

## **9.4 BILLING INFORMATION**

This section summarizes the requirements for billing disclosure of rates established by the Handbook and discusses issues relating to the design of the customer bill. The order of hierarchy for these requirements is as set out in section 9.1. In addition, the section also discusses other billing-related issues such as outsourcing and issuance of split bills and concludes with a mockup of a page from a bill incorporating the mandatory billing information required by the Board at the present time. However, in designing their bills, distributors should keep in mind the need for potential future modifications.

The mandatory disclosure line items are outlined in detail in 9.4.1 and include (i) the monthly fixed customer charge, (ii) the variable distribution charge, (iii) the commodity charge and the accompanying rate and usage as well as the provider of the commodity and a phone number at which the provider can be reached, (iv) the non-competitive electricity charge and (v) any other charges which the Government may require to be displayed separately (e.g. Debt Reduction Charge).

In the event that a distributor believes that the limitations of its billing system may preclude it from complying with these minimum requirements, it is incumbent upon the distributor to apply to the Board for a request for an exemption from them. The application should state the exemption being requested, the reasons for the request and outline how the distributor proposes, in the event that the exemption is granted, to meet the billing informational requirements.

### **9.4.1 Minimum Disclosure Requirements**

This section outlines the minimum mandatory disclosure items to be included on all distributor's bills. These are:

- basic customer account and metering information, including the calculation of the customer's electricity usage on which the bill is being assessed.
- the monthly fixed customer charge.
- the variable distribution charge.

- the commodity charge and the price for the commodity ( Standard Supply Service, if applicable) as well as the provider of the commodity and a phone number at which the provider can be reached.
- other non-competitive electricity charges (NCEC), and other regulated or imposed charges including the debt reduction charge (DRC), and Rural Rate Assistance.
- a clear separation and identification of Non-Electricity Distribution Products and Services (see Section 9.4.5) from charges for Electricity Distribution and Supply Services. The former category of charges are defined as those which under Section 71 of the OEB Act, a distributor shall carry on through an affiliate. Should this section of the Act be proclaimed, these charges may have to be removed from the bill.
- GST.
- total charges.
- the PPVA Balance, beginning in 2002.

Items which the Board would consider to be highly desirable to be displayed separately on the bill, but are not mandatory, would include:

- the rates at which the variable distribution charge, non-competitive electricity charge and fixed customer charge are being assessed.
- lines for both Miscellaneous Charges and Other Adjustments as described in 9.4.2 (v) and (vi), with the component items making up the overall charge specified.

The Board recognizes that the capacity of the billing systems of individual distributors to handle billing items will vary greatly. Subject to their compliance with the mandatory disclosure items outlined above, the Board is prepared to allow distributors considerable latitude as to how they meet the remaining requirements of this section, with the qualification that the bill must be clear to the customer. In the event that the billing system of a distributor lacks the capacity to provide such clarity through the display of individual items on the bill, alternative means of explaining charges to customers would also be acceptable to the Board, such as notes in the bill's message space and billing inserts, subject to their meeting the clarity requirement outlined above.

**9.4.2 Electricity Distribution and Supply Services**

The charges included in this section are listed below under their major sub categories. Under each sub-category, there is a description of the costs that would be recovered as part of the rate, and in subsequent sections, discussion of issues related to bill design.

**(i) MONTHLY FIXED CUSTOMER CHARGE**

Bill Disclosure: Mandatory

Nature of Cost Recovery: Fixed delivery charge to customer.

Costs Recovered: Distribution Revenue Requirement

Rate Handbook Reference: Chapters 3 and 4

**(ii) VARIABLE DISTRIBUTION CHARGE**

Bill Disclosure: Mandatory

Nature of Cost Recovery: Variable delivery kWh charge to customer

Costs Recovered: Distribution Revenue Requirement

Rate Handbook Reference: Chapters 3 and 4

**(iii) COMMODITY CHARGE**

Bill Disclosure: Mandatory, including rate and other requirements as outlined below

Nature of Cost Recovery: A kWh charge to recover the cost of commodity consumption with kWh consumption adjusted for the distribution loss factor.

Costs Recovered: Competitive Electricity Costs

Rate Handbook Reference: Chapter 10/SSS Code/Retail Settlement Code

(iv) **NON-COMPETITIVE ELECTRICITY CHARGE (NCEC)**

Bill Disclosure: Mandatory, with the possibility of separate disclosure of the Debt Retirement Charge (DRC) and Rural Rate Assistance

Nature of Cost Recovery: kWh charge.  
kWh consumption to be adjusted for the distribution loss factor

Costs Recovered: IMO fees (system & market admin)  
IMO uplift charges  
IMO ancillary charges  
Transmission charges  
Distribution wheeling/pass through charge

Rate Handbook Reference: Chapter 11/Retail Settlement Code/Government of Ontario/Market Rules

(v) **OTHER MISCELLANEOUS CHARGES**

Bill Disclosure: Mandatory, though optional as a separate line item

Nature of Cost Recovery: Service charges that would not appear on every bill issued to every customer.

