

May 6, 2008

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

Re: EB-2007-0722
Staff Discussion Paper on Electricity Distributors:
Customer Service , Rate Classification and Non-payment Risk

Dear Ms. Walli:

The Federation of Rental-housing Providers of Ontario (FRPO) is pleased to provide these comments on the Staff Discussion paper as released at March 6, 2006.

By way of background, FRPO is the province's leading advocate for quality rental housing. We represent a wide range of multi-residential housing providers, from the smallest landlords to the largest property management firms, as well as related industry suppliers and professionals from across Ontario. FRPO represents over 800 members who supply and manage homes for over 250,000 households.

We will contain our comments to those issues that have direct relevance to our members, and for which we can provide useful input. Issue 1.3, "Management of Customer Accounts" is especially relevant to rental situations.

As a general statement, FRPO advocates clear and consistent LDC customer service policies, based on fairness and practicality. We believe that both LDCs and customers can benefit from such an approach – through improved cost and administrative efficiencies and avoidance of misunderstanding.

Consistency is especially important as our members have facilities across the province. To the extent practical, we favour codifying procedures. Our experience has been that issues arise when policies are ambiguous and have been interpreted differently. With respect to some of the specific questions posed:

Q1. Are there any reasons why a customer would need or should be allowed more than a sixteen day payment period before application of a late payment charge?

We believe that 16 days for payment, from the time of bill delivery is reasonable. To the extent it is general industry practice we believe it could benefit from being codified. However, as staff have noted, we have found significant ambiguity regarding the interpretation of *bill delivery* and *bill payment* dates. We have found instances of bills printed, but not delivered for 2 or 3 days, and then the LDC requiring time for payment to clear the financial institution. As such, and depending on weekends and holidays, payment is effectively reduced to as little as 3 business days following receipt in the mail. We suggest clarification that bill delivery is the date of mailing, and bill payment is date of payment at a financial institution, or the date of postmark.

As a related point we note that at least one major LDC (Hydro Ottawa) does not indicate either a *bill date* or *statement date* on its invoice; only a due date.

<https://www.hydroottawa.com/business/samplebill.cfm?lang=E>

1.1.3 Correction of Billing Errors

In those instances where billing errors occur they are usually of serious consequence for both the LDC and the consumer. Clear rules are required to address these exceptional but significant occurrences.

Our comments here are based on the following principle:

With the exception of theft of power; meter or billing errors are clearly the responsibility of the LDC. As such, reconciliation / correction must be made with due consideration to the impact on the consumer and the associated materiality.

Q10. Staff has suggested three options for how distributors should refund to customers amounts owing for over-billed amounts. What are the advantages and disadvantages of each option?

Here materiality must be considered. We expect it is impractical for an LDC to issue cheque refunds for small amounts. We suggest that the default procedure, in all instances, be that the LDC provides a credit to the account. To address those instances of significant materiality, say greater than 1 times typical billed amount, we suggest the customer could request, and the LDC would be obliged to provide, a cheque refund.

Q11. Staff has suggested three options for how distributors should bill customers for amounts under-billed. What are the advantages and disadvantages of each option?

Similarly, and to some extent reciprocally, we believe it is reasonable to charge the customer the full amount if it is less than a material threshold, again 1 times typical monthly billing. If the amount of under billing is materially greater, the customer should have the option of payment over a reasonable period, up to a maximum of the duration of the error.

Q14. The RSC requires that distributors pay interest on amounts that were overbilled, but does not allow distributors to charge interest on amounts underbilled. Is this asymmetry appropriate?

Yes we believe this asymmetry is completely appropriate, since the billing error is the responsibility of the LDC, not the consumer. Following this approach, in those instances involving theft of power it is fully reasonable for the LDC to collect interest on under billed amounts.

Q16. In light of the time periods for over- and under-billing that apply in other jurisdictions, is there merit in reconsidering the time periods set out in the RSC?

Yes. There is a glaring inequity in the RSC. That is, for non-residential consumers being *over billed*, the LDC is responsible for up to six years. However for instances of over *under-billing* the non-residential consumer is responsible *for the duration of the defect*. There is no argument to support this inequity and nothing comparable in other jurisdictions. Logic and fairness would dictate that the redress period be at least reciprocal at six years, as it was in the former Standard Application of Rates.

Q17. Should all distributors be required to offer some form of equal billing? If so, what might be appropriate criteria for participation by customers?

No, we believe that the current practice of most LDCs offering equal billing is sufficient. LDCs should be free to offer alternate payment programs, as they see fit, to address customer needs and provide mutual benefits, but this should not be a regulatory requirement.

1.2 Disconnection for Non-Payment

Our general suggestion here is to provide definitive timelines and communications. Disconnection notices should be clearly identified and should not be included with regular billings. LDCs should follow formal, verifiable processes to ensure the disconnection of service can be justified.

1.3 Management of Customer Accounts

We concur with Board staff that opening and closing of accounts, which is a basic LDC activity, suffers from a lack of guidance and rules. Rental property situations, which characteristically have much more frequent turnovers, accentuate the need for clear, practical procedures.

Following from the Board's earlier rulings that only the person who is the customer of the LDC can be responsible for payment, we likewise support the staff view that it is not appropriate for tenant accounts to default to the landlord, nor is it appropriate for LDCs to establish an account in the name of a landlord, unless requested to do so.

Certainly, many landlords of rental properties may well wish that service be maintained in a vacant unit, and that the account be transferred to them. However this should not be a default position.

We believe the experience in other jurisdictions is instructive here. We purpose a similar approach as described: ie. Establish a separate process for landlords of rental properties whereby they can *elect* to have service maintained to vacant units by having the account transferred to them, and without an associated account set-up fee. Without such election by the landlord, an account closure without an associated new request for service should result in termination of delivery of electricity.

2.1 Definition of Demand

We recognize the need here for consistent definitions and applications. We suggest the historic practice of using 'billed demand' as *actual kW* or *90% of kVA* is well understood, and is reasonable in that it provides motivation for consumers to improve their power factor.

It should be the LDCs prerogative to install a kVA meter. If they do not, and bill only on actual kW, they will collect insufficient revenue from those consumers with power factor of less than 90%.

With interval metered consumers, we further suggest there is a need for consistent determination of kW. We suggest that the *discrete hourly kW* value be used, as this is the most easily understood and measured. This, as opposed to 15 min kW values, or 'sliding window' derived kW.

2.2 Classification and Reclassification of Consumers to Classes

Again, we default to a position of consistency and practicality. We suggest a 12 month average billing demand as the determinant to be used in reclassifying customers according to their rate class.

As noted, such a clear, arithmetic approach, without consideration of abnormal events or forecast changes in demand, would remove ambiguity and negate the need for detailed procedures regarding the frequency of elections for reclassification.

Thank you for the opportunity for FRPO to comment on the many issues posed in this important consultation.

Sincerely,



Mike Chopowick
Manager of Policy