

November 17, 2008

Ms Kirsten Walli *Nov 19/08*  
Board Secretary  
Ontario Energy Board  
P. O. Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

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NOV 19 2008

ONTARIO ENERGY BOARD

*EB-2008-0313 19*

*Barb R.*

Dear Ms Walli:

Re: EB-2008-0313: Proposed Amendment to the gas Distribution Access rule  
(regarding security deposits)

Further to the Board's notice that it would receive comments on its proposed amendments to the Gas Distribution Access Rule (EB-2008-0313), the Council of Town of Aylmer would like ensure that its recent resolution and report on this issue is considered as part of this review.

By letter dated October 15, 2008 (copy attached) the Council resolution No. 257-08 was forwarded to the attention of the OEB Chair along with a copy of a staff report endorsed by that resolution. A portion of that resolution specifically endorsed the OEB proposed amendment to the Gas Distribution Access Rule regarding customer security deposits. The resolution goes on to recommend that the OEB require that consumer security deposits paid to natural gas distributors be kept in a trust fund and not used as working capital for distribution companies.

These issues came to the attention of Council through a petition presented to Council with 457 names requesting the following:

"We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque and NOT in the form of credit to the account."

A complete copy of the petition along with a similar on-line petition is enclosed.

In addition to the petition, there were letters to the editor of the local newspaper and news articles on the issue of the customer security deposits. Copies of a number of these are also attached.

In summary, the Council of the Town of Aylmer is in full support of the proposed changes to the Gas Distribution Access Rule and would make the additional request that the Board consider amending its proposed policy to include a requirement that all customer security deposits be kept in a trust fund and not be used as working funds by natural gas distribution companies.

Thank you for your consideration of our comments.

Sincerely

A handwritten signature in cursive script that reads "M. Heather Adams". The signature is written in dark ink and is positioned above the typed name.

M. Heather Adams  
Administrator

Attachments

cc: Council

/ha

October 15, 2008

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto ON M4P 1E4

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OCT 19 2008

Attn: Howard I. Wetston, Q.C.  
Chair & Chief Executive Officer

ONTARIO ENERGY BOARD

**RE: Natural Resource Gas Ltd. – Franchise Agreements/Business Practices**

At its meeting held on October 14, 2008, the Town of Aylmer Council received a Report from the Town's Administrator about Natural Resource Gas Ltd., and resolved:

Resolution No. 257-08

Moved by Deputy Mayor R. G. Baldwin and seconded by Councillor M. French:

**"That the letter from the C.A.O./Clerk of the Township of Malahide regarding NRG be received and be referred to Staff to review and to submit a report to a future Council meeting."**

**"That the Council of the Town of Aylmer hereby endorses the Report dated October 8, 2008 prepared by the Administrator, regarding Natural Resource Gas Ltd. (NRG);**

**AND FURTHER THAT Council hereby approves the actions outlined below:**

1. Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:
  - providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;
  - endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and

- intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:
    - Quality of infrastructure;
    - Rates not competitive;
    - Reluctance to serve new commercial/industrial customers;
    - Significant customer service issues;
    - Financial issues raised by customers and suppliers are troubling; and
    - Deterrent to local economic development.
2. Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors:
    - Require that customer service measures are made available to the public
    - Require that the annual audited financial statements of the distribution companies are made available to the public
    - Provide a clear complaint and enforcement process for natural gas consumers to have complaints heard and resolved
    - Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies;
  3. Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process;
  4. Circulate this Report to the other municipalities with franchise agreements with NRG for their consideration and endorsement;
  5. Forward the Report and recommendation to the Minister of Energy and Infrastructure and our local M.P.P., the Honourable Steve Peters."

The motion is Carried

Council has previously authorized an intervention by the Town in a pending Application brought by Union Gas in Board File EB-2008-0273, which may relate to some of the issues raised, and which is set for hearing by a Panel of the Board on October 20 and 21, 2008. Subject to any disposition in that case, we will look forward to your response to the balance of the issues.

Yours truly,



Nancie J. Irving  
Clerk, Town of Aylmer

Encl.

cc M. H. Adams, Administrator

Mark Bristol, President, NRG Ltd., 39 Beech St East, Aylmer ON N5H 1A1

Municipality of Central Elgin  
Municipality of Bayham  
Township of South West Oxford  
Municipality of Thames Centre  
Township of Malahide

Honourable George Smitherman, Minister of Energy & Infrastructure  
Honourable Steve Peters, M.P.P.