Costs Recovered: Standard Meter Reading Charge  
Standard Account Setup Fee  
Standard Connection Fee  
Standard Dispute Involvement Charge  
Standard Collection of Account  
Standard Visit to customer premise for service beyond meter.  
Connection Charges  
Recovery of incremental cost of calculating settlement costs for consumers with time-of-use meters.

Rate Handbook Reference: Chapters 9 and 11

(vi) **ADJUSTMENTS**

Bill Disclosure:	Mandatory, though optional as a separate line item
Nature of Cost Recovery:	Non routine, one-time charges or credits which may be either fixed or variable and other adjustments to the bill.
Costs Recovered:	Deferral account disposition for the PPVA and RSVA Market Power Mitigation rebates Other deferral account dispositions such as those from accounts 1570, 1572, and 1574. Rebates, credits and Rate Riders ( Z factor, etc.)
Rate Handbook Reference:	Chapters 3, 5, 10, 11

**9.4.3 Billing Issues Related to Electricity Supply Charges**

Electricity Supply Charges are the commodity charge (9.4.2 (iii)) and the Non-Competitive Electricity Charge (NCEC) (9.4.2 (iv)).

The electricity usage adjustment should be shown prior to the commodity charge on the bill. It is based on an adjustment for the distribution loss factor (DLF) as described in the Retail Settlement Code and is a charge to recover the cost of unaccounted for power. It would be applied in calculating both the commodity charge and the NCEC, but not the variable distribution charge (see 9.4.2(ii)). As an example, if a customer had used 1000 kWhs of power in a billing period and the DLF was determined to be 5%, the adjustment would be 1000 x 1.05, giving an adjusted usage of approximately 1050 kWhs. This adjusted usage must be displayed on the bill.

The bill must specify whether or not the energy is supplied by the utility through Standard Supply Service (SSS) or a retailer. If the latter, it must specify the name of the retailer and provide a phone number at which the retailer can be contacted.

The SSS Code provides billing requirements for SSS customers in Section 2.7, which states as follows:

2.7.1 *Bills to standard supply service customers shall separate the commodity charges for electrical energy from all other charges.*

2.7.2 *Bills to standard supply service customers shall only reference the distributor, even if a third party is providing the standard supply service.*

- 2.7.3 *Bills to standard supply service customers shall only include the distributor's marketing information or promotional materials, and materials or information that the distributor is obligated to send as part of its regulated distribution function.*

The Retail Settlement Code also establishes certain distributor requirements for customer bills for those customers served by retailers. Section 7.2.2 states as follows:

*“ Under bill-ready, distributor-consolidated billing, the distributor shall be capable of accepting at least one separate bill amount from a retailer for each individual consumer for each billing cycle. The amount shall be posted separately on the consolidated bill, along with a brief description of the services to which the amount pertains. The description provided by the retailer must fit within a single line on the bill using the distributor's standard bill format.”*

While it does not have to be on the bill at the present time, as indicated in Chapter 10 of the Handbook, the PPVA balance will be required by 2002. It is not a charge payable by the customer, but would be included for informational purposes.

It is possible that the Debt Retirement Charge (DRC) may be incorporated into the billing line and collected through the NCEC, but it may be wise to plan for the possibility that the DRC will have to be a separate item on the bill. The DRC is a matter to be determined by the Government of Ontario. At this time, it is expected that this cost will be recovered by a kWh charge. Rural Rate Assistance may also be incorporated into the NCEC or shown separately. This is also a matter to be determined by the Government of Ontario. At this time, it is expected that this cost will be recovered by a kWh charge. It is not certain at this time whether either of these charges will be adjusted for the distribution loss factor.

#### **9.4.4 Billing Issues Related to Other Miscellaneous Charges and Adjustments**

Other Miscellaneous Charges and Adjustments are the charges discussed in Section 3.5.3, 9.4.2(v) and 9.4.2 (vi) respectively. Billing systems will need to have the flexibility to handle a variety of different forms of these items as well as the ability to accommodate a variable number of them. Ideally, these charges and adjustments should be broken out on an itemized basis in the bill presentation. Where Adjustments are concerned, Market Power Mitigation rebates and other 'non-routine' billing adjustments may have to be shown as a separate line. This billing item would also cover 'routine' billing adjustments, such as billing error adjustments.

In general, billing adjustments and miscellaneous charges and other types of credits and rebates can be charged by either:

- Fixed One-Time Charge or Credit, or
- Rate Riders: kWh, usage-based, varying in amount, depending on the customer's consumption.

Ideally, a utility's billing system should be able to accommodate both forms of cost recovery or rebate. Sufficient information should be provided to the customer to make it clear to which regular billing items, if any, the charge/credit applies to as well as the relevant time period to which the item relates. This information could be provided to the customer through the bill's message space or a billing insert (see Section 9.4.6.).

