



uniongas

A Spectra Energy Company

April 30, 2012

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

RE: EB-2010-0280 – Union Gas Limited – Submission on Low-Income Gas Customer Service Standards

Dear Ms. Walli:

On June 29, 2011, the Ontario Energy Board (“the Board”) issued a letter indicating it would be seeking stakeholder input in developing appropriate Low-income customer service standards for rate-regulated natural gas distributors. Union provided a written submission on July 22, 2011 which supported a less prescriptive approach to Low-income customer service standards. As Union has previously stated, its current arrears management practices are sensitive, flexible and meet the needs of all customers, including Low-income customers.

On March 1, 2012, the Board confirmed that for those areas where the Board was satisfied with the gas distributor’s proposals it would not adopt a prescriptive approach. It would instead require distributors to document their policies, post them on their websites and make them available to customers, and to adhere to those policies.

For areas where the Board is not satisfied with the gas distributors’ proposals, the Board requested that the distributors respond by March 26, 2012 indicating whether they intend to adopt the approach identified by the Board as a “best practice”, and if not why.

The submission by Union on March 26, 2012 indicated there were two areas in Union’s current policies and practices that the Board suggested be modified for Low-income customers. They are:

1. Union should not impose further late payment charges after a customer enters into an arrears payment agreement; and
2. Union should waive security deposits for Low-income customers who do not have an account with a financial institution but are willing to enroll in an equal billing plan.

The positions in the March 26, 2012 submissions from Union and Enbridge differed on these two items. Since that time, Union and Enbridge have reconsidered their positions and have reached consensus on implementation. The following are the particulars per item.

Late Payment Charges

In the March 26, 2012 submission, Union supported implementing the Board's request to modify the customer services policies for Low-income customers¹ to discontinue late payment charges on outstanding amounts for Low-income customers who have entered into an arrears agreement.

The late payment charges will be applied to the account up to the date that the Low-income customer enters into an "active" payment arrangement. Once enrolled in an "active" payment arrangement, late payment charges will no longer be charged on the amounts associated with the payment agreement for the applicable Low-income customer. If the customer cancels the payment agreement or defaults on the payment agreement, late payment charges will become applicable again.

To add further clarification to Union's March 26, 2012 submission, in the event that a Low-income customer defaults on a payment agreement, then the option to have late payment charges waived with a payment agreement will no longer be available for that customer. In the event that a Low-income customer successfully completes a payment agreement, Union will continue to allow late payment charges to be waived for that customer on any future payment agreements for a period of two years, at which time that customer must be re-assessed as Low-income. Union will, however, continue to maintain its flexibility in considering individual customers' circumstances in offering payment agreements.

Security Deposits

It is currently Union's practice to waive the security deposit for any customer that joins the equal billing plan and the automatic payment plan. In the March 26, 2012 Union did not support changing this practice to allow for the waiver of security deposits for Low-income customers who are willing to enroll in an equal billing plan but do not have an account with a financial institution. Union has reconsidered their position and is prepared to amend its security deposit requirements for Low-income customers. Union will waive security deposit requirements for Low-income customers who do not have an account with a financial institution, provided that the Low-income customer: (i) has been qualified as a Low-income customer, under the criteria set out in the LEAP Emergency Financial Assistance program; and (ii) has enrolled in Union Equal Billing Plan.

¹ Union will use the criteria established for electricity distributors to define Low-income customers (EB-2007-0722 Electricity Notice of Amendments to Codes dated March 30, 2011). Once a social or government agencies confirms the Low-income customer's designation, the designation will be applicable for two years.

This waiver would apply to all qualifying Low-income customers prospectively, except for those whose accounts have been subject to disconnection during the preceding two years. Should a customer who has had their security deposit waived under this condition, be disconnected for non-payment at a future date, the security deposit would then be required for reconnection of gas service.

Implementation Date

In the March 26, 2012 submission, Union requested six months from the Board's final decision to implement the changes to its customer service system and associated processes. Union suggested this date to coordinate this change with the complete automation of Union's Revised Conditions of Service per the Amendments to the Gas Distribution Access Rule implemented by Union on March 5, 2012. Union is now proposing the implementation date be on or before January 1, 2013.

Implementation Costs

As stated in previous submissions, Union will track any costs incurred for system and process changes required to modify its customer service policies in the Gas Distribution Access Rule (GDAR) Costs deferral account for future disposition. Union will also be monitoring potential ongoing operational and lost revenue impacts and if evident, Union will request recovery through the GDAR Costs deferral account.

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

Yours truly,

[Original signed by]

Marian Redford
Manager, Regulatory Initiatives

cc: Crawford Smith (Torys)
EB-2010-0280 Intervenors