined in the RRRP regulation and are applied to accounts paid for in whole or in part by the Federal or Provincial government, with some exceptions. Exceptions are: Canada Post, social housing, recreational/sport facilities (arenas), radio/tv/cable facilities and libraries. They include Band Council Offices, Schools and other community facilities paid for by the government.</p>	
<p>Slide 3</p> <p>How do expected rate increases throughout the province impact what Remotes is doing?</p>	<p>There is no direct impact. However, RRRP is paid by a small charge on grid connected customers. In its decisions on Remotes' rate applications, the OEB has understood that Remotes serves a low density, high-cost area and that its customers are at an economic disadvantage. At the same time, the OEB has to balance rates and rate impacts for grid customers. Remotes must continue to be cost conscious and to operate its business efficiently.</p>	
<p>Slide 3</p> <p>When is Remotes next Cost of Service rate submission? What increases will Remotes be seeking?</p>	<p>Remotes is in the process of preparing its rate submission for filing later this year and the submission has not yet been approved by Remotes' Board. The specific rate increases have not yet been decided. Last time, Remotes proposed rates that were based on average increases for other distributors and the OEB accepted that approach.</p>	

Appendix C

Issue/Question/Concern	Response	Notes
<p>Slide 3 Do non First Nation commercial businesses on reserve pay system capacity charge?</p>	<p>Commercial customers pay to connect to the distribution system. System capacity fees (based on generation load) are no longer collected. There are very few non First Nation customers on reserve and even fewer new connections of non-First Nation customers.</p>	
<p>Slide 5 NAN noted that its position is better stated by saying it “takes issue with some of the exemptions” rather than by simply saying it is concerned that customers are “fairly treated”</p>	<p>Clarification is noted.</p>	
<p>Slide 6 What is the source of the \$50,000/year set aside for LEAP?</p>	<p>The funds required for LEAP will be included in Remotes Revenue Requirement. The OEB will decide whether the funding is sourced through customer rates or the RRRP or a combination of the two sources.</p>	
<p>Slide 6 How was \$50,000 determined as Remotes required amount for LEAP?</p>	<p>The OEB set the LEAP funding amount as a percentage of each distributors last Revenue Requirement.</p>	
<p>Slide 6 Communities are unaware of this program. How have you notified customers of LEAP?</p>	<p>Remotes has notified customers through bill inserts and letters. Each disconnection letter informs the customer of the program. Band Councils and Social Service Agencies have received information and contact numbers pertaining to the program from both Hydro One Remote Communities and the administrator of the program, the Ontario Native Welfare Administrators Association (ONWAA). ONWAA has also distributed posters to Band Councils to post in Band Offices. ONWAA also launched a training initiative for local social service staff.</p>	

Appendix C

Issue/Question/Concern	Response	Notes
<p>Slide 6</p> <p>Have all LEAP funds been used? How is equitable community access ensured?</p>	<p>Yes, all funds for 2011 have been used. The program is administered on a "first come, first served" basis but, to our knowledge, no customers have been denied assistance due to a lack of funding. However, the program is new and now that it is more visible, there may be more demand. 2012 funds have now been flowed and the uptake is being monitored.</p>	
<p>Slide 6</p> <p>The DSC allows for a grace period if customers in arrears have applied to LEAP. Does Remotes approach offer the same allowance?</p>	<p>Yes, Remotes approach does allow for a grace period, if an application for assistance is under consideration. Customers therefore receive information that LEAP funding is available in their first notice, 3-4 months before the trip. Remotes acknowledges that some customers may fall into arrears after this first notice is sent and will follow up to determine when they are sent a disconnection notice letter and how the LEAP assessment is accommodated for those customers. Remotes to follow up and advise NAN of further details.</p>	<p>For customers who fall into arrears after the initial community trip: All customers get a minimum notice of 15 business days. Any of these customer who applies for LEAP funding prior to the trip is given a grace period to ensure that the customer can be assessed for LEAP eligibility.</p>
<p>Slide 8</p> <p>Why doesn't Remotes use Load Limiters?</p>	<p>Remotes does not currently install Load Limiters due to the potential technical problems customers may face once/if the limiter is tripped. Collection trips are currently scheduled only twice a year and trips to reset limiters would be costly. If Remotes adopts the new DSC rules, Remotes anticipates increased trips into communities and more opportunity to reset tripped limiters.</p>	

