



uniongas

A Spectra Energy Company

July 22, 2011

Ontario Energy Board
2300 Young Street, Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

**RE: Union Gas Comments on Low-Income Related Customer Service Standards
No: EB-2010-0280**

Please find attached Union's comments on the low-income related customer service standards.

If you have any questions or concerns, please contact me at 519-436-4521.

Sincerely,

[original signed by]

Marian Redford
Manager, Regulatory Initiatives

1 UNION GAS LIMITED

2 SUBMISSIONS

3
4 By letter dated September 21, 2010, the Ontario Energy Board (“the Board”) notified
5 stakeholders that it would be seeking written comments on future proposed amendments to the
6 Gas Distribution Access Rule (the “GDAR”) pertaining to the customer service rules for gas
7 distributors including customer service rules tailored to low-income customers.

8
9 On January 20, 2011, the Board asked gas distributors to document their current policies and
10 practices in the areas addressed by customer service rules for electricity distributors, and suggest
11 new or modified policies that are appropriate for gas distributors. At that time, the Board
12 indicated its intention to pursue customer service standards for gas distributors tailored to low-
13 income customers.

14
15 On July 29, 2011, the Board issued its proposed GDAR amendments in relation to customer
16 service standards for residential customers. The Board has proposed a less prescriptive approach
17 while still ensuring that customer service standards of rate regulated gas distributors are fair and
18 enforceable. In light of the approach the Board has proposed for residential customer service
19 standards, the Board is considering a similar approach for low-income customer service
20 standards.

21
22 On July 29, 2011, the Board, also, issued a letter seeking input prior to proposing amendments to
23 the GDAR pertaining to low-income related customer service rules. The Board has asked gas

1 distributors to review the low-income related customer service rules for electricity distributors
2 posted on the Board's website, document the current low-income related policies and practices in
3 the areas addressed by those rules, and suggest new or modified policies that are appropriate for
4 gas distributors. Attachment A summarizes Union's current low-income policies and practices
5 for the areas addressed by the electricity customer service rules.

6

7 In addition to reviewing the low-income related customer service rules for electricity, the Board
8 has asked gas distributors to provide input on two questions:

9

10 1. Are current low-income customer service standards, along with the proposed modifications
11 and enhancements, sufficient to ensure reasonable consistency across the province and
12 appropriate levels of service for low-income customers such that a less prescriptive approach
13 to Board oversight is warranted?

14

15 2. If so, should the Board adopt the same approach as that proposed for customer service
16 standards in general (i.e., require each rate-regulated gas distributor to develop, publish, and
17 adhere to low-income related customer service standards for certain prescribed areas of
18 customer service, including a complaint process with recourse to the Board)?

19

20 Overview

21 Union supports a less prescriptive approach to low-income customer service standards. Union's
22 current arrears management practices are sensitive, flexible and meet the needs of all customers,

1 including low-income customers. It is Union's view that special low-income rules are not required
2 and that the customer service standards proposed by Union in its February 17, 2011 submission
3 in combination with the modifications to Union's arrears management policies, proposed in this
4 submission, address the Board's concerns related to low-income customers. Union does not
5 support separate rules for low-income customers. Union therefore encourages the Board to allow
6 Union to include in the Customer Service Policy that will be developed to comply with June 29,
7 2011 proposed Amendments to GDAR, Union's proposed amendments to its arrears
8 management policies. Union's current processes and the proposed amendments are documented
9 in Attachment A.

10

11 Union has significant concerns with taking a prescriptive approach to low-income customer
12 service rules. Prescriptive rules will limit flexibility Union has to accommodate the needs of
13 individual customers. When dealing with customers requiring arrears management, Customer
14 Service Representatives do not distinguish or discriminate based on income level. Customer
15 Service Representatives treat all customers in a manner consistent with Union's customer service
16 policies and negotiate payment arrangements taking into consideration the individuals situation
17 without regard to income level. This approach recognizes that customers may require special
18 payment arrangements for other reasons such as medical conditions, family situations, etc. Union
19 believes that it is in customers' best interest to maintain the flexibility to negotiate mutually
20 acceptable arrangements based on the individual customer's situation.

21

22

1 Union's Response to Question #1

2

3 Union's current customer service policies, along with the proposed modifications and
4 enhancements are sufficient to ensure appropriate levels of service for low-income customers.

