



NOTICE OF PROPOSAL TO AMEND TO A RULE

ELIGIBLE LOW-INCOME CUSTOMER SERVICE POLICY AMENDMENTS TO THE GAS DISTRIBUTION ACCESS RULE

BOARD FILE NO: EB-2010-0280

**To: All Natural Gas Distributors
All Participants in Consultation Processes EB-2010-0280, EB-2007-0722,
EB-2008-0313 and EB-2008-0150
All Other Interested Parties**

Date: July 12, 2012

The Ontario Energy Board (the "Board") is giving notice, in accordance with the requirements of section 45 of the *Ontario Energy Board Act, 1998* (the "Act"), of its proposal to amend the Gas Distribution Access Rule (the "GDAR") made pursuant to section 44(1) of the Act.

I. Purpose of the Proposed Amendments

The purpose of the proposed rule amendments is to ensure that rate-regulated natural gas distributors ("gas distributors") maintain appropriate customer service policy standards and practices for their low-income residential customers, and to ensure that they publish, and comply with, those standards and practices.

II. Background

On March 1, 2012, the Board issued a letter which summarized comments received from natural gas distributors and interested ratepayer groups on developing appropriate low-income customer service policy standards for rate-regulated natural gas distributors.

The March 1st letter also identified the areas where the Board was satisfied with the updated customer service policies proposed by gas distributors. In addition, the Board identified several areas where specific improvements were required in the customer

service policy standards proposed by one or more gas distributors. Finally, the gas distributors were asked to provide responses to the “best practices” proposed by the Board in its March 1st letter before the Board decided on next steps.

Written comments were received from Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) on March 26, 2012 and again on April 30, 2012. Natural Resources Gas Limited (“NRG”) provided comments in separate letters dated March 20, 2012 and June 14, 2012. The non-rate regulated utilities Kitchener Utilities (“Kitchener”) and Utilities Kingston (“Kingston”) also provided comments. All the submissions are available on the Board’s webpage www.ontarioenergyboard.ca under the EB-2010-0280 project page.

III. Gas Distributors’ Comments

a) Security Deposits

In its March 1st letter, the Board expressed concern about low-income gas customers who lack an account with a financial institution and therefore cannot join a pre-authorized payment plan. The Board recommended that gas distributors modify their customer service policies to waive security deposits for low-income customers who do not have an account with a financial institution and are willing to enroll in an equal billing plan.

In its March 26, 2012 submission, Enbridge responded that it plans to waive security deposit requirements for low-income customers who do not have an account with a financial institution. Union advised, in its second submission of April 30, 2012, that it was prepared to do the same, as did NRG in its second submission of June 14, 2012. In specific, Enbridge and Union proposed to waive security deposit requirements for low-income customers who do not have an account with a financial institution, subject to the conditions that (i) the customer has been qualified as a low-income customer, under the criteria set out in the LEAP (Low-Income Energy Assistance Program) Emergency Financial Assistance program; (ii) the customer has to be enrolled in Budget Billing Plan or Equal Billing Plan; and (iii) the waiver would apply to all qualifying low-income customers, except for those whose accounts have been subject to disconnection during the preceding two years. NRG proposed a similar policy in this area that included conditions i) and ii). For condition iii), NRG proposed that the waiver would not apply to customers having been subject to disconnection during the preceding 12 months.

Kitchener stated that it had not encountered any customer, including a low-income customer, who does not have an account with a financial institution. In future, should any customers indicate to Kitchener that they do not have such an account, the utility would consider waiving the deposit.

The Board is satisfied with the customer service policies proposed in this area by the gas distributors above.

b) Correction of Billing Errors

Union previously stated that it includes a message on bills with significant under-billing adjustments to inform the customer to contact the distributor for payment options available. The Board's March 1st letter indicated it considers Union's policy to reflect the best practice in this area and the Board expected the other gas distributors to consider adopting a similar policy in this area.

Enbridge has advised that it will include a message on bills with significant under-billing adjustments informing customers that they may contact the utility to discuss payment options.

NRG indicated it will amend its customer service policy to contact the customers with a significant under-billing adjustment and advise that payment options are available.

Kitchener stated its practice is to send a separate notice with the bill to advise the customer that should he or she has difficulty in making payments for the under-billing adjustment, the customer can contact Kitchener and arrange a suitable payment plan.

