

# Billing Practices

*A Report For:*

*Toronto Hydro Energy Services Inc.*

*Ontario Hydro Energy Inc.*

*Sunoco Inc.*

*Date: June 13, 2001*  
*Project No. P01-157*

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# Background & Objectives

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- ▶ The Ontario Energy Board will soon be ruling on how natural gas billing should be conducted.
- ▶ Union Gas has provided the OEB with the results of a research study indicating that their customers would prefer to be billed by Union Gas regardless of who they purchase their natural gas from.
- ▶ However, customers were not asked whether they wanted to have the choice of selecting who should bill them.
- ▶ Consequently, Toronto Hydro Energy Services Inc., Ontario Hydro Energy Inc., and Sunoco Inc. have commissioned this research to determine whether utility bill payers would like to have a choice as to who they receive their bill from.

# Methodology

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- ▶ This report presents the results of a telephone study conducted among 200 Ontarians who are responsible for paying the utility bills in their households.
  
- ▶ Interviewing was conducted on June 7 and 8, 2001.
  
- ▶ A study of this size has a margin of error of 7.1% at the 95% confidence level (i.e., nineteen times out of twenty).
  
- ▶ Interviewing was conducted in four area codes across Southern Ontario as follows:
  - ▶ 416          66 interviews
  - ▶ 519          53 interviews
  - ▶ 905          48 interviews
  - ▶ 613          33 interviews

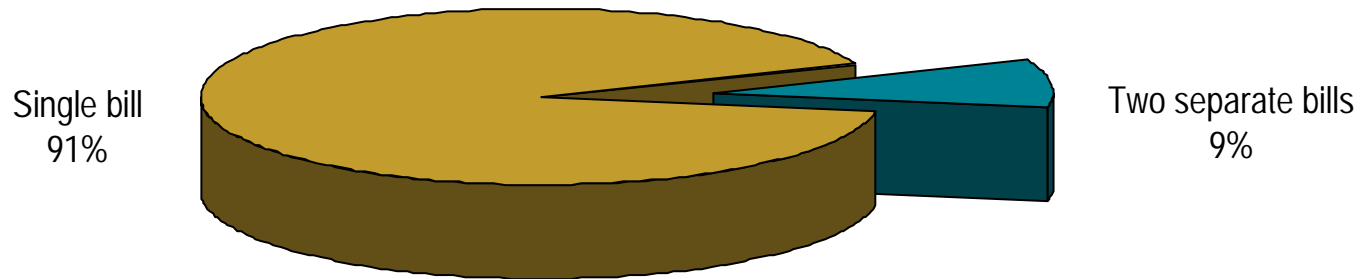
# Summary of Findings

# Stated Preference For Single vs. Dual Gas Bill



Base: Total sample (n=200)

Clearly, if given a choice, the vast majority of individuals would prefer to receive a single bill that shows both the cost of the natural gas itself as well as the charge to deliver the gas (91%) versus receiving two separate bills.



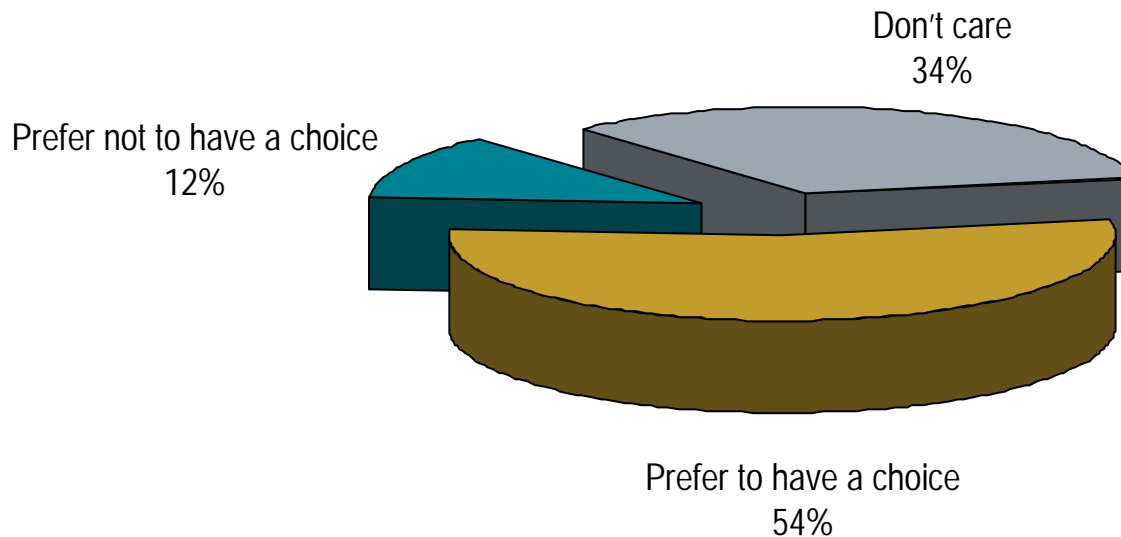
Q.1 For the purposes of this question, please assume that you are purchasing your natural gas supply from a company other than the one that is responsible for delivering it into your home. If this were the case, this could require you to pay up to two bills per month — one for the gas itself and one for the delivery costs. Would you prefer to receive a single bill that shows both charges, but only requires a single payment, or would you prefer to receive two separate bills.