5 Union's current policies and practices are flexible and already meet the needs of all customers,
6 including those who are considered low-income. To meet the varying needs of low-income

7 customers, Union works with its customers and social agencies to find solutions tailored to the
8 individual customer. As long as the customer meets the payment arrangements and progress

9 towards settlement of the arrears, no collection or disconnection activity is initiated. This

10 accomplishes Union's overarching goal of keeping the natural gas service connected. For

11 example, Union provides customers non-prescriptive payment options to manage arrears without

12 disconnection and policies are in place to either eliminate the need for security deposits or to

13 return existing security deposits once acceptable payment histories are in place. Union also

14 observes a moratorium on disconnections during winter months based on actual or forecasted

15 temperatures. This ensures gas service remains connected during the heating season.

16

17 Although Union's current practices meet the needs of low-income customers Union proposes to

18 enhance its current policies and practices to provide additional flexibility to all customers.

19 Union's current practices and the proposed enhancements meet the intent of the low-income

20 related customer service for electricity distributors.

21

1 Union does not believe the Board should take a more prescriptive approach to low-income
2 related customer service as these rules may have the effect of curtailing the current flexibility
3 Union has when dealing with customers. Flexibility is the only way Union can accommodate
4 individual customers and continue to offer tailored solutions. Union stresses this flexible
5 approach results in high customer satisfaction¹ and avoids disconnections².

6
7 Prescriptive rules will also limit Union's ability to change policies and practices to respond to
8 environmental change and economic need. As stated in Union February 17, 2011 submission in
9 2008, Union's flexibility helped accommodate many customers impacted by the economic
10 downturn. Union worked with customers to prevent disconnections by offering relaxed payment
11 arrangements and information about financial assistance and cost reduction such as energy
12 efficiency.

13
14 Union also notes that the prescriptive and separate low-income rules will be costly to implement
15 and increase the economic hardship of low-income customers. Prescriptive and separate rules
16 lead to higher rates because systems and processes must be modified to allow for different
17 approaches for different classes of residential customers. This will increase the financial burden
18 to all customers including the most vulnerable rate payers.

19

¹ Customer satisfaction was 74% in 2008, 79% in 2009 and 84% 2010. Disconnections decreased from approximately 22,000 in 2008 to 17,000 in 2010.

² The number of customers in arrears increased from approximately 29,000 to 37,000 between 2008 and 2010 while the number of disconnection numbers actually declined.

1 It is Union's view that current standards for customers including low-income customers are
2 sufficient to ensure reasonable consistency across the province. The standards and practices of
3 natural gas distributors in Ontario are mostly consistent across the utilities. As noted in Union's
4 February 17, 2011 submission Union and Enbridge are already consistent in their policies and
5 practices with respect to customer service standards. Union and Enbridge apply these policies
6 and practices consistently across their franchise areas. This means that the vast majority of
7 Ontario gas consumers are subject to consistent policies and practices.

8

9 Union's Response to Question #2

10

11 It is Union's view that the Board should adopt a less prescriptive approach similar to that
12 proposed for general customer service standards for natural gas distributors. Union's current
13 policies and practices together with the refinements proposed in its February 17, 2011
14 submission take into consideration all customers including low-income and is better able to meet
15 their needs than prescriptive rules.

16

17 The Board states in its letter dated June 29, 2011 submission that it "finds merit in the positions
18 of the Responding Distributors and other interested stakeholders with respect to maintaining
19 some flexibility over gas distributor customer service standards and practices at this time. The
20 Board believes that adopting a less prescriptive approach will limit the cost implications for
21 ratepayers while nonetheless ensuring that gas distributor customer service standards and
22 practices are transparent and ultimately enforceable by the Board." If the Board follows a less

1 prescriptive approach for “general” customer service rules it should follow the same approach
2 for low-income customers. The customer service rules for low-income customers should align
3 with the proposed amendments to GDAR for general customers. Furthermore, policies for low-
4 income are predicated on the same principles and policies guiding general customer service
5 rules.

6

7 Board Chart Template – Attachment A

8

9 Attachment A provides Union’s current low-income related policies and practices for the areas
10 addressed by the low-income related customer service rules for electricity distributors. The basis
11 for the comparison is customer service polices as proposed in Union’s February 17, 2011
12 submission.

13

14 Implementation

15 To modify its policies and practices as proposed in Attachment A, a six to twelve month
16 implementation period would be required. Similar to the proposed amendments to general
17 customer service rules Union submits that all one-time and ongoing costs resulting from
18 modifying Union’s current policies and practices should be recoverable from ratepayers.