Appendix C

Issue/Question/Concern	Response	Notes
<p>Slide 8</p> <p>NAN sees the installation of Load Limiters as a way to keep customer arrears from growing, an opportunity to develop technical skills in communities, a teaching tool to encourage people to pay bills. NAN also suggested that Remotes might discuss the installation of load limiters with Band Councils as a way of preventing the deterioration of Band assets by enabling sump pumps, for example.</p>	<p>Remotes noted that someone must be responsible for electricity bills if load limiters are installed.</p> <p>Remotes will consider NAN's suggestion to use Load Limiters to keep sump pumps working in houses that are vacant and would otherwise remain disconnected from the system, and will ask Band Councils if they would be interested in paying for this limited service.</p>	
<p>Hand Out</p> <p>NAN noted that the time when letters are issued to customers is missing from the hand out.</p>	<p>Remotes acknowledged that the date of the DNL was missing from the chart in the hand out and will add it as part of its report to the OEB.</p>	
<p>Hand Out</p> <p>NAN also stated that Remotes' timelines are flexible, and that firm timelines are clearer for low income customers.</p>	<p>Remotes noted its belief that the flexibility of the timelines is in its customers and communities' interest as trips can be rearranged depending on community events.</p>	
<p>Hand Out</p> <p>NAN requested that firm timelines associated with Remotes' processes related to disconnection practices be articulated in report to OEB.</p>	<p>Remotes stated that the timelines are constructed not based on the date of the bill; but rather, work backward from the date of the disconnection trip, which is set 3-4 months in advance. Remotes will update the chart to make the timelines clearer in its report.</p>	
<p>Do NAN customers pay security deposits? If so, what formula is used in determining amount and how are they used in arrears situations? Are security deposits recollected?</p>	<p>Remotes does collect security deposits for non-standard A customers, using the following formula to determine the deposit amount: 2.5 x customer's average monthly bill (estimated if required). Following one (1) year of good payment history, the deposit is refunded. Deposits are applied to account balances before customers are disconnected.</p> <p>No. Deposits are not recollected.</p>	

Appendix C

Issue/Question/Concern	Response	Notes
<p>NAN stated that the DSC rules give customers more time to pay with smaller up-front payments.</p>	<p>Remotes acknowledged that the rules for payment arrangements in the code are longer. Remotes noted that it had offered extended payment arrangements before 2007, but that these had resulted in customers owing very large balances far beyond their ability to pay.</p>	
<p>NAN noted that the rules for payment arrangements are more generous in the code and asked why Remotes does not wish to implement them.</p>	<p>If the OEB decides against the exemption requests, Remotes will implement the DSC rules.</p> <p>However, Remotes believes that its current practices give customers time to pay, result in payments and also happen to be the lower cost option. If required to comply with the code requirements, Remotes will require a 5% (approximately \$2 million) increase to its Revenue Requirement for this initiative alone.</p>	
<p>NAN is contemplating preparing a proposal and forwarding it to Remotes. NAN is interested in having further discussions on certain exemptions requested by Remotes, and/or on the proposal NAN is proposing to make. NAN is interested in pursuing a further meeting once the parties have had a chance to consider the proposal and to discuss other issues that may require clarification.</p>	<p>Remotes will review NAN's proposal and would be happy to meet again to discuss it.</p>	
<p>It has been reported to NAN that Remotes won't connect new residents in homes where previous tenant was in arrears.</p>	<p>Remotes does not refuse connection of new tenants based on a previous tenant's account history. Remotes staff know that they must not transfer arrears from one person to another person. However, individuals are refused service if they have arrears from a previous account.</p>	

Appendix C

Issue/Question/Concern	Response	Notes
<p>Why has Remotes requested an exemption from the signed agreement for service requirement?</p>	<p>Remotes anticipates increased costs and service delays if Standards 2.8.1, 2.8.2, 6.1.2.1 and 6.1.2.2 are implemented. The (anticipated) cost increase and delays will stem from scheduling and transporting staff that are qualified to disconnect service to read meters and to obtain the new customer's authorization. Remotes current practice allows for information of moves and new tenants to be provided by the Band Housing Manager. In Remotes experience, customers do not respond quickly to written correspondence, if at all.</p>	
<p>NAN is interested in Remotes process when service wire is taken down, as it relates to the deterioration of band assets (houses). How often are houses disconnected to the pole?</p>	<p>In accordance with the Ontario Electrical Code, following 6 months of a house being disconnected ("socked") at the meter, an order is issued to remove the meter and service wire. Remotes notifies the Housing Manager before these orders are completed. Remotes agrees that offering the Band an opportunity to take over payment for these accounts to prevent the deterioration of the home is a good idea. If bands are concerned about the potential deterioration of disconnected houses, the account(s) can be transferred to the band to ensure that the service is maintained. Remotes will investigate the number of disconnects at the pole (meter & triplex removed) and report numbers to NAN.</p>	<p>Remotes has confirmed that Band Councils are offered an opportunity to pay for the cost of keeping vacant houses connected to the system in order to prevent deterioration of these assets and that they are not required to pay the arrears from the previous occupant. Remotes will provide NAN with a report on the number of disconnects at the pole as agreed.</p>

