



ONTARIO ENERGY BOARD

FILE NO.: EB-2008-0150

VOLUME: Stakeholder Conference Day 3

DATE: September 24, 2008

THE ONTARIO ENERGY BOARD

**IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c. 15, Schedule B;**

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Wednesday, September 24, 2008,
commencing at 9:33 a.m.

STAKEHOLDER CONFERENCE, DAY 3

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1 --- Upon commencing at 9:33 a.m.

2 MS. HARE: Good morning, and welcome to our third day
3 of the consultation on issues related to low-income
4 consumers. And we're going to begin today with a
5 presentation from the Industrial Gas Users Association.
6 Murray Newton will be presenting.

7 **PRESENTATION BY MR. NEWTON:**

8 MR. NEWTON: Thanks, Marika. Good morning, everyone.
9 Good morning, Board Members.

10 Very much appreciate the OEB staff accommodating our
11 schedule and allowing to us do this today, rather than
12 Monday. That's much appreciated. I know that various
13 consultation topics have been intertwined over the last
14 couple of days and next two days, and so I am hoping that
15 our presentation doesn't break the flow for anyone, because
16 I know we are speaking a little bit out of order here.

17 We're very much pleased to have the opportunity to
18 present today to give you our perspective on some of these
19 matters. And our presentation will be brief, five, six,
20 seven, minutes. It is an overview of our position. I
21 don't think there is anything contained in our slides that
22 wasn't in our prefiled submission that we made last week, I
23 think it was.

24 So I think most people in this room probably know who
25 IGUA is. Short-form for Industrial Gas Users Association.
26 We are a trade association that represents industrial
27 consumers who use natural gas in Manitoba, Ontario, and
28 Quebec.

1 So most here probably know who we are and who we
2 represent and why we're such a familiar face, I guess, at
3 OEB proceedings that deal with energy costs.

4 My members are very energy-intensive. They use huge
5 amounts of energy and natural gas, electricity, oil, and
6 other fuels, and so energy represents a very significant
7 part of their cost structure and is very important to them.

8 My members face a whole host of financial challenges
9 today. The Canadian dollar, though it has dropped a little
10 bit compared to the US dollar recently, it is still a
11 concern for people who rely on international markets for
12 their products. So that's a challenge for my members.
13 Global competition, high energy costs are all issues.

14 But I think, most importantly, my members are
15 companies. They employ thousands of people. So jobs is an
16 issue. And when plants get shut down or jobs become lost,
17 that has -- you know, there is a huge human impact
18 associated with that, and there is also a significant
19 impact on communities.

20 And the reason why I make that comment, I just want to
21 say right off the top that we do have some sympathy for the
22 notion that, you know, some consumers, you know, that may
23 be seeking relief from high energy costs, that's a chord
24 that strikes home with some of my members as well.

25 With respect to the appropriateness of whether or not
26 the Ontario Government ought to provide funding for
27 providing relief to low-income consumers, that's something
28 that IGUA is not going to take a position on. It's not for

1 us to say. And I will come back to what we see as some of
2 the important aspects of that in a minute.

3 So just in terms of a broad overview of our comments,
4 we see this entire issue, the appropriateness, whether or
5 not low-income consumers are given some sort of ratemaking
6 relief through rates that the OEB regulates, we distinguish
7 between public and regulatory policy when we're talking
8 about that.

9 And from our perspective, this issue is clearly a
10 social policy. It's a public policy issue. It's not a
11 regulatory policy issue. And I will talk about that a
12 little bit more in other slides.

13 Public or social policy, in our view, ought to be
14 developed by and determined by elected government officials
15 who are accountable to the public. And to the extent those
16 programs are considered to be in the public service and --
17 or public interest and are implemented, they ought to be
18 funded through public funding. If it's in the public
19 interest, the public ought to -- you know, society as a
20 whole ought to fund those kinds of programs.

21 And so our perspective that public policy needs to be
22 developed by the Ontario Government, you know, from our
23 perspective that is fundamental to our system of government
24 in this country.

25 So public policy can be -- should be determined by
26 public officials. It can be implemented through government
27 programs and government agencies, but it ought to be funded
28 publicly. And I don't really have any, you know, clever

1 ideas for you, in terms of how the government would fund
2 it, but I am assuming there are all kinds of tax programs
3 and tax credit programs that might be used.

4 So what is the role of the regulator, in our view?
5 You know, I am aware that this matter has been dealt with
6 in the courts, and my understanding is that the court has
7 found that the OEB has very broad statutory powers that
8 provide it with the authority to take ability to pay into
9 account when it is setting rates.

10 However, the Board noted that this would be a
11 departure from traditional ratemaking principles, and the
12 court didn't offer an opinion as to whether the Board
13 should do that.

14 So we do draw a distinction between rates initiatives
15 and customer-service initiatives, and that's really one of
16 the key focuses of what I would like to chat with you about
17 today.

18 Our prefiled submission distinguishes between rate-
19 regulated -- rate-related and customer service matters.
20 There is a difference, in our view, both from the
21 perspective of respecting traditional cost-of-service
22 ratemaking principles and also materiality.

23 We're opposed to rate-related measures, but we are
24 open to considering whether or not there are other customer
25 service initiatives that could be considered that would
26 offer some sort of relief to low-income consumers, on the
27 understanding that there is no material rate impact on
28 other customers.

1 So why is it that we're opposed to rate-related
2 initiatives? I think it is fair to say that just
3 generically my association is opposed to any rates measure
4 that directly subsidizes one rate class or even a group of
5 customers within a rate class by other customers.

6 Why is that? We think that may depart from
7 traditional cost-of-service ratemaking principles. And I
8 am not going to give you a list of what those principles
9 are, but I am happy to share them with you, if someone
10 wants to question me about that.

11 We believe it begins to depart from economic
12 regulation, and that is, after all, what the Ontario Energy
13 Board -- what I think one of your key functions is, is an
14 economic regulator, not a social regulator or a political
15 regulator.

16 There is potential for significant cost shifts that
17 could increase the rates for others. And I have tried to
18 follow the proceedings last two days, and I haven't seen a
19 whole lot of material at this point that really drives into
20 this issue, in terms of, just what are the impacts? What
21 are we talking about here? What is the potential
22 magnitude? Is it significant? Is it insignificant? And
23 then that is something I haven't seen a lot of material on
24 yet.

25 I am not even sure, to be frank, what percentage of
26 homeowners would -- could be characterized as low-income.
27 I think I saw a number of 18 percent in one of the reports,
28 and I think I have heard that earlier this week there was a

1 lower percentage used, 8 or 10 percent of them. I
2 shouldn't be throwing numbers around, because I am not sure
3 what those numbers are.

4 I also think there is some potential inefficiencies.
5 Redundancy of costs could be developed between utilities
6 and other existing social service agencies that already
7 have programs in existence.

8 There are also several implementation issues that are
9 of concern. How do you define a low-income customer? How
10 often is that characterization reviewed? What about other
11 financially challenged customers, commercial customers,
12 industrial customers? I think we need to understand the
13 impact on others.

14 So there could be significant shifts, I think. Using
15 ratemaking to provide relief to low-income consumers could
16 be a bit of a slippery slope, in terms of where that goes
17 for other customers, because others might be seeking
18 similar consideration.

19 I think it is very important, on the economic
20 regulation issue, that we're concerned that the OEB could
21 slip into a realm of politics or social policy that may not
22 be compatible with basic principles of economic regulation
23 and traditional cost-of-service ratemaking approaches.

24 So we have talked a little bit in our prefiled
25 submission about different customer service initiatives
26 that could be developed that may be of some use to low-
27 income consumers. And we have talked about demand-side
28 management as being an example. Conservation, customer

1 account management, costs that are associated when
2 utilities have to chase customers over accounts that are in
3 arrears or disconnect a service and then reconnect a
4 service. So there may well be situations where gas
5 utilities can provide some relief to low-income consumers
6 that would actually end up having a net benefit, a system-
7 wide benefit to everyone, possibly could reduce costs for
8 the entire system.

9 So I think those things should be pursued and I think
10 they should be considered and I think they should be
11 explored. From my members' perspective, materiality is
12 important. We need to understand the significance, what
13 kind of costs are we talking about, because of the
14 potential impact on the rates of others.

15 So end of the day, I guess we would be sitting back
16 and trying to balance whether or not the benefits outweigh
17 the costs, or vice versa.

18 So in conclusion, I think what I would want to leave
19 with you is, we believe that the appropriateness, or
20 correctness -- if I can use that term -- of providing
21 relief to low-income consumers is something that the
22 government ought to be looking at very seriously, and if
23 there is a decision made that such a program is in the
24 public interest and that that is sound social policy, then
25 there ought to be a program developed that would fund that
26 program out of public funds, rather than burdening other
27 customers on the energy system in Ontario, some of whom may
28 have their own financial hardships that they're trying to

1 deal with.

2 So we think this is a public policy issue. We think
3 it needs to be determined and decided by public officials.
4 It can be implemented by government agencies and
5 departments like the OEB, but it definitely should be
6 funded out of public funds.

7 Thanks very much for your attention, and I appreciate
8 the opportunity to speak with you today.

9 MS. HARE: Are there any questions of IGUA? Dana.

10 DR. SILK: Dana Silk from EnviroCentre. Good morning.

11 I have two questions for IGUA. First of all, do you
12 have any evidence that indicates that your members are not
13 the most inefficient users of energy in the Western world?

14 MR. NEWTON: That are not?

15 DR. SILK: Yes. Because I think the general consensus
16 is, the general belief is that they are.

17 MR. NEWTON: I think it depends on the sector that
18 they're involved in. So our member companies are pulp and
19 paper companies, steel manufacturing companies, mining
20 companies. Basic manufacturers. You name it, and our
21 members probably fall into that category. Some of them
22 have invested a lot of capital and a lot of time and a lot
23 of effort to try to make themselves more efficient in order
24 to reduce their costs. Not only to reduce their costs but
25 to make themselves more competitive in the global economy.

26 So you are correct. Many of our members I think have
27 been very aggressive in terms of trying to pursue those
28 programs. Others have had more difficulty with that.

1 Why have they had more difficulty with that? Because
2 the particular sector they're competing in, you know, can
3 be extremely competitive, and they can be competing against
4 companies that operate in Third World countries, in China,
5 in India, in Russia, that don't have the same environmental
6 pressures, don't have the same labour costs, don't have the
7 same tax costs. So I think I can agree with you that
8 directionally there is no question most of my members are
9 very focussed on that and have spent a lot of time and
10 money and effort in trying to conserve and implement new
11 technology that allows them to use less fuel.

12 But in some cases -- and I think I would probably
13 point to the pulp and paper sector as being the best
14 example -- you know, that is not the case.

15 DR. SILK: So you are basically agreeing that they
16 certainly were or have been, but they're making efforts to
17 become more efficient? That's what I hear.

18 MS. HARE: Dana, does this relate to the low-income
19 issue?

20 DR. SILK: Yes. It certainly does. Okay? So my
21 second question is, IGUA seems to be sort of saying we have
22 no role to play in social policy and we certainly don't
23 want the regulator to play any role in social policy. My
24 question is about environmental policy.

25 You have just brought that up. Does IGUA think that
26 it is just and reasonable to allow commodity consumption
27 rates -- for your members -- that do not reflect the
28 environmental costs? In other words, should the public be

1 paying for the private debt that has been racked up by your
2 members? And more importantly, should low-income
3 households be paying for the private debt, the private
4 environmental debt, the private profits that your members
5 have racked up by generating a rather large environmental
6 debt? And should low-income households be paying for that?

7 MS. ALDRED: Can I jump in here? Because I think the
8 Chair made a very good point on Monday, and that is we're
9 really looking at the distribution portion of the bill here
10 and that's what we control. And we don't really control
11 the stranded debt of old Ontario Hydro.

12 So I think the question is structured more to
13 commodity rates than the distribution portion of the bill.

14 DR. SILK: I didn't refer to the stranded debt, and I
15 have taken the advice of the Chair and I am not going to
16 refer to it any more. I'm talking about the environmental,
17 and the witness has said that they don't think you guys
18 should have anything to do with social policy. My question
19 is: Does the witness think that you should have anything
20 to do with environmental policy or the environmental debt?

21 MS. HARE: Let's keep in mind that is a stakeholder
22 conference. He's not a witness.

23 MR. NEWTON: Why do I feel like a witness right now?

24 [Laughter.]

25 DR. SILK: Every word you say is being recorded.

26 MR. NEWTON: I think your question would need to be
27 repeated, because I think I heard three or four questions
28 in there and I am not sure which one to try to tackle

1 first.

2 DR. SILK: IGUA thinks we shouldn't be involved and
3 the Board shouldn't be involved in social policy. Okay,
4 that is your right. Do you also believe that the Board --

5 MR. NEWTON: I don't think I said that. I said the
6 Board shouldn't fund social policy.

7 DR. SILK: Okay. Does IGUA think that the Board has
8 no role to play in environmental policy, and addressing the
9 environmental debt that your members have racked up, making
10 lots of money over the years, and expect low-income
11 households to pay it off, among others?

12 MR. NEWTON: I can't accept some of the assumptions.
13 I mean, first of all, if you have taken a look at the
14 balance sheets of some of my member companies -- and I have
15 -- some of them aren't making money right now.

16 Who are those companies? Who are my companies?
17 They're employers. They're part of the social fabric.
18 They're part of this country. They're part of this
19 province. So I take a little bit of objection to the --
20 your companies are making all of this money, and I don't --
21 I honestly don't understand that part of your question that
22 is talking about "environmental debt". I don't know what
23 that term means. I do not know what "environmental debt"
24 means. So I am struggling a little bit here. I am not
25 trying to be unhelpful. I just don't understand your
26 question.

27 MS. HARE: A question from Mr. Manning.

28 MR. MANNING: Paul Manning, external counsel for LIEN

1 and the National Chief's Office.

2 And I will try not to treat you like a witness, but I
3 just wanted to understand this.

4 You are saying, quite clearly, if this is something to
5 be done, some kind of rate affordability is in the public
6 interest, there should be a public fund. The public should
7 finance it.

8 And you also said that some of the programs or
9 mechanisms that you had been listening to during the course
10 of the debate during the week might produce cost
11 efficiencies for the whole scheme, for the whole industry.

12 Did I understand that last bit correctly?

13 So I am just wondering, if there are cost
14 efficiencies, your clients would share in them. Your
15 members would share in those, presumably. That's in the
16 nature of how a cost efficiency would work.

17 MR. NEWTON: No. And that's what our submission has
18 said, but we distinguish between ratemaking issues. I
19 don't see how the rates would be reduced.

20 Our concern is the rates would be increased. We
21 distinguish between the rate side and customer service
22 side. So on the customer service side if there are some
23 initiatives that can be done that are revenue-neutral -- to
24 use a term -- or even create benefits for the system, then
25 absolutely, I think they ought to be considered.

26 MR. MANNING: But you see the little bit of potential
27 irony in there, that where the mechanisms are going to
28 create a benefit, then you are content for your members to

1 take the benefit. But where it needs a little bit of cash
2 --

3 MR. NEWTON: I haven't defined what the benefit would
4 be. It might not be a benefit for my members. It could be
5 a system-wide benefit that, for whatever reason, doesn't
6 benefit an industrial customer but benefits the system as a
7 whole, the gas distribution system as a whole.

8 MR. MANNING: Let's suppose for a minute there was a
9 financial benefit from the efficiencies that were created
10 Is it not right that the way the ratemaking structure
11 works, your members would, possibly, take the benefit,
12 depending how the rates were structured --

13 MR. NEWTON: I think it depends on how those benefits
14 are allocated and how the costs are allocated. Rate design
15 and cost allocation with the two gas distribution - natural
16 gas distribution companies that I am aware of in Ontario,
17 extremely complex.

18 MR. MANNING: But it could be so. Surely in theory it
19 could be so?

20 MR. NEWTON: I think it -- if it were so, the
21 magnitude of that benefit would be likely so small it would
22 be insignificant.

23 MR. MANNING: And if it were a small amount for your
24 members to have to inject into the scheme, presumably you
25 would be likewise content with it, on the same rationale?

26 MR. NEWTON: I think, to try to be fair to your
27 question and try to be as open as I can, depending on the
28 initiative, depending on the benefit that is generated, you

1 could make an argument that that benefit ought to flow
2 solely to that rate class. I mean, we're open to that.

3 We need to understand the specifics of what we're
4 talking about, what the cost implications are, and I think
5 that is the way the Board would probably deal with it. It
6 would look at each individual benefit on a case-specific
7 basis, and you would make a determination on the basis of
8 the evidence.

9 MR. MANNING: Thank you.

10 Marika, am I allowed one follow-up question to that?
11 As you rightly say, I mean, the ratemaking, rate design,
12 can take a number of different turns and directions. And
13 if there were a ratemaking design that resulted in only
14 residential -- I am not proposing this. I am just putting
15 it up -- only residential consumers bearing the load, if
16 there were a load of this mechanism, so it didn't affect
17 your members, what would your interest be then?

18 MR. NEWTON: I think it would depend on the
19 circumstances. And we would want to be better informed
20 than I am here, in terms of what the costs and benefits to
21 the entire system are.

22 I would want to hear what the gas distribution
23 companies had to say about it, what their views were. I
24 would want to hear what other customer groups said.

25 So I think, to be fair, I would need to -- you know,
26 I'd need to read the evidence and understand the issue
27 before I would form an opinion on it.

28 MR. MANNING: That's fair. Thank you.

1 MS. HARE: Mary?

2 MS. TODOROW: I actually have more of an answer than a
3 question, and it was an answer to a question that you
4 posed, which is: Who exactly would benefit from these
5 programs? How many are there, and what would it cost? I
6 am really interested in knowing that as well, so -- we have
7 Stats Canada data from 2001 on how many households in
8 Ontario were living at or below the pre-tax, post-transfer,
9 low-income cutoffs.

10 There is no agreed-upon definition of "poverty" in
11 Canada right now. LICOs, these pre-tax, post-transfer
12 LICOs have been accepted by a number of groups as "poverty
13 lines" because it indicates that people are living in
14 straitened circumstances and are really struggling to pay
15 for the basic necessities of living in this country.

16 So I am waiting to get the 2006 update, because it
17 costs about \$17,000 -- \$1,700, sorry, not 17 -- \$1,700 to
18 get it from Stats Canada, and all of a sudden everybody is
19 interested in getting the update. So I think we'll be able
20 to share the cost of it.

21 But I wanted to give it to you. And what it showed is
22 that about 760,000 households in Ontario in the 2006 census
23 -- so that would be 2000, so, you know, we're a little bit
24 out of date there. There's like -- because now we are in
25 2008.

26 So it shows that at that point there were 760,000
27 households out of 4.2 million who were living at or below
28 these "poverty lines", the pre-tax, post-transfer cutoffs.

1 But the way that they count low-income is that it is both
2 families and single unattached individuals, so that 760,000
3 is an overestimate.

4 And then on top of that you would have to layer what
5 are they paying for their energy bills, because some people
6 may in fact not be paying more than 6 percent for their
7 total home energy costs.

8 So that's the potential client base, but then you
9 would, you know, use other criteria, in terms of
10 eligibility.

11 And in terms of actual costs, I think there are good
12 energy economists who will probably be able to come up with
13 a good estimate of that.

14 MR. NEWTON: Well, it would be very case-specific,
15 because the Union and Enbridge franchises have very
16 different customer mixes. So, I mean, I shouldn't be
17 speaking for Union and Enbridge, but I think you would
18 find, if you look at the Enbridge and Union Gas gas
19 distribution systems, they have very different customer
20 mixes.

21 I think that the Union system likely has a higher
22 percentage of industrial volumes than the Enbridge system.
23 So to me, that would mean that Enbridge likely has a higher
24 percentage of residential customers and possibly a higher
25 percentage of low-income residential customers. But I have
26 no way of knowing that. I don't know whether low-income
27 consumers are evenly distributed through the province.
28 That may sound like a silly statement, but I just -- I

1 don't know.

2 And so --

3 MS. TODOROW: We actually --

4 MR. NEWTON: I think one of the benefits of this
5 consultation process is to try to get that kind of
6 information out here, because I think we all need more
7 information.

8 MS. TODOROW: And we can get that information, because
9 you can dig down through Stats Canada, and you can actually
10 get the rate of poverty, these low-income households,
11 living in postal code areas. So this can be done.

12 MS. HARE: So Mary, just doing the math quickly, that
13 works out to about 5 and 1/2 percent of the total
14 households you are saying are below the poverty line?

15 MS. TODOROW: No, no, 18 percent at that point,
16 because it was 4.2 million, so that's where you're getting
17 the 18 percent --

18 MS. HARE: 760,000 out of 4.2 million?

19 MS. TODOROW: Yes. Households. Households, sorry.

20 MS. HARE: My math comes out to 5 and 1/2, but this is
21 the problem of doing math on the fly, right?

22 MS. TODOROW: I don't have a calculator. Does anybody
23 have a calculator? You can do it.

24 MR. NEWTON: But I think you are hitting on a major
25 point here, that I don't think anyone in this room really
26 knows for certain today what the numbers are and what the
27 potential rate impacts would be.

28 MS. TODOROW: Yes. That's the potential client base.

1 We start at that point, and already I'm telling you I think
2 that is an overestimate, because of the way they count
3 those low-income household families, because you could have
4 a middle-income family that rents out to a student who is
5 at the pre-tax, post-transfer cutoff income, but that whole
6 household would be counted as a low-income household. So
7 that is just the potential.

8 But that's where the 18 percent comes. So it is 18
9 percent. And I know that the -- there's been a bit of an
10 increase.

11 MS. HARE: I'm sorry, Mary, where does the 18 percent
12 come from?

13 MR. MONDROW: If you divide 760,000 by 4.2 million,
14 you get almost 18 -- just over 18 percent.

15 MR. NEWTON: Yes.

16 DR. SILK: It is almost a million, and there are 4
17 million, so it is almost 25 percent, it's a little less, so
18 Mary's figure is right. Well, righter than yours.

19 MS. TODOROW: And it is actually 14 percent -- it's
20 actually about 14. I have it in my first slide of my
21 presentation -- persons, it is 14.7 percent of persons, but
22 households we're talking about, because the household would
23 be the customer, right? It would be a household. So I
24 will have the 2006 census figures next month.

25 MR. WETSTON: Marika, Mary, the Board will get that
26 and pay for that.

27 MS. TODOROW: Excellent. Thank you.

28 MR. WETSTON: We will distribute copies. That is

1 material that we should have, and we should obtain that
2 information. So staff should get that information. We
3 will distribute it to those who want to have it.

4 MS. TODOROW: And we got it from Green Communities
5 Canada, because they needed it to be able to --

6 MR. WETSTON: Who?

7 MS. TODOROW: -- know who their client base was for
8 their low-income energy-efficiency program.

9 MR. WETSTON: Who?

10 MS. TODOROW: Green Communities Canada.

11 MR. WETSTON: Well, we can sort that out, but we --

12 MS. TODOROW: Yes. Thank you.

13 MR. WETSTON: -- will get you the information.

14 MS. TODOROW: Thank you.

15 MS. HARE: Other questions for IGUA?

16 MR. WETSTON: Murray, how do you define social policy
17 when you think about it in terms of the mandate of the
18 Board? And do you think that -- I asked this question the
19 other day -- that the role of the regulator is evolving to
20 some extent, and should the regulator be involved in areas
21 that might cause it to take on responsibility where there
22 is a gap, where no one else is taking that responsibility
23 on?

24 And if you think about it more -- less specifically
25 and more generally to the mandate of a regulator today, I
26 have asked questions about the role of the regulator, which
27 is very important to me, and assuming the appropriate role,
28 in terms of our responsibilities today.

1 And I know we talk a lot about economic regulation,
2 and that's what we are. Some regulators might not quite
3 look like an economic regulator, because of some of the
4 duties that they may take on, but we have been a
5 traditional economic regulator to date, I would say.

6 So can you help me a little bit with what you are sort
7 of getting at when you use that expression?

8 MR. NEWTON: Where I am coming from, Mr. Wetston, is -
9 - well, a couple of things. First of all, my understanding
10 is the Ontario Divisional Court said the OEB is not engaged
11 in setting social policy. So I am not a lawyer. I can't
12 argue with that. But that is what --

13 MR. WETSTON: But you've told your colleagues that --

14 MR. NEWTON: -- that is what I am told. That's what
15 I'm told the court said.

16 But I guess from a personal perspective and from
17 IGUA's perspective, social policy, to me, you are dealing
18 with issues that are for the "common good" and there is an
19 accountability issue there.

20 If people who determine social policy or public policy
21 -- they have to be accountable. And from my perspective,
22 accountability comes through the elected process.

23 If you elect a politician or a government official and
24 they don't respond to your needs, if you are a low-income
25 consumer and you are not getting what you need from your
26 government officials, well, then you need to toss those
27 folks out and get someone in there who is going to respond
28 to your needs.

1 And I think in a western democracy that has a rule of
2 law, like ours does, I think that system is tried and true.
3 I think it works well. I have faith that -- I think the
4 Ontario Energy Board is an example I'm sure is closer to
5 some social issues, maybe, than someone else might be.

6 So I would use your advisory functions -- and I am
7 struggling here for the appropriate word -- but I would
8 encourage the Ontario Energy Board to have an open
9 conversation with government officials about these issues,
10 and if you become aware of an overriding social issue that
11 you are becoming aware of because you are closer to the
12 market or you are more aware, for whatever reason, then I
13 think you, quite rightly, ought to be making that point to
14 government officials.

15 But I still come back to the point, I think it is up
16 to the government, I think it is up to elected public
17 officials to not only develop public policy. I think they
18 have a responsibility to be accountable for it once they do
19 develop it, and I absolutely think they ought to fund it.
20 If it is in the public interest, it ought to be funded by
21 the public, by the entire society. The entire society
22 ought to fund it, not just a group of ratepayers.

23 MR. MONDROW: Mr. Chair, Mr. Newton referred to the
24 Divisional Court's view in this particular context, which
25 in some ways is the genesis of this consultation, or at
26 least removing a roadblock to this consultation.

27 The court talked a lot about social justice and didn't
28 define it a whole lot, but there are a couple of passages

1 that are perhaps instructive in illustrating the
2 distinction that IGUA makes between the government's role
3 and the Board's role.

4 One of those passages, for anyone that wants to look
5 up the decision, is found at paragraph 47, where the court
6 says:

7 "The Board's mandate has not been directed to the
8 public interest in social or distributive justice
9 through a differentiation of rates on the basis
10 of income."

11 In a subsequent passage at paragraph 49, the court
12 says:

13 "Special rates for low-income consumers would not
14 be based upon economic principles of regulation,
15 but rather on the social principle of ability to
16 pay."

17 So in the context of this discussion, I think the
18 point that IGUA emphasizes is that the court's view is that
19 ability to pay and distributive justice that reflects or is
20 sensitive to ability to pay is a matter of social policy,
21 as opposed to regulatory policy. For example, the court
22 also talks about, in another passage, what "just and
23 reasonable" means.

24 Just and reasonable, in the context of economic rate-
25 making, obviously the Board Members know and Staff knows,
26 but just to put it on the record, is conventionally thought
27 of as balancing the interests of shareholders in earning a
28 return, on the one hand, and ratepayers in paying

1 reasonable costs, and evolves from a context in which there
2 is no competitive check on profits.

3 So that's kind of an economic regulation principle, of
4 course, which is quite different from tailoring rates to
5 address social issues. And, again, I can only refer to the
6 term "distributive justice", which I think encapsulates
7 what the court at least had in its mind when it was framing
8 the decision in this case.

9 I think IGUA would endorse that distinction.

10 MR. MANNING: I just wanted to pick up on that,
11 because although the court acknowledged that the
12 traditional role of the Board was as economic regulator,
13 and that it does not determine social policy, it did
14 determine that apart from balancing the interest of utility
15 and consumers globally and making sure that the utility
16 gets an appropriate return, it is entirely open to the
17 Board to determine rates according to ability to pay, if it
18 determines that that is appropriate in the cause of making
19 a just and reasonable rate.

20 So whilst the Board doesn't determine social policy,
21 there is an element of policy that is embedded in its
22 mandate and jurisdiction to determine just and reasonable
23 rates, and to achieve its statutory objectives of ensuring
24 the protection of consumers as to prices and reliability
25 and quality of service.

26 So to cite the passages that Mr. Mondrow has cited, it
27 is only part of the debate that took place before the court
28 and misses what the final determination of the majority in

1 that decision was. There clearly is a narrow, quite well-
2 defined jurisdiction for the role of the Board as regulator
3 and, if, according to the statutory and other
4 jurisprudential criteria, it determines something is in the
5 public interest -- which is the Board's overarching
6 mandate, as it acknowledges on its own website, and also
7 something that falls within its statutory objectives --
8 then it makes the transition -- I think, LIEN and the NCO
9 would suggest, at any rate -- makes the transition from
10 being the jurisdiction to being the mandate.

11 The exercise of discretion -- which is left entirely
12 by the court decision to the Board -- is to undertake that
13 enquiry and determination consistently with those
14 principles.

15 So I think LIEN and the NCO have a different gloss
16 from IGUA on what is the import of that decision.

17 MR. MONDROW: I think Mr. Manning's comments are quite
18 fair, and I would refer to IGUA's written brief which has
19 been prefiled, which acknowledges that the decision on its
20 face plainly says, and to paraphrase, that the Board can
21 take ability to pay into account. It doesn't opine on
22 whether the Board should take ability to pay into account.

23 I was responding to the question about the distinction
24 between social policy and regulatory policy. I wasn't
25 putting forward an interpretation of what the right thing
26 for the Board would be to do.

27 So I acknowledge Mr. Manning's comments. I don't
28 think they're inappropriate; nor do I think IGUA's position

1 is contrary to those. IGUA is addressing the issue of
2 "should" rather than "can".

3 MR. NEWTON: I obviously agree with what Mr. Mondrow
4 just said. I want to add that the court clearly said that
5 implementing some sort of rate relief through ratemaking
6 would be a departure from traditional ratemaking
7 principles. That's in the decision.

8 I said earlier I wasn't going to talk about ratemaking
9 principles, but I think I do need to put a couple out here.

10 Manipulating rates in that way violates traditional
11 cost-of-service principles. It changes the rules in the
12 middle of the game.

13 And those principles have underpinned sound economic
14 regulation for decades.

15 Rates are to be cost-based. And if we're going to
16 begin to depart from that traditional regulatory principle,
17 and introduce concepts like value of service, we're
18 entering into a totally different paradigm and I don't
19 think that is what -- where IGUA would want to go.

20 There are a lot of other principles that I am sure the
21 Board Staff is well or better versed on than I am, but
22 rates are to be cost-based.

23 MS. HARE: All right. No other questions? Thank you
24 very much, Mr. Newton.

25 We are going to move to topic number 5, customer
26 service issues. We have five presenters on this topic.

27 We will start with Kerry Lubrick, manager, special
28 supports program, with the City of Hamilton.

1 **PRESENTATION BY MS. LUBRICK:**

2 MS. LUBRICK: Good morning, and thank you. I will be
3 presenting on our arrears management program. There is no
4 slides up, sorry.

5 I will be presenting on our arrears management
6 program, presenting some statistics --

7 Hello? Sorry, should I switch over to this one?

8 MS. LUBRICK: Good morning. My name is Kerry Lubrick,
9 as I was introduced, and I work for the City of Hamilton.
10 I am in the social services business.

11 We administer an arrears program to the low-income
12 residents of our city. I am going to cover some topics
13 today, and I have to point out that this is unique to the
14 City of Hamilton. This is not what colleagues are doing
15 across the province.

16 Everybody has a different way of handling utility
17 arrears. I know LIEN has documents put out there
18 describing different procedures and policies that are in
19 place.

20 I would like to show you how Hamilton has gone forward
21 and then I want to get into some of the struggles and
22 challenges that we have faced over the years.

23 So first of all, I wanted to say that our procedures
24 and policies on utility arrears was introduced in 2002.

25 In 2001 we started to see increased requests for
26 utility arrears from our low-income population, which was
27 causing a lot of problems for sustaining some of the
28 funding. We're at a time where anything that is

1 discretionary is being cut. There was no mandatory policy,
2 as it pertains to utility arrears. So we really had to dig
3 hard and see what we could utilize, and we came up with a
4 program.

5 And basically, we service three sorts of clientele.
6 The first is Ontario Works; second, Ontario Disability; and
7 then finally we have the low-income, so those are your
8 working poor, seniors, those on a fixed income. Those are
9 not socially assisted.

10 And as I indicated, I work for the City of Hamilton,
11 but we are responsible for the Ontario Works program for
12 the City of Hamilton. So it is a provincial program that
13 is dictated to us. It is then delivered by the City.

14 The Ontario Disability Support Program is delivered by
15 the Province. And in Hamilton we have a separate office
16 that provides service to ODSP.

17 Then finally, we have the low-income population, where
18 there is nothing to provide to them. So we do not have a
19 provincial social policy directed at low-income. That went
20 out in 1998.

21 So basically, the City of Hamilton, under the
22 Municipal Act, provides some benefits to low-income, and,
23 of course, we include them in utility arrears.