#### **9.4.5 Non-Electricity Distribution Products & Services**

There must be a clear separation and identification of these charges sufficient to make clear to the customer that they are not subject to the Board's regulation. In addition, utilities should keep in mind when designing their bills that should Section 71 of the *Ontario Energy Board Act, 1998* be proclaimed, these items may need to be removed from the bill altogether. They would include non-distribution services such as water and appliances (e.g. water heater rental, water bill collection).

#### **9.4.6 Messages, Notes and Other Information Requirements**

The billing system should have the capacity to accommodate messages and notes where necessary. Where appropriate information of this kind could also be provided to the customer through additional billing inserts (i.e. bill stuffers). For distributors with very restricted capacity to incorporate information into their bills, these items could also be used to provide customers with necessary billing information, as outlined earlier.

#### **9.4.7 Billing Outsourcing**

The utility may if it desires outsource its billing function. However, in the event that it chooses this option, it must ensure that certain minimum standards outlined by the Board are met by the outsourced bill. In addition to the minimum disclosure standards outlined in this section, the billing presentation must also make clear that the bill is from the utility and not from the outsourcing organization.

#### **9.4.8 Split Bill Issuance**

Section 7.3 of the RSC states that under the split billing option “*the distributor shall issue one bill to the consumer that covers all non-competitive electricity costs, less any administrative costs that are paid by the retailer. The consumer’s retailer is responsible for the issuance of the other bill that covers the cost of competitive electricity services based on the price and other contractual terms agreed to by the consumer and the retailer.*” The distributor’s billing system must in the future have the capacity to issue a bill covering non-competitive costs only, under the split billing option, although this is not necessary at this time.

#### **9.4.9 Special Final Bills**

There are a number of circumstances outlined in the RSC under which a distributor must be able to issue a special final bill to a customer. These include situations where a customer switches from SSS to a retailer or leaves the distributor’s service territory.

In section 10.5 of the RSC, “Rules and Procedures for Processing Service Transactions Involving a Change in Electricity Service Provider,” it is stated that “*A distributor shall post relevant charges for service transaction activities to a retailer’s or a consumer’s account and issue the final settlement bill to consumers and/or retailers. The Board will approve rates for transaction activities such as special meter reads and the administrative cost of transfer processing.*”

Section 7.4.3 of the RSC states that “*If a distributor is in possession of a consumer deposit when a consumer changes from SSS to a competitive retailer or between competitive retailers, or changes billing options from distributor-consolidated billing to either split billing or retailer consolidated billing, the deposit will be applied to the consumer’s final bill prior to the change in service.*” In addition, if a customer decides to switch from the SSS service to a retailer the billing system will have to have the capacity to accommodate a settlement of the outstanding PPVA account balance.

When a consumer leaves the service territory of a distributor, the RSC states in section 10.6.1 that “*a distributor may issue a bill immediately upon completion of the final meter read even if all of the price information required to normally compute such a bill is not available.*”

Finally, section 10.6.2 of the RSC, “Processing a Change in Billing or Metering Service,” states that “*if a change in metering service involves a change in the settlement method (e.g. from NSLS-based settlement to settlement based on interval metering or vice versa) the distributor shall issue a final bill based on a meter read at the time of the change in meter service.*”

The distributor’s bill should be designed in such a way as to be able to accommodate all of the above requirements as well as any other requirements necessitated by RSC compliance.

**9.4.10 Illustrative Example - FOR GUIDANCE ONLY**

This page illustrates how all of the preceding items might be shown on the bill. Also incorporated are references back to the relevant discussion items in this section. **All charge levels shown are for illustrative purposes only.**

<b>Account No.</b> 1000000	<b>Meter No.</b> 100000	<b>Billing Period</b> Apr. 15 - Jun. 14, 2000
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**Details of Current Charges**

<b>Electricity Distribution and Supply Services (9.4.2)</b>
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Your service type is Residential - Normal Density

<b>Electricity you used this billing period</b>		
Your meter reading	100	
Electricity you used in kilowatt-hours (100x10x1.05) =	1050	(9.4.3)
Electricity usage adjustment factor: 5%		

Commodity Charge*	@ \$0.0420kWh	\$44.10	(9.4.2(iii))
Non-Competitive Electricity Charge	@ \$0.0190kWh	\$19.95	(9.4.2(iv))
Distribution Charge	@ \$0.0062kWh	\$ 6.20	(9.4.2 (ii))
Fixed Customer charge	@ \$9.00/month	\$18.00	(9.4.2 (i))
Other Miscellaneous Charges		\$ 0.00	(9.4.2(v))
Adjustments		\$ 0.00	(9.4.2(vi))
GST (Registration number: 00000-0000-XX-000)		\$ 4.21	
<b>Total of your new charges</b>		<b>\$ 92.46</b>	

\* Energy Provided by (Name of Utility) through Standard Supply Service [or Retailer, call—]

*(Future Bill Presentation Requirement)*

<b>Purchase Price Variance Account (PPVA) Balance**</b>	(9.4.3)	<b>\$ 000.00</b>
<b>** DO NOT PAY THIS AMOUNT. It shows your credit or balance should you choose to leave Standard Supply Service. (9.4.9)</b>		