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Via Email: Vince.Mazzone@oeb.ca

Vince Mazzone
Advisor, Application Policy & Climate Change
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Mazzone:

RE: Retailer Service Charges: Written Comments

Just Energy Ontario L.P. ("Just Energy") offers the following positions and recommendations with respect to Ontario Energy Board ("Board") Staff's review of retailer service charges.

Regarding the cost allocation overarching guiding principles Board Staff should consider, Just Energy suggests said principles be based on cost causation and applied based on applicable cost drivers. For the sake of fairness in the marketplace, if Local Distribution Company ("LDC") costs are incurred to provide services specifically to retailers and their customers, these costs should be allocated to retailers. If, however, LDC costs are incurred to ensure the program is available to all eligible rate payers, whether or not they have chosen to participate, these costs should be socialized and allocated to all eligible rate payers. Along the same vein, if LDC costs are incurred to provide services specifically to retailers and their customers as well as to ensure the program's availability to all eligible customers, these costs should be proportionately shared between retailers and non-retail customers. This cost causation allocation methodology is appropriate, provides principles to a simple and fair approach, as well as balances the interests of non-retail and retail customers.

The above recommended guiding principles determine the types of costs that should be included as part of the overarching cost methodology for services provided by LDCs. For the sake of clarity, components of LDC IT Application costs associated with ensuring LDC system infrastructure is up and running so the program is available to all eligible rate payers should not be included as part of this cost methodology. Furthermore, if these costs support infrastructure upgrades or



maintenance, whether or not they are made to fulfil changes in regulation, are equally important to non-retail and retail customers to the degree that without the support and maintenance of these systems, the program will not be available for all eligible customers to participate in should they choose, then the costs associated with the maintenance of said systems and applications should not be allocated to retailers. If, however, these costs are solely driven by specifically servicing retail customers, i.e. retailer transactional type costs, these costs should be allocated to retailers.

With respect to contact center costs, it is Just Energy's understanding that not all LDCs track call handling services in detail and LDCs that do some tracking attribute costs associated with any caller who inquires about a retailer to retailers. Just Energy's position is that components of contact centre costs, such as general support calls, incurred to service all customers, whether or not they participate in a retailer program, should be borne by all customers and allocated to all retail program eligible rate payers. A retail customer would call into their LDC call centre in the same manner as a non-retail customer would and make inquiries about their meter read or other LDC services. Along the same vein, a non-retail customer would call into their LDC call centre to inquire about their retail options for information gathering purposes and not necessarily to sign up with a retailer. These types of general support calls occur whether or not a customer chooses to participate in a retail program. Also, retailers receive calls from non-retail customers inquiring about their meter read, non-retailer billing issues and the like; there is no mechanism for retailers to recover said costs from LDCs. In light of the above, Just Energy's position is that if the proportion of retail customer calls received by LDCs are minimal in proportion to LDC overall call centre costs and if LDC detailed data do not exist for the most part to determine exact call reasons, all LDC contact centre general support call handling should be borne by all rate payers. Also relating to contact centre costs, Just Energy encourages Board Staff to determine whether LDCs currently factor in contact centre costs in their distribution rates charged to all rate payers. If this is the case, retail customers are already paying for said costs.

Disparities in electricity and natural gas LDC operational costs strongly suggests there are opportunities for some LDC to implement cost reducing operational efficiencies. A consistent application of retailer service charges should be followed among gas and electricity LDCs respectively as it would encourage LDC cost efficiencies and prevent the administrative burden retailers will face by having potentially 60+ different costs from LDCs. Furthermore, Just Energy suggests Board Staff focus their attention on arriving at fees incurred to specifically serve retailers and their customers using costing from those LDCs who have a track record of being efficient; preferably those who have streamlined and outsourced services to reduce cost.

With respect to costs associated with letters, Just Energy submits that it was sending switch letters to its customers prior to the Board mandating LDCs to send the same. Just Energy's cost per letter;



excluding labour, was \$1.07 which is relatively consistent with three LDCs and significantly inconsistent with the other 3 LDCs which approximate switch letter costs between \$3 and \$5. Just Energy would like to make abundantly clear that energy retailers should not have to bear costs that their own cost mitigation structure could avoid. Considering this, Just Energy request the Board consider providing retailers the option of sending switch letters in lieu of LDCs or; at the very least, require LDCs to send switch letters at a similar cost energy retailers can send them. Along the same vein of cost mitigation, Just Energy encourages Board Staff to determine whether LDCs factor in retail customers who are on e-billing into their billing costs allocated to retailers.

Just Energy further encourages Board Staff to conduct their retailer service costs analysis in such a way that would allow them to understand in detail the exact components of LDC costs. We suggest looking at specific role functions, job descriptions, duties and service components associated with all services provided by LDCs as well as the actual costs associated with the same. If this is done, Board Staff can firstly determine if these costs are incremental, secondly determine the drivers of these costs, and thirdly determine whether they are incurred to specifically serve retail customers or to ensure the program is available should a non-retail customer choose to participate. In absence of such an exercise to determine exact costs of all LDC services and their corresponding drivers, Just Energy recommends Board Staff solely modify incremental and variable transactional fees directly pertaining to costs incurred to service retailers and their customers. This approach is appropriate, fair and balances the interests of non-retail and retail customers.

Just Energy fully supports a guiding principle based on cost causation; however, Just Energy submits that it should include a principled rationale methodology in order to balance the interests of both retail and non-retail customers and prevent the disproportionate harm to the retail market. Just Energy is thankful for the opportunity to participate in the retail service charge working group. We are more than willing to participate further and provide additional information and insight to Board Staff.

Should you have any questions, please do not hesitate to contact me 905.461.2360 or at fmurray@justenergy.com.

Sincerely,



Frances Murray
Manager, Regulatory Affairs

