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**BY E-MAIL AND WEB POSTING**

October 20, 2010

**To: All Licensed Electricity Distributors  
All Natural Gas Distributors  
All Participants in Consultation Processes EB-2008-0150, EB-2007-0722,  
and EB-2008-0346**

**Re: LEAP Emergency Financial Assistance**

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In March 2009 the Ontario Energy Board (the “Board”) issued its *Report of the Board: Low Income Energy Assistance Program* (the “LEAP Report”) which describes policies and measures for electricity and natural gas distributors to assist low-income energy consumers, including emergency financial assistance.

The Board’s Financial Assistance Working Group has been meeting throughout August – September 2010 to develop recommendations for the implementation of LEAP emergency financial assistance. A summary of the key recommendations of the Working Group, together with the Board’s response to those recommendations, is set out in Attachment A to this letter.

The purpose of this letter is to provide guidance to distributors as to the rate treatment of LEAP emergency financial assistance, and information about the Board’s expectations for distributor partnerships with social service agencies.

It is the Board’s expectation that, beginning in January 2011, the eligible low-income customers of all licensed rate-regulated electricity distributors and all rate-regulated natural gas distributors in Ontario will be able to access emergency financial assistance.

#### Funding Level for Emergency Financial Assistance

As set out in the LEAP Report, the Board has determined that the greater of 0.12% of a distributor’s Board-approved distribution revenue requirement, or \$2,000, is a reasonable commitment by all distributors to emergency financial assistance. The \$2,000 minimum is intended to ensure that, for smaller distributors, more funding is available than otherwise would be if based solely on a percentage of distribution revenues. The LEAP amount should be calculated based on *total* distribution revenues, and is to be recovered from all rate classes based on the respective distribution revenue of each of those rate classes.

A distributor's annual LEAP amount is intended to provide funding for emergency financial assistance to eligible low-income customers and to defray the costs of the distributor's social agency partner to deliver and administer the program, as noted later in this letter.

As noted in the LEAP Report, the Board strongly encourages all licensed non-rate regulated electricity distributors and all non-rate regulated natural gas distributors to collect a similar level of funding through distribution rates so that their eligible customers may also benefit from emergency financial assistance.

### Natural Gas Distributors

The Board is aware that Enbridge Gas Distribution Inc. ("Enbridge") and Union Gas Ltd. (Union") are currently subject to separate court settlements that require contributions to the Winter Warmth program, as defined and administered by the United Way Toronto (for Enbridge) and the United Way Chatham-Kent (for Union). The Board is of the view, however, that the eligible low-income customers of these natural gas utilities should have the benefit of a similar level of funding as other utilities. As such, the Board expects that Enbridge and Union will ensure that the funding available for emergency financial assistance in 2011 will be the equivalent of at least 0.12% of total distribution revenue.

The Board understands that this will require Enbridge to contribute to Winter Warmth an incremental amount in addition to that determined by the court settlement, whereas in the case of Union, the amount determined by the court settlement already exceeds the equivalent of 0.12% of total distribution revenue. As such, no additional contribution by Union is necessary.

Given that the Winter Warmth program operates during the winter only, whereas LEAP is intended to be year-round, the Board will revisit Enbridge and Union's delivery of emergency financial assistance in the first quarter of 2011 to review ways to ensure the availability of a program for eligible low income natural gas customers for the remainder of the year.

### Electricity Distributors

The Board is aware that certain electricity distributors are also subject to a court settlement that requires a contribution toward certain energy assistance programs. The Board understands, however, that the funding relating to this settlement will not be available until late in 2011. As such, the Board is of the view that all electricity distributors should ensure the delivery of LEAP emergency financial assistance in each of their service areas beginning in January 2011 and contribute the greater of 0.12% of the distributor's Board-approved total distribution revenue requirement, or \$2,000 to fund this assistance. The Board is also of the view that electricity distributors should continue to contribute this level of funding in future years, and encourages the court-appointed administrators of the court settlement to consider how funding arising from that settlement could be spread out over several years.