Appendix C

Issue/Question/Concern	Response	Notes
What is the process and cost associated with having homes reconnected after service is removed? Who pays these costs?	Once the meter and service wire are removed from a house, any subsequent reconnection is treated as a new connection. New connections require: signed agreement for services, prepayment for layout, completion of layout, prepayment for connection and that all customer obligations, including a Connection Authorization from ESA, be met. Costs are fixed price, provided that only a meter and triplex are required to connect. The proponent of the connection, whether it be an individual or the band are responsible for the costs. AANDC (formerly INAC) has indicated to Remotes that, if renovations to the house are being funded by their department, money is apportioned for hydro connection costs.	
NAN questions whether connection charges should be levied for the replacement of meters and services when the original meter and service drop was funded by INAC.	System capacity charges are no longer collected. When these fees were collected, they were levied against non-native entities, unless directly related to INAC or Band projects and churches. Examples of who/what the charges were applicable to include: The Northern Store & Residence, Nursing Stations, Hospitals & Residence & some Ministries (MTO, Transport Canada, MNR & Environment Canada).	
Is it possible to determine who funded the initial connection of a given building/enterprise and whether connection charges or system capacity charges were collected?	Remotes does not believe that it can always identify where customers get the funds to pay for connections, but will take the request and respond at later date.	
General Comments		

**Report on
Community Leaders' Survey Research**

*Prepared for Hydro One
Remote Communities*

December, 2011

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CONCLUSIONS

- Community members responsible for energy decisions have a positive impression of the services provided by Hydro One Remote Communities and a generally higher opinion of these services than do ordinary customers.
- The views expressed by these community leaders about Hydro and how it can improve services and communications with customers and communities are generally consistent in most communities.
- Those communities that are most aware of initiatives undertaken by Hydro, including Big Trout Lake and Kingfisher Lake, are more likely to have positive impressions of the utility and the services it offers.
- Community leaders are most likely to want direct contact with Hydro One in their own community to improve relationships with the utility. A significant proportion of respondents give Hydro credit for following through on commitments made to communities and customers.

GOALS & METHODOLOGY

Goals

On behalf of Hydro One Remote Communities, Viewpoints Research conducted telephone interviews with community leaders in 11 communities served by Hydro One Remote Communities. Using a combination of open ended and closed ended question the survey explored:

- Satisfaction with specific services provided by Hydro One Remotes;
- Whether services provided by the utility have changed recently and what has led to these changes;
- What Hydro One Remotes does best and what is the most important area where services should be improved;
- Awareness of Hydro's willingness to enter into business partnerships with communities;
- Views regarding hiring a local person to advise customers on ways of saving energy and money on their bills;
- Interest in bands working with Hydro One Remotes to save energy in band offices and on band accounts;
- Ideas for the best ways Hydro could communicate its plans to change or improve service with communities.

Methodology

A survey of Band Council members who are in-charge of energy or band managers was conducted. An attempt was made to contact someone in charge of energy decision making in each of 16 communities. Surveys conducted by telephone were completed in 11 communities, by representatives of Whitesand, Neskantaga, Wapakeka, Webequie, Marten Falls, Gull Bay, Deer Lake, Big Trout Lake, Kasabonika Lake, Kingfisher Lake and Satchigo Lake. At the band's request surveys were faxed for written completion to Fort Severn, Bearskin Lake and Sandy Lake, however, none was returned. Viewpoints interviewers were unable to make contact with anyone in North Caribou.

Reporting

This summary report highlights the overall views and perceptions of community leaders responsible for energy in their communities. Responses to close ended questions are expressed as percentages, while responses to open ended questions are reported anecdotally, and with quotes to illustrate important points.

