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OEB Consultation on Energy Issues  
Relating to Low Income Consumers

Presentation on Topic # 5  
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## Topic # 5

- Customer Service Issues (payment period, disconnection rules, security deposits and specific service charges) and Arrears Management Programs

# Hydro One Disconnection Policies

- Disconnection is not something that Hydro One treats lightly and we go out of our way to assist customers.
- As noted previously we employ several processes that include budget billing, payment arrangements, and extended special arrangements for those with extenuating circumstances.
- In cases of difficulty we suggest third party assistance, if requested.
- Disconnection notices give options to make payment arrangements and provide lead time for customers to address outstanding amounts.
- Only as a last resort will we disconnect or load limit our customers. Currently load interruption/limitation occurs annually, during the winter period only.
- We adopt a common approach in dealing with all customer classes

# Challenges – Billing and Collection Issues

- Billing systems have embedded processes for managing collection activity. These processes are not segmented for different customer types.
- Parallel processes would need to be built within CSS if low-income electricity consumers were to have different collection processes end to end (consideration may include items such as: payment period, disconnection rules, security deposits and specific service charges, final account collection agencies treatment, etc).
- Difficult to distinguish between consumers who do not pay bills for low income or other reasons

# Challenges – Billing and Collection Issues

- Potential account setup issue -- does the threshold apply to the household or to the account holder(s)?
- What kind of validation / consent requirements are needed to validate any ongoing changes in income level? For instance, do we need ongoing audit to ensure the customers are still qualified for low income, and what are related retrofit considerations (ie. historical bill amounts, LPC, deposits adjustments, etc).
- Special rate will likely drive up rates for the remaining customer base which can lead to payment issues for the majority and can therefore drive up AR and bad debt.

# Challenges – Billing and Collection Issues

- Additional resources will be required in the back-office to respond to low income related inquiries and to administrate/validate related correspondences.
- How to address issues of consumers who have signed long-term commodity contracts with Retailers which, in some cases, are driving up bills that fixed income customers cannot afford
- What additional processes would need to be put in place to identify, administer, track and audit low income consumers

## Other Related Issues

- In attempting to decide whether LDCs should be actively involved in the delivery of low income assistance programs, there is a fundamental requirement to identify those consumers needing assistance
- This in turn will lead to considerations of fairness and equity of treatment if special arrangements are to be provided by utilities
- In addition, there are other considerations that arise with respect to implementation and administration challenges some of which are listed in the following slides

# Challenges – Low Income Identification

- Today LDCs do not collect information on consumers income levels
- LDCs do not have information to set guidelines for identifying who qualifies for assistance
- How will the threshold be established and who will have accountability for providing and maintaining current this information
- Is the threshold likely to change with number of household occupants
- Have to consider annual income changes, the need for annual review and reset of threshold, and how employment status will be monitored to ensure continued eligibility for assistance



# Challenges – Low Income Identification

- How will the threshold apply for split households, or other family situations
- What documentation will be required to demonstrate income and how will that be confirmed
- Will need to consider whether changes in criteria for applicability will be required based on the type of fuel used by consumers
- Alternative to utility identifying eligible consumers, could we use a master list provided by third parties

# Challenges - Fairness and Equity Issues

- Is an LDC a trusted and appropriate authority to whom customers will release such sensitive information? How will LDCs ensure fair treatment when managing such information within small communities
- Should assistance be provided in a uniform manner across all low income consumers irrespective of location, or are there geographic differences
- LDCs with a higher proportion of low income consumers will carry more costs for this program. Is that fair for other customers of the LDC?

# Challenges - Fairness and Equity Issues

- Should the cost to manage and deliver programs be borne by the utility's non-low income consumers
- How to ensure that dual-fuel consumers don't get simultaneous benefits of rebates from both electric and natural gas utilities

# Challenges – Administrative Considerations

- New systems will be required to hold and manage the data collected
- Will require a process for annual review of the data; review of ability to qualify; transition for customers on/off the rate
- Should there be a requirement to track other sources of support? If a low-income customer on a special rate still isn't paying their bill, will they also get support from SSA?
- Must adhere to privacy laws for collecting and holding this sensitive information
- Delivery of programs by LDC will entail incremental costs e.g. increase in staff to set up, facilitate and resolve associated issues as it would not be possible to mechanise all processes

# Challenges – Administrative Considerations

- Delivery of programs by LDCs could impact on productivity levels and efficient use of resources
- The Board is moving towards cost reflective rates and the application of low income energy assistance programs through rate related mechanisms is not consistent with that rate setting principle
- Rate design choice may influence the information gathering that is required to identify energy usage and eligibility for assistance

# Challenges - Privacy Rules

- Privacy legislation establishes the requirements for LDC collection and holding of sensitive information.
- Current Legislation and/or Regulation relating to privacy of customer information
  - Distribution Licence
  - FOIPPA (Ontario)
  - PIPEDA (Federal)
- Must notify customers when collecting their information, why need to collect it.
- Address potential deception issues

# Challenges - Privacy Rules

- The body collecting and holding the information must increase its protection with the level of sensitivity. Financial Information (includes income) is considered highly sensitive.
- LDCs would require to increase restrictions in their Customer Service Systems to protect income related information
- Likely require changes to Legislation and Regulations to allow LDCs access to income related information

# Challenges – Coordination with Social Service Agencies

- Dealing with over 200 SSAs
- How to ensure that only those truly in need of assistance are eligible
- If utilities offer special rates need to ensure that eligibility for assistance from SSAs adjusted accordingly