### Rate Recovery of Emergency Financial Assistance

With respect to the recovery of LEAP emergency financial assistance funding through distribution rates, each distributor that applies to the Board for new cost of service-based rates for 2011 should include the relevant LEAP amount as part of the distributor's operating, maintenance and administration (OM&A) expenses. For greater clarity, Board-approved total distribution revenue means a distributor's forecasted service revenue requirement as approved by the Board. The relevant LEAP amount proposed would be adjusted in distributors' draft rate orders to account for any changes resulting from the Board's decision on the final service revenue requirement.

For distributors filing incentive regulation mechanism based applications for 2011, the relevant LEAP amount is not expected to be material; therefore the distributor should be able to accommodate the LEAP amount within its existing overall OM&A budget. Should a distributor believe that its LEAP amount is material, the Board is of the view that a Z-factor claim is the appropriate mechanism to recover that amount.

### Distributor - Social Service Agency Partnerships

As noted in the LEAP Report, a key principle underlying LEAP is the partnership between distributors and social service agencies. Such partnerships can leverage the agencies' expertise and experience in assisting low-income energy consumers and can better ensure that those most in need receive the appropriate level and type of assistance, whether in the form of emergency financial assistance, conservation programs, or access to utility customer service measures.

The Board expects that each distributor will partner with a social service agency for the purposes of delivering LEAP emergency financial assistance. In some cases, this partner may also engage a network of "Intake" agencies to serve a diverse or geographically large service area.

The Board agrees with the recommendation of the Financial Assistance Working Group that each distributor should pay an appropriate fee to their social service agency partner to defray the agency's costs to deliver and administer the program. The Board also agrees that up to 15% of a distributor's annual LEAP emergency financial assistance amount is an appropriate level of funding for this purpose.

In selecting a social service agency partner for the delivery of LEAP Emergency Financial Assistance, the Board expects that distributors will consider agencies that meet one or more of the following criteria:

- Appointed by the administrator(s) of the electricity late payment settlement as an Intake Agency for the purposes of administering funds relating to that settlement;
- Able deliver emergency financial assistance on behalf of both the local electricity and natural gas distributors;
- Registered charity or government agency;
- Past experience delivering an energy assistance program (e.g. Winter Warmth, THAW, FUSE, etc.);

- Provides housing support services;
- Able to serve a diverse population;
- Able to provide financial oversight of funds managed, including appropriate tracking and reporting.

For reference, a list of social service agencies that have experience delivering the Winter Warmth program is provided as Attachment B.

The Board is aware that the United Way Ottawa and United Way Toronto have been reviewing proposed intake agencies in their respective roles as administrators of the electricity late payment settlement for Hydro Ottawa, and all other included distributors. Distributors are encouraged to discuss their choice of agency partner for the delivery of LEAP emergency financial assistance with the United Way Ottawa and United Way Toronto, as appropriate, to ensure coordination where possible.

The Board requests that distributors report to the Board by **November 12, 2010** as to the name and contact information of the distributor's chosen social agency partner(s).

### Training

Board staff will be holding a series of webcasts in November to provide information and training to distributors and their social agency partners. It is, therefore, important that distributors engage a social agency partner prior to the delivery of the webcast to ensure that the agency receives the benefit of the training.

The first webcast will be aimed at distributors that will be offering LEAP emergency financial assistance, and is intended to provide an overview of the program, including the rate treatment of funds contributed to LEAP by distributors.

The second webcast is aimed at social agency partners, and will provide an overview of the program, including eligibility requirements, reporting requirements, customer service measures, and the application process.

Further information about these webcasts will be provided in the near term.

Questions relating to this letter should be directed to Alison Cazalet at 416-440-7684 or by e-mail at [alison.cazalet@oeb.gov.on.ca](mailto:alison.cazalet@oeb.gov.on.ca), or to the Market Operations Hotline at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca). The Board's toll free number is 1-888-632-6273.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary