enercare connections

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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
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Dear Sir or Madam:

Re: Report of the Ontario Energy Board
Review of Customer Service Rules for Utilities
OEB File No. EB-2017-0183

Enercare Connections Inc. ("Enercare") is a leading unit sub-meter provider ("USMP") with approximately 270,000 contracted units for condominium and apartment suites in respect of electricity, water, gas and thermal in Ontario, Alberta and elsewhere in Canada. Enercare is the largest USMP in Ontario and holds a unit sub-metering licence from the Ontario Energy Board ("OEB").

On September 6, 2018, the OEB issued for comment its report on Phase 1 of its review of the customer service rules for licenced electricity distributors, rate-regulated natural gas distributors and USMPs (collectively, the "utilities") (the "Report"). The Report outlines the OEB's proposed changes to the customer service rules (the "Rules") and service charges relating to non-payment of accounts. The OEB has invited interested parties to submit written comments on the Report.

Enercare recognizes the importance of strengthening consumer protection and supports the OEB's review of the current Rules. However, as set out below, Enercare has concerns with some of the proposed changes in the Report.

Proposal: 5.2.4 Allocation of Payment

Utilities should allocate payments between energy and non-energy charges as per the current electricity Rules unless the customer specifically requests otherwise

Under the current Rules if a bill issued to a residential customer includes charges other than electricity (e.g., water, gas or thermal), any payment made by the customer must first go directly to the electricity charges and then, if funds are remaining, to the other charges in the following order: arrears agreement payments, outstanding security deposits, under-billing adjustments and finally non-electricity charges. Enercare has hard coded the current payment allocation set out in the Rules into its utility grade customer care and billing system. As a biller of multiple commodities, Enercare supports the consumer protection that is afforded by the current Rules to ensure that if payment is sufficient to cover electricity-related charges, the customer's electricity supply is not disconnected. The OEB notes in the Report that some electricity distributors have experienced challenges with the prescribed allocation and indicated that customers do not agree with paying for their current electricity bill that may not be due yet before they can pay for non-electricity service that may be past due. Other electricity distributors stated that customers at risk of water disconnection have made payments to avoid disconnection of water service; however, to comply with the current Rules the payment must be applied to the outstanding electricity balance. Enercare agrees that in these circumstances (different due dates or where other services are at risk for disconnection) allowing the customer flexibility is in the customer's best interest, notwithstanding that any system changes may be administratively burdensome and costly.

When an Enercare customer is sub-metered for multiple commodities, all charges are included on the same invoice with the same due date. In addition, Enercare does not disconnect for non-payment, nor does it have the contractual right to do so, for any services except electricity. As a result, there is **no** customer benefit or enhanced protection by allowing an Enercare customer to change the prescribed payment allocation. As the OEB noted in its Report, any such customer request to do so might be administratively costly and burdensome. In Enercare's situation, the payment allocation has been hard coded into the billing system design and it is not currently possible to customize the allocation. Any system changes to do so would take significant time and cost with no benefit to Enercare's customers.

Enercare is requesting that the OEB change its current proposal and only require utilities who have different due dates for different commodities and can disconnect services other than electricity for non-payment to accommodate a customized allocation method upon request by a customer. Only in these very limited circumstances does the possible benefit to the customer arguably justify the administrative and system costs.

Proposal 6.4 Disconnect/Reconnect Charge

Enercare notes that the proposals under Section 6 – Non-Payment of Account Charges are not currently applicable to USMPs; however, the OEB has indicated that such changes may become applicable to USMPs following the OEB's initiative to develop the methodology to regulate what USMPs may charge for unit sub-metering. As such, Enercare would like to identify its concerns with certain of the proposed changes.

Change the name of the charge from "Disconnect/Reconnect" to "Reconnection"

It is not clear from the Report whether the renaming of the charge would result in a change to the approved charge itself. For instance, the default amounts for a disconnect/reconnect at meter during regular hours is $65; which if applied both for disconnection and reconnection would equal a total charge of $130. Although the ancillary fees charged by USMPs are not currently reviewed by the OEB, many USMPs choose to mirror the fees charged by electricity distributors (which are approved by the OEB in their tariffs).

Unlike electricity distributors, USMPs operate in multiple jurisdictions across Ontario. As such, USMPs rely on external contractors to perform disconnections and reconnections on their behalf. Enercare's current disconnect/reconnect charges are intended to pass through the internal and external costs of the disconnection process. Enercare's external contractors charge on average $95 to $170 per disconnection and $95 to $170 per reconnection (thus an average of $190 to

$340 per disconnection/reconnection). Enercare also incurs internal costs of managing the disconnection process which includes sending past due notices, warning notices and disconnection notices, making 48-hour calls, operating the customer call center and scheduling contractors. As outlined above, even a reconnection charge of $130 will likely not cover Enercare's costs to disconnect let alone reconnect a unit.

Distributors should apply the charge to the bill following the reconnection and allow residential customers to pay it in equal installments over a period of three months following the reconnection

Enercare's billing system currently only allows for one payment arrangement per customer account. Allowing customers to pay the reconnection charge in equal installments over a period of three months would require system changes to allow for a second type of payment arrangement. These changes would require significant cost and time to implement. In addition, Enercare is concerned that given the high turnover in the multi-residential sector, that some customers will vacate their unit prior to paying the full amount of the reconnection charge thus significantly affecting Enercare's ability to effectively manage its bad debt.

Distributors should waive the charge for eligible low-income customers

As noted above, Enercare incurs significant expense in disconnecting electricity supply to a unit. Enercare spends a considerable amount of time attempting to collect outstanding balances, including sending three separate notices to customers who are past due (past due notice, warning notice and disconnection notice) which is above and beyond what is required by the current Rules. Disconnections are a last resort for Enercare as they are costly, disruptive for the customer and, in some cases, the disconnect/reconnect fees charged do not cover all of Enercare's costs. However, in some circumstances, a disconnection is Enercare's only effective means of collecting an outstanding account balance. By waiving the charge for eligible low-income customers, the OEB would essentially be instituting a ban on disconnecting such units as it would not be economical for Enercare to spend $190 to $340 to collect on an account where the outstanding balance could be far less.

As noted in the Report, disconnection of accounts is an important mechanism available to utilities and we urge the OEB to reconsider its proposed changes which Enercare believes will have a material adverse effect on its ability to collect overdue accounts, increase overall bad debt and may result in higher rates for all consumers as a result.

Thank you for the opportunity to provide comments on the Report. If the OEB has any additional questions, we would welcome the opportunity to meet or provide additional written submissions to elaborate on the content provided herein.

Sincerely,

John Toffoletto
Senior Vice President, Chief Legal Officer and Corporate Secretary