24 And when we talk about low-income -- and I have heard
25 the terms about the low-income cutoff guidelines -- for the
26 City of Hamilton, with our population size, based on the
27 2006 statistics, we look at a single individual that is
28 earning \$17,570 net, would be in the low-income category,

1 if you go by the low-income cutoff.

2 So those are some of the rate -- or those are the
3 rates that we use for the low-income. OW and ODSP have a
4 whole different process we go through, and I will get
5 through it, but you will see that they're even a lot lower
6 than that.

7 And I also have to point out, in some of the reading
8 the consultant provided, they talked about low-income
9 cutoff guidelines and assets. We look at assets.

10 So if somebody has a lot of liquid assets, for a
11 single over \$5,000, we don't consider them at that point
12 low-income. They have some resources to pay for their
13 utilities.

14 Okay. So how we define utility arrears in the City of
15 Hamilton is, we are looking at hydro arrears, water
16 arrears, fuel arrears -- and that's in the form of gas or
17 oil -- reconnects, reconnection charges, or security
18 deposits.

19 Now, we try to come up with an easy way to deliver our
20 program. So we use the rates of an annual -- or within 12
21 months somebody could be eligible for 1,500 for utility
22 arrears if they have children in their family.

23 If you are a single or a couple with no children --
24 and how we define children is a person under the age of 18
25 that you are responsible for in your household -- what
26 happens is, when they contact us, we will make a request
27 for immediate stop on any disconnection, if right now
28 they're in the process of being disconnected, and once

1 they're approved then the money goes directly to the
2 utility company to cover all of the costs identified.

3 What happens during a year is, we could have a family
4 with children come to us, say, in January and make a
5 request for \$700 for gas, but because they're low-income,
6 because they're struggling with market rents, et cetera,
7 they may come back in June and say: Now I am running into
8 problems with my hydro. Can you help us?

9 Well, we use our figure of 1,500. If we already paid,
10 say, 700 for the gas in January, there's approximately 13
11 left -- 1,300 left that we could -- or, sorry, I said 700,
12 so that is 800 left. We could possibly help them out with
13 their hydro.

14 If somebody came to us for a payment, and then we saw
15 they came again but haven't made any efforts, they may not
16 qualify for this, because we're putting some of the
17 responsibility back on them. You have to make some sort of
18 effort here.

19 Before I go on to some of these statistics, I just
20 wanted to point out, in the City of Hamilton we have tried
21 to market our program, because there is no good of having a
22 utility arrears program unless it is marketed, and this has
23 always been a struggle.

24 So with our Horizon Utilities Corporation, we have an
25 annual mailing that goes out with the cheques or their
26 billings -- we do cheques, they do bills -- to offer some
27 of these programs to our low-income customers.

28 Another area that we do market is flyers in the

1 community, that we have tied it even to housing. So one
2 side, it talks about utility arrears. The other side, it
3 talks about housing supports, things like our legal
4 clinics, things like the rent bank, things that people are
5 going to get into trouble, they should have the numbers.
6 So we have tied those two things together.

7 Another area that we advertise is on our website. So
8 we are trying to reach out the best we can, because we
9 struggled with this issue also.

10 So let's talk about what we have seen in 2007. So we
11 assisted 2,327 low-income households, and we delivered over
12 a million dollars in assistance. Now, this -- and I have
13 to point out that this is discretionary benefits. These
14 are not mandatory benefits that we will get into later. So
15 we will talk about that.

16 But you can see we have broken up the category of
17 clients, and you see most of the money is going to our low-
18 income population. And some of the reasons for that I will
19 get into, but I also want to point out, as you can see, we
20 have had an increase of 17 percent expenditures over 2006,
21 and we saw an additional 20 percent in households coming
22 forward for assistance.

23 MR. SOMMERVILLE: Excuse me. That is an additional
24 20 percent over 2006?

25 MS. LUBRICK: Yes. It increased by 20 percent.

26 MR. SOMMERVILLE: Okay.

27 MS. LUBRICK: Okay?

28 Now, of course, everybody's into performance

1 indicators and evaluations. And when you are managing a
2 pot of that money, we've really got to understand: Who are
3 we serving?

4 So we constantly do little reviews to see who we are
5 serving. So we took one month, and we did a review in
6 October of 2007. And I have to point out, we talk about
7 people and we talk about households.

8 So let's -- I just want to point out that our caseload
9 of OW -- this is not ODSP or low-income. I am just looking
10 at OW for this time period. We had a caseload size of
11 9,382. So that caseload of just over 9,000 is comprised of
12 over 21,000 people.

13 So I want to point out additionally to that, that that
14 21,000 is made up of -- or, sorry, the 9,000 is made up of
15 50 percent -- 57 percent were families with children. And
16 of that 57 percent, 36 were sole supports. So that is a
17 single mom or single dad with children.

18 So if we look at it, we assisted 36 singles and
19 couples with utility assistance, 98 families with children.
20 So you see we have a higher proportion of families with
21 children coming forward. And again, this is OW. We are
22 not looking at statistics for ODSP or the low-income
23 category.

24 I also wanted to point out there that we have 19
25 percent of the single people or couples living in
26 subsidized housing, 32 percent of the families living in
27 subsidized housing. 3 percent of the singles lived in
28 their own homes, so this is when they have a mortgage or no

1 mortgage, but they own that property. 8 percent of the
2 families owned their property.

3 And then the average rent there, and that's outside of
4 the subsidized rent. So anybody that was paying market
5 rent or a mortgage, we did a calculation to get the
6 average. Average single or couple was paying 450, that
7 came to us to get help. The families were paying 683.

8 So as you can notice, as you get down to the bottom,
9 you see most of the people need help with hydro. So of
10 course, singles and couples, generally they're in
11 apartments, they don't have to pay heating costs, so their
12 issue is always going to be hydro. There is some people
13 that are getting both. And again with families, you can
14 see that hydro is a big issue. Okay?

15 I want to talk a little bit about shelter allowance.
16 And I have seen that in the report. And this table is
17 something we use across the province. This is not unique
18 to Hamilton. These are our Ontario Works rates and Ontario
19 Disability rates for shelter.

20 So if somebody is on social assistance, a single
21 person on OW is allotted \$349 for their rent. And with
22 shelter -- and I will get to that on the next slide -- that
23 is including any heating cost or electric. So I don't know
24 who could afford to have shelter costs that is \$349.

25 For ODSP it is a bit more, so you can see it is \$445
26 they allot for a maximum shelter allowance. Knowing this,
27 I just wanted to point out -- and of course we're talking
28 about Hamilton, so I have to tell you that the rates,

1 average market rates in Hamilton, which vary widely on
2 every website reviews that are done -- for a bachelor
3 apartment in Hamilton, they're saying the average rent is
4 \$511.

5 So if you look at a single person on OW, if they went
6 to a bachelor at 511, they're not cutting it.

7 I just wanted to point that out.

8 What we're seeing is people on OW are paying generally
9 more than 70 percent of their whole assistance towards
10 their shelter cost.

11 So for the purpose of social assistance, what shelter
12 cost is defined as is your rent or mortgage, and then it
13 also includes your utilities, your security deposits, and
14 any fees. So those are mandatory benefits. That is what
15 is dictated to us. But as you can tell from the previous
16 slide -- when I go back -- if you are paying \$300 rent,
17 say, for instance -- and I would like to take a low-income
18 in subsidized housing. So a single mom is getting, is on
19 assistance, Ontario Works. She has one child. Her rent is
20 going to be \$222. But on top of that, she has to pay for
21 her gas and her hydro. So the maximum shelter allowance
22 that she is entitled to is \$549. So she gets her \$222 for
23 rent. Whatever her actual gas charge is for that month,
24 that would be added on, and with her hydro, so it comes to
25 a maximum of \$549.

26 What we find in Hamilton is -- and it comes down to
27 conservation -- it comes down to condition of housing --
28 that even though somebody is in subsidized housing, it is

1 not really subsidized when you add in utilities because now
2 their cost is generally over the allowable rates we have.

3 So going back, we said about what it includes. Then
4 there was a change and we're talking about mandatory
5 benefits.

6 In December 2004, the Ministry of Community and Social
7 Services changed some of our policies and a benefit known
8 as Community Startup was changed to include the word
9 "maintenance".

10 Maintenance is maintaining something. So with adding
11 that word in, anybody on social assistance could apply to
12 this benefit -- or eligible for the \$1500 with families
13 with children, or \$799. So you could see we tried to keep
14 it in line with our utility arrears. So those are the
15 rates for the mandatory benefits and we have rates for our
16 discretionary benefits.

17 Now, when you see this slide, you are going to think:
18 Well, you've got two million dollars. What's the problem?
19 You only spent a million dollars last year. But you have
20 to remember, this is our potential budget. That doesn't
21 mean we actually have all of this money, because we
22 maximize our funding.

23 So what we did was, in Hamilton, our water division --
24 because water is coming through the City -- they saw a lot
25 of issues with water arrears. And they tried to set up a
26 program just devoted to water. We also extended it to look
27 at utilities. So we have a half a million dollars.

28 But for OW and ODSP, we could get 80 percent cost

1 share. So if we spent \$350,000, we could get the, like
2 \$1,400,000. So that turns into \$1.7 million. And you
3 could see, with our low-income working poor, that amount is
4 your net amount. So it is \$150,000 we allot to them, plus
5 we also utilize the 100 percent Provincial fund that comes
6 from the Ministry, because we want to direct it to our low-
7 income population. This year we did receive an increase.
8 So we received \$101,000 from the Ministry for the Energy
9 Emergency Fund. So we do have at our disposal 2 million.

10 Is this funding sustainable? That's the question,
11 whether or not we can continue on.

12 We keep seeing increases, and I know this year we will
13 be juggling some of these numbers because we've seen more
14 of an increase in our low-income working poor area.

15 I also wanted to point out that we talked -- I heard
16 over here, and I thought that's timely because we talked
17 about the low-income population -- as I said, Hamilton has
18 a population size right now of just over half a million and
19 we have got approximately close to 90,000 individuals
20 living below the poverty line.

21 So there is your 18 percent. Okay.

22 We saw a little bit of a decrease over this last few
23 years. '91 it was up to 20,000. Now it is down. And
24 because some of the ratings changed because now we turned
25 into a bigger city, when you go over a limit...

26 So our rate is: 18 percent of our population is
27 living below the low-income cutoff guidelines.

28 Really, it is unacceptable to think in a country like

1 Canada -- Ontario, or a city like Hamilton -- that somebody
2 has to go without basic necessities of hydro or heat.

3 I want to talk about the current statistics for this
4 year and what we have seen already.

5 We have already gone up 10 percent over the second
6 quarter of last year. So to the end of June 2008, we have
7 spent over \$600,000 on our discretionary program, and
8 that's already been a 10 percent increase.

9 I think our rate for the end of the year is going to
10 be -- I'm not sure if it's going to be double, but it is
11 going to be a lot higher, because this year was unique
12 because we also had Horizon Utilities on strike for a
13 month, and that delayed some of the requests for
14 assistance.

15 So I am sure we will see a lot more coming out the
16 last quarter of the year as it gets colder.

17 Something unique to Hamilton is our utilities arrears
18 coordinating group. We put together a group when we got
19 some funding together to really make sure that our utility
20 assistance program is spent appropriately and clients are
21 accessing it.

22 Who is our membership? Well, we invited all utility
23 companies that work in our area to join. But we have
24 Horizon Utilities. We have agencies in the community
25 dealing with the low-income population. And we also have
26 City staff.

27 I think it is important to also point out that we are
28 including our vital services property inspectors, because

1 we have had some challenges in Hamilton with landlords
2 having utilities cuts off, so the client is not
3 responsible, the landlord is. So it kind of ties
4 everything together so we know what is going on and can
5 properly go forward with requests.

6 I also have an internal arrears working group too,
7 which is comprised of staff that are servicing the clients.
8 They're the front line. They are seeing the issues and
9 they're able to report back and we're able to train
10 appropriately and make sure that all of our staff are aware
11 of how the utility works in Hamilton.

12 Now I want to talk about our struggles. First of all,
13 payment periods: We have heard loud and clear from many of
14 our clients, and especially our seniors, that they want the
15 ability to select when they pay a bill. They get their
16 cheques -- most of the people we're dealing with are
17 getting their cheques at the end of the month.

18 Anybody that is on a bank line will say all of the
19 seniors come up, are the pensions in, because they know
20 they have to budget for the month. So they've asked that
21 they pay on the first to the third working day of the
22 month. And their challenge is that they're told by
23 utilities: Well, you have to sign up for our automatic
24 banking withdraw, you have to be a person in good standing
25 and you have to go on equal billing.

26 Well, a lot of our senior population do not like
27 people to go through their bank. They like to go into a
28 utility company or even go to the bank and get it stamped.

1 They don't want people touching their bank. This is also
2 an issue with our OW and ODSP folks, because not a lot have
3 bank accounts, because there's not much to put in there for
4 anything to come out.

5 So it is a challenge, because they're trying to figure
6 out their budgeting. They know how much they have. If it
7 gets -- you know, they pay everything at the first of the
8 month, they know this is what is left over. But the
9 struggles they're seeing is about the equal billing,
10 automatic withdrawal, and of course the big one: Their
11 account has to be on good standing before they could even
12 look at anything like equal billing.

13 And really, the customers are trying to be
14 responsible, and sometimes they wouldn't even come to us.
15 They wouldn't run into problems if they budgeted
16 accordingly.

17 Disconnection notices: We find a lot of issues with
18 the notices. As I said, we work very closely with Horizon
19 Utilities. They come over and train our staff. We are
20 aware of their processes. They're very proactive with
21 their clients in giving advance notice and phone calls,
22 doing everything to avoid a disconnection. But they still
23 disconnect.

24 So we're trying to figure out: Is there a different
25 way we could communicate better with the clientele we
26 serve? And I know that the minute somebody runs into
27 problems, the next time they run into disconnection, that
28 timeline changed from two months to maybe a month.

1 When -- better communication on the programs that are
2 available. And I think this is always a problem, that
3 utility companies don't always know what policies or
4 procedures are out there in their community. It is a
5 struggle when you have a large community and a large number
6 of utility companies attached to it.

7 And I think the biggest struggle we have is trying to
8 be proactive, not reactive. And this is the big problem,
9 is that we're always getting the call when the utility
10 company is at the door: They're here. They're
11 disconnecting. And it is really hard to stop it at that
12 point.

13 Big one, security deposits: As you know, security
14 deposits are required when somebody has no history or a bad
15 payment history. We did a review, and -- of our utility
16 arrears program, just on the monies that we paid to Horizon
17 Utilities between January and May of 2005.

18 So basically, I put together the list of everybody we
19 gave the money for. I said: Divide it out. Tell me how
20 much went to security, how much went to fees, how much went
21 to water, and how much went to arrears.

22 27 percent of the dollars that we gave them went to
23 security deposits. So that money is not going to
24 utilities. That's an assuery. 2 percent of the monies we
25 gave to them went to fees, so whether it is reconnection,
26 disconnection, or whatever fees that were attached there.

27 So to put that in perspective, the dollar figure we
28 were looking at was \$126,000 that we had given to Horizon

1 during that time period. Security deposits came up to
2 \$34,000, and fees were 2,000, just over 2,000.

3 And remember, this is only one utility company. Of
4 course, those security deposits with the gas company are
5 bigger, and I suspect we're up around the 75 percent mark,
6 because I did some anecdotal research a few years ago. But
7 without drilling down quite a bit, you don't know for sure,
8 but I think it is up around 25 percent, but with hydro I
9 know it was 27 percent, based on the data.

10 Okay. Calculation of the deposits: This varies, and
11 it is not negotiable. We tried. We don't get anywhere
12 with negotiating. The difficulty for our customers is --
13 we see this all the time, and it is quite sad -- that
14 somebody comes to us because they need assistance with
15 electricity. It's going to be disconnected, their hydro.

16 And we are looking at the bills, and they're huge,
17 just huge. We know hydro shouldn't be this big. Once you
18 drill down a little bit more, you're finding they don't
19 have any gas. That was cut off three years ago. So how
20 they've been heating their home is baseboard heaters,
21 opening their stoves and heating themselves that way, which
22 is quite sad.

23 And of course, now the hydro company is basing a
24 security deposit, because -- on their usage. So sometimes
25 we're able to get that down a little bit, but those are
26 difficulties that we are seeing in our community.

27 Recalculation may occur once somebody comes into risk.
28 So they might have been a great payer day one when they

1 were working, but a year into their situation they've lost
2 their job, had to come to social assistance, falling behind
3 on bills, and then they get hit with an additional security
4 deposit because they're now a risk.

5 Security deposits, continued: I understand in 2005
6 OEB made a revision to the security deposit policy which
7 allowed security deposits to be refunded to the third party
8 payer, which would be us.

9 So of course I diligently went out to our Horizon
10 Utilities to say, blanket: If we pay security deposits, we
11 want it back.

12 Last year we got a whopping 10,000 back out of all of
13 that money we have spent out, which comes down to -- which
14 I've all -- which everybody knows here -- nobody ever
15 becomes a good payer. The reason we got that money back is
16 because either they walked away from their property or
17 their situation changed and they closed their account.

18 So \$10,000 is really not a lot when you look at the
19 scope of how much money we put out, and when we know 20
20 percent is going to security deposits.

21 Service fees: Of course, fees vary. We all know
22 that. And there is reasons for that. But it is also a
23 struggle. We run into issues, of course, where load
24 limiters are put on in the winter months. But once it gets
25 hot out, they come off, and that's a disconnection, which
26 is a problem.

27 We also have a big issue with combining arrears from
28 bad debts, names, whatever. We have seen cases where

1 people are just trying -- and who knows what the rationale
2 is. It's probably, they got into trouble. They found an
3 easier way to get around it. They put their utilities in a
4 maiden name or they put it in their child's name to get
5 ahead. Well, sooner or later, everything gets put
6 together, and now the arrears are huge.

7 We also find big issues with our people that have
8 separated. So you've got a sole-support parent now, and
9 her husband's name was on the bill or partner's name was on
10 the bill. She gets stuck with that whole cost. She is
11 low-income, trying to put her life together, and now we've
12 got to cover all of those arrears, or everything is put on
13 her, not divided out. And of course, we have a big
14 struggle with interest payments or late-payment charges.

15 So just in conclusion, I think there is opportunities
16 to work together better. I think we all have to look at
17 this. It's not only social. It is everybody.

18 And this is what Hamilton's been trying to do, if
19 anybody's been following us with the Roundtable For Poverty
20 Reduction. We all have a commitment to resolve these
21 issues. I think it is coordinating, communicating, and
22 combining some financial resources.

23 That's it. Thank you. Sorry.

24 MS. HARE: Thank you very much. We are going to take
25 questions and discussion after all of the presenters are
26 completed.

27 So we will turn now to Andy Poray, from Hydro One.

28 **PRESENTATION BY DR. PORAY:**

1 DR. PORAY: Are we on? Okay.

2 Good morning, everyone. Andy Poray, from Hydro One
3 Networks.

4 The perspective that we have -- oh, thank you. The
5 perspective that we have taken for -- oh, wait a minute.
6 I'm pressing -- we'll get there. All right.
7 Technologically challenged, as my son would say.

8 Yes, the perspective that we have taken here is to
9 present some highlights of the challenges that we foresee
10 for -- certainly for the utilities and Hydro One, in terms
11 of, if we go forward with low-income issues being addressed
12 through the LDCs, and it is mainly based on the experience
13 that we have gathered through dealing with customers who
14 have payment issues. And we think that there are some
15 things that we have learned that we can move forward with.

16 We certainly agree that energy affordability is an
17 issue that is growing and that must be addressed, and the
18 key, of course, is, what is the best way of doing it and
19 the most efficient way of doing it.

20 So we will skip the question.

21 I just wanted to cover, very broadly, our
22 disconnection policies. I want to approach it from the
23 fact that we do our best not to disconnect customers. We
24 certainly abide by the Distribution System Code, in terms
25 of the requirements there, but we do work with our
26 customers to the greatest extent possible to try and avoid
27 disconnection, and this goes to the issue of connectivity,
28 which was addressed by VECC at the outset.

1 So we work very hard. We try and avoid
2 disconnections. So we try and employ various processes
3 that include budget billing, payment arrangements, and
4 working with social services to try and address issues of
5 customers who are having payment difficulties.

6 When we do issue disconnection notices, that doesn't
7 mean we disconnect the customer, per se. It just means
8 that the system has recognized that there is -- the bill
9 hasn't been paid and a notice has gone out. And we will
10 work with the customer, provide them lead-time to address
11 the outstanding amounts.

12 But the focus is always to try and work with us, to
13 try and get the bill paid, and as I say, we will try to
14 make some arrangements in the sense of how best the
15 customer can manage their bill.

16 Only as a last resort will we consider disconnection.
17 Typically we will not disconnect residential customers. If
18 they are having problems with bill payments, we will try
19 and work with them to reduce the amount of energy that they
20 use, whether it is through CDM programs or whether it is
21 through load limiters, where our field people will go out
22 and instruct the customer in terms of what appliances can
23 be used to limit the amount of energy that is used, so
24 that, for instance, heating and cooking and some lighting
25 -- so that the customer understands which appliances can
26 come on and run continuously, and then, if, for instance,
27 the switch trips, then the customer is instructed how to
28 reset that switch.

1 So we try and deal with the issues as best as we can,
2 in terms of working with the customers, informing the
3 customers of the options that they have. And, as I said,
4 we try not to disconnect customers.

5 This then leads me to issues which we feel are related
6 in terms of collection activities, the billing and
7 collection.

8 What we see here is the potential impact of dealing
9 with low-income customers in the future, in terms of how
10 our billing systems are set up, that essentially it is a
11 single process that deals with all customers, that there
12 are embedded processes within the system, but we do not
13 segment for the different customer types.

14 So if you were to try and do that obviously that is
15 going to be an issue.

16 If you are looking at parallel processes where you are
17 dealing with the issue of low-income customers, then there
18 may be considerations of costs as well.

19 The other thing we notice is it is difficult to
20 distinguish between consumers who do not pay their bills,
21 for whatever reasons. We don't know whether it is in fact
22 a low-income reason or whether it is other reasons, or
23 whether it is just because they choose not to pay the bill.

24 Some other considerations, in terms of billing and
25 collection issues, is the set-up, and I think the presenter
26 from Hamilton noted that.

27 When we set up an account, it is with a person who
28 calls us and takes responsibility for the account. How we

1 collect the information from the other members in the
2 household is not clear to us. We do not have an account
3 contract with them. And we have no authority to collect
4 information such as income.

5 So will a single account holder qualify for low-income
6 programs on their income alone? It is not clear to us.

7 Then there are all sorts of issues in terms of billing
8 and collection that are associated with validation, consent
9 requirements and various other things. The LPC is the low
10 payment charge -- or late payment charge, sorry.

11 The last point I would like to make on here is, if we
12 look at designing special rates, this could, in fact, drive
13 rates up for other customers and the potential issue there
14 is that the customers who are already on the borderline
15 paying their electricity bills now face higher bills. It
16 means that these groups of customers are going to find
17 themselves with outstanding amounts, so the volume grows,
18 effectively.

19 The last issue I wanted to address and touch on with
20 respect to billing and collection issues was the matter of
21 additional resources required in the back office.

22 I think we heard yesterday from our visitors from the
23 United States and from Hydro-Quebec where in fact they have
24 one-on-one relationship with the customers, where they have
25 set up an arrangement in their call centre that deals
26 specifically with low-income customers. The arrangements
27 and the agreements that are signed that Hydro-Quebec talked
28 about. It does involve people who are not doing that

1 today, so there is an issue there, in terms of additional
2 resources that are required.

3 What we have also done is identified some other issues
4 which we feel speak to some of the things that Mr. Newton
5 addressed in terms of customer service initiatives. And
6 these, we feel, can be grouped into three areas. There is
7 the identification of low-income customers. I think
8 there's been a lot of debate in terms of how do we go about
9 that, so I don't propose to really go through that, because
10 we have, to some extent, addressed that.

11 There are the issues around fairness and equity of
12 treatment of customers for LDCs, I think particularly in
13 the case of electricity distributors, where we have such a
14 wide range in the size of the utilities. We heard from our
15 US visitors yesterday that they're fairly large utilities,
16 of the order of about half a million customers. And
17 certainly Hydro-Quebec is a sizeable utility.

18 Here in Ontario we do have quite a wide variation in
19 utilities. So the issue of identification of customers and
20 how do you deal with equity and equality of treatment.

21 The last terms, in terms of implementation and
22 administration of low-income programs, there are some
23 issues that need to be at least borne in mind when we're
24 considering this. These are not exhaustive in themselves.
25 There are bound to be other issues, but we thought it would
26 be worth raising them.

27 I am going to skip over the low-income identification
28 and just address some of the other ones.

1 The fairness and equity, we think there are some
2 issues in terms of: Is an LDC to be trusted as an
3 appropriate authority to deal with customers when we are
4 dealing with such highly sensitive information as income?

5 Today we have privacy laws which prevent us from
6 releasing information, and only maintaining that
7 information which is necessary for the utilities to deal
8 with, and we have firewalls around that. That certainly
9 would increase those firewalls.

10 The other issue in terms of fairness and equity:
11 Should assistance be provided in a uniform manner across
12 all income consumers irrespective of their location? We
13 heard yesterday that in the United States the utilities had
14 their own, set their own rates to provide low-income
15 consumers with assistance.

16 Is that something that we want to do in Ontario,
17 bearing in mind that we have 80 utilities?

18 The last point, the LDCs with a higher proportion of
19 low-income consumers will carry more costs for this
20 program. Is that fair for other consumers of the LDC?

21 Some other aspects of fairness and equity: Should the
22 cost to manage the programs be borne by the utility's non-
23 low-income consumers?

24 We already discussed that.

25 Then the issue of multi-fuel consumers: So these are
26 people who have electricity and gas. Should they get
27 benefits both from the electricity and from the gas side to
28 manage their bills?

1 Particularly in the Hydro One's territory, we have
2 lots of customers that don't have access to gas. So their
3 alternative form of heating would be -- likely be propane
4 or oil. Is the issue going to be -- to address those
5 customers who use alternative fuels for heating?

6 In terms of administration consideration, some of the
7 issues that need to be considered, we have already
8 mentioned the new systems to implement.

9 We talked a lot yesterday about annual reviews, and
10 our visitors from the United States said that they had --
11 that the utilities were responsible for developing the
12 programs and then having the programs approved by the
13 Commissions and then providing annual updates. So there is
14 a lot of information that is required for that.

15 Again, the privacy issue, the access to information,
16 the ability of customers to access more than one agency to
17 assist in the programs, and how would the utility know that
18 that's happening.

19 I was just going to touch on briefly -- oh, yes, there
20 was one aspect that I wanted to touch on in the
21 administrative consideration, and I mentioned that
22 yesterday, and the first bullet:

23 "Delivery of programs by LDCs could impact on the
24 productivity levels".

25 What I was getting at there is that we are now
26 entering into the realm of incentive regulation, where
27 utilities' rates will be set in a predictable manner
28 through a price-cap mechanism. It's already happened in

1 gas, and it is about to happen in electricity.

2 So there is an automatic assumption, in the setting of
3 the parameters for those adjustment mechanisms, that
4 utilities will become more productive, that they will be
5 able to reduce their costs in managing the business. And
6 that's what the productivity factors have been set on.

7 In essence, if you now layer on top of that the
8 accountability for low-income and the programs that would
9 have to be put in place and administered, the costs of
10 doing that may, in fact, be greater than any productivity
11 that could be gained.

12 In other words, what I am saying here is that there is
13 an assumption that if you institute these programs, you may
14 be able to create some savings. There may be some benefit
15 for the utility. However, since you are already extracting
16 the productivity through the price-cap mechanism, that may
17 not pan out. So it is an issue that we have to consider,
18 or at least bear in mind.

19 The privacy regulation: There are certainly a lot of
20 privacy issues. The utilities in Ontario are subject to
21 three laws that they have to abide to, as shown in here.
22 So there are extensive privacy laws in Canada that we have
23 to pay attention to.

24 And adding to that, if we now have to have
25 accountability for low-income information, will make it
26 that much more difficult, in terms of putting in the
27 barriers and maintaining those barriers.

28 I think that was all I was going to say at this point

1 in time. Thank you.

2 MS. HARE: Thank you.

3 Colin McLorg from Toronto Hydro next, please.

4 **PRESENTATION BY MR. McLORG:**

5 MR. McLORG: Marika, I wonder -- if only for comic
6 relief -- whether I shouldn't move to a place where I can
7 be better seen. Could I perhaps sit beside Murray, if that
8 is all right?

9 Good morning, Board Members and Board Staff. I think
10 I am on the microphone now. Thanks very much for the
11 opportunity to present some of our views this morning.

12 I am sure it won't come as a surprise to anyone here
13 that Toronto Hydro and our close colleagues in the CLD have
14 views that are very similar to those that have been
15 expressed by Union Gas, Enbridge Gas, Hydro One, and the
16 other utility representatives.

17 Nevertheless, I did want, on behalf of Toronto and
18 informally on behalf of my colleagues in CLD, to present
19 some of our views and ideas about the topics under issue 5.
20 And perhaps I could just start with payment plans and
21 disconnection policy.

22 Now, you will remind me to advance the slide if I
23 don't.

24 MR. NEWTON: I will do it for you if you want.

25 MR. McLORG: Thank you. That's okay.

26 We have heard so far this morning from all of the
27 utilities that disconnection of a customer is very, very
28 untoward from our point of view, and we make every effort

1 to avoid that when we can.

2 I do know that to some, that will appear to be a kind
3 of a self-serving statement. But I really don't think it
4 is, in the sense that disconnection represents a breakdown
5 of the relationship between the utility and the customer,
6 and a breakdown of the communication between the utility
7 and the customer.

8 I think, in addition to agreeing to what everyone has
9 said about their policies in order to avoid disconnection
10 and so on, the thing that I really wanted to underline is
11 that it is vital that there be communication on the part of
12 the customer and on the part of the utility between the two
13 parties.

14 And I don't mind saying that we very much do view it
15 as a customer responsibility to initiate, if necessary, and
16 certainly maintain that communication. We think that that
17 is part of the deal that is made between the customer --
18 who receives the benefit of electricity service or other
19 utility service -- and the provider.

20 So that communication has to be maintained, and we
21 don't mind saying that that is squarely the responsibility
22 of the customer to go halfway in that.

23 I think that, you know, it would perhaps be to re-
24 cover very well-trodden ground to explain all of the steps
25 that we go through in order to avoid that outcome. But
26 generally speaking, I will just repeat that if we have
27 communication with a customer, and if the customer can
28 adhere to an agreed-upon payment arrangement, then our

1 policy is not to disconnect. And I think that that is
2 pretty well common among all the electricity distributors.

3 If I may react to a comment that was made by the
4 representative from the City of Hamilton, without being out
5 of order, I did want to say that as a corollary to our view
6 that there is a responsibility for communication, I think I
7 would also actually have to add, it has to be honest
8 communication.

9 In all seriousness, I think that putting a utility
10 account in the name of your child is a fraudulent
11 enterprise. And I think that, frankly, whatever other
12 circumstances a customer may find him or herself in, I
13 don't think it excuses that kind of behaviour.

14 I understand why it happens. I am not denying that
15 there are the circumstances and the incentives in place,
16 but nevertheless, there has to be honest communication
17 between the parties.

18 And the last thing I will say on this general point is
19 that disconnection, we certainly, I think, all agree is a
20 very untoward outcome, and we do what we can to avoid it.
21 We do, nevertheless, regard it as the necessary exercise of
22 our custodial responsibility, in terms of the good
23 management of the electricity or the utility system.

24 We think it would be irresponsible, and we could be
25 rightly criticized for simply opening the floodgates and
26 making electricity available on any unpaid basis to anyone
27 that requests it. That would be a disservice to customers
28 who properly pay for the service, and we think that,

1 therefore, in those circumstances where it really is
2 demanded, there is a role for disconnection.

3 We are very keen on the role utilities can play, in
4 terms of informational and educational services, and of
5 course, part of this will breach into action, in terms of
6 implementation of low-income CDM programs, but since that
7 is another topic I will just confine my remarks right now
8 to our view that it is very, very important to us to try
9 and be as communicative as possible, and we certainly
10 welcome the Board's initiative to improve its communication
11 efforts to customers, in terms of directing customers to
12 the resources that might be available to them, such as, for
13 example, the Winter Warmth Fund and other options that may
14 exist in their particular community.

15 Certainly one of the first things that we do when we
16 discuss payment arrangements with a customer who is in
17 financial trouble as far as their bill payment is concerned
18 is the information that we can provide with respect to how
19 they can reduce and moderate their electricity consumption.
20 And of course there will be differing scopes, depending on
21 the circumstances of the customer, but it is one of our
22 very first responses to the customer.

23 We would also like to point out that we are very, very
24 optimistic about the prospects for Smart Meters and the
25 associated web-based and other informational tools to help
26 customers manage their consumption. I think this was
27 certainly at least one of the great promises of the Smart
28 Meter program, and we're doing our very best to ensure that

1 that information is --

2 MS. TODOROW: Change the slide.

3 MR. McLORG: Thank you. I guess I should turn on the
4 monitor. I haven't done this before.

5 I think I have just about finished that slide. Thank
6 you, Mary. I appreciate that.

7 In terms of options that we can offer to customers,
8 the thumbnail I would like to convey right now is that we
9 have heard, I think, some very interesting discussion in
10 the past few days about the prospect that utility bad debt
11 costs and collection costs and, in perhaps some degree,
12 customer care costs, could perhaps be redirected to
13 different activities or different areas of emphasis, with
14 the result that either those cost levels decline or that
15 the quality of service provided improves.