**Attachment A:
Proposed Customer Service Policies and Practices for Eligible Low-Income Natural Gas Customers**

Completed by: Union Gas Limited
Date: July 22, 2011

1. **Definition of Eligible Low-Income Customer:** A definition of eligible low-income customers is required in order to implement low-income customer service standards and rules.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>Eligible low-income customers are residential electricity customers who have a pre-tax household income at or below Statistics Canada's most recent pre-tax Low Income Cut-Off plus 15%, taking into account family and community size and are qualified by a Social Service or Government Agency.</p> <p>Customers must be qualified by a Social Service or Government Agency that:</p> <ul style="list-style-type: none"> i) partners with their local electricity distributor to assess eligibility for Emergency Financial Assistance; or ii) assesses eligibility for other energy financial assistance or for other low-income financial assistance programs, and partners with their local distributor to qualify customers for eligibility. <p>If customers have qualified for Emergency Financial Assistance under the Low-income Energy Assistance Program (LEAP), they will automatically qualify for all of the low-income customer service rules under the</p>	<p>Union's current customer service practices are sensitive, flexible and meet the needs of individual customers. Union expects and encourages its front line staff to take individual customer situations, including income and economic conditions into account when rendering service and negotiating payment arrangements to meet the needs of all customers.</p> <p>Union does not current maintain customer demographics such as income level on its customers' accounts.</p> <p>Customers whom Union staff believes may benefit are encouraged to contact Social Services or government agencies for assistance.</p>	<p>Union proposes to maintain current practices.</p> <p>Union does not propose to track or designate customer accounts based on income. Union believes that its customers' best interests are served by maintaining the flexibility to negotiate mutually acceptable arrangements based on the individual customer's situation, which may include economic circumstances, but may also include other circumstances such as medical and family situations that affect a customer's ability to maintain their gas account at any one time.</p>

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>codes.</p> <p>After qualifying as an eligible low-income electricity customer,</p> <p>Eligible low-income customers must contact their distributor before a special low-income customer code rule will be made available to them.</p>		

¹ The Board has approved and issued customer service rules for eligible low-income electricity customers. They will come into effect October 1, 2011. These will supplement the customer service rules applicable to all residential customers which were released on July 2, 2010. their low-income status will remain in effect for purposes of the codes for 2 years from the date they qualified.

2. **Security Deposits:** Existing security deposits must be returned if requested by an eligible low-income customer after paying any arrears. Eligible low-income customers may request a waiver if their distributor requests a new security deposit.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>If an eligible low-income consumer has previously paid their distributor a security deposit, they may ask for it to be returned, after paying any outstanding arrears. Distributors shall advise all residential customers of this right annually. Any remaining security deposit returned to the customer will be credited to their account if the amount due is less than their average monthly bill. If the amount is equal to or greater than their average monthly bill, they could request a refund by cheque.</p> <p>An eligible low-income customer may request a waiver if their distributor requests a new security deposit. Distributors are to advise customers of this right when issuing a bill for a security deposit.</p>	<p>The purpose of a security deposit is to ensure payments are received and to cover any outstanding arrears at the time a customer no longer uses the service. Residential customers with either a history of credit issues or no prior utility account pay a security deposit.</p> <p>Except in extreme cases, Union will waive the security deposit if a) the customer enters into both the EBP plan and Automatic Payment Plan, or b) provides a letter of reference.</p> <p>On a case by case basis, Union may offer to reduce the amount of security required or to waive the security deposit based on the individual customers' circumstances.</p> <p>Twelve months after full payment of the security deposit and a good payment history, deposits are automatically refunded with interest to the customer's account.</p> <p>In addition to the review on the one year anniversary, all accounts that have been held for more than 12 months are reviewed and deposits are refunded based on the last 12 months of payment history.</p> <p>When a deposit is applied, the customer has the option of leaving the credit amount on their account for future bills or requesting a cheque to be issued.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>Union's current policies allow all residential customers to eliminate the need for a security deposit and to have an existing security deposit returned to them based on an adequate payment history. Union maintains sufficient flexibility in the administering of these policies to meet customers' individual needs while ensuring that the intent of reducing risk and cost to all customers is maintained.</p> <p>Union has agreed to the following modification to its customer service policies that will benefit all residential customers regardless of income.</p> <p><u>Proposed Modified Policies and Practices</u> Union is prepared to review the security deposit held on an account and include that amount in calculations to determine if credit action should be initiated.</p>

