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NOTICE OF AMENDMENT TO A RULE

AMENDMENTS TO THE NATURAL GAS REPORTING & RECORD KEEPING REQUIREMENTS IN RELATION TO RESIDENTIAL AND LOW-INCOME CUSTOMER SERVICE POLICIES

BOARD FILE EB-2010-0280

**To: All Natural Gas Distributors
All Participants in Consultation Processes EB-2010-0280,
EB-2007-0722, EB-2008-0313 and EB-2008-0150
All Other Interested Parties**

The Ontario Energy Board is giving notice under section 45 of the *Ontario Energy Board Act, 1998* of amendments to the Natural Gas Reporting and Record Keeping Requirements Rule ("Gas RRR").

1.0 Background

The amendments set out in Attachment A to this Notice require rate-regulated gas distributors to report on the application of the residential and eligible low-income customer service policies that they committed to in the Board's consultation on Customer Service Policies of Natural Gas Distributors ([EB-2010-0280](#)).

1.1 Consultation on Customer Service Policies of Natural Gas Distributors

Following consultation with stakeholders, amendments to the Gas Distribution Access Rule ("GDAR") requiring rate-regulated gas distributors to implement and

publish updated *residential* customer service policies came into effect on April 1, 2012. Similar amendments to GDAR in relation to customer service policies for *low-income* customers came into effect on January 1, 2013.

In its September 6th, 2012 [Notice of Amendment to a Rule: Eligible Low-Income Customer Service Policy Amendments to the Gas Distribution Access Rule](#), the Board also indicated that “developing effective customer service monitoring and associated regulatory reporting requirements is important to ensure that the residential and eligible low-income customer service policies in the gas sector are achieving their intended objectives.”

This Notice sets out the Board's final amendments to the Gas RRR related to the application of customer service policies of rate-regulated natural gas distributors.

1.2 Consultation on Amendments to Gas RRR in Relation to Customer Service Policies of Natural Gas Distributors

The Board's objective for the new Gas RRR requirements is to gather adequate data to monitor and assess the impacts of the customer service policies of gas distributors. When designing the Gas RRR amendments, the Board took into account the less prescriptive customer service regulatory regime adopted for the gas sector.

Board staff solicited comments at the October 18, 2012 meeting of the Low-income Energy Assistance Program (LEAP) Working Group that assisted in the development of the Board's December 13, 2012 [Notice of Proposal to Amend a Rule: Customer Service Amendments to the Natural Gas Reporting and Record Keeping Requirements](#) (the “Notice of Proposed Amendments”).

In response to the Notice of Proposed Amendments the Board received written comments from Enbridge Gas Distribution Inc. (“Enbridge”), the City of Kitchener, the Low-Income Energy Network (“LIEN”), Natural Resource Gas Limited (“NRG”) and Union Gas Limited (“Union”). Stakeholders' submissions are available on the Board's website www.ontarioenergyboard.ca. The Board was greatly assisted by these comments in finalizing the amendments to the Gas RRR.

2.0 Gas RRR Amendments Related to the Residential Customer Service Policies of Natural Gas Distributors

Attachment A to this Notice sets out the Board's new reporting requirements for natural gas distributors in relation to customer service policies for residential, including low-income, customers. These reporting requirements will enable the Board to monitor and assess the impacts of the customer service policies adopted by natural gas distributors.

The Gas RRR requirements build upon the Electricity RRR amendments in relation to customer service rules for residential electricity customers, with adjustments to account for differences between the two sectors.

All the new data to be collected will be filed once a year with the Board, as part of each natural gas distributor's regularly scheduled Gas RRR filing.

3.0 Summary of Stakeholder Comments

3.1 General Comments

LIEN expressed its support for the proposed reporting requirements noting that a less prescriptive approach to customer service policies continues to be appropriate for natural gas distributors provided, among other matters, that appropriate reporting requirements are in place to monitor the effectiveness of the policies.

In their comments Union and Enbridge indicated that, with one exception that will be discussed below, they could readily comply with the proposed reporting requirements. Both noted that the costs of meeting these new reporting requirements are currently unknown but they will be tracked in a variance account until such time as they are reviewed in a rate hearing.