16 In this particular context, I would suggest that an
17 improvement in quality of service would represent -- be
18 represented by a decrease in the number of disconnections.
19 So what I am getting at is that there has been a suggestion
20 that by reorienting some of our collection practices and
21 customer care practices, maybe we can be more humane to
22 customers in difficult circumstances and incur a lower or
23 at least a relatively equal level of costs, and improve our
24 disconnect performance by lowering it.

25 We are very keen, perhaps needless to say, on win-win
26 types of outcomes like that. It is hard to make a general
27 comment without specific proposals before me, but generally
28 speaking, to the extent that we can, reorient our customer

1 care activities in a way that improves disconnect
2 performance and doesn't increase the cost that must be
3 recovered through or across the entire customer base. We
4 would be very keen to do that.

5 The only additional point I would make is that that
6 will take some time and it will likely take some resources
7 that we are prepared to devote, but those would represent,
8 in our view, costs that needs to be recovered by us.

9 One of the options that we think might be helpful to
10 customers is a move toward more frequent billing, and in
11 our case -- and in I think the case of most utilities --
12 that would really represent a monthly billing option.
13 That's not universally practiced right now, as you know.
14 It certainly, I think, stands to reason or common sense
15 that a customer would have an easier time dealing with the
16 monthly rendering of a bill -- even if their total annual
17 amount is the same -- much easier to deal with a monthly
18 bill that is \$100 rather than a quarterly bill that is
19 \$300.

20 So we are quite happy to do our best to alter our
21 practices to implement those kind of improvements, which
22 would be more favourable to customers.

23 There is a point -- the last point on this slide --
24 that pertains to equal billing. I am not frankly sure if I
25 buy this, personally. But the proposition is equal billing
26 tends to dampen the price signal that is given by time-of-
27 use rates.

28 Now, I think that, in effect, in order to hold that

1 position, you have to believe that the price signal is
2 actually conveyed by that amount you actually see at the
3 bottom of your invoice. And that is maybe true. But if
4 you believe that at least parts of the price signal is
5 conveyed by a customer's knowledge of when the pricing
6 periods for electricity are high, medium and low, then
7 really, equal billing is only the manner in which they pay
8 the bill. It is not the way they incur the costs.

9 So I think that point is debatable.

10 I think maybe I will try not to repeat myself by
11 saying that THESL -- and I am confident I speak generally
12 on behalf of others -- is quite prepared to work with other
13 parties to do things like accept security deposits. We are
14 aware of the concern that third party providers of those
15 security deposits would have concerning the return of
16 those, to those parties. And we can do that on a manual
17 basis right now.

18 Again, it is one of the things that we could do,
19 provided time and resources to do so.

20 I think Andy Poray from Hydro One, really, has
21 expressed the concerns that we would have expressed
22 concerning privacy, and that issue, I think, from -- is
23 quite a bit to work out in that way.

24 The one other thing I wanted to mention, and I just
25 wrote in my handwritten notes on this, is that -- one of
26 the options that doesn't appear on my slide up here, but
27 that we would be quite interested to work toward, is the
28 selected payment dates, which make a lot of sense to me.

1 Finally, a concluding slide, just around some of the
2 policy considerations: It won't come as news that THESL is
3 not presently established or set up to deal with an
4 entirely new kind of customer information that would be
5 required on some versions of a low-income assistance plan.

6 We have no expertise in this area and we very much
7 feel that it would be redundant and cost-ineffective to
8 establish that expertise and capability within each of the
9 80 LDCs.

10 So it very much leads to the conclusion that the
11 qualification and status maintenance for low-income
12 customers needs to rely on an existing objective and
13 authoritative system that is already in place, somehow.

14 That really was the origin of my questions yesterday
15 to the panellists from Quebec and Pennsylvania concerning
16 their re-verification of the income status of their
17 customers.

18 I think that is an issue that we -- that deserves
19 careful thought on our part.

20 The last point on that issue that I would like to make
21 is that, if it weren't the case that we relied upon a
22 utility-specific system for doing that, it is almost
23 certain that there would develop wide disparities in the
24 qualification, the eligibility criteria, the status
25 maintenance as between utilities for similarly situated
26 customers.

27 So to end, I would like to say that with sufficient
28 time and resources, Toronto Hydro, and I think generally

1 other utilities, are prepared to take steps on the customer
2 service front in order to improve our interface with low-
3 income customers. But we would like there to be an
4 acknowledgement on the part of the Board and on the part of
5 stakeholders that this will require the devotion of
6 resources and time. It can't happen overnight, but it can
7 happen, I think, quickly.

8 There needs to be a recognition -- as I think Andy
9 alluded to -- in the context of third-generation IRM, that
10 these are valid costs for recovery by the utility.

11 Certainly on this slide here, I have mentioned the
12 dreaded deferral and variance account phrase, and I would
13 like to suggest that that would only be necessary in the
14 customer service domain if the costs were very, very
15 material.

16 It gets to be a very different issue if we're not
17 talking about changes in costs incurred by utilities, but
18 rather in the revenues collected by utilities if there were
19 direct rate discounts. I would certainly suggest --
20 although it is not in this topic area -- that a deferral
21 account or a variance account from forecast would be vital
22 in that area.

23 So thank you for your attention.

24 MS. HARE: Thank you. We will now take our morning
25 break and resume at 11:30.

26 --- Recess taken at 11:14 a.m.

27 --- Upon resuming at 11:36 a.m.

28 MS. HARE: We will resume now with the presentation by

1 Jim Laforet from Union Gas.

2 **PRESENTATION BY MR. LAFORET:**

3 MR. LAFORET: Thank you. I will just look for my
4 slide to come up here. While that is coming up, my name is
5 Jim Laforet. I am manager of customer care with Union Gas.

6 During this presentation I want to cover off three
7 items: Union's current customer-care services, our
8 disconnection practices, and our comments on the topic 5,
9 customer service issues. Here we go.

10 As stated earlier by Mr. Kitchen, Union's experiences
11 is in the safe and reliable delivery of natural gas to all
12 of our customers. Further to this, we are guided by some
13 basic principles when addressing the billing and payment
14 for these services.

15 Our main guiding principle is that we will actively
16 work with every customer that is willing to work with us to
17 address issues with their account, including payment
18 arrears.

19 The most beneficial outcome for all parties is the
20 continued delivery of gas to the customer and the proactive
21 management of any payment arrears.

22 For Union, the disconnection of gas service is a last
23 resort, and is done in a manner that protects and balances
24 the interests of the customer, the utility, and all
25 ratepayers.

26 There are a number of things that we do each day to
27 ensure customers can effectively manage their accounts and
28 pay their bills. The first is providing customers with

1 easy access to information about their bill and the current
2 status of their account.

3 The bill shows the past balance due, payments
4 received, details on their usage, and the current amount
5 due, so the customer knows the status of their account.
6 The bill also contains a number of messages about their
7 account status and information on programs available from
8 Union Gas.

9 This information is also available to each customer on
10 our secure website. Union's My Account website allows
11 customers to view their bill, download information, join
12 programs, and request assistance with their account.

13 Our 1-800 self-serve telephone system is available
14 24/7, and has information about the amount now due,
15 payments received, and our available programs.

16 Union bills on a monthly basis, which smoothes out
17 costs for the customer, as compared to bimonthly bills or
18 quarterly bills. This monthly billing also provides timely
19 consumption and pricing information so the customer can
20 plan ahead for their future bills.

21 Is natural gas -- is mainly used by residential
22 customers for home heating. Usage increases during the
23 winter season.

24 To lessen the impact of these higher winter bills, our
25 customers are encouraged to join the equal billing program.
26 This evens out the amount due each month, which makes the
27 bill more stable, predictable, and affordable.

28 As commodity represents 75 percent of the average

1 residential bill, Union's focus is to ensure the QRAM price
2 changes are communicated to customers quickly and
3 effectively. Through the customer bill, Union also
4 supports fixed-price offerings provided by retail energy
5 marketers. These offering can provide customers stability
6 for the commodity costs, which again is the largest portion
7 of their bill.

8 It is realized that these items do not reduce the
9 total annual cost for the customer, but by keeping the
10 customer informed and by making their costs more stable and
11 predictable, the customer has time to prepare and budget
12 for each month's bill.

13 Our customers are provided 16 days from when the bill
14 is mailed to pay the amount due. This allows them time to
15 receive the bill, review the bill in detail, contact us if
16 they have any questions, and to arrange payment of the
17 bill. Also, as per Union's approved rate order, if the
18 customer does not pay by the date shown on their bill, a
19 late payment fee of 1.5 percent of the amount due will be
20 charged.

21 If a customer cannot fully pay their bill within the
22 16 days, they can contact us to make payment arrangements.
23 These arrangements are mutually agreed upon with the
24 customer and are structured to ensure ongoing payment of
25 the overall -- with the overall objective to pay off the
26 total amount due.

27 As long as the customer meets the arrangements and
28 progresses towards settlement of the arrears, no collection

1 activity takes place, and the arrangements are allowed to
2 continue over a number of months.

3 We are a member of the Winter Warmth Fund that is
4 administered by the United Way and its agencies. In 2007
5 the Winter Warmth Fund helped over 1,500 households in
6 Ontario, with 475 households receiving assistance with
7 their Union Gas bill.

8 We also work with a number of other social service
9 agencies and support groups that assist customers having
10 difficulty paying their bill.

11 While privacy legislation limits the information we
12 can collect and restricts what we can share with these
13 agencies, our common goal is to help the customer to avoid
14 disconnection of the gas service.

15 When talking with customers about their payment
16 difficulties, we may encourage them to seek assistance from
17 a social service agency or, in some cases, refer them to a
18 specific agency. This is based on their individual
19 circumstances and our awareness of the programs in the
20 areas where they live.

21 The more common practice is for the agencies to
22 contact us, and once we have secured the customer's
23 permission to work with them, it can become a very positive
24 experience, as we can address the arrears, keep their gas
25 service connected, and avoid any service charges or
26 security deposits.

27 We will request the customer security deposit from new
28 customers to Union Gas, existing customers with a poor

1 payment history, and from customers whose gas service has
2 been disconnected for non-payment.

3 The request for the security deposit may be waived in
4 any of the following situations: New customers can have
5 the deposit waived by joining our equal billing plan and
6 our automatic payment plan, new customers that provide an
7 excellent credit bureau or a positive letter of reference
8 from another utility can also have the security deposit
9 waived, and customers that have payment assured by a social
10 service agency can also have the security deposit waived.

11 Security deposits are added to the customer's first
12 bill and are due at that time. However, customers can
13 request additional time to pay the security deposit. As
14 long as the customer keeps paying the new charges on the
15 bill each month and a portion of the security deposit, we
16 will allow the deposit to be paid over a number of months.

17 If a residential customer has good payment habits over
18 a one-year period, they can then request a refund of the
19 security deposit.

20 The most beneficial outcome for all parties is the
21 continued delivery of gas to the customer and the proactive
22 management of any payment arrears. For us, the most
23 important aspect is communicating with the customer so they
24 understand their bill, are aware of the current status of
25 their account, and can take action to avoid disconnection
26 of the gas service.

27 There are a number of things that we do to ensure that
28 a customer is aware of their account status and what they

1 need to do to address it. The monthly bill clearly shows
2 amounts due, payments received, and current amount due.
3 The bill has messages to advise the customer when their
4 account has fallen into arrears and what they need to do.

5 And also, based on the dollar value and length of time
6 that the account is in arrears, a disconnection notice will
7 be printed on the bill.

8 We use our automated telephone system to call
9 customers and provide a pre-recorded message that their
10 account is past due, with instructions on what they need to
11 do. And our agents will call the customers to discuss the
12 status of their account and attempt to make payment
13 arrangements with them so that we can keep the gas service
14 connected.

15 We also provide a toll-free number so customers can
16 contact us and talk with a customer-response representative
17 about the status of their account. To assist these
18 customers, we offer payment arrangements, and simply need
19 the customer to continue meeting their commitments.

20 We also accept last-minute payments to avoid
21 disconnection, and we'll work with the social service
22 agencies to defer the disconnection to allow the customer
23 time to bring their account up-to-date.

24 Disconnection of the gas service for us is a last
25 resort, and it is done in a manner that protects and
26 balances the interests of the customer, the utility, and
27 all other ratepayers.

28 Unfortunately, we do reach the point where we do have

1 to disconnect the gas service. The four basic reasons are:
2 Skips, where the customer has vacated the property without
3 notifying us and gas service is disconnected to avoid
4 further loss.

5 There are also safety reasons, where there's been
6 tampering damage or destruction of the meter equipment and
7 we need to disconnect the gas service to make things safe.

8 Refusal to pay, which are situations where a customer
9 refuses to contact us to discuss the status of their
10 account, makes no payments on their account, or they
11 intentionally deceive or commit fraud in relation to their
12 account, are all actions that indicate no reasonable
13 expectation of payment for the utility. As such, we will
14 disconnect the gas service to avoid any further loss.

15 And the last reason we have is inability to pay, which
16 for us is the most difficult situation, because we are
17 working with the customer to avoid disconnection. But when
18 it becomes evident that the customer cannot pay their
19 current arrears and will not be able to pay for future gas
20 usage, we need to disconnect the gas service.

21 This is in the best interests of the customer so they
22 don't incur any further debt, and to also avoid further
23 loss for the utility.

24 In addition to considering the customer-specific
25 situation, we also attempt to defer disconnecting their gas
26 service if the weather forecast calls for below-freezing
27 temperatures, and we also plan to avoid residential
28 disconnections from mid-November through March.

1 Once gas service is disconnected, it will remain
2 disconnected until we receive payment for all outstanding
3 money owed, including the requested security deposit and
4 the applicable reconnection charge.

5 Once payment is received, we will schedule
6 reconnection of the gas service. As per the Ontario Energy
7 Board's service quality requirements, we target to
8 reconnect the customer within two days of them bringing
9 their account into good standing.

10 Topic 5 contained a number of questions about customer
11 service and special arrears management questions.

12 My comments here are intended to shed some light on
13 the complexity of these issues and provide Union's position
14 on each.

15 To start, we have no mechanism or functionality in our
16 billing system to identify and track low-income households.
17 Nor do we have access to any information sources or
18 databases that would provide income or social assistance
19 information on an individual customer basis.

20 Also, due to privacy legislation, we are very
21 reluctant to start collecting and maintaining this type of
22 personal information. It exceeds what we are required to
23 do to deliver natural gas, and managing this information is
24 well beyond our area of expertise. It would also require
25 security changes to our customer billing system to ensure
26 this information is properly protected.

27 If we were directed to start collecting and tracking
28 this type of personal information, there would be added

1 costs for changes to the billing systems as well as ongoing
2 costs to maintain and update the data.

3 With regard to payment periods, it is not possible for
4 us to offer different payment dates for individual
5 accounts. We bill our 1.3 million customers evenly
6 throughout the month, with the bill date being based on
7 their meter-read date, which is based on their geographic
8 location. We would have to make many changes to our
9 billing system to accommodate this type of offering.

10 For the disconnection rules, we do not envision a
11 separate collections and disconnection policy for low-
12 income households. Based on our past experience, non-
13 payment by any customer needs to be managed through a
14 common collection process. While we do take each
15 customer's individual situation into consideration, a
16 common process is the most efficient and effective approach
17 and provides the best encouragement for the customer to
18 make full and timely payments.

19 As previously mentioned, we do provide all customers
20 with ways to avoid disconnection. This is through payment
21 arrangements, accepting last-minute payments and working
22 with social service agencies to avoid or defer the
23 disconnection to allow the customer time to bring their
24 account up-to-date.

25 Security deposits help limit the risks associated with
26 non-payment. The deposit provides some dollars to offset
27 any bad debt if the account is written off, and it does
28 encourage the customer to maintain good payment habits.

1 We do not see the need for a separate deposit rules,
2 as we already provide specific waivers for all of our
3 customers.

4 Our service charges for reconnection, late payment
5 penalty and NSF are approved by the Board.

6 We believe it is appropriate for these costs to be
7 recovered through a service charge that is passed directly
8 to the customer that generated the costs.

9 Further to this, we do not see any rationale for
10 having the different gas distributors adopt the same
11 service charge, as these service charges are cost-driven,
12 and considering the differences in geography, cost
13 structure and customer mix between the gas utilities, we
14 don't believe that it would be possible to establish a set
15 of common fees.

16 With regard to arrears management, we are concerned
17 about the concept of a separate arrears management program.
18 We currently have no mechanism or functionality in our
19 billing system that would allow for this type of extended
20 arrears management.

21 In addition to making changes to our billing system,
22 this can also become very complex to administer in terms of
23 tracking payments on the arrears versus payments on the
24 current amount due, and also determining next steps if a
25 customer defaults or moves from their current property.

26 With regard to partial forgiveness of arrears, we
27 believe that this is best addressed by government and
28 social service agencies that have the expertise and systems

1 to support it.

2 If the utility was to partially write off the arrears,
3 as it does for unrecoverable bad debt, we would need to
4 find ways to address the added cost of this.

5 In closing, I want to share that we do understand the
6 challenges that customers have paying their utility bills,
7 as we are talking with them on a daily basis, and through
8 these interactions, we truly appreciate the impact that
9 this can have on them and their families. That is why
10 we're always trying to work with the customer and social
11 service agencies to keep the gas service connected.

12 So in conclusion, when considering these types of
13 special programs, rules, waivers and arrears of
14 forgiveness, we believe the identification, management and
15 funding of this is best left to the government and social
16 service agencies that have the necessary expertise, as they
17 are already addressing the needs of the low-income
18 households.

19 Thank you.

20 MS. HARE: Thank you. The agenda shows the next
21 presenter to be Nipissing First Nation. They are unable to
22 be here today. They have, however, sent in a presentation,
23 so I do invite you to look at their slides.

24 So our last presenter is Mary Todorow.

25 **PRESENTATION BY MS. TODOROW:**

26 MS. TODOROW: I have to put up my -- there we go, it's
27 right here.

28 I'm so glad we're talking about these customer service

1 issues in a comprehensive way today and that everybody is
2 showing a great deal of goodwill and agreement in terms of
3 making sure people are connected by putting these practices
4 into place. And it's so great to hear about what the
5 individual utilities are doing. The big issue for us is
6 the equity and making sure that everyone has access to
7 these programs and that there is some consistency with them
8 across the province.

9 So we have some principles, in terms of these customer
10 service issues, and that is that the terms and conditions
11 for utility service, the deposits, the payment timelines,
12 the disconnection and reconnection policies, the
13 termination moratoria, that they're in the best interests
14 of low-income consumers and that they're not going to add
15 to the service costs or penalize low-income consumers who
16 are already experiencing payment difficulties, and that
17 they will assist low-income consumers in accessing and
18 maintaining essential utility service.

19 I just want to pause for a minute here, because what
20 we're talking about are people who can't afford to pay
21 their bills, not the people who will not pay their bills or
22 are refusing to pay their bills. We're talking about
23 people who cannot afford to pay their bills. I really took
24 to heart your comments about honest communication -- I have
25 forgotten your name, from Toronto Hydro.

26 MR. McLORG: Colin McLorg.

27 MS. TODOROW: Thank you. On payment options, low-
28 income customers should be provided to equal access to

1 payment options to meet their needs. For payment periods,
2 there's been -- I heard here a lot of goodwill, in terms of
3 understanding that people who are on fixed incomes, there
4 is a mismatch between the time that they receive their
5 income and the time that they receive their bill. It
6 sounds like a no-brainer in terms of trying to address that
7 situation.

8 In the States they found that the customers using
9 external payment centres were being charged for doing that.
10 Like, if they don't pay online or through a bank, that
11 there are these additional charges. I am not that expert
12 on all of the payment options here in Ontario, and I had
13 some questions that I think I will ask later on in the
14 period following all of the presentations on that.

15 On equal billing: All distributors should offer equal
16 billing plans to low-income consumers.

17 In addition, the equal billing should be available to
18 low-income consumers who have enrolled with an electricity
19 retailer or gas retailer. We have heard from community
20 legal clinics' staff who direct service that clients who
21 have fallen into default on their electricity bills -- it
22 is when they have switched to a retail supplier and their
23 equal billing option disappeared.

24 Credit history shouldn't be a barrier to low-income
25 consumers enrolling and equal billing plans are designed in
26 such a way to assist people from not falling into default.

27 I have quite taken with the description in the OEB's
28 discussion paper for the proceeding on electricity

1 distributors and customer service rate classification on
2 payment risk. They had a very good description about the
3 benefits of equal billing I am just going to quote from
4 here:

5 "The benefit of equal billing to a customer is
6 that it allows the customer to better budget for
7 electricity payments and smoothes out seasonal
8 fluctuations in electricity consumption. This
9 may increase the customer's ability to pay in
10 each billing period, which may, in turn, reduce
11 the risks to the distributor of customer non-
12 payment."

13 Late-payment fees: Late-payment charges that
14 disproportionately and adversely affect low-income
15 customers can be a barrier to accessing electricity
16 service. They add to the service cost, and they increase
17 the risk of disconnection if the low-income household is
18 not able to make a full bill payment.

19 And I am not an expert on rate design and costs
20 contributing to rate design, but Roger Colton, who prepared
21 the proposal for Low-Income Home Energy Affordability
22 Program is, and he did a very good discussion in our
23 program proposal, which is available on our website.

24 And what he found is that late-payment charges can't
25 be justified on a cost-based fee -- as a cost-based fee,
26 late-payment charges can't be justified as an incentive to
27 pay, particularly for low-income customers, and late-
28 payment charges can't be justified as either cost-based or

1 as an incentive for customers current on deferred payment
2 plans.

3 To me the whole issue is, if you are already payment-
4 troubled, why would you put a late-payment fee on someone
5 who already can't afford to pay the bill and would have to
6 clear that fee to be able to access the service at the end
7 of the day? To me it just -- it seems to be working at
8 cross-purposes. I don't know. It just doesn't make sense
9 to me at all.

10 There should be a mandatory exemption or waiver of
11 late-payment charges for low-income consumers. And as I
12 said, this is a component of our comprehensive approach to
13 addressing the issue of keeping connected for low-income
14 consumers. And the whole thing is, it's a package. You
15 have to look at this as a package.

16 So our over -- in terms of the package, our overriding
17 goal is that we want to prevent service disconnections for
18 people who can't afford to pay for utility bills and all of
19 their other basic necessities. And I am harkening back to
20 this again: An essential component of that is the rate
21 affordability program.

22 For disconnection, we want policies that are in place
23 that are going to maximize the opportunities for low-income
24 consumers to be able to clear their arrears, to be able to
25 work with any agencies or funding sources to be able to do
26 that. And all stakeholders -- and I think there is a lot
27 of goodwill in this room -- to work on making sure that
28 happens.

1 Disconnection moratorium: We hear about practices
2 that are voluntary, in terms of disconnection moratorium,
3 but we think there should actually be no service
4 disconnection for low-income households in the heating and
5 cooling seasons, and the OEB should protect against
6 weather-induced death and illness.

7 There's a very interesting report out of Boston. It
8 was prepared by the Child Help Impact Working Group. They
9 did a very interesting study on unhealthy consequences,
10 energy costs, and child health. And they had someone from
11 Harvard Medical School involved in health economics, which
12 I thought was very interesting.

13 And they found that because low-income families were
14 facing disproportionately high energy costs, they were
15 forced to make household budget trade-offs that jeopardized
16 child health.

17 And there is a lot of things involved in that, in
18 terms of skimping on food, reducing the indoor air
19 temperature. They're very well documented in this report,
20 and I would be pleased to give the website reference for
21 the report, or provide copies of it on that.

22 Oh, the other thing is, there is a wonderful book that
23 is produced by the National Consumer Law Centre in Boston.
24 And they basically track all of the policies that are in
25 place that help low-income consumers.

26 And if people wanted to know about how these
27 disconnection moratoriums work in the States, there is a
28 whole listing in here of the states that have these

1 seasonal moratoriums in place, and -- yes, it is called the
2 Guide to the Rights of Utility Consumers; wonderful book
3 available online.

4 And the other disconnection moratorium, in addition to
5 seasonal ones, are ones that are age-related. So if there
6 is a senior in the house or young infant or an infant, and
7 also if people there are medically fragile; a lot of
8 precedents for this.

9 In the States we have heard that there is an issue of
10 over-noticing for disconnection, that the threat of
11 disconnection can be as harmful as actual disconnection.
12 People start taking desperate measures to reduce their
13 energy use, because they're being threatened with
14 disconnection. They're wondering how to pay off their
15 bills.

16 One thing this Child Health Impact report talks about
17 -- I am just going to find the reference in here -- is
18 about fires. We heard from Kerry Lubrick that it was
19 shocking how many people, they had had their gas
20 disconnected three years before, and they were basically
21 using their ovens and space heaters to compensate for the
22 lack of gas for their heating. And the Centre For Disease
23 Control has stated that high oil and gas prices and power
24 outages during the winter months can contribute to consumer
25 use of improperly vented heating sources -- so that is
26 carbon monoxide issues -- and that nationally in 2001,
27 home-heating equipment fires injured 1,120 people and
28 caused 220 fatalities, and that 20 percent of deaths are

1 children less than ten years of age, because the families
2 are trying to keep their heat on.

3 I have been trying to get those same stats here in
4 Canada, and there is a statistical survey of fires and
5 causes and things like that, but they don't separate out
6 the issue of the heating equipment, and that's something
7 that I think we really need to track in this country as
8 prices rise.

9 So on the over-notice, it is all about the desperation
10 that people feel when they're not meeting the bills right
11 now, they're worried about getting through the winter, and
12 the actions that they take.

13 Security deposits: This is an issue that is near and
14 dear to my heart, and we got involved in this, our advocacy
15 centre, for Tenants Ontario Legal Clinic, because we got a
16 call from our Kapuskasing legal clinic, because the local
17 utility was going to charge tenants, but not homeowners, a
18 security deposit fee, and we thought that that was a
19 discriminatory practice.

20 And actually, as a result of that, the OEB held a
21 proceeding on consumer security deposit issues and did
22 amendments to the Distribution System Code to set minimum
23 security deposit requirements so utilities don't have to
24 collect one. It is discretionary - LDCs -- and the
25 conditions are set in there.

26 And at that time, we asked for a mandatory exemption
27 for low-income households from security deposit
28 requirements. We're still asking for that mandatory

1 exception.

2 And there are alternatives to it. I mean that's our
3 going-in position. We would like to have that waived for
4 people who are low-income.

5 The other thing that we fought for when we actually
6 participated in that OEB consumer security deposit
7 proceeding is that you shouldn't be disconnected if you
8 have -- if you are up -- if you are up-to-date on your
9 account and then you get charged a security deposit, you
10 shouldn't be disconnected if you can't pay that security
11 deposit. And that was something that was an amendment that
12 was added to the Code, because all it means is that you are
13 having trouble accessing your service because of the
14 security deposit, if you are a customer in good standing.

15 So alternatives -- as I say, that is our going-in
16 position. And as an alternative, one of our steering
17 committee members -- steering committee members, Share the
18 Warmth, produced a paper that they submitted to the
19 Ministry of Community and Social Services back in 2005.
20 It's called "Province-Wide Low-Income Energy Assistance:
21 An Early Warning System for Households Vulnerable to
22 Homelessness."

23 And what they suggested that -- is that instead of
24 low-income households having to put forward the cash
25 themselves, that there should be a security deposit
26 clearinghouse, and there would be modified letters of
27 credit that could be put up for low-income consumers who
28 are being asked for security deposits. And of course, you

1 would only access that money if the household actually went
2 into default.

3 And one thing that we were happy about with this
4 consumer security deposit proceeding is that there was an
5 option for payment of the security deposits in instalments.
6 And the wording is "at least four instalments".

7 And a lot of utilities were creating that -- treating
8 that as the maximum instead of the minimum amount. So why
9 don't you at least have payment of security deposits in a
10 period that is affordable to people, because we're finding
11 that even that four months is not enough for a lot of
12 people who are very low-income?

13 On arrears management, again, I refer people to our
14 Ontario Home Energy Affordability Program. There is a
15 really great explanation on why we're asking for this type
16 of an arrears management program.

17 The arrears should be retired over a two-year period.
18 Customers make co-payments towards those arrears, but the
19 co-payments are set in an affordable percentage of the
20 income. That's 1 percent per year.

21 And there's no pre-condition for getting into the
22 program. In other words, if you had a disconnect notice or
23 payment trouble, you should still be able to access this
24 arrears management program.

25 And you shouldn't be cut off if you are having trouble
26 meeting the arrears management program. You should
27 continue on to it. Again, I refer people in the room and
28 elsewhere to the explanation there.

1 And that's it.

2 MS. HARE: Thank you. I open it up to questions,
3 comments.

4 MR. WETSTON: Can I start? Obviously I want to thank
5 everybody for their presentations today.

6 In my introductory comments to this conference, I
7 asked for solutions, not just problems. And from a number
8 of you I heard about problems and nothing about solutions,
9 so I kind of want to focus a bit on that issue.

10 For example, in Hamilton, you almost talked about some
11 solutions in your closing, and you quickly skipped by them
12 by talking about coordination and other such things.

13 I would like to press you a bit and ask you for a bit
14 more of a discussion on that issue. Can you help me with
15 that?

16 MS. LUBRICK: I was cautious because I wasn't sure
17 whether or not I should put this all down. I could tell
18 you what we're seeing, what the challenges are. I do say,
19 I don't like security deposits. Mary just added it to her
20 presentation, about there was an idea about a letter of an
21 assurity. After everything we have gone through, that's not
22 going to work.

23 You saw at the end of it, it was \$10,000 we got back
24 in a year. So what's going to happen? Everybody that
25 falls apart, do they come back to social services if we do
26 an assurity? I don't like that system. I just think if we
27 run into further problems, I would rather keep that
28 security deposit within our bank for monies later on down

1 the line if they run into problems.

2 So, first of all, get rid of the security deposits,
3 and that is just from our experiences and our studies, even
4 breaking it into quarters, it is not financially reasonable
5 for a lot of our clients. If the security deposit is 500,
6 plus you're dealing with a bill of 200 a month, that is a
7 lot of extra money to come up with. So those are our
8 challenges, and I am recommending it be waived, a security
9 deposit.

10 I have heard discussions of: Well, how do we know if
11 a person is low-income or what they are? I think if social
12 services sends a utility company an e-mail to say: We're
13 going to try and help this person out, how much do they
14 owe, you know they're low-income or else we wouldn't have
15 even started that investigation.

16 So it could be a way to flag that and know they
17 shouldn't have security deposits.

18 I could understand some of the security deposit
19 negotiations, especially when it is a client. But we're
20 not always talking about clients that are able to
21 communicate.

22 I have heard discussion about people offering energy
23 conservation. They send them information on websites.
24 We're having a struggle right now. We send out a
25 communication to people that have high water costs. Here
26 are some quick fixes. Look at your hose, look at your tap.
27 Somebody doesn't understand this stuff or understand low
28 flow water aerators -- if I said it right -- you know, when

1 you are losing water, they need help.

2 I don't know how to get them the help.

3 About fees, I totally agree. Why would we add on
4 interest fees? I have seen, we have approved money and
5 until that cheque is in the utility company's hands, they
6 are charging interest to the client. That's unacceptable.

7 Disconnection or reconnection fees, I see that often
8 as a struggle to get something connected. But I see
9 security deposits as the bigger issue.

10 I have seen -- there is, you know sometimes I think
11 the load limiters in some situations have been awesome
12 because it's remaining somebody connected within a limited
13 amount. So I see positives, but if you have worked with
14 that client and put a load limiter on, to take it off and
15 charge a disconnection fee is unacceptable.

16 So I don't know. Does that help?

17 MR. WETSTON: Sure.

18 MS. LUBRICK: Sorry.

19 MR. SOMMERVILLE: I have a follow-up question. I
20 think the Chair was referring to the second-last sentence
21 in your presentation, which was to the effect of: We need
22 coordination. Could you repeat that sentence, please?

23 MS. LUBRICK: Okay. It is in my notes.

24 MR. SOMMERVILLE: Right.

25 MS. LUBRICK: I think this is an opportunity for us
26 all to work together, to provide the necessities of life.

27 Coordinating, so it is not just social services, it
28 alone. It is all of us, because we don't touch everybody

1 in the community.

2 I spoke about marketing, advertising, doing what we
3 can. But we do not reach everybody.

4 If we have the customers contacting utility companies,
5 that is a call for help, and can you negotiate, number one,
6 to get them on the right path before they even get to us.
7 Or, if there's no opportunity to resolve this issue, say:
8 You know what? There is a community resource. But
9 connecting us at that point.

10 I talked about communication. And this is, it's a
11 communication between the utility companies and a give and
12 take, too. I said we have a really great working
13 relationship with Horizon. We have an e-mail system with
14 gas, too. We don't really talk to them, but we work
15 through e-mail. And it's perfect, because I don't have to
16 stand in a queue for hours on end trying to get through to
17 a customer service rep.