3. **Correction of Billing Errors:** Eligible low-income customers may pay under-billing adjustments over an extended period of time depending on the under-billed amount.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>When a billing error has occurred and an eligible low-income customer owes their electricity distributor for an underpayment, they may elect to pay over:</p> <ul style="list-style-type: none"> i) a period equal to the duration of the billing error (up to a maximum of 2 years); or ii) a period of 10 months where the under-billed amount is less than twice the customer's average monthly bill and over a period of 20 months where the under-billed amount equals or exceeds twice the customer's average monthly bill. <p>Distributors shall advise customers of these options.</p>	<p>Union will adjust consumption for up to two years when the customer has been over-billed and one year when the customer has been under billed, with the exception of tampering or theft of gas.</p> <p>In the case of under-billed accounts Union will work with the customer to find a mutually agreeable payment schedule. Union has flexible processes in place that ensure all residential customers regardless of income are able to work towards an agreeable payment schedule.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>Union believes that maintaining the flexibility to work with customers to negotiate mutually agreed payment schedules leads to more successful payment arrangements and improved customer relations.</p> <p>Union has agreed to the following modification to its customer service policies that will benefit all residential customers regardless of income.</p> <p><u>Proposed Modified Policies and Practices</u> Union is prepared to include a message on bills with a significant adjustment to inform customers to contact Union for options available.</p> <p>This notice will ensure that all customers are aware that payment options are available in the event of a significant billing error.</p>

4. **Equal Payment and Equal Billing Plans:** Distributors must offer to eligible low-income customers equal billing plans that do not require automatic payment withdrawals.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>If the eligible low-income customer's electricity distributor bills monthly, they may request an equalized monthly billing plan without enrolling in an automatic withdrawal payment plan.</p> <p>If their electricity distributor bills bi-monthly, they must be offered either a monthly or bi-monthly equal billing option.</p>	<p>Union offers an 11 month Equal Billing Plan (EBP) to all residential customers.</p> <p>There is no requirement for customers to join the automatic withdrawal payment plan to be eligible for the EBP.</p>	<p>Union current practices comply with the electricity Low Income Code provisions.</p>

5. Disconnection for Non-payment

5a) **Disconnection Period:** A distributor must extend the disconnection notice period if the distributor is notified that a customer is being assessed for emergency financial assistance.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>Eligible low-income customers must be granted a disconnection suspension for 21 days after their electricity distributor is notified by a Social Service or Government Agency that they are being assessed for Emergency Financial Assistance.</p>	<p>Union allows two weeks for assessment although most agencies require 1-3 days.</p> <p>Union communicates disconnection information to the account holder. If payment arrangements have been made or activities with a social service agency have begun, Union will delay further action for two weeks.</p>	<p>Union has agreed to the following modification to its customer service policies that will benefit all residential customers regardless of income.</p> <p><u>Proposed Modified Policies and Practices</u> Union is prepared to extend the agency assessment period from two weeks to 21 days.</p>

5b) Assistance Information before Disconnection: Disconnection Notices must inform customers that Emergency Financial Assistance and special arrears agreements may be available to eligible low-income customers.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>Information provided in the written Disconnection Notice, and in the telephone call 48 hours before disconnection, must include references to the special arrears payment agreement available for eligible low-income customers. The Disconnection Notice, and telephone call 48 hours before disconnection, must also inform customers that Emergency Financial Assistance may be available for eligible low-income customers, and that more information is available from their electricity distributor.</p>	<p>Union does not currently issue a separate disconnection notice.</p> <p>Union notifies its customers through a message on the bill that the account is in a position to be locked if they do not initiate action to manage arrears. Once a bill message is sent, at least one outbound call is made prior to issuing a disconnection order. There is no predetermined time between the notice and an actual credit lock taking place.</p> <p>In some cases a manually requested disconnection letter is sent to customers with ongoing payment history notifying them of collection action.</p>	<p>Union has agreed to the following modification to its customer service policies that will benefit all residential customers regardless of income.</p> <p><u>Proposed Modified Policies and Practices</u> Union is prepared to implement a separate disconnection notice.</p> <p>This notice will inform customers that Emergency Financial Assistance may be available for eligible customers.</p>

6. Arrears Management Programs

6a) Down-Payment: A low-income arrears payment agreement is subject to a reduced down payment requirement.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>A down payment of up to 10% of the electricity charges accumulated plus any accumulated late payment charges (not including other service charges such as reconnection charges) may be requested the first time an eligible low-income customer enters into a low-income customer arrears agreement or after having successfully completed a previous such agreement.</p>	<p>Payment arrangement plans are negotiated with the customer on a case by case basis with multiple opportunities for the customer to work with Union on mutually satisfactory arrangements.</p> <p>Union has flexible processes in place that ensure all residential customers regardless of income are able to work towards an agreeable payment arrangement.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>Union believes that its customers' best interests are served by maintaining the flexibility to negotiate mutually acceptable arrangements based on the individual customer's situation, which may include economic circumstances, but may also include other circumstances such as medical and family situations that will influence the type of payment arrangement that is made.</p>