SUMMARY OF RESEARCH FINDINGS

Perceptions of Service in Specific Areas

Community leaders have a very positive view of the job Hydro One Remote Communities is doing in most service areas. Responding to emergencies, such as power outages, and keeping leaders fully informed about residential collections and disconnections are the two areas where the utility scores highest, while connection new homes in local communities is the service where Hydro One scores lowest.

Table 2: **Assessment of Performance in Specific Service Areas**

Service Areas	Very good	Good	Fair	Poor	Not sure
Responding to emergencies like power outages	55%	36%	0%	0%	9%
Keeping you fully informed about residential collections and disconnections taking place in your community	46%	46%	9%	0%	0%
Providing reliable electric power in your community	18%	73%	0%	0%	9%
Keeping you informed about Hydro's plans that affect your community	36%	18%	27%	0%	0%
Responding to the concerns you raise	18%	46%	27%	0%	9%
Connection new homes in your community	0%	46%	36%	9%	9%

Proportions may not total 100% because percentages were rounded.

- Only Sachigo Lake gave Hydro a poor rating in any service areas tested, for connecting new homes in the community.

Assessing Changes in the Service Provide by Hydro One

None of these community leaders believes their hydro service has worsened recently. Almost two thirds of respondents conclude that, overall, the service provide by Hydro One Remotes has stayed about the same in the past few years (64%), while 36% said it has improved, including 18% who feel it has improved a lot.

Chart 1: Changes in the Service Provided



No community leaders said their services had worsened (0%)

- Leaders in Big Trout Lake and Kingfisher Lake concluded their service has improved a lot, Gull Bay and Kasabonika Lake respondents reported service to the community has improved somewhat.

Reasons for Improvement

The following verbatim responses were provided when leaders in Big Trout Lake, Kingfisher Lake, Gull Bay and Kasabonika Lake were asked the main reasons why they felt the service provide by Hydro One had improved.

Table 2: Reasons for Improved Service

Community	Reasons for Improvement
Big Trout Lake	The lines of communication are there. We know the face of the individual we're talking to. We know who we're dealing with.
Kingfisher Lake	They usually respond the next day because they're mostly here, in or around our community, checking up on things.
Gull Lake	It's improved somewhat, by that I mean they did an upgrade but we still have power outages for a few seconds or a few minutes each day that disrupt our electronics. There is no full, steady power.
Kasabonika Lake	Newer phone technology has made it easier to communicate with them.

What Hydro One Remote Communities Does Best

When asked to name the one thing Hydro One does best; leaders most often mentioned that following through on what the utility commits to, including finding alternatives to disconnections, and providing reliable power are what Hydro does best.

Table 3: What Hydro Does Best

Community	Best Service
Deer Lake	They come as requested, response times are good.
Kingfisher Lake	They keep their word. When they send advance notices about disconnecting services for bills not paid or to hook up hydro for new places, they come on that date.
Whitesand	They work with us to provide options, like when there are disconnections.
Wapakeka	Disconnections. They are always prompt about coming in at a certain time when they say they will.
Webequie	Providing power.
Kasabonika Lake	Providing reliable power, although this depends on the local agent, their skills and conscientiousness.
Gull Bay	Collecting money. Their billing statements come out on time.
Sachigo Lake	Connection & disconnection.
Neskantaga	Nothing.
Marten Falls	Don't know.
Big Trout Lake	Don't know.

Most Important Improvements

Respecting the environment, finding ways to give back to the community and lower prices were most often mentioned as the single most important thing that Hydro One needs to improve on. Leaders in five communities did not specify an improvement.

Table 4: **Most Important Thing Hydro Needs to Improve on**

Community	Most Important Improvement Needed
Sachigo Lake	Respecting the environment.
Gull Bay	We've had diesel power for many years and now it's time to start looking at environmentally friendly types of power generation.
Wapakeka	They could give back to our community, as we've given a lot to them. They could provide our kids with sporting equipment like hockey equipment.
Big Trout Lake	They could contribute to community events, for example our Christmas Feast, like they do in southern communities.
Kasabonika Lake	Weigh the economic benefits to our community vs. the profitability of Hydro One. For example, management from Toronto wants to keep prices as low as possible but, even if the cost might be a few cents more per litre, it's better for our local economy to keep the jobs here.
Webequie	Find an economical way of providing power so there's less cost to us.
Whitesand	Don't know.
Neskantaga	Don't know.
Marten Falls	Don't know.
Deer Lake	Nothing.
Kingfisher Lake	Nothing.

