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**BY E-MAIL AND WEB POSTING**

September 6, 2007

**To: All Licensed Electricity Distributors  
All Other Interested Parties**

**Re: Stakeholder Consultation on Electricity Distributors' Provision of Service  
and Application of Charges  
Board File No. EB-2007-0722**

The Ontario Energy Board (the "Board") is initiating a consultation process regarding issues associated with the provision of service by electricity distributors and the manner in which electricity distributors apply certain charges. The issues are listed below, and were identified from a variety of sources, including customer complaints, stakeholder enquiries, and a review by the Board's Compliance Office of a representative sample of distributors' Conditions of Service.

The objective of this project is to develop, and codify where appropriate, Board policies relating to issues associated with the provision of service and application of charges by electricity distributors, with a view to ensuring consistent and fair treatment of electricity consumers across all electricity distributors.

## **Background**

Electricity distributors are required by the Board's *Distribution System Code* to have a Conditions of Service document which describes the distributor's operating practices and connection policies, and to file it with the Board. In establishing the operating practices and connection policies described in their Conditions of Service, distributors must comply with relevant provisions of the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998*, relevant regulations made under those Acts, and with Board orders, licences, and codes applicable to them.

In early 2007, in response to issues raised by consumers, the Compliance Office undertook a review of the Conditions of Service of a representative sample of electricity distributors. The Compliance Office's review has revealed that the policies embedded in Conditions of Service often vary from distributor to distributor, which has been a cause of concern for customers. Distributors have also sought guidance and

clarification from the Compliance Office on how to implement certain legal or regulatory requirements, and how to apply certain charges, in a manner compliant with the applicable rules.

This consultation is intended to assist the Board in developing policies as may be required to address these concerns.

### **The Board's Approach**

This project will consider the following 3 groups of issues:

- 1. Customer Service**
  - Opening and closing of electricity accounts
  - Bill payment
  - Disconnection and reconnection policies associated with non-payment of account
  - Application of late payment charges
  
- 2. Customer Classification**
  - How distributors classify (and re-classify) customers
  
- 3. Specific Services**
  - Consistency in the provision of Specific Services
  - Methodology to update and adjust Specific Services and associated charges
  - Methodology to update and adjust charges for non-standard utility services

A more detailed description of these issues is set out in Appendix A.

#### *Stakeholder Consultation with Board Staff*

Board staff would be assisted by consultation with stakeholders on the issues prior to issuing any proposals for written comment. To that end, Board staff will host a meeting of interested parties on **October 18, 2007** to outline in more detail the issues identified above and in Appendix A. Staff will also describe its preliminary analysis of those issues.

#### *Background Paper*

Following consideration of comments made at the October meeting, the Board will issue for stakeholder comment a background paper outlining staff's analysis of, and proposals for, the issues identified in the list above.

### *Board Policy Proposals*

Following consideration of comments by interested parties on the staff background paper, the Board will issue for comment its proposed policies, which may include proposed code amendments.

### **Cost Awards**

Cost awards will be available to eligible persons in relation to their participation in this consultation process under section 30 of the *Ontario Energy Board Act, 1998*. Costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues. Appendix B contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

### **Invitation to Participate and Filing Instructions**

The Board encourages participation in this consultation process by interested parties.

Those interested in participating in this consultation process should indicate their intent by letter addressed to the Board Secretary by **September 20, 2007**. The letter should include the following:

- A statement as to whether the party intends to attend the October 18, 2007 meeting.
- A statement as to whether the participant intends to request cost eligibility. All requests for cost eligibility should be accompanied by the information specified in Appendix B under the heading "Cost Award Eligibility".

All filings to the Board in relation to this consultation must quote file number **EB-2007-0722** and include your name, postal address, telephone number and, where available, an e-mail address and fax number. **The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the OEB portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca).** A user ID is required to submit documents through the OEB portal. If you do not have a user ID please visit the Board website on the e-filings services webpage at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, participants are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage.

If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

Those who do not have internet access must submit a CD or diskette containing their filing in PDF format.

**Two paper copies** of each filing must be provided.

Filings must be received by **4:45 p.m.** on the required date.

All materials related to this consultation will be posted on the “Key Initiatives & Consultations” portion of the Board’s web site. The material will also be available for public inspection at the Board’s office during normal business hours.

Questions relating to this consultation can be directed to:

Alison Cazalet  
Policy Advisor  
Regulatory Policy Development

John Vrantsidis  
Policy Advisor  
Regulatory Policy Development

Phone: 416-440-7684  
E-mail: [alison.cazalet@oeb.gov.on.ca](mailto:alison.cazalet@oeb.gov.on.ca).

Phone: 416-440-8122  
E-mail: [john.vrantsidis@oeb.gov.on.ca](mailto:john.vrantsidis@oeb.gov.on.ca).

The Board’s toll-free number is 1-888-632-6273, and the Market Operations Hotline is 416-440-7604.

Yours truly,

*Original signed by*

Peter H. O’Dell  
Assistant Board Secretary

## Appendix A

### Issues for Review and Discussion

The following provides additional detail regarding the issues that have been identified for further examination and reflects Board staff's preliminary consideration of those issues. Identification of an issue in this Appendix does not mean that it will be the subject-matter of a Board policy. The Board will determine the issues that warrant the development of associated policies as this consultation progresses.