NRG stated that the proposed reporting requirements would be onerous for a company of its size. Arguing that the costs of meeting these requirements would be high (and borne by rate-payers), and that NRG's results would be insignificant in relation to the total data collected, NRG requested that the Board exempt it from these reporting requirements.

The Board notes that the purpose of these reporting requirements is to evaluate the effectiveness of each natural gas distributor's customer service policies and not necessarily to evaluate the sector as a whole. Therefore, it is important for NRG to report this information in order for the Board to assess whether NRG's customer service policies are meeting the intended objectives, regardless of the size of the company in relation to its peers. The Board notes that in previous submissions in this consultation NRG has indicated that it could provide some of the data that will be collected in accordance with the new reporting requirements. The Board has adopted reporting requirements regarding customer service rules for electricity distributors that are very similar to those being adopted for natural gas distributors. Some electricity distributors have similar or more limited internal resources than NRG and yet comply with the reporting requirements regarding customer service rules that the Board adopted. However, NRG may choose to apply for an exemption from specific reporting requirements once it has a more robust estimate of the costs associated with collecting this data.

3.2 Comments on Arrears and Arrears Payment Agreements

LIEN suggested a significant number of additional data points that could be collected in order to provide greater detail about disconnections for non-payment and arrears payment agreements. For example, LIEN proposed that natural gas distributors also report on the number of residential and low income customers that were disconnected once, and that were disconnected more than once, during a year for non-payment where the customer had an arrears payment agreement. LIEN also suggested that it would be helpful to track the number of customers with an arrears payment agreement that also participated in a DSM program as well as the average amount of arrears and the average length of time over which arrears are repaid.

Union and Enbridge provided a joint response to LIEN's submission. They argued that some of the data that LIEN proposed is difficult, and in some cases, impossible to collect. For example, Union and Enbridge indicated that the number of customers with an arrears payment agreement that also participated in a DSM program cannot be determined because these figures are tracked separately and cannot be reconciled. They also argued that other information, such as the average amount of arrears, could be derived or calculated using the data already proposed by the Board.

In addition, Enbridge and Union expressed concerns about the costs relative to the benefits associated with collecting the additional data proposed by LIEN.

Although the Board agrees that the data proposed by LIEN would provide additional insight on the efficacy of natural gas distributors' customer service policies, the Board is also mindful that the costs of collecting this additional information might exceed the benefits. The Board believes that the reporting requirements proposed in its Notice of Proposed Amendments are sufficient to adequately assess the effectiveness of the customer service policies. Therefore, the Board will not make any changes to the proposed Gas RRR amendments related to the areas discussed above.

3.3 Comments on Ongoing Consultation

LIEN recommended that the natural gas distributors be required to consult with stakeholders annually on implementation of their customer service policies with a view to achieving continual improvement. In addition, LIEN proposed the Board undertake a detailed review of customer service policies and associated reporting and recordkeeping requirements at least every 5 years, or consistent with the length of time of the Incentive Regulation framework.

In their joint submission Enbridge and Union noted that it would be useful to collect the data on these policies for a number of years before undertaking an evaluation including consultation with stakeholders.

The Board notes that the LEAP working group meets from time to time, and suggests that these meetings are an appropriate venue for stakeholders to raise issues about the effectiveness of the customer service policies and discuss whether a more detailed review might be needed. As the Board stated in the Notice of Proposed Amendments, the Board intends to revisit its policy on natural gas distributors' customer service policies once several years of results from the annual Gas RRR customer service reporting are available.

3.2 Comments on Proposed Gas RRR Amendments Pertaining to Customer Service-Related Enquiries

In its Notice of Proposed Amendments the Board proposed that the natural gas distributors report the total number of enquiries received from residential customers. In addition, the Board indicated that enquiries from residential customers be reported under similar categories as are used for tracking complaints, but only to the extent possible given the current capabilities of each utility.

Both Union and Enbridge noted that, for the purpose of reporting enquiries, their information technology will currently not allow them to differentiate enquiries from residential and small commercial customers. In addition, upgrades to their Customer Information and Interactive Voice Response systems are necessary in order to report enquiries by the categories proposed and there would be significant costs associated with this.