18 And I have heard confidentiality. It is a problem. It
19 is a big problem. And we're trying to work with our
20 customers or clients to say: Call the utility, give them
21 the verbal consent, because for us to get a specific
22 consent for Union Gas upfront, it is taking time away.
23 We're all busy and we're trying to operate the best we can,
24 but the client's coming to us, asking for help. We do have
25 some consents on file. It is general. But sometimes
26 confidentiality is a problem.

27 I know I think it is, from our perspective working
28 with Hydro One, they want the fax copy of the thing. They

1 won't accept a verbal, and I understand that. I really do.
2 But we've got to find some better way to work through it,
3 because we are talking sometimes within a day and we need
4 to get it resolved.

5 Then, again, combined financial resources, I do know
6 that I have heard, both from Union Gas and I know from
7 Horizon Utilities, they both donate money to some
8 organizations and keep that on.

9 I don't know what those limits should be. And I don't
10 know what the future holds for our funding, too. Is this
11 sustainable or not?

12 So is that okay?

13 MR. SOMMERVILLE: Thank you.

14 MR. KAISER: Colin, I don't mean to pick on you, but I
15 had a question. How many customers would you disconnect in
16 a year?

17 MR. McLORG: May I offer an undertaking? I don't have
18 that information, but I would be glad to get it for you.

19 MR. KAISER: Could you also tell me, when you are
20 doing your undertaking, is that rate going up? Is the
21 disconnection rate going up?

22 MR. McLORG: Well, Mr. Kaiser, I will try to get you
23 annual information over the last three or four years, and
24 we can judge for ourselves whether there is a trend.

25 MR. KAISER: With respect to that, I think the
26 gentleman from Union Gas pointed out there may be different
27 reasons for disconnection. Could you estimate how many of
28 the disconnections relate to inability to pay, if you have

1 that kind of data?

2 MR. McLORG: I will certainly ask.

3 MR. KAISER: As opposed to the skips issue.

4 MR. McLORG: I will certainly ask. If we record data
5 in any way, then I will try to get that information for
6 you.

7 MR. WETSTON: Just let me follow up. You shouldn't be
8 the only one on the hook here. I would ask Union Gas and
9 Hydro One to do the same thing, and Enbridge as well.
10 Thank you.

11 We may as well have all of the information so we can
12 look at it. I am sure you won't mind doing that.

13 MS. HARE: Did everybody hear what the commitment was?
14 For the last three years, the number of disconnection
15 notices.

16 MR. PENNY: We will see what we can do.

17 MR. SOMMERVILLE: With any indication as to causation,
18 where available.

19 MS. TODOROW: That's a great request from the Chair,
20 because Britain often, actually, tracks all of the
21 electricity and gas disconnections and they report on it
22 quarterly. You can just see it in this report that I found
23 last night from the House of Commons. Great request.

24 UNDERTAKING NO. 1: TO PROVIDE DATA ON NUMBER OF
25 DISCONNECTION NOTICES PER YEAR IN PAST THREE YEARS,
26 AND INDICATION OF CAUSE, WHERE AVAILABLE.

27 MR. PENNY: I have a question.

28 MS. HARE: Kerry and then Michael.

1 MS. LUBRICK: I agree that is a great idea too, but I
2 don't know if everybody actually knows why somebody was
3 disconnected. We ran into this problem with Eviction
4 Prevention and working with the clients.

5 Do people walk out of their house when they get the
6 first notice to say you're going to be evicted? Similar,
7 with a utility company sending a notice that you are going
8 to be disconnected, do they -- because there is a lot of
9 argument out there that that first notice, sometimes it is
10 threatening that: I have to leave or I am not going to
11 have a utility. So I just wanted to point that out as an
12 aside.

13 MS. HARE: Michael.

14 MR. PENNY: Thank you. It's Michael Penny. I am
15 counsel for Union Gas.

16 I don't want to leave you doing all of the talking,
17 Kerry, but I asked you this at the break and I thought it
18 might be useful just to have this information out on the
19 record.

20 It had to do with those allowances that you mentioned
21 in your presentation. The one that I remember, you had
22 both for OW and for the disability pension. The one I
23 remember, I think was the OW for single person. I think it
24 was \$345.

25 Just -- it's more a general question -- but just using
26 that as an example, can -- and this is probably a question
27 for the Province, not for you, but you seem to understand
28 this stuff, so why don't you tell us what you know?

1 How is that -- where does that number date from, and
2 how often is it adjusted, and how is it adjusted, if you
3 know?

4 MS. LUBRICK: Okay. To put it in perspective, what I
5 know today, if a single person applies for social
6 assistance, and we are going -- they're OW, and they're
7 going to get their maximum shelter, the maximum cheque that
8 they will get at the end of the month for that following
9 month is \$560. So \$560 is made up of shelter allowance of
10 \$349, and then the money for food.

11 Where these rates are set is by the Ministry of
12 Community and Social Services. There's been 2 percent
13 increases over the last few years. But when there was some
14 restructure back in '95, I think it was, social assistance
15 rates for people on Ontario Works went down by 21 percent
16 and ODSP stayed at the same level.

17 And the intent was that people on OW hopefully can
18 work and make up the difference, and they have incentives.
19 So if you do work, it is not deducted at 100 percent. You
20 are allowed to keep so much. So there is a whole
21 calculation.

22 But back a few years ago, they started implementing a
23 2 percent increase. It's also important to note, from what
24 I know -- and again, I do not work for COMSOC, I do work
25 for the City of Hamilton and I do administer Ontario Works
26 -- is this past summer we've also seen another major change
27 to the delivery of social assistance, whereas if you have
28 children under the age of 18, they're trying to take those

1 people off social assistance.

2 So instead of getting a cheque from Ontario Works for
3 your child, the cheque is being incorporated into your --
4 it's called the New Ontario Child Benefit. So you will get
5 that, plus your child tax credit, plus your national child
6 benefit.

7 So the food portion for the child comes off of social
8 assistance and then goes on to this other benefit. Does
9 that help?

10 MR. PENNY: Yes, thank you.

11 MS. LUBRICK: Okay.

12 MS. HARE: Mary?

13 MS. TODOROW: Just on that issue, our sister clinic,
14 the Income Security Advocacy Centre, has been very involved
15 in the poverty reduction strategy and the whole
16 restructuring of the way that social assistance is
17 approached here in Ontario.

18 And they are going to be doing a written submission,
19 and they particularly wanted to know what could they
20 usefully provide to this consultation, and this, I think,
21 this is an ideal thing for them to contribute to.

22 And I just want people to know, because this is an
23 issue near and dear to our heart, our clinic actually
24 launched a human rights complaint about the level of the
25 social assistance amount -- of the shelter allowance
26 component of social assistance as inadequate, because if
27 you take that amount, the 595, say, for a single mom with
28 two kids, one under 13 -- one below 12 or one over 12, that

1 \$595, that's what you get regardless of where you live in
2 this province. It's the same whether you live in Toronto,
3 with the high shelter costs, or Goderich -- we were just
4 talking about this in the break -- or Windsor or Ottawa.
5 That's the same amount.

6 And what happened in 1995 or -6 is, there was a 26
7 percent cut to OW rates. And those increases that we were
8 talking -- that Kerry was referring to, there have been 2
9 or 3 -- 2 or 3 percent increases since the current Liberal
10 government was elected in 2003, and this poverty reduction
11 calculation and the announcement of the Ontario Child Tax
12 Benefit is restructuring how social assistance is handled.

13 But the issue was that that amount of money, if you
14 could not pay for your utilities and your shelter with that
15 amount of money, you then had to go into your basic needs.
16 And your basic needs are food, clothing, transportation.
17 That's what was happening if you couldn't afford to pay for
18 your shelter, your rent, and your utility costs.

19 And 80 percent of OW beneficiaries, the people who are
20 living in households that are receiving OW benefits, they
21 rent in the private rental market.

22 So that kind of money you have to share. You are
23 looking at finding housing that is available at that amount
24 of money. And often you are going to go to housing that is
25 not in great repair, maybe energy-efficient, and I think
26 you are going to hear more about this in the written
27 submission from ISAC.

28 MR. SOMMERVILLE: Ms. Lubrick, I am not trying to pick

1 on you by any means. In your materials, you -- or in your
2 presentation, you referenced a program that was
3 discontinued in 1998. What was that?

4 MS. LUBRICK: It was the restructure of social
5 assistance. So I just wanted to point out that when the
6 Ontario Works Act was proclaimed and the Ontario Disability
7 Act -- which used to be general welfare and family benefits
8 -- there was a component within general welfare that spoke
9 to some low-income and providing assistance.

10 So we did get some cost-shared benefits from the
11 Province when we were servicing seniors or low-income
12 population.

13 So in '98, when that funding was cut, each
14 municipality had to decide whether you wanted to continue
15 that, and if you did, that's at 100 percent City costs --

16 MR. SOMMERVILLE: Right.

17 MS. LUBRICK: -- or discontinue.

18 MR. SOMMERVILLE: So following 1998, the OW and the
19 disability portions, they sort of continued on with a
20 funding source from the Province, but the low-income
21 supports disappeared.

22 MS. LUBRICK: That's correct. And, you know, there's
23 been the odd change, I hear, coming, but the City of
24 Hamilton does provide benefits to the low-income
25 population. So eyeglasses, dental, utility arrears, it's
26 just another support they need, because here -- let's take
27 a senior that's living off of 1,200 a month. They're going
28 to run into challenges if they have no additional benefits

1 to help them.

2 And I just wanted to point out -- somebody over here
3 had asked me during break about cost-sharing benefits. And
4 I did try to get over to everybody, this is a City of
5 Hamilton program and how we have decided to use our
6 dollars.

7 And when I say "discretionary", within the Ontario
8 Works Act, it speaks to: Thou shalt give this if people
9 meet the criteria, and you may provide these discretionary
10 benefits, and we will cost-share with you.

11 So when it comes down to utility arrears, it says:
12 Yes, that's a health-related benefit. If you provide to OW
13 or ODSP clients, you can get cost-sharing from the Province
14 on those benefits.

15 So not every city is going to do that level, because
16 we provide numerous things, again, that again isn't
17 mandatory, but we do. Things like eyeglasses for adults is
18 not a mandatory benefit, dentals for adults.

19 So you could get into a whole stream of things, but in
20 the City, we said: Okay. If we find our 20 percent
21 dollars, the Province is going to give us our 80 percent,
22 and then we're meeting a gap.

23 But if you go to a place like Brantford, they may not
24 use any of their discretionary benefits, because they can't
25 come up with their 20 percent, because that's coming from
26 your tax base.

27 MR. SOMMERVILLE: Right.

28 MS. LUBRICK: Okay?

1 MS. HARE: Michael Buonaguro?

2 MR. BUONAGURO: Thank you. I am Michael Buonaguro
3 from VECC.

4 Following up on the discussion on security deposits,
5 it was striking in Ms. Lubrick's presentation, the effect
6 that security deposits appears to have on their activity.
7 And I thought it would be useful to get a utility's
8 perspective on how the security deposits fit into their
9 rate structure and what the impact would be of eliminating,
10 I guess wholly or partly, security deposits from your rate
11 structure.

12 And as I understand it, you might need a description
13 from an electricity utility and a gas utility, because I
14 think that they use them differently, or they're
15 incorporated into rates differently.

16 MR. McLORG: Michael, I see you are looking at me, and
17 so I will take a stab at that.

18 Generally speaking, the purpose of security deposits
19 in the case of electric utilities is almost self-
20 explanatory. Were a customer to default on payments and
21 provide no assurance of stream of payments in the future,
22 then the security deposit would be applied to an
23 outstanding amount, but it is basically almost a kind of a
24 terminal arrangement.

25 And the effect of that is to reduce the -- our
26 incurred cost of bad debt. And so by doing that, it
27 reduces overall the cost of service that must be
28 distributed among and recovered from customers across the

1 entire customer base.

2 I hope that is helpful. Whether it is detailed enough
3 for you, I am not sure.

4 MR. KAISER: Can I ask you a clarification on that?
5 How much money would you be holding currently, by way of
6 security dollars, say, in a year, the average balance, and
7 how much of that amount would you apply in any given year,
8 say, in the last year to outstanding accounts?

9 MR. McLORG: Well, I deserve to brush up on the
10 provisions of the Distribution System Code, Mr. Kaiser, to
11 give you a proper answer, but I gather that the amount that
12 we can hold as a security deposit is a function of the
13 historical consumption at the premises, or a reasonable
14 estimate of that if there isn't historical consumption data
15 available, times number of permitted months. And if memory
16 serves -- and that is all that I am going by -- I think the
17 permitted security deposit was established by means of a
18 formula that depended on your billing frequency -- monthly,
19 bimonthly or quarterly -- and was expressed as a fraction
20 of the expected outstanding amount given your billing
21 frequency.

22 Obviously to default on or to fail to pay one bill
23 involves a larger amount if it is a quarterly billed amount
24 than a monthly amount.

25 So the exact amount is prescribed by rules set out in
26 the Distribution System Code, but it depends also on the
27 customer's actual level of consumption.

28 MR. KAISER: I am not interested so much in the

1 individual, but collectively how much is sitting in this
2 fund over at Toronto Hydro?

3 MR. McLORG: I'm sorry, I misunderstood your question.

4 MR. KAISER: How much on average do you draw down each
5 year to cover bad accounts?

6 MR. McLORG: I would be happy to --

7 MR. KAISER: If you have numbers?

8 MR. NEWTON: Just for low-income consumers? Because I
9 think it is important for folks to know that in terms of
10 financial assurances and creditworthiness, industrial, some
11 of my members have to put up letters of credit.
12 Absolutely.

13 MR. KAISER: I am just talking, first of all, about
14 the residential customers, and as to the application for
15 unpaid accounts.

16 MR. SOMMERVILLE: I can assist to some extent. There
17 is also a provision that now requires the return of
18 security deposits.

19 MR. McLORG: That's right.

20 MR. SOMMERVILLE: Where there is a good payment
21 history for a period of a year.

22 So it is a kind of a moving target, Gordon, I think,
23 where -- but that doesn't blunt your question about access
24 to security -- that may influence how much is actually in
25 the account, but how much you actually pay out from the
26 security deposits to cover arrears.

27 In other words, how effective is the security deposit
28 mechanism in addressing no-pay situations. I think that is

1 what you're really driving at, Gordon. Is that right?

2 MR. KAISER: Yes.

3 MS. HARE: Can we ask the same question of Hydro One
4 then, and Enbridge and Union?

5 MR. KAISER: Sure. Yes.

6 DR. PORAY: We will try to answer that.

7 MS. HARE: Alison and then Mary and then Dana.

8 MS. CAZALET: My question also pertains to the
9 security deposits, and I think I might know part of the
10 answer, but just to confirm.

11 My question is: At what point would you actually
12 apply a security deposit to arrears?

13 I think the answer is after you have tried
14 disconnecting, because I know I have heard complaints from
15 customers where they have been disconnected, and their
16 complaint is: I was disconnected but the utility is
17 holding a security deposit from me that would have covered
18 the amount that I owe, and yet I was disconnected and now
19 they want me to repay that debt, but they're still holding
20 this money from me.

21 So at what point would you -- I guess this is a
22 question for you, Colin, and Hydro One and Enbridge and
23 Union, when do you actually try to apply that security
24 deposit to arrears?

25 MR. McLORG: Well, of course I am just in the
26 regulatory end. But to the best of my knowledge, I believe
27 the criteria is when there is no reasonable expectation of
28 payment being forthcoming.

1 Now, the circumstances in which that would be
2 triggered could differ, because if -- to use the term that
3 was used before -- we discovered there's been a skip, then
4 I think that there is a reasonable expectation that no
5 further payment would be received and we would apply the
6 security deposit in those circumstances.

7 Apart from that, it is hard to be categorical because
8 I think it depends very much on the degree of communication
9 and whether that communication is ongoing with the customer
10 or not, and so on.

11 So I think that there are some parameters that sort of
12 provide boundaries to the actions that we'll take with
13 security deposits. If, for example, a certain number of
14 days have passed with no communication from the customer,
15 no received payment, no acknowledgement of notices, et
16 cetera, then you know we would probably on that basis apply
17 the security deposit.

18 But my short answer -- and forgive me for the long one
19 -- is it is hard to be categorical about it.

20 MS. CAZALET: Thank you.

21 MS. HARE: Jim, I think, wants to add to this.

22 MR. LAFORET: Yes. Similar for Union Gas. The
23 typical application is at the time that we go to write off
24 the account to bad debt. But once again, on the individual
25 cases, we look to work with the customer. The main key for
26 us is that they're keeping some sort of payment coming
27 forward, versus saying: I don't need to pay you anything.
28 I'm going to rely on the security deposit, because a

1 typical situation is that security deposits are still only
2 a portion of the total amount that is due, and it also gets
3 us back into that circle of: We know they have a poor
4 payment history. We do want to have a security deposit in
5 place. How do we then start to recollect or build that
6 security deposit back up?

7 MS. HARE: Thank you.

8 Question from Mary -- sorry, Andy, were you going to
9 add to the same topic?

10 DR. PORAY: I was jut going to -- it was on. Can you
11 hear me now?

12 I was just going to echo Colin's point that I only
13 work in regulatory affairs, but we do have somebody from
14 our customer service, and perhaps I could ask Tony Yu to
15 provide some information from a Hydro One perspective.

16 Mr. Yu.

17 MR. YU: Hello? So I guess we follow the similar
18 policy as the other utilities in terms of how the deposit
19 is being calculated. Two and a half times the average
20 monthly bill for, you know, for the last year. If the
21 customer is being billed monthly, 1.75 times, I guess, if
22 the customer is being billed on a quarterly basis, so to
23 speak.

24 So Toronto Hydro's interpretation of how the
25 calculation is being put together is indeed correct.

26 As far as how we apply the deposits, it is also very
27 similar to Toronto Hydro's perspective as well, that if it
28 is proven that the customer is delinquent or they cannot

1 afford to, or they cannot pay on a going-forward basis,
2 then we will apply the deposit towards their account.

3 Now, the one thing, though, is the deposit is really a
4 form of collateral. It is really a form of mitigating the
5 financial risks of the utilities, and we do refund the
6 interest on a quarterly basis back to the customer at the
7 prime rate, I guess, offered by the Bank of Canada.

8 And the deposit will be refunded back to the customer,
9 if they are proven with a good payment history within a
10 certain period of time. For residential customers it would
11 be one year. For a commercial customer, obviously, it
12 would four, five to seven years respectively. But for
13 residential, it would be 12 months. If they have proven
14 they can achieve a goods payment history within 12 months,
15 then we would refund the deposits in full. On a quarterly
16 basis, we will refund the interest as well. I hope that
17 answers your question.

18 MS. TODOROW: One thing that was great about the
19 consumer security deposit is at least there was
20 transparency in terms of the rules that LDCs were
21 collecting security deposits and when they had to return
22 them. The 12-month rule; if you had a good payment
23 history, they would be returned. I am a little more
24 unclear on the gas companies, in terms of whether they have
25 mandatory rules in terms of the amount they can collect;
26 like mandatory rules.

27 Then I heard that consumers' security deposits are
28 returned upon request. In other words, unless a consumer

1 is aware that they can ask for that security deposit back,
2 does that money just sit in the account and create, you
3 know, a little bit, I guess, of a rate-of-return for the
4 company?

5 There is an issue of payment in instalments. I am not
6 sure if there are any mandatory requirements for gas
7 companies to offer instalment payments or if it is just
8 good business practice to do that, so you are more likely
9 to collect the security deposit if you arrange a negotiated
10 payment for it.

11 As I said, it is nice to have the rules set out in a
12 code that you can actually refer to, and I am not sure if
13 there is equity -- again, that issue of equity, making sure
14 that everyone is aware of it and that it is equitably
15 accessible across the province.

16 So I would just love to hear about how it works on the
17 gas company side, because I get people calling me all the
18 time, and I have to go and try and look up the answer.

19 MS. ALDRED: Mary, on the electricity side we have the
20 ability in the legislation to have codes, so we have the
21 Distribution System Code on the electricity side. We do
22 not have that ability on the gas side. So we don't have a
23 corresponding regulatory instrument that we can use. So
24 that's where you are seeing the difference there.

25 MR. McLORG: May I offer a very quick qualification or
26 comment to one thing that Mary said as well? And that was,
27 I think, the concept that you raised that the holding of
28 security deposits could create a kind of a side-stream of

1 revenue for utilities, and I would just like to dispel
2 that, because the details of the accounting of it aside,
3 that type of income would certainly be considered a revenue
4 offset in the case of electricity distributors, and it
5 would be reported in our rate-case filings and so on, and
6 it would be used to reduce the amount of money collected
7 through rates.

8 So it is -- I just wanted to, if you forgive me, clear
9 the air on that one point.

10 MS. TODOROW: That's great to know. So it goes back
11 into the systems, in terms of reducing costs. That's --

12 MR. PENNY: I wanted to make the same point, actually,
13 that the interest on the security deposits, part of it goes
14 back to the customer that pays it, and the rest goes to
15 reduce the cost of service for everyone.

16 MS. TODOROW: That's great. Just on the transparency
17 issue --

18 MR. PENNY: So the company does not -- the point is,
19 the company does not benefit from the return on the
20 security deposits.

21 MS. TODOROW: Love to hear that. That's great.

22 MS. HARE: I think Jim wanted to explain something.

23 MR. LAFORET: Yes. For Union Gas, what we did was,
24 when the code came in for the electric distributors, we
25 went to that and used that as our guide.

26 MS. TODOROW: But that was voluntary, right?

27 MR. LAFORET: So that was voluntary.

28 MS. TODOROW: There's no mandatory requirement for you

1 to do that.

2 MR. LAFORET: That's correct. So that is voluntary.
3 So what we do today is, for a new customer coming to our
4 system, it is a standard \$250 security deposit. For
5 customers who have had a poor payment history or have been
6 disconnected for non-payment, the security deposit is equal
7 to two months of their highest utility bill.

8 MS. HARE: Thank you.

9 Dana had a question.

10 DR. SILK: Different topic. I don't know if you
11 wanted to finish off this one?

12 MS. TODOROW: Yes, there is just -- yeah, there's just
13 one question I had about on request. Like, do you widely -
14 - do you widely inform people that they can get it back
15 after a year if they have a good payment history, or, like,
16 have you adopted it -- if you have adopted that practice?
17 Because they're required to do it for the LDCs, and you say
18 you do it on request. So that was the question I had.

19 MR. LAFORET: And I will clarify my words on that. We
20 do it on request, because we inform the customer upfront
21 that we will hold this for a year, and it can be refunded
22 if they have a year of good payment history.

23 So we do get a number of customers that come to us in
24 month 12 or month 13 seeking their security deposit back,
25 and then we, you know, will work with those individuals.

26 We also on a regular basis, approximately quarterly,
27 go through our current security deposits, and any that have
28 passed that one-year threshold and are in good payment

1 status will automatically be refunded. So we do both.

2 The reason I say "the request" is that one customer
3 may be waiting 15 months before the system kicks it out,
4 but the customer who phones in month 13 can get it back
5 right at that time.

6 MS. HARE: Okay. Did Enbridge want to comment on the
7 same topic?

8 MS. BOUKYDIS: So your comment, Mary, I don't believe
9 there is any standard practice for the gas utilities, but
10 just to state that Enbridge has very similar practices, as
11 Union Gas does. And we recently had had our practice of
12 security deposits evaluated against other jurisdictions in
13 Canada, and by far and away the utilities are very similar
14 right across the country.

15 MS. TODOROW: That was your slide, I think, in your
16 first day.

17 MS. BOUKYDIS: That's right. That's right.

18 MS. HARE: Okay.

19 New topic. Who would like to go next? Jennifer?

20 MS. LOPINSKI: Hi, it's Jennifer Lopinski, from A
21 Place Called Home, in the City of Kawartha Lakes.

22 I just wanted to say I recently negotiated a client's
23 file in the last month for -- I was working with Hydro One,
24 and Hydro One has been wonderful negotiating paying
25 arrangements with my -- with the residents of City of
26 Kawartha Lakes.

27 What I did come across, though, was a situation where
28 -- similar situation, as Alison was pointing out, that the

1 amount of arrears was actually less than what the security
2 deposit was on file.

3 And I attempted to make a request to access that
4 security deposit and was not allowed to. Apparently there
5 is a set rule that security deposits can't be refunded to
6 the client within 30 days, whether it's a disconnection
7 situation or not.

8 So that would be something that would be really nice
9 in an instance of a crisis, if it could be, you know,
10 somehow worked out that under those circumstances that that
11 refund could be immediately applied to those arrears, would
12 be very helpful.

13 I do realize that it would take some time to
14 accumulate that security deposit again. However, it would
15 certainly alleviate a large crisis in a family.

16 MS. HARE: Kerry?

17 MS. LUBRICK: I just wanted to clarify that it is an
18 assurety. So that money is not going anywhere until the
19 person is really a good payer or they end their account.

20 And my understanding from my review in Hamilton was
21 that the utility company keeps this security deposit. If
22 the person ends their account on June 1st, they send them
23 out a bill. If they don't pay that bill, they then take
24 the money off of the security deposit. So at the last
25 billing, if the client owes \$300, they're holding 600.
26 They take the 300 from the security deposit; 300 is left.

27 However, if that person is not ending their bill and
28 they are a constant -- not a good payer, it appears that

1 the security deposit never goes, or it goes as a credit
2 once they become a good payer.

3 And if anybody wants to verify that, maybe the
4 customer-service person? Like, really, the money never
5 goes -- it is just sitting there until they're asking for
6 it.

7 So if they ran into problems in the first six months,
8 they don't grab it from security deposit. They're getting
9 the bills, and could potentially be disconnected, and I
10 just wanted to verify that point.

11 MS. HARE: I'm sorry, could you speak into the mic,
12 please?

13 MR. YU: My understanding is in accordance to your --
14 what you just said. However, one thing I want to point
15 out, though, is, at a certain time when we deal with the
16 social service agencies, we do instruct the call centre
17 staff to work out arrangement with the agencies, in terms
18 of negotiating the proper amounts of deposits for -- you
19 know, to basically avoid disconnection and that type of
20 thing. So we do work, I guess, with the agencies to make
21 sure that deposit amount is properly addressed.

22 I don't know whether that answered your question.

23 MS. LUBRICK: Yes, it does. So you verified what I
24 said was true. And to get that, you're Union Gas, right?

25 MR. YU: No, I'm actually Hydro One.

26 MS. LUBRICK: Hydro One? Okay. I know, like, there's
27 a lot of ands, ifs or buts when you do negotiation. We
28 will spread it over four months if you go on equal billing

1 and something else. Or if the City will assure that they
2 will be responsible for this account, we will waive
3 security deposit.

4 And as a city, we can't be responsible for the hydro
5 bills, and our name would have to go on the hydro bills.
6 So that's why we say "no". So we're back to square one
7 with security deposits, that somehow it has got to get
8 paid.

9 And then if you do it in quarters, the guy is only
10 going to be back next month to say: Now I've got my bill,
11 and I still owe \$100 for security, so now that bill, I
12 can't pay it.

13 So I just wanted to add that, sorry.

14 MS. HARE: I see that Toronto Hydro and Union Gas want
15 to answer your question, Ms. Lubrick -- or a different
16 topic?

17 MR. McLORG: No. And my comment is very brief, and
18 simply that I think that everyone in the room does
19 understand the dilemma that you are describing, but I would
20 suggest that the type of mechanism that you are possibly
21 looking for is not a security deposit.

22 A security deposit that can be drawn down at the first
23 instance of, you know, a non-payment is not a security
24 deposit, but it is more in the character of a pre-payment.

25 And that may not be an absurd idea to put forward.
26 Maybe pre-payments under some kinds of conditions would be
27 a helpful way for people to manage their bills and that
28 kind of thing, and it might address some needs that are not

1 met by equal billing.

2 But my basic short point -- with my apologies, Marika
3 -- is that if we're talking about a security deposit that
4 can be applied in the first instance to an outstanding
5 amount, well, that is not a security deposit.

6 MS. HARE: Jim.

7 MR. LAFORET: Just for clarity around our process, the
8 security deposit will be refunded after the one year of a
9 good payment history and will also be refunded at the time
10 the customer finalizes their account with us if they're
11 moving.

12 What we do is we will apply that deposit or credit
13 that to their final bill. So if the final bill is \$200 and
14 the security deposit being refunded is \$250, there would
15 actually be a \$50 credit on that final bill. So the
16 customer wouldn't be required to pay. Then we would
17 initiate a cheque out to the customer for the balance of
18 it.

19 MS. HARE: Okay. Dana.

20 DR. SILK: Dana Silk from EnviroCentre.

21 First of all, I just wanted to highlight the statement
22 from Hydro One that: "the Board is moving towards cost-
23 reflective rates."

24 So I was very pleased to read that, and I guess all we
25 have to focus on now is which costs will the Board reflect
26 in the rates and which costs it won't. But that is perhaps
27 for another day.

28 My question to Mr. Poray, or perhaps Mr. McLorg, is,

1 if a non-profit organization like a city -- like the City
2 of Hamilton, for example -- were to provide, say, a million
3 dollars a year to cover your bad debts, either for arrears
4 or security deposits -- which I think the City of Hamilton
5 is doing for Horizon -- would you consider paying them some
6 kind of, I don't know, fee similar to what you pay for a
7 debt collection agency, that maybe half of that money could
8 be used for them to invest in energy efficiency upgrades?
9 Or would you consider matching that and investing that in
10 energy efficiency upgrades? Or are you kind of waiting for
11 the Board to force you to do something like this?

12 MR. SOMMERVILLE: Is that an accurate reflection, Ms.
13 Lubrick, of how you see your role?

14 MS. LUBRICK: I don't see that piece, sorry. It is
15 built into it. So if we're paying arrears, we are stuck
16 with all of these extra costs, including security.

17 So really it is taking down the fund. We only see
18 10,000 back, because we know the client's never going to be
19 a good payer. That last payment or security deposit
20 usually goes on other arrears. So really, it's a no-win
21 situation. But I don't think we're -- we have done
22 anything with HUC that we have negotiated anything to cover
23 debts. It is just that we can't negotiate to cut out
24 security deposits. We're paying it. And we just say
25 blanket policy, which my understanding was it came from the
26 Ontario Energy Board, that you could refund the monies for
27 security deposit to the third party payer. And that's what
28 we asked for, because I am being accountable for our city.

1 I don't want the money to go back to the client. I want it
2 to go back to the fund, because that is an assurity. It is
3 your last month's rent deposit. It's no different than a
4 lot of things that people put last month things on, but
5 this person can't afford it.

6 So I just wanted to point that out. Thank you.

7 DR. SILK: My question still stands.

8 MS. HARE: I am not really sure I understood your
9 question. Maybe you could reframe it.

10 DR. SILK: The question is: If a utility gets a
11 substantial amount of money from a non-profit organization
12 that it wasn't expecting to pay off its arrears or the
13 arrears of its clients, and to deal with some of the
14 security deposit issues, would the utility consider
15 rewarding that non-profit organization, paying back some of
16 that money in the same way that it pays a debt collection
17 agency, and therefore enabling that non-profit organization
18 to invest that money in energy efficiency upgrades? Or
19 would the utility say: Oh, a million dollars here. Gee,
20 we were about to write that off as a bad debt. We could
21 invest, say, half of that in energy-efficiency upgrades?

22 Would the utilities -- are the utilities -- would the
23 utilities consider doing something like that, or are you
24 waiting for the Board to force you to do something like
25 that?

26 MR. McLORG: Well, Dr. Silk, speaking for Toronto
27 Hydro, I can say that we are unaccustomed to such offers.

28 [Laughter.]

1 MR. McLORG: So I think that we would need to
2 carefully consider how we would respond to such an offer.

3 I think that it is likely the case that, if they are
4 -- our response would be very highly conditioned on the
5 character of the offer initially, which is really to say
6 the obvious. If, hypothetically -- and I have to say it is
7 very hypothetical -- an entity, a benefactor were to come
8 to Toronto Hydro and say: Please take this million dollars
9 and use it to pay off the arrears of your low-income
10 customers, then frankly by my own lights I would say:
11 Well, thank you very much and we will be happy to do that
12 and we will give you a full report on what we did.

13 If there were some other condition attached to it,
14 such as: Go and spend a million of your own dollars on CDM
15 programs for customers, frankly, I really can't give you a
16 meaningful answer to that.

17 MS. HARE: Thank you. Andy.

18 DR. PORAY: I think you and I had a chat about this
19 during the break. And, first of all, I am not sure whether
20 a benefactor would come to Hydro One, in any case, but it
21 is something that I guess we're not used to getting.

22 We have never had any experience with that sort of
23 thing.

24 And to echo Colin's point, I guess we will have to
25 look at what are the conditions associated with that.

26 MS. HARE: Okay. Theresa, you had a question.

27 MS. McCLENAGHAN: Theresa McClenaghan, Canadian
28 Environmental Law Association and LIEN.

1 Just thinking back to the discussion on security
2 deposits, I am wondering if it would be acceptable to the
3 Board if the undertaking on dollars in the security funds
4 for residential customers also includes the number of
5 customers, for both questions.

6 So the number of customers for whom security deposits
7 are held at one time, and the number for whom the security
8 deposits are applied to the accounts, the two questions
9 that were posed. That would be helpful.

