

April 18, 2008

Kristen Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto ON M4P 1E4

VIA EMAIL & POST

Dear Ms. Walli,

**Re: EB-2007-0722 Electricity Distributors: Customer Service, Rate
Classification & Non-payment Risk**

Ontario Energy Savings L.P. ("OESLP") is a large retailer of natural gas and electricity that operates in numerous jurisdictions throughout Canada and the United States. In Ontario, OESLP provides more than 500,000 customers with energy services. As a result, issues set out in this staff discussion paper are relevant to OESLP. OESLP submits the enclosed comments in response to the questions posed in the Staff Discussion Paper on the following:

- 1.1.2 Allocation of payments between energy and non-energy charges,
- 1.1.3 Correction of Billing Errors,
- 1.1.4 Equal Billing, and
- 1.2 Disconnection of Service

Please contact me should you have any questions or concerns.

Yours truly,



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Panel	C.S./P.S./K.Q.
Licensing	
Other	John V.
	M.B.



Ontario Energy Savings L.P. (“OES”) Response to EB-2007-0722 Electricity Distributors: Customer Service, Rate Classification & Non-payment Risk

April 18, 2008

1.1.2 Allocation of Payments Between Energy and Non-energy Charges

Q6. Are there any technical limitation (e.g. billing systems) that would limit a distributor’s ability to allocate payments towards energy charges first and non-energy charges second?

Q7. If there are technical limitations, what options are available to a distributor to ensure that a customer’s payment is applied to energy charges first?

Q8. If distributors were given discretion as to how payments are allocated, do distributors need guidance from the Board as to how payments should be processed to ensure that it is not done in a manner that would lead to action that is inconsistent with section 31(1) of the Electricity Act, 1998 (in other words, to ensure that customers are only disconnected for non-payment of energy charges)?

Q9. What are the implications of distributors being required to allocate payments in accordance with customer requests?

A6 & 7: There shouldn’t be any technical limitations on allocating payments to energy charges first. Given the current rules regarding disconnection in the event of non-payment of energy charges most, if not all, distributors should have a system in place that allocates payment to the energy charges first. If there are technical limitations on the distributor’s billing system, the billing system should at least manually allow for the application of payment to energy charges first.

A8: Certainly, Board guidance regarding the allocation of payments should be offered and should not be contrary to section 31(1) of the Electricity Act, 1998, and furthermore, any guidance provided should lay out specific and supportable reasons for applying payments other than to energy charges first.

A9: Distributors that also bill for municipal services such as water/sewage/taxes are concerned that arrangements to collect amounts for these non-energy services may prove difficult in the instance that energy charges have exclusive priority for payment allocation. Additionally, allowing for the customer’s request to allocate payments differently may further difficulties in enrolling customers to a retail contract. The customers request may be contrary to their actions to secure an alternative supplier. It is in this case where the limit of outstanding energy amounts should be strictly adhered to ensure that customers are not forced out of, nor denied enrolment into, their selected retail arrangements, or as a result of outstanding non-energy related charges.

1.1.3 Correction of Billing Errors

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

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

Q12: With regard to the option where refunds would be provided in the form of a cheque if the amount owing was greater than a certain amount, what might be an appropriate threshold or criterion for determining the form of refund? Should the threshold or criterion differ depending on customer class?

Q13: With regards to the option where the repayment period for under-billing would depend on the amount owing by the customer, what is an appropriate threshold or criterion for determining the repayment period? Should the threshold or criterion differ depending on customer class?

Q14: The RSC requires that distributors pay interest on amounts that were over-billed, but does not allow distributors to charge interest on amounts under-billed. Is this asymmetry appropriate?

Q15: Where the customer is responsible for the under-billing, such as in the case of an unauthorized energy use, including meter tampering or theft of power by the customer, should distributors be permitted to collect interest on the amount owing by the customer?

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

A 10 & 11 & 12: Where ever a correction (either for over-billed or under-billed amounts) has been calculated for any customer, the correction must leave an auditable trail for the distributor, the retailer, and the customer. In this regard, a cheque issued to a consumer for a refund may not be reflected in the consumer information provided to retailers for the purposes of verifying consumption, billing and settlement accordingly.

Regarding Q14, we believe the asymmetry in the application of interest to be appropriate. In cases where the distributor has under-billed, with no consumer-related cause (no theft, nor meter tampering), it is the responsibility of the distributor to absorb the cost of interest. Where the consumer is not aware of the under-billing, and has no recourse to correct the billing error should it come to their attention, it is not reasonable to expect the consumer to be responsible for interest accruing on an under-billed amount.

1.1.4 Equal Billing

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

Q18: If all distributors were required to offer equal billing, what are the implications for: Customer information/billing systems, distributor's costs, & cash flow?

Q19: For those distributors that currently offer equal billing, but not to customers enrolled with a retailer, what are the implications of being required to offer equal billing to customers enrolled with a retailer? Specifically, what are the implications for: customer information/billing systems, distributor's costs, & cash flow?

A17: Yes, in order for a level playing field to exist it is imperative that distributors offer equal billing options for all customers, both retail supply and standard supply. The appropriate criteria for participation in equal billing should be at the customer request to participate in the program.

A19: Currently not all distributors offer equal billing, and further those distributors that do offer equal billing plans, do not offer it universally to all customers. Customers with retail supply agreements are deemed, by the distributor, ineligible for equal billing. Often retailers will lose these customers because the equal billing plan is not available to them. Further, these customers blame their action to choose retail supply as the reason for their lack of eligibility for equal billing, and this should not be the case.

The distributor is supposed to provide their services in a non-discriminatory way and offering the equal billing plan option only to their own standard supply customers goes against this principle. Where a distributor offers an equal billing plan option it should be mandated to offer the same to any individual that requests the option even if the customer has selected retail supply, thereby levelling the playing field for all Ontario consumers. The current offering of this option to standard supply customers only can act as a barrier to entry for any retailer, and also a barrier against choice of suppliers for the consumer, and as such needs to be corrected.

OES respectfully submits that the OEB must mandate distributors to offer the equal billing plan option to all interested individuals whether or not they opt for retail supply. Applying this mandate would level the playing field and ensure equal neutral treatment of all consumers.

1.2 Disconnection for Non-Payment

We request that any disconnection notice for retail consumers must indicate the impact on their retail supply agreement that would be a result of disconnection of service. The notice must also indicate that the retail program will be reinstated when the account has been brought up to date.