In light of the potential costs associated with meeting this reporting requirement the Board will require only the total number of enquiries to be reported. Although the term 'residential' is maintained in section 2.1.19 c) of the new Gas RRR, the Board accepts that the total number of enquiries will reflect residential and small commercial customers and notes that this will still provide enough context within which the data about customer complaints can appropriately be analyzed.

3.4 Comments from Non rate-regulated Natural Gas Distributors

The City of Kitchener provided in its comments a list of the data that it could provide. However, some limitations were noted, namely, that the City of Kitchener will not classify customer accounts as "low-income" and further, gas customer accounts are not able to be differentiated from other municipal customer accounts (e.g. water).

Kingston Utilities did not provide any comments in response to the Board Notice of Proposed Amendments.

The Board thanks the City of Kitchener for its efforts in determining the data it could report and encourages both non rate-regulated gas distributors to report any of the data set out in Attachment A that may be feasible.

4.0 Baseline Data

In addition to the data required in accordance with the Gas RRR amendments set out in Attachment A, the Board believes that gathering relevant baseline data will assist in assessing the impacts of the gas customer service policies.

As a result, natural gas distributors must also file available information for 2011, 2012 and for the first six months of 2013 in respect of the various measures that will be tracked under the Gas RRR amendments.

The Notice of Proposed Amendments included a list of the data that each natural gas distributor has indicated that it can provide and the Board expects that, when received, the baseline filings will generally be consistent with these commitments.

5.0 Uses of Data to be Collected

5.1 Annual Performance Monitoring

The information to be reported annually by gas distributors under the proposed Gas RRR amendments, supplemented by gas customer service complaints received directly by the Board, will be used to monitor results each year for gas customers and distributors under the updated residential and eligible low-income customer service policies.

5.2 Assessment of the Impact of the Revised Customer Service Policies

The 2009 Low-Income Energy Assistance Program Report of the Board indicated that it will be important to later evaluate and measure performance so as to better understand “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.”

As mentioned above, once several years of results from the annual Gas RRR customer service reporting become available, the Board will decide if there is merit in undertaking another detailed review of gas sector customer service policies. Any future assessment could also make recommendations for changes and improvements to the Gas RRR customer service reporting requirements.

6.0 Coming into Force and Initial Filing Date

The new Gas RRR sections 2.1.18 and 2.1.19 will come into force for the rate-regulated natural gas distributors on July 1, 2013. Notwithstanding the foregoing sentence, however, in order to accommodate system upgrades required to collect data under subsection 2.1.19 (b), which requires reporting of complaints by categories, the Board will allow Union to begin collecting this data October 1, 2013. Where feasible, distributors may wish to start collecting the required information earlier.

The Gas RRR provides that the reported data must be filed with the Board four months after the distributor's financial year-end. Currently, Enbridge and Union have a financial year-end of December 31st, while NRG has a September 30th year-end. Therefore the Enbridge and Union filings are due April 30th each year, while NRG's filing is due January 31st.

Enbridge and Union must file their new customer service data for the July to December 2013 period as part of their regular April 2014 RRR filing. NRG must file its new customer service data for the July to September 2013 as part of its regular January 2014 RRR filing. The Board also requires that available baseline data for 2011, 2012 and the first six months of 2013 be filed at these times. The Board will provide a template and directions for the filing of the baseline data in due course.

This Notice and the amendments set out in Attachment A are available for public inspection at the office of the Board during normal business hours and on the Board's website at www.ontarioenergyboard.ca.

Any questions relating to these proposed amendments to the Gas RRR should be directed to Takis Plagiannakos, Manager, Rates, Conservation and Policy Evaluation, Regulatory Policy, at 416-440-7680 or by e-mail at takis.plagiannakos@ontarioenergyboard.ca.

The Board's toll free number is 1-888-632-6273.

DATED at Toronto, March 28, 2013.

Original Signed By

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

Attachment: Attachment A: Amendments to the Natural Gas Reporting and Record Keeping Requirements in Relation to Residential and Low-income Customer Service Policies