# Stated Preference For Origin Of Single Gas Bill



Base: Total sample (n=200)

Over half of individuals (54%) say they would prefer to choose which company (i.e. the gas supplier or deliverer) sends them a single bill. About one in three in have no preference either way (34%). Only about one in ten (12%) say that they would prefer not to have a choice.

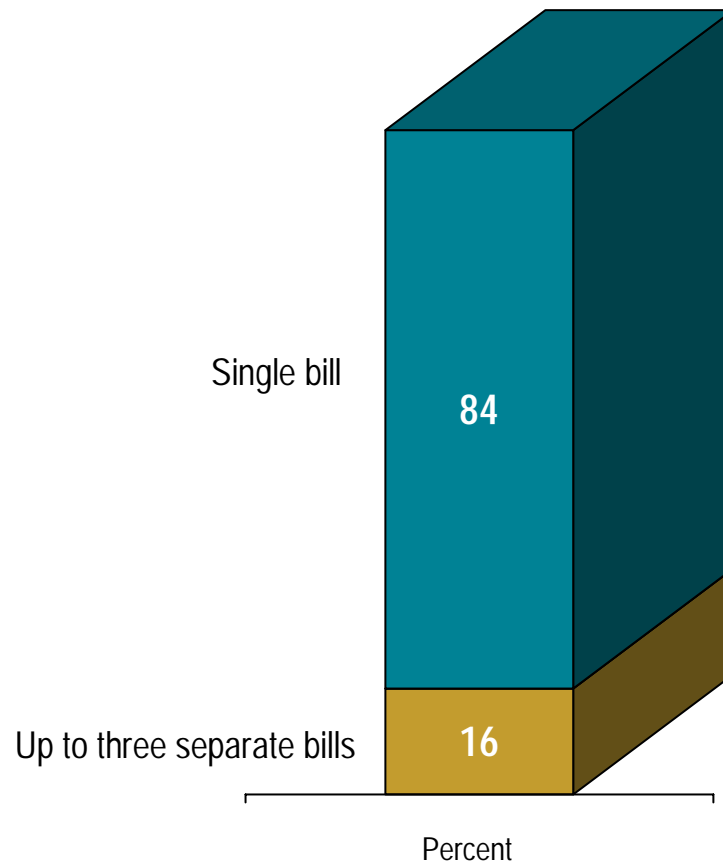


Q.2 Assuming that you receive a single bill, would you prefer the freedom to choose which company sends you this single bill (i.e. the gas supplier or the gas deliverer)? Assume that there would be no difference in either the cost or the information contained on the bill regardless of which company sends it to you.

# Stated Preference For Single vs. Dual Electricity/Gas Bill



Base: Total sample (n=200)



There is a strong sense that single billing would be the preferred method, with 84% saying they favour this method over receiving up to three separate bills.