10 MR. PENNY: I think we would have to do that anyway.
11 The answer is, yes, we can do that.

12 UNDERTAKING NO. 2: UNDERTAKING ON DOLLARS IN SECURITY
13 FUNDS TO INCLUDE DATA RE NUMBER OF CUSTOMERS FOR WHOM
14 SECURITY DEPOSITS ARE HELD AND NUMBER FOR WHOM
15 SECURITY DEPOSITS ARE APPLIED TO THE ACCOUNTS.

16 MS. HARE: I might say for everybody, any information
17 that we get will be posted on the website along with all of
18 the other presentations. So as soon as we get that, it
19 will be posted.

20 MS. McCLENAGHAN: I am also wondering if those who are
21 answering the question or clarifying the question about the
22 interest earned on the security deposits held could confirm
23 that, where that interest is going is to benefit the entire
24 class of ratepayers and not just low-income consumers.

25 So if low-income consumers, by definition, in terms of
26 payment history, are putting up a disproportionate number
27 of the security deposits, but they're applying to reduce
28 the rates of all consumers, is there a disproportionate

1 contribution by the low-income consumers?

2 MS. HARE: Just to be clear, I am not sure that the --
3 can the utilities actually identify. No, I wouldn't think
4 so.

5 MR. PENNY: Not if they're low-income or not.

6 MS. HARE: Just total number of people.

7 MS. McCLENAGHAN: The point would be it benefits all
8 of the customers in that class.

9 MS. HARE: How much we can produce to identify --

10 MS. McCLENAGHAN: If we can produce statistical
11 evidence about the numbers of customers who are providing
12 security deposits being disproportionately low-income, then
13 we could make that argument. I want to make sure it is the
14 whole category of ratepayers.

15 MR. PENNY: That's not correct. I think I addressed
16 that earlier. The customer who posts the deposit gets the
17 bank rate on that deposit credited to them, so it doesn't
18 all go to benefit the entire customer rate class.

19 MS. McCLENAGHAN: I thought you said, or somebody
20 said, a part of it went to benefit the whole rate class.

21 MR. McLORG: In general, I think it is the case that
22 any funds that are held by the utilities that are not
23 segregated are -- and which funds draw interest income,
24 well, utilities report that interest income as a revenue
25 offset.

26 I agree with Mr. Penny that in the case of security
27 deposits, the interest on those specific security deposits
28 is customer-specific. And it gets refunded back to the

1 customer. I think that is a matter of the Distribution
2 System Code in the matter of electricity.

3 MS. McCLENAGHAN: So there is not an extra amount of
4 revenue, then? Because I think we have just heard two
5 different explanations. I will have to go back and reread
6 the transcripts and maybe people can double-check their
7 answers.

8 MR. McLORG: I am sure it is me that has confused the
9 issue here, and I apologize for that. But I guess I was
10 responding a bit early to the concept that utilities simply
11 pocket money and interest and so on from customers.

12 That is strictly not the case, and the Board has been,
13 I think, very diligent in ensuring that that is not the
14 case.

15 And just to go back to your previous point -- which I
16 think really was addressed by Marika and Mr. Penny as well
17 -- the allocation of monies that would be received by
18 utilities from miscellaneous sources -- for example, pool
19 rentals or other kinds of miscellaneous income like that --
20 well, that is all governed, as is the allocation of costs
21 in the direct instance, by a model that was developed here
22 at the Ontario Energy Board called a cost allocation model,
23 and generally speaking, that is what governs the allocation
24 of costs and revenues to individual customer classes,
25 offsetting revenues.

26 So the answers are in there, but certainly a
27 customer's characteristic as being low-income is -- does
28 not appear in the model anywhere. It is not an allocator.

1 MR. PENNY: And that is certainly true for Union.
2 There is no identification of low-income at all.

3 MS. HARE: Ian?

4 MR. MONDROW: I am not going to talk about security
5 deposits, but I wonder whether Kerry wanted to make another
6 comment on that topic, rather than break that flow, and
7 then address my question afterwards?

8 MS. LUBRICK: Just one last comment about security
9 deposit.

10 I don't think -- I know you are not just, you know,
11 hiding the money, and I know it will go back, but
12 ultimately it is an assuery. You are a utility company.

13 So if I get disconnected today, I didn't pay a
14 security deposit, so I put up no assueries. I get
15 disconnected today. I don't pay you \$300. Okay?

16 Tomorrow, I go down the street, move into another
17 apartment, and now have to hook up hydro with you again.
18 Same utility company. Okay? Where is that \$300 coming
19 from?

20 You will not hook up a utility until that money is
21 satisfied, because you left owing monies, and until you can
22 pay that money, the hydro does not go back on, is my
23 understanding.

24 So I just wanted to point out that this is different
25 than a landlord last-month rent deposit. A landlord has --
26 that's their security. And they will pay interest on it.
27 It's not in hiding. If the person skips out, doesn't pay
28 their rent, at least they have got that last-month rent

1 deposit.

2 The landlord also has an opportunity to go do the
3 Rental Housing Tribunal and go after lost rents or
4 revenues. With a utility, you are going to pay it, coming
5 or going, whether the security deposit is there. You are
6 just not getting your money upfront before the person comes
7 back in a month down the line.

8 So I just wanted to point that out, that no money ever
9 escapes. The debt is still there. Whether it is paid out
10 of the security deposit or not, you are holding it over
11 their head. If they come back, you pay it.

12 So I just wanted to make that clear.

13 MS. HARE: Michael?

14 MR. McLORG: Well, I am afraid I would rather object
15 to letting that stand on the record, because -- and here
16 we're getting into facts and maybe testing of evidence and
17 that kind of thing, but I don't think that your analogy
18 holds entirely, because I think it is quite often the case
19 that customers move into and out of the service areas of
20 different utilities.

21 And insofar as their payment history is reflected on
22 their credit record, so to speak, then perhaps that would
23 be accessible to the new utility for whom it is proposed to
24 provide service to that customer.

25 But generally speaking, there is no guarantee that a
26 utility has that a customer who pays for a year and has,
27 say, his security deposit refunded and then just ignores
28 the last bill and moves out of the service area, there is

1 no way that that money comes back into the utility that
2 provided the service.

3 So I think that it is sometimes the case that a
4 utility could recapture amounts that are outstanding, if
5 the person happens to take up a house or a residence in the
6 same service area.

7 But in the analogy that you drew with landlords, it
8 would almost be like a person skipping the last month of
9 rent on Unit 105 and moving into Unit 107. You know, it
10 just doesn't -- it doesn't often work like that.

11 MS. HARE: Ian?

12 MR. MONDROW: Thank you, Marika. Ian Mondrow, counsel
13 for IGUA.

14 And I have a couple of points, and you can cut me off
15 when you want to break, but while everyone is here -- and I
16 want to move up a couple of levels of detail from security
17 deposits.

18 And first, I wanted to ask Mary -- and Mary, I am just
19 trying to understand the implications of what I think is
20 the position, one of the positions you put forward. And I
21 am going to try to paraphrase.

22 And I don't mean this critically; I just want to
23 understand the position. You talked about late-payment
24 fees, and I think you were trying to make the point that
25 they're regressive, to start with, because you're adding
26 them on to people already payment-challenged, and they're
27 in fact of limited usefulness, because those folks are
28 payment-challenged, and they're not going to come up with

1 the principal, let alone the penalty or the interest.

2 You also talked about a moratorium on disconnection
3 during, my note says, extreme weather seasons, but I think
4 you said summer or winter, basically, right?

5 MS. TODOROW: Seasonal.

6 MR. MONDROW: So -- and so I am trying to understand,
7 if there is no late-payment penalty and there is no threat
8 of disconnection, other than the desire to pay -- which I
9 would think would be trumped by necessities like feeding
10 your kids and, you know, buying them clothes -- it's not
11 clear to me why a customer, faced with these real
12 exigencies, is going to pay their utility bill.

13 And so I am trying to think about what implications
14 that policy would have on cost of service. It seems to me
15 that in another form that would effectively be a subsidy to
16 low-income consumers.

17 So maybe you can help me. And maybe there is
18 something I am missing in your position that would help me
19 to understand that.

20 MS. TODOROW: Actually -- oh. Mary Todorow, from ACTO
21 and LIEN.

22 One thing I would like to say is, I would like to look
23 at it as an investment, rather than a subsidy.

24 MR. MONDROW: Okay.

25 MS. TODOROW: And you can't look at this -- you are
26 looking at those -- that position in isolation from our
27 whole pyramid. You cannot look at that position in
28 isolation from our whole pyramid, because rate assistance,

1 a program for rate assistance is crucial to the whole
2 pyramid.

3 So that position, you have to look at it in the whole
4 context. So that what we're trying to do is ensure people
5 keep connected and don't add all these additional costs on
6 to it.

7 So I can't look at that, just the conditions of
8 service, separately from the rate assistance. We tried to
9 make that point so many times in our presentation.

10 MR. MONDROW: That's very helpful.

11 Can I ask one more while I am at it? And not for
12 Mary, although I am happy to have your perspective.

13 MS. HARE: Sure.

14 MR. MONDROW: But I really wanted to ask Kerry about
15 it.

16 Kerry, you described in your presentation -- which was
17 a little while ago now, I guess -- what seems to me to be a
18 very busy and demanding and challenging role, and so I kind
19 of have two questions, or a question and a comment about
20 it.

21 The question about it is, I am assuming -- and maybe
22 you can confirm -- that many cities and municipalities,
23 perhaps most cities and municipalities, if we looked there,
24 there will be counterparts to you. That is, there are
25 other people doing a similar role for other municipal and
26 civic entities. Is that a fair assumption?

27 MS. LUBRICK: Yes, that's correct.

28 MR. MONDROW: And so following on that understanding,

1 it seems to me that the issues facing, I think you call
2 them customers or clients, but the people that you try to
3 help, are very complex issues, and for most of us in this
4 room, to our great fortune, very foreign. It is very
5 difficult for us to understand what they're facing, and
6 what choices they have to make and how they balance their
7 priorities and how they make judgments about what is right
8 and wrong in that context. And I don't think any of us can
9 really purport to understand that, not having been there,
10 and certainly, save for a few of you, not on the front
11 lines at all.

12 But it seems to me that the particular circumstances
13 and understanding those circumstances that are facing these
14 individuals, the understanding is critical to being able to
15 deliver assistance that will really, in the end, help.
16 That is, the best way to help people in those circumstances
17 is to enlist service providers who can really understand
18 the circumstances they're facing, and therefore address
19 them as efficiently and directly as possible.

20 That's a proposition, and I guess I would just like
21 your perspective on it. Is that fair?

22 MS. LUBRICK: It's fair. And going back to the first
23 question, yes, as I said before, they're similar programs,
24 but it is also very different in some areas: The dollar
25 figures, who you are reaching. I just wanted to clarify.

26 Okay. So we will move on to your second question: Is
27 it true social service agencies should be involved in some
28 of these cases? I agree. We're seeing it's not just one

1 issue. It is sometimes a few issues.

2 And this is one of the issues that we fought to keep
3 the program internally with our case managers, because they
4 are seeing the issues. They are working with the case
5 plan, with the individual.

6 And I will give you an example. One just came in, and
7 it was a low-income client, family of five. Mom and dad
8 both work, but very, very low wage earners. It turns out
9 to be \$31,000 a year, net.

10 So three kids, a house, and both are trying to work.

11 Gas was already cut off in August. Now they're facing
12 the hydro. In addition to that, they had an eviction
13 notice, and you don't know everything else that is going on
14 with their lives, but the money is not cutting it.

15 So we're able to reach out to those people and say:
16 Okay, this is only one issue. Let's deal with that to keep
17 you connected. Two, let's connect you with somebody to
18 help you with your rent arrears. Three, can we offer you a
19 bus pass to get to work? We're offering a half-price bus
20 pass. Can we help you with dental or eyeglasses? Because
21 are they taking money to cover those costs that we might as
22 a city have funding for.

23 But, again, the City of Hamilton has that. I don't
24 know -- and I know particularly which community has what,
25 but not every community is the same, because there's that
26 level of discretion that is put back on to the
27 municipalities on what you can deliver.

28 Again, we have this in Hamilton. I am not saying it

1 is a perfect system. Is it helping? I think it is.

2 MR. MONDROW: Thank you. So, Marika, if I could leave
3 a comment, and Mary or Theresa or someone else might want
4 to comment.

5 I understand the issue about funding, that there is this
6 need for money. I get that, and we are here in part to
7 talk about whether this is the appropriate place to talk
8 about that, or to seek that. But it seems to me that the
9 programs have to be designed with a sensitivity to the
10 needs of these individuals. And it is very difficult for
11 people not working with these individuals all the time to
12 understand those needs properly.

13 So that is kind of the proposition that I would like
14 to leave, based on what we have heard this morning.

15 MS. McCLENAGHAN: I think that is very fair. On the
16 first day, we mentioned that what we would like to see, in
17 part, out of this consultation is an opportunity for
18 further engagement across a range of issues, in terms of
19 developing the solutions before we get into a more formal
20 evaluation of those potential solutions.

21 Many, many times in the discussion we've seen a range
22 of issues, and we have seen people trying to evaluate what
23 the impacts will be for them on the business environment,
24 for us on our client constituencies, and so on, and those
25 kinds of things need to be walked through. But the point
26 to do it with the people who truly understand the impacts,
27 I think, is critical, because otherwise we just absolutely
28 see unintended consequences happening.

1 We saw it, as we mentioned on day one, with the
2 Emergency Energy Fund and the fact that you need to wait
3 until there is a disconnect notice, and there is a lot of
4 issues with that fund. That is just one example where we
5 would rather not have people get to that point where
6 they've made a bunch of unfortunate decisions because of
7 the disconnect notice, or on the way to getting the
8 disconnect notice.

9 The other thing I think deserves to be stressed is
10 that our position is that it is not necessarily a question
11 about: Is there enough money? That is another issue that
12 people are contending with, in terms of their income
13 environment, and if they are low-wage earners, if they're
14 in some kind of a benefit program. Absolutely, that is an
15 environment they're working in.

16 Our point is affordability in the first place is a key
17 consideration for this Board and for all of the people who
18 appear before this Board.

19 So keeping the bills affordable before we have to
20 worry about whether they fell into arrears, what tradeoffs
21 do they make, et cetera, is one of the goals we're
22 advocating.

23 MS. HARE: We will break for lunch now and resume at
24 2:10 with topic 6, conservation demand management.

25 --- Luncheon recess taken at 1:10 p.m.

26 --- Upon resuming at 2:13 p.m.

27 MS. HARE: Good afternoon. We are resuming now with
28 topic 6:

1 "Conservation demand management and demand-side
2 management programs for low-income consumers."

3 A very slight change in the order of presenters,
4 because Theresa and friends have to leave, so we will start
5 with Theresa McClenaghan and Franz Hartmann from TEA.

6 **PRESENTATION BY MS. McCLENAGHAN AND MR. HARTMANN:**

7 MS. McCLENAGHAN: Okay. Thank you, Ms. Hare.

8 I am not able to advance the slides. I don't know if
9 something needs to be adjusted so that they will move. Oh,
10 there we go. 74 is the first one. Thank you very much.
11 Great. And I'll just see if that's -- oh, I guess we will
12 need you to do that for us.

13 So what we will do is, I will deal with a few of our
14 slides at the beginning and end of the presentation, all at
15 once, and then Franz will introduce himself and deal with
16 the bulk of our time for the programs that his organization
17 has delivered.

18 So first of all, we have indicated that there have
19 been many pilots and many initiatives underway so far.
20 What is needed now is a permanent program with adequate
21 funding for energy conservation programs, targeted at low-
22 income consumers, and with targets; for example, numbers of
23 homes to be retrofitted annually.

24 It is very important that those programs be available
25 at no cost to the eligible participants, because the
26 participants we're discussing have absolutely no
27 wherewithal to spend even what we might otherwise consider
28 moderate costs for buying equipment or upgrading equipment,

1 and certainly don't have capital to do weatherization,
2 insulation, and that kind of thing.

3 And secondly, the programs should be equitably
4 accessible province-wide. At the moment we have some
5 pilots, and so it just depends whether the low-income
6 consumer is in a community where there is a pilot at the
7 moment, and of course it depends on the limitations of that
8 pilot.

9 Then, as I indicated on the first day, there are many
10 benefits to conservation, and the consumers that are
11 vulnerable in low-income want to be participants in the
12 responses to those issues.

13 So there are large-scale societal issues, in terms of
14 things like supply. There are issues that affect them, in
15 particular, like dealing with rising energy prices, and so
16 having an offset to the effect of those prices from
17 participating in conservation.

18 Their own housing becoming more affordable and
19 comfortable. Mary alluded to some studies and some
20 epidemiological studies that have been done showing a wide
21 range of benefits from both the household level, family
22 level, as well as societal, in terms of investments. And
23 again, we mentioned some of those on day one as well.

24 And then in terms of health impacts, this particular
25 issue, in terms of inadequate, either winter heating or in
26 some extreme cases, summer cooling, can be a strong
27 contributor to respiratory health issues and -- or worse.
28 And so it can be an extremely important issue for the

1 consumer to be in a household that is properly conserving
2 so that they can afford the bill to keep their house at a
3 comfortable place.

4 We are advocating deep reductions in energy use, and
5 available across a variety of fuels, and -- because again,
6 that is another difference right now, is that it does
7 depend on whether the consumer, for instance, is on
8 electric or gas or otherwise, whether they have access to
9 the programs that do exist.

10 And we would like to have an approach that is fairly
11 indifferent to which kind of fuel they're utilizing, in
12 order to be able to access conservation and demand
13 management programs, and that would certainly be consistent
14 with broader societal goals around energy use and
15 greenhouse gases, et cetera.

16 And in terms of deep reductions, a wide suite of
17 measures. So we have seen a variety of programs that deal
18 with some of the relatively -- relatively more inexpensive
19 and quicker measures. Some of those measures may not be
20 sustained in the long-term. For instance, if compact
21 fluorescent light bulbs have been provided in the home, can
22 the consumer afford to purchase those again when it is time
23 to replace it? And it may not sound like a lot of money to
24 you and I, but it may be the difference on the grocery bill
25 that month, and so it may be back to incandescent. Same
26 thing with others of those measures.

27 We would like to see the energy and resources and time
28 and opportunities, when those residences are being

1 accessed, to be used to achieve deep measures that have
2 long-term, sustained outcomes, even if the resident moves
3 and a new resident moves in, or the house is sold, if it is
4 a low-income homeowner situation, such that the benefits
5 that are accruing are accruing in a much more sustained and
6 long-term, relatively permanent manner.

7 We would also like to see that the programs be
8 tailored. In the rest of our presentation in a few minutes
9 we will deal with one of these, but there are differences
10 in accessing different types of consumer groups, whether
11 they be homeowners, whether they're tenants in private
12 rental housing, or whether social housing, and there are a
13 variety of issues in terms of landlord consent, where the
14 incentives lie, does the landlord have an incentive to
15 allow these measures or to participate in the costs, and
16 that may depend on who is paying the bill, that kind of
17 thing.

18 And now if we could go, please, to slide 84, and I
19 will just finish up my section so that Franz is free to
20 spend the rest of our time on the programs they have
21 delivered.

22 And slide 84 we have already alluded to earlier in the
23 week, the fact that DSM is especially critical for the low-
24 income consumers, because of the preponderance of older
25 homes, more in need of maintenance, more likely to have
26 been less insulated, or insulation having been impacted
27 over the years, just in terms of normal maintenance issues,
28 other kinds of household maintenance issues that affect the

1 weatherproofing of the house. And again, the cost for the
2 homeowner to be able to maintain, replace, or change that
3 kind of housing stock.

4 Similarly, low-income households -- and we provided
5 these data tables -- have fewer appliances than an average
6 home. And again, they're more likely to be older, and
7 they're more likely to be less energy-efficient. So all in
8 all, the energy burden is that much greater, and so the DSM
9 is that much more needed.

10 And in terms of slide 85, we have mentioned this a few
11 times. Much of the energy burden for low-income consumers
12 is not within the scope of things that are easy to choose
13 to do or not do if you are going to have an appropriate
14 standard of living, so maintaining appropriate temperature
15 levels, you know, washing dishes and so forth.

16 Lighting, basic appliances, lighting again depending
17 as well if the resident is in the home during the day, and
18 not away during what are otherwise, you know, considered
19 for the rest of us "peak hours" that we have some more
20 choice around use.

21 And similarly, as I mentioned, there is lack of
22 control and access to capital, in terms of building
23 envelope and weatherization, insulation, and appliances.

24 And so we already dealt with this the other day, the
25 differences in spending characteristics.

26 And just to reiterate on households equipment, almost
27 a third of the lowest income quintile -- and this would be
28 true as well for the next lowest quintile -- a greater

1 percentage have electric heating as principal heating
2 equipment, and that falls off for the average income
3 household to 13 percent, and even less for the higher-
4 income households.

5 Similarly, the age of equipment, 62 percent is over
6 ten years old, compared to under half for highest-income
7 households. And greater percentage, more than twice as
8 much, heating with hot water in the lowest-income
9 household, compared to the highest-income household, in
10 terms of heating hot water with electricity.

11 And then as I mentioned, differences in efficiency due
12 to age and the standards in place at the time the equipment
13 was produced.

14 And so we submit that the impacts of those differences
15 on the lowest-income households are disproportionate, that
16 it is not just a question, as we have been discussing
17 earlier, about affordability of the bill, which is
18 extremely important too. Now we turn around and find out
19 that the usage is disproportionally greater in these
20 households because of these various issues.

21 And quickly, on the types of low-income energy-
22 efficiency programs -- and we will be hearing from many
23 about these as we go. Energy audits, weatherization,
24 appliance replacement, furnace repair and replacement, and
25 in some cases fuel-switching are the types of programs that
26 have been offered in a variety of circumstances.

27 In terms of societal benefits, I have already
28 mentioned the importance of participation in the energy

1 savings and climate change. This, as well, is a
2 significant component of our residential energy use, and
3 not a segment of consumers we want to leave out.

4 The other issue is I think I mentioned the other day
5 one of the studies our consultant had done showed that
6 there is actually a great deal more mobility because of
7 energy costs and directly attributable educational
8 differences in outcomes, because the students are changing
9 schools, maybe less likely to return to school if they're
10 sort of starting to waver a bit, may just have more
11 difficulty with that adjustment, and so that's been tracked
12 as well in some evaluations in the US.

13 That's just one example. And Mary gave you some
14 others earlier where there are perhaps some impacts that we
15 wouldn't necessarily think of as being directly associated
16 with this issue.

17 Similarly, public expenditures on health, fire,
18 housing and homeless shelters, emergency calls to
19 utilities. Some of the specific reasons for that Mary gave
20 you, in terms of inappropriate decisions around space
21 heating and that kind of thing.

22 Of course we have been hearing as well about utility
23 costs on collection, termination and reconnection and
24 seeing those be reduced as a benefit as well.

25 MR. HARTMANN: If you could go back to slide 77,
26 please.

27 My name is Franz Hartmann. I am the executive
28 director of the Toronto Environmental Alliance.

1 I just want to quickly tell you about TEA. We have
2 been around for 20 years. Our focus is on working with
3 community members anywhere, from neighbourhoods to tenants
4 to businesses, to anyone, to help build a green Toronto.

5 One of the key campaigns we have been involved in for
6 many, many years is on smog and climate change.

7 We helped get the old -- sorry, the City of Toronto
8 back in 1998 to begin the first smog reduction plan, and we
9 have been pushing for energy conservation as a key element
10 of climate change.

11 One of the other things that we do a lot of is we want
12 to work with all Torontonians, not just kind of typical
13 environmental, white, middle-class people, but everyone.
14 And that was a key factor that led us to get involved with
15 the Low-income Energy Network and to start working with
16 tenants.

17 The reason for us getting involved in that wasn't
18 simply because we wanted -- you know, there were many
19 reasons. I think the key one was that we realized if we
20 wanted to see deep reductions in energy use through energy
21 efficiency, we had to work with tenants, because the
22 reality is that in Ontario, roughly one-third of households
23 are tenanted households.

24 The other reality is, of that one-third, well over --
25 not well over, but over 60 percent, or 66 percent, two-
26 thirds, are considered low-income, depending on how you
27 measure it. So if we wanted to be out there advocating for
28 energy efficiency and green solutions, it became clear we

1 had to work with low-income tenants. That began with us in
2 2005 and I will tell you a bit about that in a few moments.

3 Our experience has led us to understand a really,
4 really important lesson, and that is if we want to really
5 deliver energy conservation programs that are effective and
6 bring about real reduction and also help people, they have
7 to be -- these programs have to be done by having low-
8 income tenants involved in the design and the delivery of
9 these energy conservation programs.

10 It's useful and very important to have landlords
11 onside and to do those sort of retrofits that are
12 inelastic, that tenants don't have a lot of control over,
13 but it is equally useful, and in fact I would say it is
14 vital to also have tenants engaged. If tenants aren't
15 engaged, the work that the landlord has done is at best
16 partial, and the building and the potential there to reduce
17 energy is only partially realized.

18 Next slide, please.

19 Now, why did we reach this conclusion? Why is it that
20 tenants, we believe in our experience, are so crucial in
21 delivering energy conservation programs?

22 Well, a key one is that tenants can identify
23 unforeseen opportunities and challenges in the programs,
24 because they know their situation better than any of us.

25 Let me just tell you a quick anecdote.

26 One of the units we were in, or complexes we were in,
27 Walpole, which I will talk about in a moment, we were
28 figuring out in our communication strategy: How do we

1 connect with tenants? What are the ways in which tenants
2 will come and engage in this activity? And to be honest,
3 for many low-income tenants, energy conservation is not
4 high on their priority list. And we had tenants involved,
5 and they said: You know, we used to have a tradition at
6 Walpole of having a lot of parties around Halloween and
7 Christmas, but they haven't happened for the last few years
8 because of budget cutbacks at the Toronto Community Housing
9 Corporation, and so forth, but, you know, a lot of people
10 would be really interested in another Halloween party.

11 Well, we had set up a unit where we put in energy
12 conservation devices as kind of like a show unit where we
13 wanted to bring people through, so we thought: Wow, this
14 is great. Let's set up a Halloween house in our units and
15 bring people through. Lo and behold, as soon as we started
16 advertising it as a Halloween party we had, you know, 40 or
17 50 people coming through that place. We wouldn't have
18 known that without the tenants.

19 Another example in the same place was, as we were
20 developing our communication strategy, we found out that
21 energy solicitors were coming through the neighbourhood and
22 quite aggressive and saying some fairly, well, inaccurate
23 things.

24 Well, because we knew this, we could very quickly
25 change our program to take into account the fact that
26 people were very confused about what the energy solicitors
27 were doing, and we had the capacity therefore to message
28 properly to counteract some of the, frankly, lies that were

1 coming forward.

2 All of this happened because we had the tenants
3 involved from the outset.

4 Another key reason for having tenant leaders involved
5 is that they set a good example and they teach fellow
6 tenants. I think we know this intuitively.

7 We look to our peers especially if we're being asked
8 to change something. If our peers are doing it, we are
9 much more likely to do it than if it is some stranger.
10 This will result in real behaviour change when you have
11 tenants talking to tenants about how to change things and
12 how to improve their lives.

13 The other key thing is what motivates tenants to save
14 energy will vary by situation. It is not always money. It
15 may be a sense of community pride. For example, in the
16 first neighbourhood we were in, the Brahms neighbourhood in
17 northwest Toronto, they were just interested in being part
18 of a community effort. Now, energy conservation was part
19 of this as well, but it wasn't just the money. Indeed it
20 wasn't -- the key thing wasn't the money, because they
21 weren't paying their energy bills.

22 So tenants allow us to finds these synergies, and if
23 we don't engage them in developing the programs and running
24 them, we lose this incredible resource.

25 Next slide, please.

26 Let me talk a bit about the actual programs that we
27 ran. The first one was the Brahms energy savings team, or
28 BEST. We realize that having acronyms with a

1 neighbourhood's name was a good idea. We also did the
2 Walpole Is Reducing Energy, which is in the east end of
3 Toronto. These were two successful tenant-led conservation
4 programs run by Toronto Community Housing Corporation
5 neighbourhoods. TEA developed these in partnership with
6 Public Interest and GreenSaver. And we have also in April
7 started the Low-Income Tenant Energy Savers program, which
8 is engaging tenants living in private high-rise buildings
9 in both Ottawa and Toronto. And most recently we have been
10 hired on to help deliver some community-led conservation
11 programs through the City of Toronto.

12 So I just mention this, and I will go into more detail
13 about BEST and LITES and so forth in a few moments. But we
14 have been intimately engaged in this, more so than other
15 organizations in Ontario. Next slide, please.

16 So, important program principles: First of all, it
17 has to be free for tenants to participate. When we're
18 talking about low-income households, we can't expect them
19 to ante up any serious dollars. As Theresa said, and as I
20 am sure you've heard from others, there is no extra
21 capacity there. And it has to be open to everyone in the
22 building regardless of income and benefits, which suggests
23 if one is in a building where there is an income mix, one
24 almost has to forget about that and just understand and
25 acknowledge they're all tenants.

26 Tenants, as I said before, need to help design and
27 deliver the programs.

28 They know what sort of messaging works. They know

1 what type of procedure works. They know how best to
2 connect with people. They know how best to deliver energy
3 kits or whatever.

4 If we don't rely on them, we're going to come up with
5 programs that just, frankly, don't work and don't connect
6 with people.

7 Peer education is very, very important; tenants
8 teaching tenants. Again, I don't think I need to tell
9 people in this room how important it is, how useful peer
10 education is versus having somebody come in from the
11 outside and say: You have to do this, this and this. More
12 often than not, eyes glaze over and people ignore that. If
13 it is a tenant, if it's somebody who you hang out with in
14 the park or whatever, you are much more likely to listen to
15 them.

16 There also have to be tools and materials available
17 that enable tenants to start saving energy right away.
18 There have to be quick wins, because most people who are in
19 low-income neighbourhoods aren't necessarily -- don't have
20 the luxury of waiting, you know - having: Well, I have got
21 a five-year payback, that's great. That's not going to
22 work for them, because they may not be there in five years.
23 So that means making sure that power bars, light bulbs, et
24 cetera, things like that get out quickly.

25 And it is also very useful, although not crucial, to
26 have a supportive landlord who will do their part. TCHC,
27 as we were doing our programs, they were also engaged in an
28 appliance replacement program. They were engaged in

1 retrofits. They were engaged in maintenance. This makes
2 it clear the landlord is also onside.

3 And to tenants -- and in many instances, low-income
4 tenants don't trust the landlord -- if they see that the
5 landlord is doing their bit, they're much more likely to
6 engage in the sort of behavioural changes that the programs
7 that we ran with tenants' help do.

8 Next slide, please. So let me quickly do an overview
9 of the two programs we did with TCHC. The first one was
10 the Brahms Energy Savings Team. It's in the northeast part
11 of Scarborough, 342 units, about 850 tenants. 315 of them
12 were children.

13 We hired and trained six tenants from the buildings as
14 community, education, and outreach workers, or what we call
15 animators, and the animators designed and delivered the
16 energy education program to engage their fellow tenants in
17 their primary language.

18 So we had information in English, Farsi, Somali, and
19 Tamil, which of course were the key languages spoken there,
20 and also in culturally appropriate ways, because we can't
21 just do a straight translation. Not everybody perceives
22 the world the way some of us who, you know, who are
23 Caucasians. It just doesn't work that way. So you can't
24 just do a translation. You have to have a culturally
25 appropriate set of materials.

26 We had great success rates. Three-quarters of the
27 households participated. There was a measurable, almost 7
28 percent reduction in energy use.

1 And keep in mind this was behaviour, behavioural
2 things, and it was in a place where people did not pay
3 their energy bill.

4 So what motivated them wasn't: Wow, I am going to see
5 more money in my wallet. What motivated them was: Wow, I
6 want do this because of peer pressure, because of feeling
7 of community spirit, et cetera. And this particular
8 program won the 2006 Green Toronto award for best community
9 project.

10 The Walpole Is Reducing Energy program, or WIRE --
11 this is in an east-end Coxwell and Danforth area -- there
12 were 118 units. The first one was in two high-rise
13 apartments. This was in townhouses spread over, you know,
14 not a significant amount of space, but it was quite
15 different.

16 We had three animators design and deliver the program.
17 We reached 85 of the 118 households. In a survey that we
18 did after the program was delivered, nine out of ten people
19 were very happy with the material, and almost nine out of
20 ten said they learned new things. Nine out of ten felt
21 that they saved money as a result of the WIRE program. In
22 this particular location they did pay their own energy
23 bills.

24 And interestingly, 97 percent, almost, said that they
25 were more comfortable. One of the key motivators for doing
26 energy conservation on a behavioural basis, putting in
27 light bulbs, you know, or turning the heat down and so on
28 and so forth, is that it makes it more comfortable. So

1 there is some significant successes there as well.

2 Next slide, please. More recently in April the
3 Ministry of Environment Community Go Green Fund gave TEA a
4 funding to run the Low-Income Tenant Energy Savers program,
5 and this program has three components to it. First of all,
6 we wanted to take all the lessons we had learned by running
7 BEST and WIRE and put it into a guide specifically designed
8 for tenants and, in particular, tenant activists so that
9 they could do tenant-led energy conservation.