Local Initiatives from Hydro One Remote Communities

Awareness of Hydro One's Interest in Business Partnerships Related to Fuel Storage

More than one third of respondents representing four communities, were aware of Hydro One's interest in developing business partnerships with communities for fuel storage (36%). Those communities are Sachigo Lake, Big Trout Lake, Kasabonika Lake and Kingfisher Lake. Leaders from the remaining seven communities did not know about Hydro's interest in this area.

Awareness of Improved Training for Local Hydro Agents

Leaders from four communities, including Webequie, Deer Lake, Big Trout Lake and Kingfisher Lake, are aware of Hydro One Remotes initiatives to improve training for its agents in local communities so they can respond more quickly to power outage and get the power back on faster. Representative from the seven other communities did not know about this training.

Hiring Local People to Manage Electricity Use Better

Representatives from all eleven communities supported Hydro One hiring someone in their community to help members find ways to reduce their electricity use and save money on their electric bills.

Working with Hydro to Reduce Electricity on Band Accounts

Ten of the eleven community leaders interviewed said they would be interested in working with Hydro to reduce the electricity used in band office and for other band accounts by doing things like replacing light bulbs with new, more energy efficient ones. Only the representative from Sachigo Lake said they would not be interested in this initiative.

Improving Communications and Relationships with Hydro

Two of the three suggestions made to respondents related improving communications and relationships between Hydro One Remotes and community leaders to improve local service were deemed to be effective by everyone. Two community leaders felt one of the ideas – providing Hydro One with a list of upcoming projects - would not be effective.

Table 5: Assessment of the Effectiveness of Improving Relationships with Hydro

Communications initiative	Very effective	Somewhat effective	Not very effective	Not at all effective
Hydro would meet directly with your community's Chief and Council each year to discuss the specific new projects that are likely to be built requiring electricity.	55%	46%	0%	0%
Hydro would meet directly with leaders in your community each year to discuss general issues of concern.	46%	55%	0%	0%
Each year your community would provide Hydro with a specific list of funded projects requiring electricity that it intends to build in the coming year.	55%	27%	18%	0%

NB No community leaders said they would not consider these initiatives or were unsure how to answer the question (0%).

- Representatives from Sachigo Lake and Neskantaga concluded that meeting to provide Hydro One a specific list of funded projects requiring electricity in the coming year would not be an effective way of Hydro improving relationships with their communities.

The Best Way for Hydro One Remotes to Communicate with Communities

Community meetings and visits are seen most often as the best way for Hydro One to communicate with community members about their concerns and about any plans the company may have to improve or change service. Representatives also suggested radio programs, e-mail, posters, letters and bill inserts.

Table 6: Best Way for Hydro One to Communicate with Communities

Community	Best Way for Hydro to Communicate
Kingfisher Lake	Meetings right in the community would be best, with about a week's notice. Hydro could let us know by phone or by letter.
Whitesand	Hold community meetings here, but inform us first with posters.
Neskantaga	Come here for meetings with our community members.
Wapakeka	Come to our community and make presentations.
Webequie	E-mail – people respond faster, be on a local radio show, come to our community 1 or 2 times/year to get input from the community and tell us what to do when power outages affect our appliances & equipment like computers, not water tanks, stoves, washers & dryers.
Marten Falls	Send out notices or letters.
Big Trout Lake	Send out posters, promote concerns, changes or plans on the local TV station.
Kasabonika Lake	Send a news bulletin with the hydro bill. Have 1 Have 1 or 2 radio shows on community radio.
Gull Bay	Cut down on answering machine services. We want a real person on the line.
Deer Lake	Don't know.
Sachigo Lake	Don't know.



Distribution System Code New Customer Service Rules

DSC Exemption Request

Customers and Service Territory



21 Remote Communities are served by Hydro One

15 are First Nation Communities

13 are air/winter road access

3,500 Customers

19 distribution systems

57 Diesel Generators

2 Mini-Hydro Stations

4 Wind mills

Handle 14 - 17 Million Litres Fuel per year

The communities of Whitesands and Collins are served through the Armstrong Distribution system & generating station



What we do

- We generate and distribute electricity to our customers.
- We aim to lead in safety, environmental management, reliability and customer service relationships.
- There is a higher cost to servicing remote communities
- Customer rates are comparable to rates in the rest of the province because of provincial and federal contributions. Revenues from our customers account for about one-third of our revenues.
- Our business is operated to break-even. We do not make a profit.