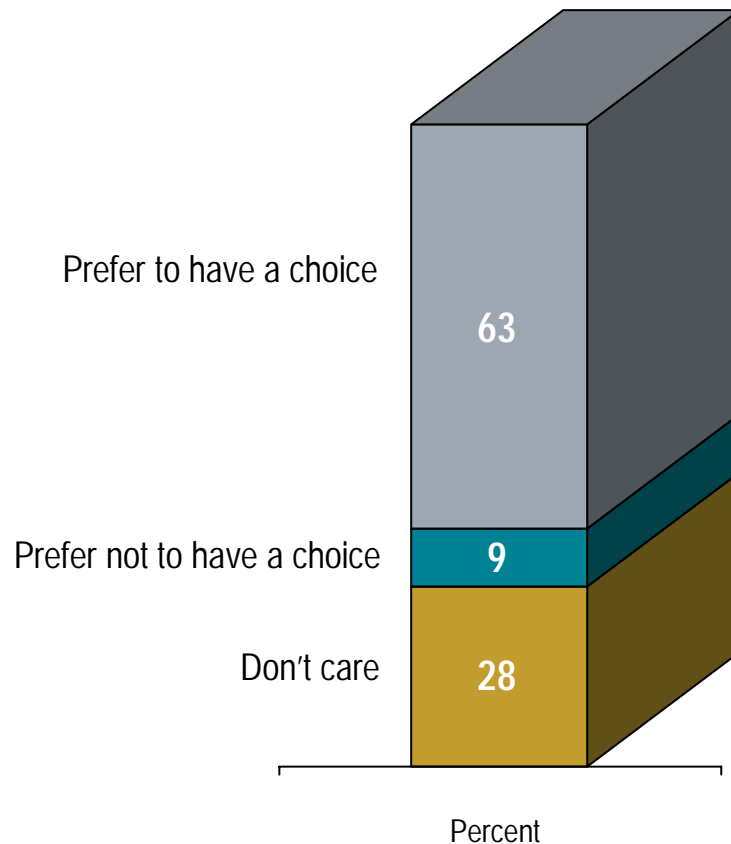
Q.3 As you may or may not know, the Provincial Government is planning to de-regulate the purchase of electricity in Ontario. Once this happens, it may be possible to purchase both your electricity and your natural gas from the same supplier. Like in gas, the supplier may not be the same company that delivers the electricity to your home. If this were the case, this could require you to pay up to three bills per month — one for combined supply of gas and electricity, one for the delivery of gas, and one for the delivery of electricity. Would you prefer to receive a single bill that shows all three charges, but only requires a single payment, or would you prefer to receive up to three separate bills?



# Stated Preference For Origin Of Single Electricity/Gas Bill



Base: Total sample (n=200)



Should the electricity market in Ontario deregulate, the majority of individuals say that they would prefer to have the freedom to choose which company a single electricity/natural gas bill comes from (63%). Fewer than three in ten say that it does not matter who the bill comes from (28%), while less than one in ten (9%) say that they prefer not to have a choice.

Q. 4 Assuming that you receive a single bill, would you prefer the freedom to choose which company sends you this single bill? Assume that there would be no difference in either the cost or the information contained on the bill regardless of which company sends it to you.

# Conclusions

# Conclusions

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- ▶ It is clear from the data that the vast majority would prefer to receive a single bill rather than multiple bills regardless of who they buy their natural gas and/or electricity from, as long as there is no effect on the total amount paid nor on the information contained in the bill.
- ▶ It is also clear that a majority (54%) would prefer to have the choice as to who sends them their bill if they are purchasing natural gas from a supplier that is different from the carrier. And, the proportion feeling this way increases to 63% if people are buying both electricity and natural gas from a supplier that is different from the carriers.
- ▶ While there is a significant proportion in both instances that are not concerned one way or the other about having a choice, only a small proportion (roughly one in ten) actively feel that they should not have a choice.

# Data Tables

# Data Tables



Q. 1 As you may or may not know, your natural gas bill pays for two different things -- the cost of the gas itself, and the cost of transporting it and delivering it to your home. Some households buy the gas itself from the same company that is responsible for delivering it, while others purchase the gas itself from an energy supplier that is different from the company that actually delivers it into your home.

For purposes of this question, please assume that you are purchasing your natural gas supply from a company other than the one that is responsible for delivering it into your home. If this were the case, this could require you to pay up to two bills per month -- one for the gas itself and one for the delivery costs. Would you prefer to receive a single bill that shows both charges, but only requires a single payment, or would you prefer to receive two separate bills?

	Total (200) %
Single bill	91
Two separate bills	<u>9</u>
	100

# Data Tables



Q. 2. Assuming that you receive a single bill, would you prefer the freedom to choose which company sends you this single bill (i.e., the gas supplier or the gas deliverer)? Assume that there would be no difference in either the cost or the information contained on the bill regardless of which company sends it to you.

	Total (200) %
Prefer to have a choice	54
Prefer not to have a choice	12
Don't care	<u>34</u>
	100

# Data Tables



Q. 3 As you may or may not know, the Provincial Government is planning to de-regulate the purchase of electricity in Ontario. Once this happens, it may be possible to purchase both your electricity and your natural gas from the same supplier. Like in gas, the supplier may not be the same company that delivers the electricity to your home. If this were the case, this could require you to pay up to three bills per month -- one for combined supply of gas and electricity, one for the delivery of gas, and one for the delivery of electricity. Would you prefer to receive a single bill that shows all three charges, but only requires a single payment, or would you prefer to receive up to three separate bills?

	Total (200) %
Single bill	84
Up to three separate bills	<u>16</u>
	100

# Data Tables



Q. 4. Assuming that you receive a single bill, would you prefer the freedom to choose which company sends you this single bill? Assume that there would be no difference in either the cost or the information contained on the bill regardless of which company sends it to you.

	Total (200) %
Prefer to have a choice	63
Prefer not to have a choice	9
Don't care	<u>28</u>
	100