10 So we now have a guide that is available freely on our
11 internet site, on the LIEN internet site, that is written -
12 - that is based on the experiences we have picked up. And
13 it is out there for anyone to use.

14 We're also holding or have held one regional workshop
15 and two others in the next six weeks, just to give people
16 an opportunity in one way, in one day, to get a fairly
17 intense training session about how to run these.

18 And we also decided in this particular program to
19 focus on private-sector homes, or buildings, because we had
20 focused on public ones. And so we are doing two apartment
21 buildings in Ottawa and two apartment buildings in Toronto.

22 Next slide, please. Oh, and that's it.

23 Yeah, so let me just sum up. I think, you know, I am
24 repeating myself, but I am doing it purposely. DSM for
25 low-income Ontarians has to involve low-income Ontarians.
26 It cannot be taking a cookie-cutter DSM program that works
27 for middle-class homeowners and saying: Well, let's just
28 tweak it here and put another one. If you are going to do

1 that, if that happens, it's not going to work.

2 If you involve tenants, yes, there is probably an
3 incremental cost in doing that. But the benefits far
4 outweigh the costs, because you will have a much more
5 effective program, and it will be much more far-reaching,
6 and the sort of synergies that can exist by having
7 landlords and tenants together, and working together, will
8 be realized.

9 Thank you.

10 MS. HARE: Thank you.

11 Our next presenter is Constantine Eliadis, from the
12 Ontario Power Authority.

13 We have asked questions after all the presenters have
14 been finished, but because Franz and Theresa have to leave
15 in about ten minutes, we thought maybe we would take any
16 questions now.

17 Are there any questions? Ian? Mr. Mondrow?

18 MR. MONDROW: Thank you, Marika. It's Ian Mondrow,
19 counsel for IGUA.

20 Ms. McClenaghan, I wonder if I could just ask you to
21 explain the term "fuel neutral", which appeared in one of
22 your slides.

23 MS. MCCLENAGHAN: Yes, maybe it isn't a proper use
24 technically. What we meant is that the programs be
25 available regardless of which fuels the tenants are
26 accessing, for heat in particular, or also for water
27 heating, so that what we have run into is that in a
28 particular community, depending on what is running right

1 now in that community, a tenant may have access to a pilot
2 program for electric, but if they're gas-heated, they
3 don't, or vice versa. So we just want to make sure that,
4 regardless, or even if they're not on gas or electric, but
5 using a -- Northern Ontario -- different kind of fuel, we
6 still want to ensure that there are programs for people to
7 access across the province.

8 MR. MONDROW: So in terms of implementing that then,
9 it seems to me that that implies in some ways the
10 availability of a -- somehow a pooled fund, or a fund that
11 cuts across particular distributors who are obviously
12 divided by fuel type.

13 MS. McCLENAGHAN: Yes, that's a possibility. I think
14 there is more than one possibility, but -- because it could
15 also be by way of a sort of common principles, common, you
16 know, set of objectives that are applied as well.

17 But there are many different circumstances. Some
18 tenants may have gas space heating and electric water
19 heating and electric other issues, and again, we have been
20 finding that even though some of the utilities have been
21 providing energy-efficiency measures that deal with those
22 other issues too, the accessibility to the program in the
23 first place may depend on what fuel they're using.

24 MR. MONDROW: I have one more, if you don't mind, for
25 Mr. Hartmann.

26 I am external counsel for IGUA, the Industrial Gas
27 Users Association, and I really enjoyed your presentation.
28 It was very clear, and obviously you have been very busy.

1 It seems to me that, given your connection with
2 tenants in particular, the tenant community -- and I don't
3 mean to derogate at all from the utility efforts, but it
4 may be in fact better from a cost perspective and an impact
5 perspective, in some ways, to give you the money and, at
6 least for Toronto, have you run the programs or design the
7 programs, because you have obviously been very effective.

8 So, I mean, I would be interested in your comments on
9 that proposition, but perhaps more dispassionately, whether
10 there are organizations -- I gather from the name of your
11 organization, your focus is Toronto -- whether there are
12 similar organizations or networks in other parts of the
13 province that the utilities could, if not lean upon
14 completely, at least consult?

15 MR. HARTMANN: Well, first of all, thank you for that
16 offer. It's flattering, but I will have to respectfully
17 decline. But I think you've touched on a really important
18 element, and that is we need to develop the capacity, in
19 communities across Ontario, to help deliver and kind of,
20 like, train the trainers, if you will, to go into
21 communities and develop the capacity of tenants to engage
22 in these activities.

23 That's more service delivery. We are more of an
24 advocacy organization. So this is not -- we are in fact
25 now, you know, we have kind of helped give birth to this,
26 and we want that person, you know, this idea now to go out
27 and yes, be viral, yes.

28 But I think it is really important that thought be

1 given to how capacity can be developed for this, and I
2 agree that this is a very specific capacity, and it may not
3 be appropriate for particular energy providers to offer
4 this. Indeed, it may make sense, you know, to create --
5 for lack of a better phrase -- a training school and also -
6 - and help mobilize communities. There are many different
7 ways of doing that.

8 I am not an expert on this and I think I will defer to
9 others who have a better understanding of all of the
10 community connections that are out there.

11 I probably don't have to reinvent the wheel here. It
12 is probably a question of finding the right organizations
13 that provide these sort of -- that are already connecting
14 with tenants and giving them the capacity through training
15 to deliver these programs. But that is what needs to be
16 done. It can't be just one shop in downtown Toronto doing
17 this. Rather, it has to be much like the concept of
18 distributed energy: We have to have distributed capacity
19 across the province to take advantage of this.

20 MR. MONDROW: Thank you.

21 MS. HARE: What percentage would you estimate of the
22 reduction was behavioural educational versus what would
23 have been changes in the actual envelope of the building?

24 MR. HARTMANN: In the Brahms energy savings thing, I
25 would have to review the stuff. I was actually not the
26 executive director TEA at when that was delivered. I think
27 the 6 percent was mostly behavioural, and then on top of
28 that there was also stuff that came from the appliance side

1 change.

2 But the behavioural is, it's never going to be a huge
3 percentage, because, you know, as Theresa pointed out, the
4 inelastic nature of the energy consumption. There is not a
5 huge control you have over your fridge and stove, other
6 than, you know, if you're in a really drafty unit, you may
7 have to turn your stove on because the heating is so awful,
8 right? But barring that, your fridge is running 24/7.
9 There is not a lot you can do, other than give some basic
10 tips to people about how to use their fridge most
11 effectively.

12 So the behavioural stuff is never going to be a large
13 portion. However, you know, it is the whole point of
14 cumulative, and it is also the relationship that gets
15 established between tenants and landlords. When everybody
16 is working together towards energy conservation, it just
17 makes for a lot easier and potential synergistic
18 opportunities that don't exist if you just bring
19 a landlord in and they do an appliance replacement. Yes,
20 that is better than nothing, but you don't get advantage to
21 other things.

22 What we also found was that with tenants, and working
23 in collaboration with the landlords, they would spend much
24 more time talking to maintenance people, so problems that
25 existed in units, which were inelastic in nature -- i.e.,
26 having to do with heating -- they would all of a sudden:
27 Oh, you know what? I should talk to the maintenance person
28 about that, because I know, because I have learned this

1 from my fellow tenant, that if we're not fixing this, it's
2 costing a lot of electricity. So you are setting up these
3 networks of -- and this general ethos of conservation.

4 MS. HARE: Thank you.

5 MS. CAZALET: No, I don't have a question. Mr.
6 Hartmann just answered it.

7 MS. HARE: Okay, thank you. So we will move now to
8 the Ontario Power Authority. Constantine Eliadis.

9 MR. ELIADIS: Good afternoon, Mr. Chair, Board
10 Members, Board Staff and interested parties.

11 It is a pleasure to kind of share an overview of the
12 Ontario Power Authority's activities as it relates to
13 issues of low income. I think it is fair to say that the
14 Ontario Power Authority is really looking to stakeholders
15 in the marketplace to provide us the insights. There is a
16 fair amount of information in this presentation that I
17 think will be well known to most, so my perspective is not
18 to assert those things, but rather talk about the
19 activities that the Ontario Power Authority has undertaken
20 in the area of conservation, as it relates to directives
21 that we have from the Minister, our involvement in engaging
22 market stakeholders to help put together a comprehensive
23 approach to deal with conservation, and I think it is
24 important to just clarify that our role is to plan long-
25 term for reliable electricity supply in Ontario, and we do
26 that in three ways.

27 We do long-term planning and we procure both
28 conservation and new generation resources. When it comes

1 to generation, I will argue it probably a little bit more
2 straightforward. In the conservation domain, as our CEO
3 used to speak quite clearly, measuring what didn't happen
4 is always a challenge, and trying to do that cost-
5 effectively is even more of a challenge.

6 Our mandate clearly is to procure cost-effective
7 conservation and to do so in a way that contributes to the
8 long-term forecast, of which conservation is now an
9 embedded part. I think that is very good news for all
10 stakeholders who have an interest in conservation, because
11 it actually now is in our long-term plan.

12 So ultimately we're looking to work with the
13 marketplace to determine a way to maximize the conservation
14 potential in this sector, as well as the other sectors in
15 which we're directed to work.

16 That really means cost-effective, a dollar spent in
17 conservation against a dollar spent or not spent in
18 generation is the test to which our board holds us, and,
19 therefore, it is a fairly clearly defined area of an
20 activity for us.

21 Our levers, if you will, are very much around
22 programmatic intervention, and the programs that we're
23 going to review here, in brief, hopefully will demonstrate
24 certainly, as initial programs into the marketplace, that
25 we have taken a very comprehensive approach and engaged in
26 the marketplace in helping us take these first steps into
27 the marketplace.

28 Next slide, if you would.

1 This information, again, will be well known. There
2 are many sub-segments to the residential dwelling
3 marketplace, whether it is social housing, single families,
4 multi-unit dwellings, and the various segments among them,
5 just to emphasize that reaching and engaging tenants in a
6 variety of these segments is not a simple task. There
7 isn't a single optimal channel, and are we are certainly
8 committed to looking to reach constituents in these
9 marketplaces through multiple approaches, multiple
10 programmatic interventions through a number of channels and
11 partners we have been discussing in recent months.

12 I can do this myself, can't I?

13 The question has come up certainly in terms of
14 defining or placing the threshold for low-income
15 constituents. There is of course LICO, which everyone here
16 will be familiar with. In our pilot work, we took a
17 somewhat different approach in looking at programs that
18 folks in the low-income sector would be eligible for. We
19 took those into consideration and worked through a number
20 of analytics to come up with a table, which I think is on
21 the next page, with intention of making these screening
22 thresholds as generous as can be to maximize the
23 inclusiveness of eligible participants.

24 I will be alluding to one of the key challenges that
25 our pilot activities and consultations have informed us,
26 the difficulty of identifying, reaching and engaging a very
27 distributed and not likely to self-select all that well
28 group of constituents. And there was a comment made

1 earlier about the roles of LDCs, and certainly, as you will
2 see throughout the presentation, the referral process is a
3 key part of maximizing participation of low-income
4 consumers, and, again, the multiple channel approach in
5 doing so.

6 The multi-family buildings segment, as every one here
7 will certainly be aware, has many sub-segments, as I have
8 discussed. We have undertaken the extensive amount of
9 independent research through third parties, extensive
10 consultation with many of the interested parties that are
11 participating in this consultation this week.

12 Pilot programs that we have engaged with a number of
13 market participants and service providers, all of which are
14 culminating in a program for the multi-family buildings in
15 two specific streams; one in the social and assisted
16 housing market, and a separate stream for the
17 private/market rate buildings in Ontario.

18 The communication challenges and the segmentation
19 challenges are distinct enough, in our view, that it makes
20 sense to take a distinct approach to each of those.

21 Statistics that many of you will be familiar with, but
22 just to demonstrate the distribution of tenants,
23 particularly the last bullet point about tenants, social
24 housing tenants in privately owned buildings even more
25 difficult to access. And we will certainly be relying on
26 data from a number of sources and the expertise of the
27 marketplace to help bring those potential participants into
28 these programmatic activities.

1 I won't spend any time on this slide, because these
2 are certainly the key issues related: metering practices,
3 in-suite metering, the impact of time-of-use rates, et
4 cetera.

5 Our focus really is to look at: How do we maximize
6 the conservation potential in that building stock? Tenants
7 obviously play a key part, and in the program overviews
8 that you will see shortly, a strong emphasis and focus on
9 tenant engagement, tenant education, in-suite measures, not
10 looking at just the building infrastructure exclusive of
11 individual suites, and what programmatic elements can
12 contribute to engaging tenants -- which I believe the
13 former presentation certainly and rightly pointed out --
14 the importance of engaging tenants in the overall energy
15 practices in all buildings.

16 We have, as I mentioned, a program that will be in
17 market in early Q4, most likely next month, eligible for
18 all buildings over six units. And I will be speaking about
19 the single-family component afterwards. Providing a
20 dedicated access point and dedicated outreach stream for
21 both low-income and market-rate buildings.

22 Delivery through multiple channels: We do have the
23 City of Toronto as our program delivery partner in the 416
24 specifically, and we will have a distinct partner to
25 deliver this program in the rest of province.

26 The sub-bullet point 1 really lines up with our low-
27 income directive, which is a 100-megawatt directive. It
28 also and uniquely refers to reducing the energy burden of

1 low-income Ontarians, and that means energy efficiency, not
2 just demand management. And it is an important
3 distinction, because as we will see, the energy-efficiency
4 component and opportunity is very significant.

5 A three-year target of engaging 90,000 units and 1,500
6 buildings across both of these segments, if you will, very
7 much a whole building, building-as-a-system approach.
8 Looking at common areas, looking at in-suite.

9 A strong focus, as I mentioned, about technical
10 resources, support, and outreach to individual tenants, to
11 try and engage the building operator, housing provider,
12 with the individual tenant as a key part.

13 And we have two distinct research components that are
14 looking to optimize, enhance what may be the energy-
15 efficiency opportunity by taking a very firm approach in
16 that area.

17 A busy slide, but what I would like to point out here
18 is that we have a broad range of eligible measures. The
19 incentives are for both prescriptive activities as well as
20 an energy-based incentive for energy-efficiency work.

21 It includes a supplement of \$35 per unit for an energy
22 audit. It includes a tenant education fund for the
23 building operator, based on the energy savings potential in
24 the building, to deploy those resources to engage more
25 fully with tenants in education.

26 And on the social housing stream of this program, we
27 have two additional financial components. One is a gap
28 fund to basically prop up projects that might otherwise be

1 a little short of cost-effectiveness. And that is a
2 discretionary fund, as well as a loan guarantee facility
3 with a cap to help backstop loans to implement energy-
4 efficiency work as well.

5 So we are really trying to cover all elements,
6 certainly with the programmatic elements, to provide a
7 comprehensive approach to implementing energy efficiency in
8 this building stock, and we are talking about existing
9 building retrofits, just to be specific.

10 We do have a new construction program for commercial
11 buildings that is available province-wide, delivered by the
12 City of Toronto in the 416 and by Enbridge Gas outside. So
13 on the new construction buildings, those are already
14 available to folks looking to construct new facilities.

15 And again, the marketing and communications and
16 project level, measure, and the verification are integral
17 parts of all of our programmatic activity and obligations
18 of our contracted delivery partners.

19 The colours just help to identify the unique aspects
20 of the segments and how the outreach really needs to be
21 targeted to the individual segments, and that brings a
22 layer, I will say, of complication and certainly in
23 sophistication in marketing and outreach, to try and make
24 sure we touch all of those segments.

25 I have alluded to that in many cases we have delivery
26 partners in the City of Toronto. That's primarily because
27 the Ontario Power Authority received a specific directive,
28 the Toronto directive, for a 300-megawatt demand reduction,

1 which we are delivering through BOMA, which is the Building
2 Owners and Managers Association in Toronto, the City of
3 Toronto, as well as Toronto Hydro Energy Services.

4 Because that program was out -- probably one of the
5 first undertakings of the OPA in conservation -- we are in
6 a sense obligated to work around the City to make sure we
7 have coverage in the rest of the province, and that's why
8 the City of Toronto is somewhat unique as we review these
9 various programs.

10 Probably just a condensing of the busier slide
11 previously, but again, just identifying that we're looking
12 for in-suite opportunities. Many of the constituents here
13 do not have, obviously, central air. Some do have in-room
14 air-conditioning. And that's, in a sense, why the demand
15 savings may not be that significant when you look at it in
16 aggregate, but the energy efficiency opportunity is quite
17 significant. And obviously from a dollar impact, that is
18 what is going to have the overall effect on the cost of
19 energy within the building stock.

20 We have recently brought to market alternative energy
21 measures. Historically called fuel-switching -- has
22 related mostly to gas conversions. The Ontario Power
23 Authority is very committed to looking at alternatives,
24 including solar-thermal domestic hot water and ground-
25 source heat pumps to add, I will say, depth to the types of
26 innovative work that can go on in these existing buildings,
27 many of which are well suited for this type of technology.

28 Another busy slide, but just to emphasize we're

1 looking at all key end uses, lighting obviously a very
2 important part. Occupancy sensors in common areas. We
3 worked with the MMAH to look at the in-home -- or I should
4 say in-suite measures, the various appliances. We have
5 taken all of this and tried to make a broad menu of
6 measures available to building operators and housing
7 providers, so that when we make that first visit to the
8 home to do a retrofit -- or to a building, I should say,
9 we're getting the deepest possible energy savings for that
10 visit, and maximize the conservation potential for each
11 structure that we can engage in the program.

12 I believe I have previously reviewed this. I don't
13 need to revisit it. But I will emphasize that it really
14 comes down to looking for every opportunity in the facility
15 to engage the tenant, common areas and in-suite measures.

16 The low-income single-family marketplace is yet
17 another series of unique challenges. We have run a variety
18 of pilot programs throughout 2007, different program
19 delivery models in different parts of the province, to
20 inform the development of this program.

21 And I think it is fair to say that what we have
22 determined is, because these constituents are so difficult
23 to engage, that we are prepared to look at a direct-install
24 model, if you will, which is no cost to the homeowner or
25 tenant, and it brings an additional unique challenge in
26 making that approach cost-effective.

27 And I am certainly pleased to report that our program
28 has a positive value to ratepayers overall, which is

1 certainly a criterion for our board, and we will be
2 bringing a program that is a complete delivery direct-
3 install model to Ontario in Q4.

4 There's been some discussion about collaboration, gas
5 utilities and electric LDCs. One of our challenges is --
6 is that on the electricity side, our energy reduction
7 mandate is so enormous -- in fact, it is so much bigger
8 than what the gas LDCs are taxed with -- that there is
9 almost an imbalance.

10 We do have, as you know, the new construction program
11 that is being delivered by Enbridge, and we're taking
12 advantage of their programmatic activities in that sector,
13 and we're looking for every opportunity to collaborate.

14 I mentioned this is a direct-install program. The
15 tenant homeowner steps out of the way, and the team comes
16 in, looking for not only the basic energy efficiency
17 measures, but also conducting an audit, and then looking at
18 weatherization opportunities, right down to adding wall
19 insulation, as it affects, obviously, electricity savings.

20 While our target is 6,400 homes, we certainly found
21 through our pilot activity that the challenge of engaging
22 these dwellings is not insignificant.

23 It is not a target for us. It is a threshold, and
24 obviously we're looking to far -- I will say -- outstretch
25 that target. But from a cost-effectiveness perspective and
26 the scope of what we are looking to do on the individual
27 home basis, this is the basic structure of this program.
28 You will see the summer megawatt savings are understandably

1 low, but the overall energy savings are quite substantial.
2 I believe many of the interested parties here have already
3 indicated to us that our targets are extremely aggressive;
4 all the more reason for us to work collaboratively to find
5 the ways and means to deliver these kinds of results.

6 Far too much information, but again, just
7 demonstrating the depth that we'll be looking at these
8 individual homes to try to look for every opportunity for
9 value for energy reduction, certainly, from the electricity
10 side.

11 I think the key point here is that there is no single
12 channel to these constituents. In our pilot programs, we
13 definitely saw a strong referral component from Ontario
14 LDCs. Because they have access to data, because they're
15 speaking with many of these consumers, they're a natural
16 conduit and a natural source of referral on a day-to-day
17 basis, so we certainly look to their support in this
18 program and building capacity in all of these various
19 channels to help identify and bring forward participants
20 for this funding.

21 I mentioned that we had a couple of specific
22 initiatives underway, one with TCHC and one with FRBO, to
23 investigate ways to enhance some of the impact of some the
24 initiatives that are already included here.

25 I think it is important for us that given the targets,
26 given the timeframes, given the urgency of many of these
27 issues, that we have programs in the marketplace as soon as
28 possible and that we spend a whole lot of time learning

1 while we're doing, rather than trying to find the answer
2 upfront. So we are very much committed to implementing
3 these programs and then working pretty much on a real-time
4 basis to find the opportunities, look at the gaps and make
5 corrective action as we go forward.

6 These are the two initiatives I was referring to, both
7 of which have a strong emphasis on the impact of education
8 on tenants and overall energy efficiency and many of the
9 other related issues around building infrastructure,
10 including sub-metering and opportunities on the in-suite
11 appliances and to help us develop a longer approach to more
12 sustainable savings and high persistent savings in this
13 building stock.

14 That is the overview. I appreciate the opportunity.
15 Are we going to hold questions until the end for now?

16 MS. HARE: Yes.

17 MR. ELIADIS: I will look forward to that discussion.

18 MS. HARE: We will move now to Pat Squires of
19 Enbridge.

20 **PRESENTATION BY MS. SQUIRES:**

21 MS. SQUIRES: Good afternoon. The last presentation
22 that we heard from Enbridge this week was back on Monday,
23 so I am going to just take a couple of minutes at the
24 beginning just to reorient you back to Enbridge's situation
25 and what our perspectives are.

26 Now, do I have a clicker? No.

27 Thank you.

28 There we go. Okay. So this is a slide that we saw

1 when Debbie Boukydis was presenting earlier on Monday, and
2 it is a model that I think we have seen in a couple of
3 presentations this week that lays out our perspective on
4 where the appropriate and where the most effective
5 contribution at the gas utility -- that Enbridge feels it
6 can make in the context of low-income consumer needs.

7 The way that Debbie described this back on Monday was
8 that the bottom half of the triangle, the education, the
9 energy efficiency, and in some situations dipping into the
10 customer support and assistance areas, are where we feel
11 the best fit is for what we can offer to low-income
12 consumers.

13 The focus of my presentation today will be on
14 specifically the bottom two pieces of that triangle, the
15 education and energy efficiency.

16 Again, this is a repeated slide, just, once again, to
17 come back to the numbers. We have heard a lot about
18 numbers and percentages of consumers that fall into the
19 low-income category.

20 This is fairly consistent with what we have heard so
21 far. However we've brought this to the Enbridge franchise
22 area, just to specify what share of the low-income consumer
23 segment falls into our service territory, and also the
24 segment that actually pays their own bills, which are the
25 ones we feel best equipped to help, which is, granted, by
26 far not the majority. It's the owner-occupied low-income
27 households, which we realize are the minority.

28 Okay, for those of you that aren't aware of this, we

1 have -- the gas utilities in Ontario are in the midst of a
2 three-year planning cycle. So this is the first time since
3 gas DSM began in Ontario back in 1995 that we have been in
4 something other than a single-year cost of service model.

5 So back in 2006 the gas utilities were here at the
6 Board planning and ultimately implementing a three-year
7 plan, which covered the years 2007 through to 2009, so we
8 are right in the middle of that. I expect that next year
9 we will embark on the next planning cycle for 2010 and
10 beyond.

11 But as part of that decision, in EB-2006-0021, the
12 Board mandated that the gas utilities should spend 14
13 percent of our residential energy efficiency budget on low-
14 income consumers. And the 14 percent was meant to tie to
15 -- the 14 percent, we have heard a couple of times this
16 week, related to the share of households that are deemed to
17 be low-income.

18 There was a fairly extensive discussion during that
19 hearing about how to define that number, but 14 percent was
20 the number that was landed on for the purposes of the gas
21 utilities.

22 Okay. I am going to move into a summary of what our
23 programs are that we dedicate to the low-income market.

24 I am going -- I will mention I also have promotional
25 material, brochures and so on related to these programs.
26 If there are any parties here today to take some of that
27 material with them, I can provide that to you. I will give
28 you the highlights right now in my presentation.

1 The enhanced TAPS program: We have had a program
2 called TAPS, which most of you are probably familiar with.
3 It is a program that offers showerheads, low-flow
4 showerheads, pipe wrap, faucet aerators, to all consumers.
5 That's the regular TAPS program. But we have what is
6 called an enhanced TAPS program that we deliver
7 specifically to low-income consumers. It includes all of
8 those same measures, plus a programmable thermostat.

9 That is delivered by our -- we have a network of TAPS
10 contractors, third-party contractors that deliver that on a
11 postal-code-walk basis, primarily. And that is our primary
12 source of identifying low-income consumers. It's through
13 low-income postal code information, which is not perfect,
14 but we are working on information sources that are helping
15 us narrow down the low-income consumers and the low-income
16 postal code data that is best suited to this type of
17 program.

18 I have laid out some of the energy savings information
19 on this slide for your interest, to give you a sense of
20 what the impact of this program is in terms of energy
21 savings, as well as in terms of energy bill savings for the
22 customer.

23 Note that the \$94 per year is gas and electricity
24 savings, and the water and sewer cost savings would be in
25 addition to that, to that \$94.

26 So not a huge amount, but it certainly starts to
27 address some of the energy concerns in the household.

28 In addition to the postal code walk, the contractor

1 delivery of this program, we also have another mechanism
2 for identifying participants in this program, and that is
3 through some of the community groups and social agencies
4 that we are starting to build partnerships with that
5 actually provide enhanced TAPS application forms to their
6 clients as they do their -- provide their services to those
7 customers.

8 We have laid out what the qualifications must be, and
9 again, we have talked a lot about these this week.

10 I should just clarify, however, that these criteria
11 are only used in the application form process through the
12 social agencies.

13 So at no time do we have a contractor, a third party
14 contractor knocking on a consumers' door asking for
15 verification of income or receipt of some of these
16 Provincial support benefits.

17 This only happens by a social agency that normally
18 collects that information as part of their intake process.

19 The second program that we launched last year, the
20 Home Weatherization Retrofit Program, which is -- I would
21 say it is still in its infancy. It is an exciting
22 opportunity to do something much more than showerheads and
23 pipe wrap, but we're -- to be perfectly honest -- we're
24 encountering some challenges in delivering the program.
25 And I will talk a little bit about those.

26 The general description of the program is to do a home
27 energy audit, including a blower door test, to identify
28 eligible homes. We also have some criteria around age of

1 building, just to make sure that we are capturing the
2 buildings that are in true need of the weatherization
3 upgrades. The measures that are included are caulking and
4 weather-stripping, insulation in wall cavities, crawl
5 spaces, attics, and so on.

6 Once the work that is deemed necessary is done, a
7 second audit is completed. And just to give you a sense of
8 how much of an investment -- utility investment is embedded
9 in this program, the average utility cost of the measures
10 is about \$2,700 per home. To be clear, this is free to
11 customers, so they do not pay for any of this. This is all
12 utility cost, which is ratepayer dollars.

13 And again, laying out some of the typical savings that
14 result from this program, in terms of energy savings, as
15 well as typical energy bill savings.

16 I just want to clarify, again, that what we're talking
17 about here are customers that are homeowners. So they do
18 meet the low-income criteria that we lay out, but they may
19 not be -- a typical situation might be some of the fixed-
20 income seniors that we have living in our franchise area,
21 and not -- and this program currently isn't structured to
22 address rental situations, where you've got a tenant in a
23 household where, even if the house itself would meet the
24 criteria, we haven't got a mechanism yet for dealing with
25 the landlord and the tenant in that situation.

26 In addition to those two resource acquisition programs
27 -- if we can call them that -- we have also got some market
28 transformation activities and some communication,

1 education, and support activities. And what I have listed
2 here is just a few that we have tried, things we're
3 thinking about trying.

4 This is a new experience for us, frankly. We have
5 been delivering programs to low-income consumers ever since
6 DSM began in '95. However, it's only been in the last two
7 years that we have had a real focused effort on identifying
8 low-income consumers and working with partners in the
9 community and in the social service agencies to really make
10 these programs much more targeted and effective, and to
11 make them -- I think it was Franz that said it earlier --
12 to not just take what we have delivered to the residential
13 consumers as a whole and just tweak them and deliver those
14 to low-income. We are trying to customize them to really
15 meet the needs of a low-income consumer.

16 So we have got some examples here of things that we
17 have done in the past. Green boxes, which include
18 applications to the TAPS program, as well as some simple
19 weatherization measures that can be actually implemented by
20 the homeowner, or the tenant in this case, if they happen
21 to pick up one of these boxes. They were delivered through
22 food banks last year.

23 We heard about community animators earlier, which is
24 another channel that we're looking at. We recognize that
25 there are cultural, language, all sort of barriers to some
26 of the traditional community -- or traditional
27 communication channels that we have used in the past.

28 And we are trying to find credible and reliable and

1 trustworthy sources within the low-income communities
2 themselves to help deliver the messages of the availability
3 of these programs.

4 We have done a little bit of targeted advertising in
5 community and ethnic media, newspapers and so on, and sort
6 of standard press releases and MP, MPP mailings. We have
7 tried transit ads to generate some interest in our
8 programs.

9 In addition to what I would call our DSM portfolio
10 activities and programs, we have been working on trying to
11 get a fuel-switching program out that is targeted to the
12 low-income segment. We are looking at water-heater fuel-
13 switching, which is probably the greatest opportunity for
14 high-energy savings without actually venturing into
15 territory where you've got prohibitive costs, such as
16 replacing an electric baseboard system with gas central
17 heating.

18 A water heater is fairly easy to switch an electric to
19 a gas water heater. And the operating costs, despite
20 fluctuations in gas prices, there is still a healthy price
21 advantage, operating price advantage, for gas over
22 electricity. And I have got the most recent numbers here
23 from our last QRAM rate change. Gas water heat is
24 currently 23 percent less expensive than electric water
25 heat with a traditional storage-type tank.

26 We have also been looking at implementing some
27 programs with tankless-style water heaters, which offer
28 incremental savings over and above the 23 percent,

1 considerable savings, to the tune of approximately 63
2 percent less expensive than electric water heating.

3 So the program that we're hoping to launch before the
4 year is out is a tankless water heater switch-out for
5 consumers -- low-income consumers that currently have
6 electric water heat. And we also -- because tankless water
7 heaters are relatively new to our market and there's not a
8 lot of -- consumers don't have a lot of experience with
9 them, there might be some uncertainty about how they
10 operate.

11 We've also added in an augmented service and
12 maintenance plan into that program, so the consumer will
13 not have to bear the costs of any type of service that they
14 incur for the first five years of having the equipment.

15 To be eligible, the consumer must be on a gas main,
16 because we recognize that if they don't have gas water
17 heat, they're likely not to have gas space heat, in which
18 case there may not be a service, a gas service, to the
19 home.

20 However, Enbridge is prepared to pay the cost of
21 installing the gas service to that home, if needed, in
22 order to facilitate the fuel switch to the gas water tank -
23 - or water heater.

24 Just to start to wrap up on this presentation and the
25 summary of programs, I felt it was -- it might be helpful
26 to look at what we would classify as our greatest
27 challenges in delivering programs to the low-income segment
28 and to try and see what the opportunity is that falls out

1 of that, and to start to think a bit more about solutions
2 and how can we move ahead.

3 One of the challenges, probably the biggest one, is
4 low customer uptake in existing programs. So we have this
5 weatherization program that offers upwards of \$3,000 worth
6 of free upgrades to a low-income homeowner's home, and we
7 have problems getting people to join that program.

8 Number one, it's a problem in identifying consumers,
9 but even with advertising and with promotion, there's -- at
10 least for us -- there was a less than expected take-up in
11 these programs, and part of it, in terms of thinking and
12 brainstorming about what might be causing that, perhaps
13 we're not truly breaking through those cultural and
14 language barriers, which I think are probably quite valid
15 in this case.

16 Another point might be that there is -- there hasn't
17 been a long history of providing -- of utilities providing
18 free energy savings upgrades to customers, and certainly in
19 our market and the US, it is quite different.

20 And maybe there is a trust factor. Maybe, you know,
21 just speculating about what might be causing this -- and I
22 am interested in other perspectives on this, that, you
23 know, you offer something free to customers. And we all
24 get those phone calls saying you have just won a free trip.
25 Your immediate reaction is: Well, this can't be true, and
26 there has got to be some catch. And we wonder if there's a
27 perspective on the part of the consumers, that they're
28 thinking there must be a catch to this, when in fact there

1 isn't in this case.

2 So we need to do -- we need to take on some more
3 sophisticated targeting and addressing some of these
4 language/ethnicity barriers. We need to step up our
5 connections to some of these community animators, these
6 trustworthy, credible sources within the low-income
7 community, to help deliver the message that this is real,
8 this is a great opportunity, and it truly is free. So
9 that's the opportunity there.

10 Low-income consumers are hard to identify; privacy
11 issues. We've -- I think we have talked extensively about
12 this topic here this week.