The Ontario Energy Board

- Ontario electricity distributors, including Remotes, are regulated by the Ontario Energy Board.
- The OEB reviews and approves our budget and sets rates for customers through a public hearing process.
- The OEB establishes service and reliability rules
- The OEB expects distributors to collect revenues from its customers and sets rules for the way that we bill and collect from customers.
- In July, 2010 the OEB changed its rules for setting up new accounts and for collecting from customers.

Distribution System Code (DSC)



- The DSC rules establish standardized processes for all LCD's
- Occasionally, we seek exemptions to the DSC rules where we believe the standard processes will negatively affect our customer's service quality or significantly increase customer costs.
- Recently changes to the DSC were made to the collections and service disconnections rules across the province.
- We requested an exemption to some of these rules through a formal request to the OEB called a proceeding.
- NAN intervened in this proceeding to ensure that the Remote customers it represents would be fairly treated.
- As part of the proceeding, the OEB asked us to discuss these rules with you, to ensure that you are aware of their new rules, our collection procedures and our request for exemptions.



Remotes' Current Practices

- We serve communities that are located across a vast territory.
- In some communities, postal service is unreliable. Many customers do not have telephones. Many customers do not have bank accounts.
- We believe our collection practices are appropriate to our service territory. Over the past eight years, we have reduced outstanding residential arrears and service disconnections.
- To reduce collection costs, we organize trips by community. We work with local Band Councils on the timing of trips, and to ensure that customers have access to available community support.
- Many customers do not pay their bills during the winter months but we do not disconnect services during the winter because of harsh weather conditions.



Low-income Emergency Assistance

- The Ontario Energy Board introduced a Low-income emergency assistance program (LEAP).
- Remotes contracted with the Ontario Native Welfare Administrators Association (ONWAA) to administer this program.
- Once a year, our low-income customers are eligible grants of \$500-\$600 to avoid service disconnection. Based on OEB guidelines we have set aside \$50,000 a year to fund these grants.
- We have told our customers about the program in bill inserts and in disconnection letters.
- We also mailed each Band Council and Social Service agency.
- ONWAA also informed band councils & welfare offices and sent posters with a 1-800 number to each community.

Distribution System Code Rules



- The rules we asked to be exempt from fall into 3 categories:
- Standard timeframes for disconnections and reconnections
- Payment arrangements
- Opening and closing of accounts



DSC Rules for Disconnection

- Year-round disconnections or load limiters.
- Customers are “deemed” to have received a disconnection notice 3 days after it is printed.
- Customers **must** pay within 10 days or they **must** apply to the LEAP agency within that same 10 day period.
- The LEAP agency **must** contact the distributor within that same 10 day window.
- If not contacted by the agency, the utility **must** disconnect on day 11 or reissue the notice. Trips cannot be rescheduled.
- If contacted by the agency, the agency has 21 days to assess the customer. The distributor cannot disconnect the customer during that time.
- If the customer does not qualify, the distributor **must** disconnect the customer on day 22 or reissue the notice.



Remotes' Disconnection Practice

- Service disconnections only from April to October.
- Trips are scheduled in January. Notices are sent in February to individuals in arrears and to local Band Councils.
- Further notices go out regularly by mail, fax and radio until the date of the trip. (Minimum notice of 2 months).
- Customers are encouraged to make payment arrangements leading up to the trip. They are asked to contact LEAP agency.
- If customers make and keep payment arrangements (up to 4 months to pay), they are taken off the disconnection list.
- Once staff are in the community, customers who have not made payment arrangements are required to make full payment or they are disconnected.
- Band Councils can request changes to the date of the trip based on community events.

Comparison of Reconnection Rule verses Practice



OEB Rule

- When the customer pays their bill in full, the distributor must reconnect the customer within 2 days.

Remotes' Practice

Customers are reconnected when they pay their bill in full as soon as possible.

- As soon as possible means when crews are in the community or in a nearby community. Wait times can range from the same day to two weeks.