6b) Repayment Time Periods: Eligible low-income customers are provided with extended periods of time to pay arrears depending on the amount owed.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>The time periods to repay arrears are extended to:</p> <ul style="list-style-type: none"> • 8 months if the amount owed is less than or equal to 2 times the customer's average monthly bill; • 12 months if the amount owed is more than 2 and less than or equal to 5 times the customer's average monthly bill; or • 16 months if the amount owed is more than 5 times the customer's average monthly bill. 	<p>Payment arrangement plans are worked out with the customer on a case by case basis with multiple opportunities for the customer to work with Union on mutually satisfactory arrangement.</p> <p>Payment arrangements normally do not exceed two months, however flexibility based on the individual circumstances determine the overall payment plan elements.</p> <p>Union's ultimate goal is to avoid disconnections.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>The goal of Union's arrears management program is to ensure customers' enter into agreements that they are able to meet and to utilize disconnections only as a last resort. Maintaining flexibility in time periods of these arrangements based on individual customer needs is key to meeting these goals.</p>

6c) Service charges and late payment charges: Distributors are required to waive any non-payment related service charges and to not apply any additional late payment charges when an eligible low-income customer enters into an arrears agreement.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>Where an eligible low-income customer enters into an arrears payment agreement with a distributor for the first time or subsequent to having successfully completed a previous arrears payment agreement as an eligible low-income customer, the distributor must waive any service charges specifically related to collection, disconnection, non-payment or load control devices.</p> <p>No further late payment charges may be imposed on an eligible low-income customer after the customer has entered into an arrears payment agreement in respect of the amount that is the subject of that agreement. However, the distributor is not required to waive any late payment charges that accrue to the date of the arrears agreement.</p>	<p>Union's bills are due when rendered. When payment in full is not made on or before the date shown on the bill, a delayed payment charge is applied to the outstanding balance. This increased sum shall be due and payable thereafter.</p> <p>Payment arrangements normally do not exceed two months. Delayed payment charges are applicable to the remaining outstanding balance.</p> <p>Union's ultimate goal is to avoid disconnections and to maintain customers' accounts at a current balance.</p>	<p>Union proposes to maintain current practices.</p> <p>Union maintains sufficient flexibility in the administering of its arrears management program to meet customers' individual needs regardless of income.</p>

6d) Payment Defaults: Eligible low-income customers must be allowed two payment defaults before a distributor may cancel an arrears agreement.

New Low-Income Code Provisions for Electricity Distributors ¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>Eligible low-income customers must be allowed two payment defaults before a low-income arrears agreement can be cancelled.</p> <p>The defaults must occur over at least 2 months.</p>	<p>Excluding extreme circumstances, Union works with customers to find a mutually agreeable payment plan managed through payment arrangements.</p> <p>Union's ultimate goal is to avoid disconnections.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>Union maintains sufficient flexibility in the administering of its arrears management program to meet customers' individual needs regardless of income. Over the course of the year, a customer may enter into more than one payment arrangement to manage arrears with the ultimate goal of bringing and maintaining the account in a current status and to utilize disconnections only as a last resort.</p>

6e) **Second or Further Arrears Payment Agreement:** Eligible low-income customers are allowed to request a new arrears payment agreement after they have successfully completed a payment agreement. Depending upon the circumstances, the second arrears agreement may be a standard one or enhanced one.

New Low-Income Code Provisions for Electricity Distributors¹	Union Gas Existing Policies and Practices	Union Gas Proposed Modified Policies and Practices
<p>If an eligible low-income customer successfully completes an arrears payment agreement, the customer can request a new agreement anytime needed thereafter. However, if a new agreement is requested within 12 months of the end of the prior successfully completed agreement, the distributor can offer the new agreement on the same terms as those provided to other residential customers even if the customer is an eligible low-income customer.</p>	<p>Payment arrangement plans are worked out with the customer on a case by case basis with multiple opportunities for the customer to work with Union on mutually satisfactory arrangement.</p> <p>All residential customers are provided the same sensitivity and flexibility in managing their arrears regardless of income.</p>	<p>Union proposes to maintain current practices which support the intent of the electricity Low Income Code provisions.</p> <p>Union maintains sufficient flexibility in the administering of its arrears management program to meet customers' individual needs regardless of income. There is no predetermined number of arrangements under which a customer is eligible within a calendar year.</p>