13 And in terms of an opportunity here, I am already
14 taking note of all the different parties that have a
15 connection to a low-income consumer that are here today
16 that might present an opportunity to channel our
17 information more effectively and get it out to these
18 consumers.

19 We have also heard repeatedly that there is no
20 standard definition of what is a low-income consumer in
21 Ontario. And perhaps we just need to take it upon
22 ourselves, or at least collectively, the utilities, to make
23 that definition, with the input of stakeholders, so that we
24 all are targeting what is collectively agreed upon as the
25 right group of consumers to target here.

26 Many players, little coordination; I wouldn't say that
27 that isn't changing, however. And as we heard from the OPA
28 and others, I think we're starting to get there. I think

1 just the fact that we're all in this room today points to
2 an effort to try and coordinate better.

3 But there are tremendous opportunities for
4 efficiencies, and sharing information, sharing messaging,
5 sharing communication, sharing data on how to define and
6 identify low-income consumers. So there is certainly some
7 opportunities there.

8 And finally -- this is a tricky one, actually. No.
9 Back one. The current structure for the delivery of DSM
10 programs for the gas utilities in Ontario is that it is a
11 TRC-based structure.

12 Enbridge and Union are incented to deliver high-TRC
13 programs -- TRC being total resource cost -- which is the
14 societal benefit-cost ratio that is prescribed for DSM
15 programs in Ontario.

16 We have this built-in incentive to really focus our
17 energies on high-TRC-producing programs. As it happens, in
18 Enbridge's case, the enhanced TAPS program is a healthy TRC
19 program. Weatherization, not so much.

20 We have a prescribed spending target for DSM for low-
21 income programs. But there is this embedded incentive to
22 focus more on these high-TRC programs, which may or may not
23 be exactly the programs that these low-income consumers
24 need.

25 So I just want to highlight that as a situation that
26 we need to be aware of.

27 In terms of an opportunity, I think we do need to
28 consider, at least in the context of gas utilities that are

1 currently incented to focus more on the high-TRC programs,
2 a consideration of what's going to drive an investor-owned
3 gas utility to be successful, versus what do we need them
4 to do to help low-income consumers, because there might be
5 some tension there.

6 In summary, we're still out there delivering the
7 programs. We will continue to. And I hope with each
8 passing week and month we get a little bit more effective,
9 we build some stronger relationships with community players
10 that are also interested in the same objectives. I do feel
11 that we address both an educational and an energy savings
12 objective, and that points to prevention of circumstances
13 that might lead to some of the things we were talking about
14 earlier today and yesterday with respect to disconnections
15 and so on.

16 This is really the area of effort that points to
17 prevention.

18 Another point I want to make is that the impact of DSM
19 programs is really focussed on the home, not the consumer.

20 This may or may or may not be relevant, but it
21 occurred to me that we are upgrading the home, putting
22 weatherization in, adding insulation, changing out
23 showerheads, but it may be a fairly safe assumption that a
24 low-income consumer is more transient than a higher income
25 consumer.

26 I know anecdotally that -- I hear that homeowners or
27 people change homes on average once every five years. It
28 may -- correct me if I'm wrong -- but it may be a safe --

1 MS. TODOROW: It would be higher for tenants.

2 MS. SQUIRES: It might be higher for tenants. It
3 might be higher even for low-income homeowners, in which
4 case you have utilities and ratepayers spending money to
5 upgrade a home that the resident may just move on in a
6 couple years, and there is no guarantee the person moves
7 into that home will be low-income. Probably many of them
8 will be, but now you've got an upgraded home that is worth
9 more on the market that might attract a higher price, and
10 might attract somebody who is not low-income to move into
11 that home.

12 So, again, that's something else to be aware of, that
13 conservation programs are really about the home, and not
14 the consumer. And some of the problems we need to address,
15 I think, are more about the consumer.

16 Again, we have heard -- the last point is really about
17 the share of household expenses that are related to
18 utilities, and I think on average, that number is around 6
19 percent, I think we heard. For low-income consumers, I
20 recognize it is higher. But still, even when it is 15, 20,
21 25 percent, moving the 25 percent to 24 percent or 23
22 percent, which you can achieve through conservation, I feel
23 is a drop in the bucket in terms of what the consumer
24 really needs in terms of assistance to be able to live
25 their life and pay their bills and so on.

26 I think that is it. Thank you very much.

27 MS. HARE: Thank you. Let's move to Chris Appleton
28 from Union Gas.

1 **PRESENTATION BY MR. APPLETON:**

2 MR. APPLETON: Certainly appreciate the opportunity to
3 talk to you this afternoon about Union's low-income
4 programs, and following Pat's presentation, there will be
5 similarities in programming, but I wanted to start out with
6 Union's approach to low-income DSM programming.

7 Union Gas certainly understands the value of
8 developing DSM programs tailored to meet the specific needs
9 of low-income energy consumers.

10 Developing programs that are low cost and no cost to
11 the customer and have ease of access are pillars of Union's
12 low-income programs.

13 In 2006, a dedicated low-income DSM program was
14 launched according to these two pillar parameters.

15 The objective of Union Gas' low-income DSM program is
16 to empower low-income energy consumers to control their
17 natural gas usage.

18 This is accomplished through ongoing education on
19 energy conservation, which promotes behavioural changes and
20 potential adoption of conservation programming.

21 Union Gas believes that appropriate incentive measures
22 and dedicated budgets allow for effective low-income DSM
23 program design and delivery.

24 Helping Homes Conserve, this is very similar to the
25 enhanced TAPS program that Enbridge uses.

26 In 2007 this program was launched, and it includes
27 professional installation of energy-efficient showerheads,
28 pipe wrap, kitchen/bathroom aerators and programmable

1 thermostats in low-income customers' homes, again at no
2 cost to the consumer.

3 The estimated annual energy savings of these installed
4 measures is roughly \$200. That's \$200 that can be put
5 towards other basic needs.

6 The program was offered in Hamilton and Brantford in
7 2007 and the results were as follows. Approximately 6,000
8 showerheads, aerators and pipe wrap were installed and
9 roughly 1,500 programmable thermostats were in place in
10 these two market areas.

11 So, again, Helping Homes Conserve, who qualifies?

12 Well, customers who have an income which is at or
13 below the 125 percent LICO, customers must pay their own
14 utility bills, must reside in a residential building and
15 the program is available to both owners and tenants.

16 What Union did with the Helping Homes Conserve program
17 was target low-income neighbourhoods. They were
18 predetermined by data that identified postal codes with a
19 high propensity of low-income residents.

20 Customers were approached through a neighbourhood
21 blitzing method; flyer drops were performed and followed up
22 by a visit from a technician for installation of these
23 measures.

24 And a dedicated toll-free number for customers to book
25 appointments or ask questions was made available, in
26 addition to a dedicated website.

27 So where are we today with the Union Gas Helping Homes
28 Conserve program?

1 We have increased our target to service over 10,000
2 low-income customers, and by expanding Helping Holmes
3 Conserve program into Windsor and Sudbury, in addition to
4 our existing market of Hamilton, Union Gas further
5 developed the communication cycle with our customers in
6 order to bring more awareness and understanding of our
7 program.

8 Union has added an education element to our program
9 which includes an education guide specific to low-income
10 customers, outlining low-cost, and more importantly, no-
11 cost, conservation tips for their homes.

12 One of the largest barriers to low-income program
13 design is the ability to identify and communicate with the
14 target audience. Therefore Union Gas made it a priority to
15 solidify partnerships with community agencies to help
16 identify customers and bring further awareness of the
17 programs in our communities.

18 So I want to take a minute to talk about who our
19 program partners are in these three main areas, three
20 target areas, in Hamilton, Windsor and Sudbury. Hamilton,
21 you can see Housing Help Centre. Neighbour to neighbour.
22 In Windsor, the Downtown Mission. In Sudbury, Red Cross of
23 Sudbury housing division and the Social Planning Council of
24 Sudbury.

25 I want to be very clear in saying that Union Gas is
26 extremely fortunate to have formed a partnership with these
27 agencies. They work daily with people struggling to make
28 ends meet and provide food and shelter to those that

1 require it. It is these agencies' ability to identify and
2 communicate with people in a low-income bracket that allows
3 the Helping Homes Conserve program to broaden its reach,
4 and offer assistance directly to those who need it most.

5 Union Gas is and has hosted education workshops from
6 all three communities in partnership with the program
7 partners that you see on the slide.

8 These workshops cater to those in the low-income
9 market.

10 The September 10th workshop was in Sudbury with
11 support from the mayor of Sudbury and local politicians.
12 This past Tuesday, there was a large workshop held in
13 Windsor at the Downtown Mission. And on October 7th in
14 Hamilton there will be a third education workshop for the
15 low-income market.

16 Moving into another program, weatherization -- and you
17 heard Pat talk a bit about the experience with Enbridge and
18 their weatherization program -- Union Gas is implementing a
19 small weatherization program in Hamilton targeting 25
20 privately-owned homes, to be launched this month, at the
21 end of this month.

22 Customers will receive a pre- and post-energy audit,
23 and building envelope upgrades include attic/wall
24 insulation and draft-proofing; very importantly, no cost to
25 the customer.

26 Union Gas is partnering with Environment Hamilton and
27 GreenSaver to deliver the program. Environment Hamilton,
28 for those who don't know, is a not-for-profit organization

1 which focuses on the protection of the environment and
2 energy conservation in the Hamilton area. And given the
3 strong ties to the community, Union Gas has leveraged this
4 relationship with Environment Hamilton by having them
5 target a low-income neighbourhood where, according to Stats
6 Can data, households were within the 125 percent LICO, age
7 of the house was older than 25 years, the occupant was a
8 Union Gas customer, and the customer owned the home.

9 Environment Hamilton has conducted the weatherization
10 application process for this program, and application forms
11 are now ready for assessment by Union Gas.

12 And GreenSaver has certainly ample experience
13 delivering low-income weatherization programs for other
14 providers, including Enbridge, and will be conducting the
15 energy audits and installing the envelope upgrades for the
16 Hamilton weatherization project.

17 So going forward, with Union Gas's low-income program,
18 certainly we're going -- we are going to consider expanding
19 the existing Helping Homes Conserve program to include more
20 measures than what exist presently, and increase the number
21 of communities within the Union Gas service area from three
22 to a greater number.

23 We are certainly going to evaluate the small
24 weatherization program that I just spoke to, in order to
25 determine if such a program can be implemented in other
26 communities within the Union Gas service area.

27 In summary, I would like to reiterate what I stated
28 earlier, and that is to be -- that is about the essential

1 components of effective DSM low-income programs. The
2 programs have to be, must be, no cost to the customer and
3 have ease of access. There is no sense in having a good
4 low-income program if it can't be accessible. So those are
5 the two pillars that Union strives towards with the low-
6 income programming.

7 And lastly, I wanted to finish up with what I began
8 with on the first slide, and that is, appropriate incentive
9 measures and a dedicated low-income budget allow for
10 effective low-income DSM program design and delivery.

11 Thank you.

12 MS. HARE: Thank you.

13 We will move to Colin McLorg from Toronto Hydro, and
14 then we will take a break.

15 MR. McLORG: Marika, if I may, David Poch from GEC has
16 a train to catch, and he has asked whether he might take my
17 place, and that is fine with me. My only constraint is
18 that unfortunately I have to leave by five o'clock, but I
19 think time still permits.

20 MS. HARE: David, what time do you have to leave?

21 MR. POCH: Well, if I scramble out of here at ten to
22 5:00, I will be fine, so...

23 MS. HARE: Okay. That's fine.

24 MR. McLORG: I am in your hands.

25 **PRESENTATION BY MR. POCH:**

26 MR. POCH: Why don't I go ahead, just -- if that is
27 okay? And maybe I will be able to stick around for some of
28 the conversation afterwards.

1 First of all, I am here pinch-hitting for Kai
2 Millyard, who sends his regrets, on behalf of the Green
3 Energy Coalition. I think everybody -- pretty well
4 everybody knows the various environmental groups that are
5 members of the GEC.

6 So I did get a phone call with an offer of a free trip
7 to Toronto, but there was indeed a catch.

8 I am going to skip around a little bit. I think you
9 have all had your primers in the issues, especially with
10 respect to the conservation aspects, which is my brief.
11 And so I apologize for jumping around a bit, but maybe we
12 can be a little quicker this way.

13 You've heard the state of DSM and CDM for low-income
14 in Ontario. I think it is fair to say it is in its
15 infancy. One of the observations we would make is that the
16 OPA is not constrained by its funding in the same way as
17 the gas utilities.

18 The gas utilities in this first three-year round
19 following the generic gas decision have spending targets
20 of, I think it is 1.3 million for Enbridge and somewhat
21 less than that for Union, slightly less than that for
22 Union. And I will come back to that, but that's a real
23 constraint, as far as we are concerned.

24 The -- the -- it is worth just touching on the
25 rationale here, not forget the rationale, for low-income
26 conservation programs. First, squarely within the Board's
27 mandate, the equity concern. These customers are paying
28 for the gas utility conservation programs. They're paying

1 for OPA's conservation and generation-spending through the
2 charges.

3 And they are, of course, the most obvious group of
4 customers who will be non-participants in an energy-
5 efficiency unless there are programs to support their
6 participation. So just on an equity ground, I think it is
7 a must, and I think the Board has recognized that already.

8 The second ground is that it is cost-effective. It
9 reduces -- ultimately, it will -- our perspective is,
10 particularly in the electricity side, conservation programs
11 are going to reduce everybody's bills, because this
12 conservation is just so much cheaper than the supply
13 alternatives. And so it is in everybody's interest, not
14 just the particular participants.

15 Not to say there aren't rate-level issues. This is
16 not new to the Board. Obviously, you have to pace yourself
17 at some level. But in the end I think everybody benefits,
18 without even counting all of the externalities, which of
19 course, in our perspective, should be counted.

20 The next slide, I touch upon a few thoughts,
21 miscellaneous thoughts, we have about where we would like
22 to see things go. First of all, for the low-income side,
23 we think this -- it recommends itself to an all-fuel
24 approach. I think Theresa McClenaghan made that point
25 earlier. The difficulty is getting in the door, finding
26 these customers and getting in the door, making that
27 contact, nurturing that trust relationship, as we heard Mr.
28 Hartmann speak about. So once you are in there, it only

1 makes sense to do an all-fuels approach and get the
2 economies of scope and scale.

3 The other obvious synergy right now is with fuel-
4 switching, which, depending on your definition of DSM or
5 CDM, may or may not be included. It is in a different
6 basket for regulatory purposes for the gas utilities. But
7 obviously, here is an opportunity to co-deliver these
8 things.

9 Right now it should -- we presume it should be a
10 priority for OPA to fuel-switch folks off of electricity,
11 wherever it is feasible. And that obviously gives a great
12 opportunity for putting in very efficient gas service. And
13 so there is a great opportunity for synergies there.

14 Another point we want to leave the Board with was
15 that, from the pilot programs, it seems clear that part of
16 the difficulty is simply identifying the particular
17 customers and getting through the door.

18 And this suggests that the Board may want to pay
19 special attention to the need to enable access to billing
20 and metering data, especially as we move to Smart Meters.
21 But the billing data, the situation of defaulting
22 customers, all these are means to identify who should be
23 approached.

24 And there are obviously concerns about confidentiality
25 there that need to be respected, but -- and so it is
26 something the Board should think about, and perhaps
27 something that the utilities could be working on
28 collectively.

1 The other barriers are the problem of where you are
2 dealing with tenants as opposed to homeowners, which is
3 obviously a great proportion of the time for low-income
4 customers.

5 As we heard from Pat at Enbridge, these programs tend
6 to be about the dwelling, as opposed to the customer. And
7 there is some concern the customer may move on. But on
8 balance, we believe that the point here is to improve low-
9 income housing -- by improving low-income housing, we will
10 improve the plight of low-income customers. There may be a
11 bit of leakage, as the tenants turn over, but that's -- so
12 be it.

13 One area for regulatory concern might be, or action
14 might be to work with the rent control authorities to
15 ensure that their regulations ensure that any benefit gets
16 passed along to the tenants. If the bill goes down to \$500
17 from the investment, as we heard it does from the
18 weatherization investment that Enbridge makes, that should
19 obviously go to the benefit of the tenant.

20 Another issue was a comment that was touched upon
21 earlier in the Enbridge presentation was about the fact
22 that, at least for the gas utilities, they're incented to
23 get TRC benefits.

24 That's an incentive that, all else equal, would be an
25 incentive to "crimp skim". It is not an incentive to go
26 after deep savings with low-income customers. These are
27 some of the more expensive savings to get if the
28 transaction -- program costs are much higher, transaction

1 costs are higher. If you want to do a job of it, you
2 really want to do a deep treatment, including measures that
3 aren't always the most cost-effective ones. And that is
4 going to hurt them in their pursuit of SSM rewards, all
5 else equal.

6 You need a more sophisticated delivery incentive or
7 mechanism to get around that problem.

8 The other related problem -- and I think perhaps we
9 can have some discussion of this later from OPA, but our
10 sense is that when you get into these deep weatherization-
11 style treatments, there are measures which are on the edge
12 of cost-effectiveness, given where avoided costs are.

13 So how the utilities develop avoided costs becomes
14 critical. We are going to slice measures out or bring
15 measures in. And once you're in there, treating a
16 household or treating a building, you're not going to be
17 able to go back. It's going to be a lost opportunity if
18 you don't get it the first time.

19 Our concern is that, certainly on the electric side,
20 the avoided costs are not inclusive enough of the benefits
21 that are being obtained for the system. It's an issue that
22 will perhaps get dealt with in the context of the IPSP
23 review that is maybe going on now -- it may not -- but it
24 is -- I think it is probably a cross-fuels issue.

25 There is a long list of potential benefits that we're
26 not reaching. There is the avoidance of losses at system
27 peak. There is the long-term savings to the wires and the
28 pipe distribution. There is a healthy debate about what

1 those savings are. I know the Board has a program on right
2 now to talk about what those benefits are when you do DG,
3 distributed generation. The same is true, of course, of
4 conservation. It has all of those same benefits.

5 I think we can skip over this. I think it is fairly
6 clear that the best of programs have been modelled on the
7 weatherization assistance programs in the States. These
8 are very in-depth programs and there are analogies for
9 multi-family as well as single family, and so on.

10 If we go to the next slide, what you can see is it is
11 all a lot more mature in the States. They're spending --
12 the numbers we were able to gather quickly were something
13 like \$560 million, 1.89 per capita, on energy efficiency as
14 opposed to rate relief measures in the States.

15 Of course OPA is just getting into this. We don't
16 know what OPA will be spending, but looking at the gas
17 budget right now, we're at about 29 cents per capital. So,
18 as I put provocatively there, DSM funding in George Bush's
19 America is about six times where we are at now.

20 In fairness, of course, we are just ramping up on the
21 electric side here, so that is going to change, presumably.
22 I would like to come back to this budget question on the
23 gas side. We have this 14 percent figure. It was largely
24 a negotiated number that the Board blessed in the context
25 of the matters that were before it, and it is just the pro
26 rata proportion of that low-income -- depending on how you
27 define low-income customers -- are of the population.

28 We don't find any convincing rationale for that as a

1 cap on low-income spending. We don't have caps on other
2 customer segments. We don't have caps on other end use
3 measures support in DSM.

4 In our view, DSM and CDM should be about overcoming
5 barriers wherever they're found. We happen to have more
6 barriers here, for obvious reasons. It seems reasonable to
7 us that you would spend more money overcoming those -- you
8 would spent money needed to overcome those barriers, which
9 is going to be more than pro rata spending on low-income.
10 So I think we would urge the Board to revisit that cap. We
11 think it is simply inappropriate.

12 More spending on low-income efficiency is advantageous
13 from any number of perspectives. It obviously helps
14 alleviate the energy burden, the cost burden on low-income
15 customers. It's clearly within the OEB's mandate.
16 Obviously, we understand there is a healthy debate about
17 whether the OEB should be getting into rate-level support
18 for low-income customers as opposed to whether it should be
19 the Government's action. But on the energy efficiency
20 front, I don't think there is any real debate. In
21 reviewing the materials that have been filed and reading a
22 bit of the transcript from earlier in the week, my sense is
23 everybody agrees this is appropriate for the utilities. It
24 is within the -- squarely within the Board's mandate. It
25 is obviously in the public interest, and obviously in the
26 interest of low-income customers.

27 So we would urge an expansion, removal of any
28 arbitrary caps. We would ask the Board to encourage the

1 utilities to engage in more dual-fuel joint delivery.

2 And there I think that is all I can add to what's
3 already been said by so many others.

4 Thank you.

5 MS. HARE: Thank you. Why don't we take a very short
6 break and come back at five to four? And we have three
7 more presentations to hear.

8 --- Recess taken at 3:50 p.m.

9 --- Upon resuming at 4:03 p.m.

10 MS. HARE: We are resuming with Toronto Hydro, Colin
11 McLorg presenting.

12 **PRESENTATION BY MR. McLORG:**

13 MR. McLORG: Thanks very much, Marika, and good
14 afternoon again, everyone.

15 I am pleased to say I have a very time-economical
16 presentation. And that may reflect the fact that, as David
17 mentioned, electricity CDM is really still in the period of
18 growing pains.

19 I am able, briefly, to review a couple of things that
20 we have done with particular focus on low-income. The
21 first one of those was conducted under the auspices of the,
22 shall I say, latter or original electricity CDM programs
23 under the auspices of the third tranche, as it was known.

24 And I will be very brief with this, only to say that
25 it was targeted, as the slide indicates, to the Toronto
26 Community Housing Corporation properties, where we
27 introduced measures to improve energy efficiency and so on
28 to the benefit of the people inhabiting those.

1 We are taking part in the current OPA Toronto
2 directive in a low-income program that involves the
3 replacement of light bulbs with CFLs and other energy-
4 conservation measures.

5 And finally, we are anticipating participation in the
6 OPA's low-income single-family program, which is currently
7 under development, and we very much look forward to the
8 inception of that and participating in that.

9 The real thrust of what I wanted to say here this
10 afternoon, briefly, was that in terms of policy questions
11 that might affect these issues, it certainly seems to me
12 that there are a series of questions that might helpfully
13 be considered, if not answered.

14 First of all, especially in view of the comments that
15 have been made by presenters here this afternoon, in
16 particular the low-income advocates, it appears to be the
17 case that local contact and direct frontline interaction
18 with low-income customers and individuals is a key
19 ingredient to the success of any program.

20 And I think that that underscores the first question,
21 which is, is there a need for locally tailored electricity
22 conservation programs directed to low-income households and
23 individuals?

24 Obviously, I am putting all of these forward, not
25 quite as rhetorical questions in the usual sense, but as
26 questions I am simply posing without answering.

27 If it is found that the answer to that question is
28 "yes", then my next question is really, can locally

1 tailored programs be sponsored by the OPA?

2 And I put that forward not so much as a rhetorical
3 question, because frankly, it is our understanding that the
4 OPA has a mandate that directs it away from that.

5 And finally, then, if there is a need for locally
6 tailored, low-income electricity CDM programs that are not
7 going to be sponsored by the OPA -- for whatever reason --
8 is it the case that we need to extend the OEB's operational
9 scope in this area by bringing those programs -- which
10 apparently there is agreement there is a need for -- within
11 the scope of distribution rate funding? In other words,
12 within the distribution revenue requirement.

13 And I, quite candidly, or openly, acknowledge that
14 that moves in a direction opposite to the direction the
15 Board has moved as recently as last spring, when it
16 released its policy paper on the regulatory treatment of
17 CDM for utilities.

18 And in that, the Board basically said that the prime
19 sponsor of CDM programs in the province now was the OPA,
20 and that unless there were, in effect, extenuating
21 circumstances that demanded a special local program, that
22 the utility should look to the OPA for ongoing and future
23 funding of their CDM activities.

24 I think that this is an essential question to ask. I
25 took great note of LIEN's call earlier this afternoon, only
26 about an hour ago, for permanent funding of CDM programs.
27 And to us, that really means permanent and predictable
28 funding.

1 So I want to wrap up by saying that Toronto Hydro and,
2 I believe, the other electric utilities are really very
3 committed to the exercise of CDM overall and very committed
4 to developing programs with a special focus for the benefit
5 of low-income customers, and all customers, incidentally,
6 and that what's really needed in order to have that
7 flourish is a conducive and transparent funding environment
8 for those programs, now and in the future.

9 So thank you.

10 MS. HARE: Thank you. And Colin, we will get the
11 wording of the CDM Board report for tomorrow, just to check
12 on the wording, because --

13 MR. McLORG: Yes, by all means.

14 MS. HARE: -- my recollection is that it perfectly
15 allowed for any utility to come to the Board for funding,
16 if it's not a program that is already offered by the OPA.
17 And I think you are clear to ask if the OPA is not funding
18 it and it is local. But we will get the exact wording,
19 because I think it is important.

20 MR. McLORG: Well, thank you. And I would caution
21 anyone in the room, don't accept my word for something
22 that's in writing.

23 I guess the point that I didn't really make and I
24 should have made was that, I guess the concern on our part
25 is that -- and it may be a concern on other parties' part
26 as well -- that there would be then a kind of a fracturing
27 or a fragmentation of CDM funding, which would be difficult
28 to reconcile on an operational basis.

1 If you are doing a program and it has a low-income
2 aspect, how do you then segregate the costs of that aspect
3 of the program? I won't burden the conversation here with
4 those kind of things, but rather only to say we hold it as
5 a concern.

6 MS. CAZALET: I've just looked up the conservation
7 reference in our guidelines for electricity distributor
8 conservation and demand management, and the wording we have
9 here is:

10 "Funding through distribution rates will
11 therefore continue to be available for programs
12 designed to address local CDM opportunities or
13 other programs for which no OPA funding is
14 available. Where funding for a particular
15 program is not available from the OPA at the time
16 of application, distributors may apply to the
17 Board for funding through distribution rates."

18 MS. HARE: So that option is available.

19 MR. McLORG: Thank you.

20 MS. HARE: Okay. Let's move to Bill Dufton, from
21 GLOBE.

22 **PRESENTATION BY MR. DUFTON:**

23 MR. DUFTON: Thank you. It's great to be back.

24 I just wanted to start by talking -- we started on
25 Monday's presentation talking about many of the things that
26 we're going to be -- we're hearing people talk about today
27 as well in a general way. And I want to talk about -- a
28 little more specific about our experience and the

1 experience that we have had at GLOBE, and what we see to be
2 the key success factors for any program going forward.

3 I'm going to talk a little bit about the need for and
4 the types of education required, our experience in this
5 area, and I am also going to talk about the types of
6 CDM/DSM measures and programs that are required for social
7 housing residents and housing providers, and about
8 providing the social housing sector with access to these
9 and other utility programs.

10 Before getting into the details of our presentation, I
11 want to acknowledge and support the statement of Enbridge
12 on Monday, where -- and today as well, where they spoke of
13 the pyramid, and education being at the bottom of the
14 pyramid, and being the foundation, I guess, of all
15 programming.

16 GLOBE views energy conservation -- energy -- and
17 energy-efficiency education to be essential to social
18 housing providers and residents. Both these parties want
19 to be engaged and to be part of the global culture of
20 conservation. They simply need the opportunity and right
21 tools to participate.

22 Providing social housing residents with education and
23 information to effect change empowers individuals to take
24 action and provides long-term solutions to energy and
25 financial problems.

26 Education also allows the social housing residents to
27 make behavioural changes, to accompany and to help maximize
28 the energy savings from any energy upgrades or retrofits.

1 This focus on education is based on the philosophy of
2 helping individuals to help themselves. This focus should
3 be adopted by the Board for energy conservation and energy-
4 efficiency education for social housing residents and
5 housing providers.

6 Providing social housing providers with energy
7 conservation and efficiency education allows them to better
8 understand their buildings and where and how energy is
9 used. Education will help housing providers to use their
10 knowledge to identify and implement opportunities to
11 conserve energy through energy retrofits and resident
12 engagement. The Board should ensure that education
13 programs are presented to social housing residents and
14 housing providers in a consistent and coordinated fashion.

15 I would like to build on what TEA said today about in
16 a manner that is understandable and recognizing factors of
17 ethnicity, et cetera.

18 Energy conservation and efficiency education should
19 also complement and facilitate the uptake of the CDM/DSM
20 programs offered by the gas utilities and the OPA for
21 social housing residents and providers.

22 Green Light on a Better Environment has a mandate to
23 educate stakeholders in the social housing sector,
24 including social housing residents and housing providers,
25 and has extensive experience in doing so. The education
26 implemented by GLOBE is designed to support the
27 conservation efforts of housing providers, providing
28 learning opportunities on the following: understanding how

1 their building operates as a system, understanding how
2 energy and other resources are used within their building,
3 understanding how to use their knowledge to seize
4 opportunities to conserve through retrofit and resident
5 engagement, and how to use resources, tools and processes
6 developed specifically for them.

7 I would like to say that we're in the process, with
8 our partner, Toronto Hydro, of training 150 staff and board
9 members and 25 residents, very similar to the TEA program
10 of community facilitation. Community Champions, we call
11 them. And we're just finishing up on that program.

12 We currently provide education to housing providers,
13 building staff, property management staff, as well as non-
14 profit and cooperative housing board members and residents,
15 as I had mentioned.

16 In addition to energy conservation and efficiency
17 education, social housing providers and residents need the
18 opportunity and the right tools to participate in
19 conservation and energy efficiency.

20 In order to address the unique needs of social housing
21 residents, such as language, literacy and disability
22 issues, the educational materials and methods of delivery
23 of programming should be designed to addressing these needs
24 and to be accessible to all residents.

25 There are already a number of CDM/DSM programs
26 available to -- but not, other than Toronto Hydro and
27 PowerStream, which we are working with now in the future
28 quarter 4 OPA program, they're not specifically targeted at

1 social housing residents and housing providers.

2 There are also a large number of customer care
3 services, such as equal billing programs and arrears
4 management programs that are available to social housing
5 residents from the gas and electric utilities across the
6 province.

7 These customer care services may differ from utility
8 to utility.

9 As mentioned on Monday by several participants, with
10 such an array of services there is a need for a central
11 province-wide clearinghouse for this information, and in
12 particular, a clearinghouse social housing residents and
13 housing providers can readily access and understand.

14 There is also a need for a trusted advisor to provide
15 social housing residents and housing providers with
16 information on CDM and DSM programs, utility customer care
17 opportunities, and how to access them, as well as how to
18 access educational programming on energy efficiency and
19 conservation.

20 The clearinghouse and trusted advisor roles to serve
21 the social housing sector are functions that GLOBE can
22 fulfill, and, frankly, we already provide to some extent.

23 We are experienced in providing single-window access
24 to housing providers to a wide range of government and gas
25 and electric utility programs and incentives available to
26 the social housing community for implementing energy-
27 efficient measures. However, this GLOBE service would need
28 to be enhanced and expanded to fulfil the clearinghouse and

1 trusted advisor roles more completely.

2 With respect to the type of CDM/DSM programs that are
3 needed, the Board should ensure that the programs
4 specifically designed by the OPA and gas utilities to meet
5 the needs of social housing residents and housing providers
6 have the following characteristics: they take a
7 comprehensive approach, they include the direct
8 installation of measures and they include access to upfront
9 capital.

10 As our Board member Colin Gage mentioned on Monday,
11 upfront capital is a huge issue in social housing.

12 To ensure that the CDM/DSM programs for social housing
13 residents and housing providers are comprehensive, these
14 programs should offer a full range of energy-efficiency
15 measures. These measures include appliance upgrades,
16 lighting, insulation, heating, cooling and building
17 envelope improvements and fuel-switching, where
18 appropriate.

19 The programs should be simple to understand,
20 sufficiently adequate to encourage action and outcome-
21 based.

22 Green Light on a Better Environment recommends a
23 fairly prescriptive program that each housing unit should
24 receive \$1,000 worth of services, which includes an energy
25 audit up to \$850 in energy-efficient measures and
26 conservation education.

27 Education for both the social housing residents and
28 housing providers, including their property managers and

1 building maintenance staff, should accompany the
2 installation of these energy-efficiency measures to help
3 these groups maintain the measures, make the behavioural
4 adjustment that will be necessary to enhance the energy
5 savings achieved. Measures that are provided free of
6 charge to low-income customers and private residences, to
7 homeowners or renters by gas and/or electric utilities as
8 part of their existing programs should be extended free of
9 charge to all social housing residents.

10 This will ensure more equitable treatment of all
11 social housing residents and will recognize the financial
12 constraints facing social housing providers.

13 These programs offered by the OPA and gas utilities to
14 social housing providers should provide some upfront
15 capital that housing providers can leverage. This is
16 necessary because, as I also indicated in Monday's
17 presentation, housing providers do not have adequate
18 upfront capital to invest in their buildings, particularly
19 in energy-efficiency upgrades. Building condition
20 assessments of social housing reveal a looming problem with
21 aging housing infrastructure in the order of \$1.3 billion.

22 Social housing uses the capital reserve approach to
23 building upgrades and renewals because, unlike private
24 sector buildings, social housing providers cannot increase
25 their borrowing against the value of the asset. They are
26 prohibited by legislation from doing so. The buildings
27 were financed with no equity contribution.