OEB Payment Arrangements

- The code requires distributors to establish payment arrangements.
- For customers owing less than 2 months, payment can be made over 5 months. For customers owing more than 2 months, payment can be made over 10 months.
- Distributors can ask for up to 15% as a down payment. Interest charges continue to accrue.
- Customers who miss 2 arrears payments or regular bills are subject to disconnection with 10 days written notice.
- If a customer is deemed “low income” by the LEAP agency they have 8 months to pay 5 months of arrears, and 16 months to pay more than 5 months of arrears. No down payment is required.
- Low income customers who miss 3 payments or regular bills are subject to disconnection with 10 days written notice.



Remotes' Payment Arrangements

- Remotes requires 50% payment up front.
- Customers have four months to pay.
- Late payment charges apply.
- Some flexibility on missed payments.



Opening And Closing of Accounts

- OEB:
 - All **new** residential customers must execute an agreement for service in writing.
 - If the customer does not sign an agreement, they are not responsible for paying for the account.
 - A verbal, recorded statement that the customer is taking over the account is acceptable.
 - If the customer does not execute an agreement for service, service is not connected.
- Remotes:
 - Customers are deemed to have an agreement for service
 - Band Councils/Housing managers can inform us of who to bill.
 - Service disconnection not required for a new customer to move into a home.

APPENDIX F

Date May 23, 2012		
<p>Attendees</p> <p>Kitchenuhmaykoosib Inninuwig</p> <p>Chief Donny Morris</p> <p>Deputy Chief Cecelia Begg</p> <p>Councilor Bonny Sanderson</p> <p>Councilor Darryn Sainnawap</p> <p>Councilor Joe McKay</p> <p>Councilor Jack McKay</p>	<p>Hydro One Remote Communities</p> <p>Kraemer Coulter</p> <p>Una O'Reilly</p>	
Una O'Reilly walked through the presentation explaining the exemption request and comparing Remotes' current practices to the new OEB rules.		
Issue/Question/Concern	Response	Notes
Chief Donny Morris stated that, from his personal perspective, there is no need to change Remotes' current collection practices. He stated that because of the way collection trips are currently organized, people know when the plane is coming in to perform disconnections. He also said that Remotes' practices help keep the onus for payment on the individual. He said that he was happy with the current system.		
Deputy Chief Cecelia Begg expressed concern about the timelines for disconnection in the DSC rules and questioned whether people would read the notices within the 10 day period. She admitted that, like other people, she may not read a notice as soon as she receives it and could miss the deadline for payment or applying to the LEAP fund. She also said that like many other people in the community, she sometimes waits for the last minute to pay and prefers the current system, since everyone knows when the plane is coming to disconnect. The Deputy Chief also stated that the bills and in particular billing inserts should be translated into Oji Cree.	Kraemer Coulter stated that it is not possible to send bills in Oji Cree but promised to look into translating Remotes' quarterly bill insert/newsletter.	
Councilor Bonny Sanderson stated that she likes the extra notice under Remotes' practices and said that people may not read the inserts in the bills.		
Councilor Jack McKay has recently been given the Hydro portfolio for the band. He stated that the community was happy with the current collection/disconnection process, but suggested that it would be better if bills for customers on welfare could be sent directly to the welfare office, since these customers sometimes do not bring them in to the office and may miss payments.	Una O'Reilly said that the customers would need to sign a release for the bills to be sent to the welfare office. She suggested that the community could work together with Remotes' billing staff to get these releases signed.	Una O'Reilly to follow up with releases.
Other issues:		

APPENDIX F

<p>Conservation</p> <p>Cecelia Begg asked whether different customers were charged different rates, since the bills for new homes in particular are larger.</p> <p>Chief Donny Morris noted that Hydro One had hired a community member to teach the community about conservation and to wrap hot water tanks. He also noted that Hydro One Remotes staff investigate billing errors when there is a complaint.</p> <p>Banking</p> <p>Deputy Chief Cecelia Begg reported that CIBC will be changing the way its banking services are offered in Big Trout Lake and will only offer a biweekly model, which could reduce the services. She noted that bill payments could be affected as banking services are reduced.</p> <p>Customer Classification</p> <p>Chief Donny Morris pointed out that three seniors homes have been incorrectly classified as Standard A. He asked why these accounts had not been changed to non Standard A.</p>	<p>Kraemer Coulter said that the rates are the same, but that the bills could be different based on usage. Kraemer also pointed out that customers should call the office if they have questions about their bills.</p> <p>Kraemer Coulter said that a letter was needed stating that the facilities do not receive O&M funding from the federal or provincial governments in order to reclassify the accounts.</p>	<p>The letter has now been sent & received.</p>
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