#### 1. Customer Service

##### Opening and Closing of Accounts

The opening and closing of accounts is a key distribution activity, and has important implications in terms of liability for any charges owing on the account. Issues include:

- Whether and on what conditions a distributor can accept requests for service from a third party (i.e. a landlord on behalf of a tenant);
- What type of consent a distributor must receive from a person before an account can be established in that person's name; and
- Management of accounts and service to a property following a request for account closure by an outgoing customer.

##### Bill Payment

There are a number of issues related to the processing of bill payments that may benefit from greater clarity, including:

- The minimum number of days between when a bill is issued and the payment due date;
- When payments are considered to have been made;
- How partial bill payments are applied to arrears; and
- Whether distributors should be required to make available to all customers, including those enrolled with an electricity retailer, payment arrangements whereby bills are paid in equal installments over a certain period of time (usually 12 months). Such arrangements are commonly referred to as Equal Billing or Budget Billing.

## Disconnection/Reconnection Policies Associated with Non-Payment of Account

Disconnection and reconnection policies associated with non-payment of account are of great concern to customers, as demonstrated by the high volume of complaints received by the Board on this subject. Although the grounds for disconnection are outlined in legislation and the Board's *Distribution System Code*, distributors and customers may benefit from greater clarity regarding the procedures associated with disconnecting and reconnecting customers. These procedures include, among other things, the form and timing of any disconnection notice.

## Application of Late Payment Charges

A Late Payment Charge is a charge that has been approved by the Board for most, if not all, distributors. The manner in which Late Payment Charges are calculated is a common concern among customers. A review of the practices of some distributors indicates that there is inconsistency among distributors regarding the application of the Board-approved Late Payment Charge. For example, where a customer has submitted payment for only a portion of the amount owing, some distributors apply a Late Payment Charge only to the amount outstanding, while others apply the Charge on the entire amount.

Issues include:

- When and how distributors may apply Late Payment Charges, including how long after the bill due date the charge is applied;
- The amount of arrears to which the Charge is applied; and
- Whether the Late Payment Charge is calculated on a daily or monthly basis.

## **2. Customer Classification**

Some non-residential customers experience changes in their consumption profile over the course of a year, and on a year-to-year basis. Customers have expressed concern about the responsiveness of distributors to requests for review of a customer's classification.

It may be appropriate for the Board to develop a methodology for the re-classification of customers. Issues include:

- The criteria for determining whether re-classification is necessary;

- The appropriate frequency of review of customer classification; and
- Reasonableness of assessing classification on either kW demand vs. 90% kVA demand, and on monthly vs. yearly average demand.

This consultation will generally be based on the current structure of customer classifications. A separate Board consultation process is examining the long term evolution of distribution rate design.

### 3. Specific Services

Many distributors offer a set of services for activities that are not included as part of their regular billing (“Specific Services”). As part of the 2006 Electricity Distribution Rate (“EDR”) development process, the Board consulted with stakeholders to establish a set of Specific Services, together with either a specific level of charge or a specific basis for the determination of the charge. Distributors were required to apply to the Board for approval to include any of the charges for these Specific Services listed in the 2006 Electricity Distribution Rate Handbook in their respective tariffs of rates and charges.

#### Consistency in the Provision of Specific Services

Distributors and customers may benefit from greater clarity regarding the activities that comprise the Specific Services for which distributors have Board-approved charges. It is not clear that differences in the provision of these services among distributors is warranted.

Additional guidance may be required in relation to the following Specific Services:

- |                            |  |
|----------------------------|--|
| • Returned cheque          | • Disconnect / reconnection (due to non-payment) |
| • Collection of account    | • Temporary service install & remove             |
| • Arrears certificate      | • Account set up / change of occupancy           |
| • Income tax letter        | • Duplicate invoices for previous billing        |
| • Account history          | • Credit reference / credit check                |
| • Charge to certify cheque | • Legal letter charge                            |
| • Special meter reads      | • Pulling post date cheques                      |
| • Statement of account     | • Request for other billing info                 |
| • Easement letter          | • Notification charge                            |

Any guidance will be consistent with any policies developed to address the associated customer service issues noted above.

### Methodology to Update and Adjust Specific Services and Associated Charges

No update or expansion of the list of Specific Services has been undertaken since the generic review that was conducted as part of the 2006 EDR process.

It may be desirable to examine whether and how the list of Specific Services should be expanded and/or the associated charges updated in the future.

### Methodology to Update and Adjust Charges for Non-standard Services

Non-standard services are also services that are not included as part of a distributor's regular billing. The Board has allowed distributors to charge for these services without a rate provided that the charge is at cost.

Charges for non-standard services are regulated and should be consistently applied. Depending on the service or activity in question, there may be more than one methodology to choose from in establishing the charge. For example, certain charges could be levied on an actual cost, time and materials basis, potentially using Board-approved labour rates. It may be desirable to review the current regime applicable to non-standard service charges.

It may also be desirable to examine how these charges should be updated in future years.



## Appendix B

### Cost Awards

#### Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **September 20, 2007** identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **October 5, 2007**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

#### Eligible Activities

Cost awards will be available in relation to the following activities:

ACTIVITY	TOTAL ELIGIBLE HOURS PER PARTICIPANT
Preparation for, and attendance at, the <b>October 18, 2007</b> meeting with Board staff	Actual meeting time, plus preparation time (limited to 1.5 times actual meeting time).
Written comments on the staff background paper	15 hours
Written comments on proposed Board policies, which may include proposed amendments to codes	TBD

#### Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information

on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) on the "Rules, Guidelines and Forms" webpage.

The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.