28 Existing capital reserves are insufficient to meet the

1 challenge, and ongoing operating budgets are under pressure
2 due to deferred maintenance upgrades and increasing
3 volatility of utility rates. In addition, the Province has
4 forbidden housing providers to remortgage properties to
5 make additional capital available.

6 These constraints make access to upfront capital a
7 major concern in social housing.

8 Therefore, it is essential that any DSM/DM program to
9 facilitate energy upgrades and retrofits in social housing
10 address this financial barrier. We have taken a step
11 forward in helping to finance social housing. We have
12 entered into a partnership with the Clinton Foundation to
13 help finance social housing retrofits.

14 Housing providers like technical support and advice
15 for retrofits to get them from ideation to completion of a
16 retrofit program. Typically, housing providers do not have
17 the resources and do not understand the benefits of
18 obtaining such advice except for the largest-scale
19 retrofits.

20 In many of our programs, as we mentioned on Monday,
21 they're very small-scale projects with volunteer boards,
22 volunteer staff members, and they do not have the expertise
23 to carry out these retrofits. CDM/DSM should address this
24 institutional barrier.

25 I would like to finish by saying we are well
26 positioned to manage and deliver energy-efficiency and
27 conservation programming on behalf of energy utilities and
28 the OPA through our one-window service. We're currently

1 delivering a low-income CDM program with Toronto Hydro,
2 which involves installation of in-suite lighting upgrades
3 as well as resident education, and are prepared and in a
4 position to do such.

5 Thank you.

6 MS. HARE: Our last speaker today is Dana Silk from
7 EnviroCentre.

8 **PRESENTATION BY DR. SILK:**

9 DR. SILK: Thank you.

10 MS. HARE: Do you have the --

11 DR. SILK: No. Okay. Dana Silk, EnviroCentre.

12 One of the significant investments to date to help
13 low-income households -- in fact I think it is safe to say
14 the most significant investment to date to help low-income
15 households in Ontario reduce their electricity bills -- has
16 been the energy-efficiency assistance program pilot for
17 houses, a pilot project of the Ontario Power Authority,
18 which Taki referred to earlier. It is unfortunate that he
19 wasn't able to answer my questions. My understanding is he
20 has a higher calling at the moment, a much higher calling.

21 Thanks to the OPA, EnviroCentre invested an average of
22 1784 of cost-effective energy-efficiency upgrades in 244
23 households in 2006 and 2007, while Green Communities Canada
24 helped, I think, about another 400 households across
25 Ontario.

26 Thanks to Hydro One, we also helped another 204 low-
27 income households with electric heat reduce their
28 consumption of electricity through educational measures and

1 by investing an average less time around, 1171, in basic
2 measures, appliance and building envelope upgrades that
3 were total resource cost-positive, TRC-positive.

4 Under the initial OPA pilot project, all of our
5 investments were cost-effective. In fact they were highly
6 cost-effective. But we are now, or at least we were,
7 required to make these investments TRC-positive.

8 I am putting a little emphasis on that, because the
9 OPA will, very soon, I hope, come out, announce the results
10 of an RFP to deliver -- as Taki referred to -- 6,400
11 similar measures to households, 6,400 households across
12 Ontario, hopefully starting perhaps even next month.

13 And so based on that, I've got a couple of very
14 positive, concrete solutions that the Board could implement
15 to help move the agenda forward.

16 It's been pointed out by almost all stakeholders that
17 there is -- one of the challenges that we face is
18 identifying the households that need this help, these cost-
19 effective investments.

20 Some of you may recall that in, I believe it was 2003,
21 the then-Minister of Energy, Dwight Duncan, the Honourable
22 Dwight Duncan, wrote a letter to all the LDCs, in which he
23 referred to the 100-megawatt directive, which he had given
24 to the OPA, and he encouraged the LDCs to cooperate in the
25 delivery of the CDM programs, especially when it comes to
26 low-income households. Now, some LDCs cooperated. Some
27 didn't.

28 In our delivery of the OPA and the Hydro One programs

1 in eastern Ontario, 400 -- over 400-some of the utilities
2 refused to cooperate. One utility said: Oh, you want to
3 identify our customers with electric heat and help them
4 out? We suggest you put ads in the newspaper.

5 Now, that wasn't very cooperative, and I think a lot
6 of that can be attributed to the tensions, at least back
7 then -- I think it is getting a little bit better --
8 between the OPA and LDCs, and that has been a major issue.
9 And as I say, we hope it is getting better.

10 So what's the solution here? The solution would be
11 for the Board to communicate quite clearly to the LDCs that
12 this is a serious issue. We've got this program about to
13 be announced, or it has just been announced, to help 6,400.
14 All you guys have to do is work with the delivery agents to
15 identify your clients, customers with electric heat and
16 make them know that if they might be eligible for this
17 program, all they have to do is call this number.

18 That would be a very good, relatively easy thing for
19 the Board to do, to direct the LDCs -- you can direct them,
20 or just clearly communicate the importance that the OEB
21 attaches to this program.

22 The other issue that would make it a lot easier to
23 deliver these programs would be for the Board to let the
24 OPA know that although TRC-positive criteria certainly
25 makes sense for most CDM measures, for low-income measures,
26 perhaps TRC-positive criteria is not the appropriate
27 criterion. Perhaps the Board could tell the OPA or allow
28 the OPA to make these investments on a cost-effective

1 basis, not the higher hurdle of a TRC-positive.

2 So those are two, I hope, very positive, easily
3 implemented solutions that would help advance this.

4 Thank you.

5 MS. HARE: Questions of any of the presenters? And we
6 do have a representative from the OPA here who will take
7 Taki's spot, because he did have to leave. So any
8 questions, comments, discussion points?

9 MR. KAISER: I have a question, Marika, for the OPA.

10 I would like to know how much money the two utilities
11 and the OPA intend to spend on low-income CDM in '08 and
12 '09. I think we have the utility figures, that I think
13 Enbridge was said to be in the range of 1.3 million, and
14 Union was a bit less.

15 But does the OPA have targets for those two years as
16 to what they expect to be spending in this area?

17 MS. GAGNON: This is Vickie Gagnon. I work for the
18 OPA with Taki Eliadis.

19 I don't have those numbers with me right now. We can
20 endeavour to get them for you.

21 MR. KAISER: Okay. And a second question: On your
22 slide 6, you define the maximum gross annual income for
23 families depending on household size to qualify for your
24 programs.

25 And my question is: To what extent are those income
26 thresholds different from the ones that Union is using or
27 proposing to use on their slide 4, which is 125 percent of
28 the Stats Can LICO? And again, you can take that under

1 advisement if you need to. I just want to know the extent
2 to which different agencies are using different income
3 thresholds.

4 MS. GAGNON: My understanding is those -- they're
5 about the same figures. My understanding is Enbridge is
6 using this same table for their low-income threshold, for
7 their weatherization assistance program. And I believe it
8 is about at the 120 percent mark.

9 EnviroCentre -- Dana Silk and EnviroCentre was
10 instrumental in helping develop this table during our pilot
11 program.

12 MS. SQUIRES: I can confirm they're the same as
13 Enbridge's numbers, 125 percent of LICO.

14 MS. GAGNON: So in fact, all three of us are using the
15 same levels.

16 MR. KAISER: All right. Thank you. That's helpful.

17 MR. WETSTON: Let me just follow up here. Where do
18 you get that information from?

19 MS. GAGNON: Which information? The --

20 MR. WETSTON: The information about the low-income
21 consumers who are eligible, where do you get that from?
22 You indicated there that -- in answer to Mr. Kaiser's
23 question -- that there are low-income consumers eligible
24 for these programs.

25 Where do you get the information about who is
26 eligible? That's really my question. It is a pretty
27 simple question.

28 MS. GAGNON: Well, there are a number of ways that the

1 consumer can be eligible. We are taking anyone who is
2 receiving a government benefit, social assistance benefit -
3 - is automatically eligible. If they are not receiving one
4 of those benefits, then --

5 MR. WETSTON: You are not understanding my question.
6 My question is: How do you get this information? Do you
7 individualize it to the individual consumer?

8 MS. GAGNON: I would like to have Dana Silk answer, as
9 he was instrumental in actually implementing the program on
10 the ground and getting the information from the customer.

11 DR. SILK: Dana Silk, EnviroCentre.

12 We thought that we could rely on sort of the standard
13 ways to do this, but in reality, we had to train our
14 certified energy advisors, who were going into the homes
15 and doing the initial audits, to determine if it made sense
16 to invest money in the house, not the household.

17 We had to retrain them to become almost social
18 workers, and they were the ones who actually required
19 potential participants to show them proof that they were
20 low-income, according to the half a dozen or so.

21 And just last week, to qualify low-income households
22 for the Enbridge weatherization program, some of my staff
23 were out there, because it is a bit of a hurdle, and we've
24 got to get those -- they require that they actually be
25 "proven". And so some of my staff were out there with a
26 camera, taking photographs of their latest income-tax
27 returns, and that is the proof that we're providing.

28 So that is how we do it. It is not that easy, but we

1 get it done.

2 MR. WETSTON: Well, to be very honest with you, it
3 sounds awfully messy to me. There's got to be a better
4 way. So what is the better way? Anybody got any ideas?
5 Instead of taking cameras of income-tax returns -- or
6 photos?

7 MS. SQUIRES: The extent to which we must rely on that
8 type of a process, we try to minimize by leveraging some of
9 the other channels that we've talked about, by -- if a
10 person is receiving Ontario Works or ODSP, we don't go to
11 that extent. And perhaps there is other programs or there
12 is other "pre-screening mechanisms" that can minimize the
13 extent to which we have to do that.

14 I can speak for Enbridge. Certainly, we don't want to
15 be in the business of reviewing customers' tax returns and
16 pay stubs and so on. So we really try to minimize the
17 extent to which we have to do that. But to make sure we're
18 getting the right customers, sometimes we have to.

19 MS. HARE: I think Mary has a comment.

20 MS. TODOROW: I think I know what the Chair is asking
21 for, and I think there is two parts -- I think there is two
22 parts to that question. And I am going to begin -- I am
23 just going to begin by talking about the 14 and 18 percent
24 question that was raised this afternoon.

25 You know, you can draw a line anywhere, and someone is
26 going to fall above it and someone is going to fall below
27 it. They can be \$10 above that pre-tax, post-transfer, and
28 they're out of the program, right?

1 I'm happy that Enbridge and Union Gas are using 125
2 percent, because the poverty line is about really
3 straitened circumstances, and basically, I know that
4 everyone who is on social assistance -- OW and ODSP --
5 they're below the poverty line. We know that. And the
6 Income Security Advocacy Centre will be filing written
7 comments on this, will endeavour to explain how this all
8 works and why they have been working to reform the way that
9 social assistance is addressed in this province.

10 As I said, you can fall above or below it, but it
11 doesn't necessarily mean if you are above or below it that
12 you are paying more than 6 percent of your total household
13 income on energy use.

14 I think of this -- it's an anecdotal story, but I
15 think it's quite instructional -- I heard from our Simcoe
16 legal clinic, that there is a very resourceful woman who
17 had a number of children, and she lived in a rural area.
18 She heated with wood. She basically had a vegetable garden
19 and she was basically controlling her costs even though she
20 was on a very low income.

21 And the thing is, I think you can use the qualifying
22 for social assistance programs, that is an automatic.
23 People are in. Right? They're in. They pay a bill. Then
24 you look at their bill. They're in, but then you look at
25 their bill. So it is done in other jurisdictions. We can
26 figure out how do it here. Where you draw the line in many
27 cases is arbitrary. How far up do you want to go in terms
28 of alleviating poverty, you know.

1 The whole issue of measuring poverty, I think we may
2 find some information coming out of the exercise that the
3 Ontario Government is involved in right now with their
4 Cabinet Committee on Poverty Reduction, because they are
5 tasked with defining poverty and measuring reduction of
6 poverty. So I think we can look to them as well by the end
7 of the year, to look at what they come up with as well.

8 The 14, 18 percent, I don't think I quite -- I started
9 talking drawing the line. 14.7 percent of persons in
10 Ontario, persons, individual persons are living at or below
11 the poverty line, that pre-tax, post-transfer, but these
12 persons are living in households. Then what you have to do
13 is look at the households. Obviously not every person is a
14 customer, but a household is a customer. That's why the 18
15 percent -- remember, Marika, you were going through the
16 calculation -- so the household is the customer, but that
17 household will have two or three people in it. That's why
18 we have the 14 versus 18 percent confusion.

19 I hope I have cleared that up.

20 MS. HARE: Dana, and then Jennifer.

21 DR. SILK: The Chair is quite right about it being a
22 very messy way of doing it. I don't think it is quite that
23 messy. We're making progress.

24 But if we wanted to get it up to a more efficient
25 system, we would adapt what they have been doing in the
26 United States based on 30 years' of experience -- she
27 turned it off. Sorry.

28 Based on 30 years of experience in the United States,

1 they have developed, as I think our friends from
2 Pennsylvania referred to, online systems where delivery
3 agents can okay clients so and so, send the e-mail or
4 whatever. They actually have some delivery agents in the
5 States -- actually have access to the social service
6 databank that says: Yes, these are low-income. We can
7 move ahead with this. So that would be better.

8 The most cost-effective way, though, to deliver this
9 in our market economy would be for rates, doing it through
10 the rates.

11 So that's what we are urging you to take a serious
12 look at. That would be really cost-effective and very
13 efficient.

14 MR. KAISER: Can I just follow up on your comment?
15 You say rates, but let's suppose there is a program --
16 which I guess Winter Warmth is an example -- where an
17 applicant can get a grant of a certain amount, whether it
18 is \$400 or whatever it is. What is the difference?

19 I mean, money is money. It could be a discount from
20 the rates or it could be an outright cash grant. Does it
21 matter?

22 DR. SILK: Well, certainly from an efficiency point of
23 view, yes.

24 All of the programs that we're currently administering
25 in Ontario are very inefficient. All of the Winter Warmth
26 programs, all of that money that you hear about, the
27 million dollars that the City of Hamilton is transferring
28 primarily to Horizon and a little bit to the gas utility

1 isn't going to the low-income households. It's going
2 straight to the utility.

3 So it is relatively inefficient way of dealing with
4 this issue. The most efficient way of dealing with this
5 issue would be for the rates, and as I said earlier, once
6 you establish more rates that are in the public interest to
7 deal with this issue, everything -- it will take a couple
8 of years to sort of work through the transition period, but
9 you won't really have to worry about all of these
10 cumbersome, inefficient ways of dealing with low-income
11 households.

12 MR. KAISER: What you're really saying is on a rate
13 program, at least in your submission, you qualify once?

14 DR. SILK: That's right.

15 MR. KAISER: You fall in the classification and you
16 can count on, as long as you're in that classification, you
17 don't have to apply every winter?

18 MR. SILK: That's right. In Ontario, to qualify to
19 maintain your status as an Ontario Works beneficiary, you
20 have to qualify every month. And so we're told, for
21 example: Okay, if these people qualify at the beginning of
22 the month, you've got to get out and into their households
23 and do your energy-efficiency upgrades by the end of that
24 month, because, guess what, they might find a job, or
25 something, and the next month they will no longer
26 qualify.

27 So some kind of annual qualification program would not
28 be very cumbersome for the LDCs to administer, and that's

1 really what we need.

2 MR. KAISER: Marika, I wonder -- if you will -- I
3 could leave one question with you to fill in some the gaps.

4 We had a lot of discussion about this Winter Warmth
5 program. As I understand it, there are six utilities, two
6 gas, four electrics, Toronto, Ottawa, PowerStream and
7 Enersource.

8 Can we find out from the utilities how much each of
9 them are spending on the Winter Warmth Program, what the
10 average grant per applicant is, and what they say is the
11 amount of money they need to meet the demand, if they have
12 such an estimate?

13 When this Winter Warmth Program is being administered
14 -- we're talking about this application process that's just
15 been described by Dana -- is that all being done by the
16 United Way, and the utilities just write a cheque? Maybe
17 we could have -- I read the Concentric report about five
18 times on this and I found it pretty thin, quite frankly, as
19 to exactly how the process works. So it may be through
20 your consultant or somebody else we can get some more
21 detail.

22 MS. HARE: We can do that.

23 MR. McLORG: Marika, would you tolerate getting an
24 answer from Toronto Hydro right now, or would you prefer it
25 by way of an e-mail?

26 MS. HARE: If you could do it right now, that would be
27 great. You can confirm that the other LDCs, Enbridge,
28 Union, are same.

1 But that still leaves, Mr. Kaiser, your question about
2 the amount of money on the table. So I will still have to
3 follow up with them on that.

4 In terms of the working through the charity, the
5 social agency, you are going to answer that?

6 MR. McLORG: Well, the information that I have
7 pertinent to this is that the most recent data, or for the
8 most recent season, December 1st, 2007, to May 31st, 2008,
9 there was a total of \$95,000 dispensed under the auspices
10 of Winter Warmth within Toronto.

11 Our donation to that program was \$100,000.

12 Three hundred households were helped and they received
13 on average \$320 per household. The maximum amount, benefit
14 that is available is \$450 per household.

15 What this does not answer is Mr. Kaiser's last
16 question that I heard -- and forgive me if I missed some of
17 it -- which is: What does this represent relative to the
18 need? I am afraid that we're not really in a position to
19 assess the need per se.

20 MR. KAISER: Do you have some -- do you handle the
21 applications, or is this United Way? So you don't know how
22 many applications you were unable to fund?

23 MR. McLORG: That's correct. And the way the program
24 operates and my understanding is that Toronto-Hydro makes
25 the \$100,000 or whatever number of dollars available to the
26 United Way, and then the United Way administers those funds
27 according to certain criteria, which are, I'm sure, agreed
28 by us, but nevertheless we don't have direct knowledge as

1 to how completely that addresses the need that may exist.

2 MS. HARE: What we heard from Enbridge yesterday is
3 that they did not go through --

4 MR. KAISER: I know Enbridge had the special
5 circumstances because of Garland. There was 200,000 left
6 over.

7 MS. HARE: No, but I think the point that was being
8 made yesterday and I think the point several people made is
9 that it depends on the community, that sometimes they run
10 out of funds, so they don't have enough.

11 In other communities, they actually have surplus
12 funds. But the feeling there is because the program is not
13 well known to the people, and that's why they're not going
14 through the funds. Is that fair, in terms of what was said
15 yesterday?

16 MS. LOPINSKI: Definitely, most definitely. It's
17 Jennifer Lopinski from A Place Called Home, City of
18 Kawartha Lakes.

19 I just wanted to address the Chair's question about
20 the collection of information. And that is, we act as the
21 lead agency in the City of Kawartha Lakes for the Enbridge
22 Winter Warmth program, as well as TAPS. Quite often, like
23 we advertise those programs in our community, and they're
24 advertised through Ontario Works as well.

25 But clients do have to contact A Place Called Home for
26 an application. And they come in and they do a thorough
27 financial assessment to see if they qualify.

28 And that information is kept with our office at their

1 -- you know, if Enbridge does want access to that
2 information, they would just make a simple request, but
3 that's -- and the good thing about that is, is that not
4 only does it collect information on clients that are on
5 Ontario Works and ODSP, but it also collects and captures
6 the low-income earner who is just above that threshold for
7 ODSP and Ontario Works.

8 MS. HARE: So just getting back to the request, we
9 will follow up and try and get that as soon as possible,
10 the same kind of numbers that Colin gave us.

11 MR. KAISER: Thank you.

12 DR. SILK: Dana Silk, EnviroCentre.

13 I would just like to clarify that the United Way
14 actually doesn't -- doesn't actually administer this
15 program. The United Way gets the money, turns around, and
16 subcontracts. In Ottawa, the United Way subcontracts to
17 the Salvation Army. It subcontracts to A Place Called Home.

18 And I am pretty sure that every time, you know, you
19 get some money and you turn around, there's usually an
20 admin fee there. So we're talking about a relatively small
21 amount of money, a relatively small number of households
22 benefiting, and a relatively high administration charge for
23 all of that, compared to --

24 MR. KAISER: What happens in the territories where the
25 utilities are not contributing? I notice that Hydro One is
26 not part of this deal. They're looking at it, if I read
27 their material.

28 Is there no program in those jurisdictions?

1 DR. SILK: No. Sorry, for the record, no. No
2 programs like that. No.

3 So that's another area whereby, if the Ontario Energy
4 -- if the OEB were to determine that it's in the public
5 interest to have these kinds of programs, surely the Board
6 would determine that it would be in the public interest for
7 these programs to be available to all taxpayers, residents,
8 across the province, because that currently is not the
9 case.

10 MS. HARE: Kerry would like to answer your question,
11 in the back.

12 MS. LUBRICK: I would just like to add....

13 REPORTER: Microphone, please.

14 MS. LUBRICK: Is it on? Yes. Okay. Sorry about
15 that.

16 To talk about the question of Hydro One, in our
17 community of Hamilton, we use Hydro One and we use Horizon
18 Utilities and we use Union Gas.

19 Now, they are not directly giving money to, like,
20 Ontario Works, whatnot, to deliver assistance. But I know
21 Union Gas is giving money to Winter Warmth, who is also
22 doing basically the same thing as we are. Okay? And we
23 were contracting with a third party, which was Share the
24 Warmth, to deliver some of our low-income.

25 So -- and those non-profit agencies are receiving
26 monies from a variety of places to cover the cost of
27 utilities and administration of those programs. I just
28 wanted to add that in.

1 MS. HARE: Andy?

2 DR. PORAY: Am I on? Okay. It is Andy Poray, from
3 Hydro One Networks.

4 I think, in all fairness, Mr. Kaiser, the issue with
5 Hydro One is, because of the territory, the size of the
6 territory that we have, and the variety of customers within
7 that territory, we try and address the issues that are most
8 needed or high priority. And that's what we have been
9 doing, trying to work with the respective agencies in the
10 areas where there is most need.

11 We are now trying to look at the other programs, and
12 Winter Warmth is one of the ones that we are evaluating.
13 So it's not that we're not doing anything. It is just that
14 we are, but because of the size of our territory, it is
15 perhaps smaller and in different areas.

16 MS. HARE: Thank you. And we will be talking about
17 program funding mechanisms tomorrow, so we will probably
18 get into some of these issues again tomorrow.

19 Are there other questions, though, related to
20 conservation demand management? Ian?

21 MR. MONDROW: Thank you, Marika. Ian Mondrow.

22 Mr. Silk, a question for you. As I understood our
23 discussion yesterday, you are basically advocating a two-
24 step intervention for low-income households. The first
25 step is to get the right equipment into the premises.

26 The second step then is to deal with the remaining
27 consumption through rates in order to achieve
28 affordability, in respect of the amount that they consume

1 once the right equipment is installed.

2 And so my question is, for the first step in that
3 intervention, getting the right equipment into the
4 household, how would you or how do you think that step
5 should be funded?

6 DR. SILK: Dana Silk, EnviroCentre.

7 That step should be funded by the Province of Ontario
8 and others. It is clearly not within the mandate of the
9 Board to do that. It clearly isn't. And that's the 75
10 percent, in the event, that was made some reference to the
11 other day.

12 So that's -- it is not -- we are not suggesting that
13 the Board do that. We are suggesting that the Board focus
14 on its mandate, which would be fair and reasonable rates in
15 the public interest.

16 MR. MONDROW: So if I could just follow up on that,
17 for the first step, are we talking about a kind of a grant
18 mechanism -- I think was the word used by the Vice-Chair --
19 an amount of money that would be available in order to
20 procure and install the appropriate equipment into the
21 premises?

22 DR. SILK: We wouldn't recommend a grant mechanism.
23 Most of the -- a very high proportion or percentage of the
24 households that we're trying to deal with in Ontario are
25 living in social housing, and all the rest are living in
26 private.

27 And so what we need are programs to drastically
28 upgrade the energy efficiency and appliances of social

1 housing, and the Province is making a little bit of an
2 effort there, and we hope for more. And we need concurrent
3 investments. And the OPA was making reference today about
4 its multi-family building program, which would address, or
5 begin to address, the issues in the private housing stock.

6 So that's what we need to do. We need to get away
7 from this very laborious, messy, inefficient way of saying:
8 Oh, you're a low-income. Oh, well, let's see. You can
9 qualify for 50 bucks here, 150 bucks there. Come back
10 three months later, and maybe we will get it up to 400
11 bucks. That's no way to move this agenda forward.

12 MS. HARE: Mary?

13 MS. TODOROW: I just have two or three questions about
14 the OPA's multi-family buildings program. And I'm so happy
15 these pilot programs are out there, and as David Poch said,
16 they're in their infancy, but things are looking good, in
17 terms of expanding and lessons and all that kind of stuff
18 that will be happening over the next few years.

19 And that's -- in terms of the next few years, that's
20 what we're really concerned about. And we talked about it
21 the first day that we were here and made the presentation,
22 which is -- my understanding is that there is no funding
23 set aside at this point beyond 2010, and what comes out of
24 the IPSP review, for targeted low-income CDM/DSM programs.
25 And I don't know if Vicki can answer that question or not.
26 And now there is a new directive from the Minister on what
27 to do about the mix, et cetera.

28 So I just wanted to put that out there as an issue, in

1 terms of the permanency and the, you know, sustainability
2 and -- what do you call it -- predictability of the
3 funding, which is something that we're really looking
4 forward to, in terms of keeping the momentum up on it.

5 And I can't remember if there was any discussion in
6 the development of the multi-family buildings program,
7 whether insulation, weatherization -- insulation in
8 particular -- in multi-family buildings program, why it is
9 not part of -- like, could it be something that is part of
10 the, you know, we will -- you can incent it by per-
11 kilowatt-hour.

12 Because I know that the payback period for insulation
13 is really high. So it's sort of the area that you might
14 want to subsidize, because my understanding, there is a big
15 deal of resistance in the private rental sector to get into
16 anything that is beyond five-year payback period, anything
17 -- sometimes folks don't even want to do anything beyond a
18 one-year payback period. So I was just curious about the
19 insulation.

20 And the other factors in the development of the multi-
21 family buildings program is part of the 100-megawatt
22 reduction directive, but there's condos involved in that.
23 And social housing, there is not much of a problem, because
24 we have a very high degree of rent geared to low-income
25 people there. There's some market rent units.

26 But my concern is reaching -- making sure that the
27 buildings that are receiving measures on the multi-family
28 buildings program, that there are quite a bit of low-income

1 residents who are going to benefit from that.

2 And then going back to David Poch -- but he has gone
3 now -- he was wondering: How do you make sure that the
4 cost-benefit -- the benefits of this CDM and DSM are passed
5 on to the tenants? And I will talk about this tomorrow in
6 my Smart Metering presentation. Because tenants are always
7 paying for electricity costs, whether they're paying a bill
8 directly or not. It is in the rent. And the way Smart
9 Metering happens is they're taking the costs out of the
10 rent, and you're paying for it separately. But they're
11 always paying for it.

12 The only thing they pay for is above-guideline
13 increases for capital expenditures that landlords incur in
14 maintaining their buildings. And they can apply for above-
15 guideline rent increases -- that means more than they can
16 legally charge every year -- if they undertake energy-
17 conservation/water-conservation initiatives, but they must
18 deduct anything that they receive from public funding from
19 those above-guideline rent increases.

20 So the issue is, how will tenants share in the
21 savings? I will talk more about that tomorrow, but I know
22 there are some questions you may or may not be able to
23 answer on the insulation side.

24 MS. GAGNON: The first question about after 2010, all
25 of our programs right now are geared towards 2010. I
26 believe the IPSP they're looking at what will take place
27 after that. I don't think I can comment on what takes
28 place after 2010.

1 As far as the insulation goes, I know the slide that
2 Taki put up on all of the measures that was eligible was a
3 very busy one, so it was hard to see. There is both a
4 prescriptive and a custom component of the program.
5 The prescriptive components are measures that are easily
6 incented on a per-measure basis, like refrigerators and
7 light bulbs and those types of things. For measures that
8 are not easily incented on a per-measure basis we have the
9 custom program, for which 7 cents a kilowatt-hour is being
10 paid on a consumption savings, not on-demand savings. So
11 that is where the savings for insulation can take place.

12 So absolutely insulation would be included in that.

13 MS. TODOROW: That would really maximize the energy
14 use reductions in a building overall. Tenants pay for it
15 whether it is in the rent or not, and they will still even
16 pay for common areas costs if and when Smart Metering
17 happens in the multi-residential sector.

18 MS. GAGNON: And if I may just add, one element that
19 might not be brought out very clearly was the education
20 component. We are looking at providing an additional
21 incentive on 10 percent of the energy saved for the
22 incentive to go directly towards a resident education
23 component, similar to what Franz Hartmann of TEA was
24 explaining.

25 So that is also part of the program.

26 DR. SILK: Dana Silk from EnviroCentre.

27 I just want to clarify. Mary has an excellent point.
28 The very high cost-effective levels of insulation in multi-

1 unit residential buildings in Ontario, it is extremely
2 cost-effective because the Ontario Building Code treats
3 multi-unit residential buildings as a commercial building.

4 If you are building a new house today in Ontario, you
5 are required to make it pretty well insulated. But if --
6 when all of these multi-unit residential buildings that had
7 been built in Ontario, and the ones that are currently
8 being built, the insulation standards for these houses or
9 these buildings are appallingly low, and that's because of
10 the inadequacies of the Ontario Building Code.

11 The converse of that means, of course, that because we
12 have all of these incredibly poorly insulated multi-unit
13 residential buildings, it is very cost-effective to upgrade
14 them, but the real problem there is that we continue to
15 build multi-unit residential buildings with very, very low
16 insulation levels. I realize that you may not be able to
17 solve all of the world's problems, but that is one of the
18 reasons why we're facing these issues.

19 MR. WETSTON: I can tell you that is not one we can
20 solve. Thank you so much for recognizing that, however.

21 Marika, let me just mention something here.

22 I think these discussions are very important because
23 we all recognize how important energy efficiency and CDM is
24 to the Province in reaching its goals, but I think I
25 mentioned earlier on that we only have so much authority at
26 the OEB to deal with some of these issues.

27 I talked about the 75/25 split and that the commodity
28 portion of electricity bills is pretty much mandated

1 through a kind of regulatory formulaic exercise for the
2 Board to determine what that price is.

3 There isn't a lot of discretion in the exercise of
4 what that is.

5 I think everybody would agree with me in that, those
6 of you who know the RPP and regulated price and how that is
7 determined. So we're back to distribution rates, which
8 kind of gave rise to a lot of the issues and why it was
9 necessary for us to get together and talk about this.

10 Let me also remind you that the reason that I asked
11 this question to the OPA was to figure out how the OPA gets
12 its information.

13 It seems to me in some of the responses, I have a
14 better understanding of how it gets its information to
15 design the programs that it decides to design, which we
16 only look at in the context of a rate case, from the OPA,
17 in the budget review.

18 Now, this is the desire to organize it this way, and
19 when we look at CDM programs -- which is very important --
20 one has to recognize that it is different in electricity
21 than in gas. I think we all realize that.

22 By the way, some of you may not remember that in
23 electricity, we don't have a CDM objective at all. It was
24 taken out of the legislation and it was given to the OPA.

25 We have it in gas. So it's kind of the same -- a bit
26 of, it's not ambiguity as such, but there is clearly a
27 different objective that the Government had in putting
28 together the CDM objectives, which then, of course,

1 surfaces again very significantly in the IPSP process.

2 I am simply saying that to indicate that it is
3 important to recognize where the responsibilities may lie,
4 particularly when you are looking for -- which I think,
5 Dana, you were attempting to suggest -- a solution. We're
6 into solutions. We have to understand the problem, but we
7 need to find solutions if there is a problem that needs to
8 be rectified.

9 So I just mention that so that one understands that,
10 in our thinking about our duties, it is not
11 straightforward, if I can put it that way. I don't mind
12 people commenting on that if they want to comment on that.

13 DR. SILK: I am always willing to comment.

14 I wonder if, perhaps, somebody from the Board could
15 clarify the results of the latest, one of the hearings with
16 regard to the heritage assets.

17 My understanding is that the price of the commodity
18 from the heritage assets, basically hydro and the nuclear
19 plants, I think, was determined by Government, but now may
20 be determined more by the Board?

21 MR. WETSTON: Let me respond to that.

22 DR. SILK: Thank you.

23 MR. WETSTON: Since Mr. Kaiser has sat on that panel,
24 and he's not going to say anything for obvious reasons
25 because the decision hasn't been issued yet.

26 Basically it is not simply heritage assets, although
27 there may be a question of how you discuss what's included.
28 But that matter is presently before the Board. That's the

1 OPG payments case, and a decision, of course, is pending in
2 that matter.

3 You are absolutely correct, but that is only one part
4 of the input with respect to the costs associated with the
5 RPP.

6 We have many inputs into how to determine that. Did
7 you want to comment on that, Marika?

8 MS. HARE: No. In fact I was thinking it is a very
9 good way to end the day, with the Chair having the last
10 word.

11 We will resume tomorrow at 9:30 with topic 7, and then
12 we will move into topic 8. I would like to confirm for all
13 participants, we will not be meeting Friday. On the agenda
14 it had showed Friday as "as required" but I am quite sure
15 we will be finished tomorrow. So we will meet again
16 tomorrow. Thanks very much.

17 -- Whereupon the conference adjourned at 5:01 p.m.

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