The Board is satisfied with the customer service policies proposed in this area by the gas distributors above.

c) Equal Monthly Payment and Equal Billing Plans

In its March 1st letter, the Board indicated that allowing low-income customers year round access to equal billing and equal payment plans will be a valuable option that will assist them in better managing their payments. Kitchener and Union already do so and the Board considered this to be the preferable policy for all gas distributors to follow.

The Board therefore expected the other gas distributors that currently apply time

restrictions in this area to allow at least their low-income customers to access equal billing and payment plans any time of the year.

Enbridge has confirmed that it will make its Budget Billing Plan available to all customers at any time during the year.

NRG stated that it will amend its customer service policy to allow all residential customers to enroll in the Equal Billing Plan any month of the year.

The Board is satisfied with the customer service policies proposed in this area by the gas distributors above.

d) Late Payment Charges and Arrears Payment Agreements

In its March 1st letter, the Board indicated that not imposing further late payment charges after a customer enters into an arrears agreement is the preferable policy in this area. This will allow low-income customers to focus on paying down the principal amount outstanding and maintaining their regular utility bill payments.

Union confirmed, in its March 26, 2012 submission, that it will implement the request to discontinue levying late payment charges on outstanding amounts for low-income customers who have entered into arrears agreements. Enbridge advised, in its correspondence of April 30, 2012, that it is prepared to waive late payment charges on the amount subject to an arrears agreement for a low-income customer. NRG advised the same in its second submission dated June 14, 2012.

The rate-regulated gas distributors further proposed in their submissions that should the low-income customer cancel the arrears payment agreement or default on the arrears payment agreement, late payment charges will become applicable again on that agreement.

Enbridge and Union added that in the event that a low-income customer defaults on an arrears payment agreement, then the option to have late payment charges waived with any future arrears payment agreement will no longer be automatically available for that low-income customer. The distributors may consider individual customer circumstances however.

In the event that a low-income customer successfully completes a payment agreement, the rate-regulated distributors stated that they will continue to allow late payment charges to be waived for that customer on any future payment agreements for a period of 2 years, at which time the customer must be re-assessed as low-income.

Kitchener previously stated that no further late payment charges are levied on the outstanding amount once the customer enters into an arrears agreement.

The Board is satisfied with the customer service policies proposed in this area by the gas distributors above.

e) Definition of Eligible Low-Income Customers

The rate-regulated gas distributors agreed to follow the same eligibility criteria established under the LEAP Emergency Financial Assistance program. These criteria are also being used by electricity distributors to define eligible low-income electricity customers for customer service policy purposes.

The Board is satisfied with the customer service policies proposed in this area by the gas distributors above.

f) NRG Residential Customer Service Policies

In its June 14, 2012 submission, NRG indicated that it would make several changes to the customer service policies it applies to all residential customers. This topic was addressed earlier in this consultation. In specific, NRG indicated that:

- It will amend the current 16-day payment period and increase the period of time before a late payment charge applies to a 20-day time period from date bill is issued.
- When determining whether to issue a disconnection notice or to pursue additional payment arrangements with the customer, it will take into consideration any security deposit that is being held on the customer's account.
- It will amend its present security deposit policy to allow residential customers to pay security deposits from a four month period to a maximum of six monthly installments.

The Board is satisfied with the residential customer service policy changes proposed by NRG.

g) Kingston's General Comments

Kingston did not provide comments on an issue-by-issue basis. Rather the utility indicated that, to reduce administrative burden, the updated customer service practices required to be provided to its electricity customers under the Board's codes have been adapted and extended to its natural gas customers.

h) Coming Into Force Date

In their April 30, 2012 submissions, Enbridge and Union requested that the implementation date be set at January 1, 2013, to allow adequate time to implement the needed changes to their respective customer service systems and associated processes. NRG suggested the same coming into force date in its June 14, 2012 submission.

i) Implementation Costs

Both Enbridge and Union repeated in their April 1, 2012 submissions that the costs of implementing the changes to their customer service policies will be tracked in their respective Gas Distribution Access Rule ("GDAR") Costs Deferral Account for future disposition. NRG's June 14, 2012 submission stated that the financial impact of implementing these additional changes to the Customer Service Policy will be recorded as ongoing operational expenses to be recovered. NRG advised, however, that it does not have a GDAR Cost Deferral Account.

IV. Board Conclusions

a) Rate-Regulated Gas Distributors

The Board believes that the consultation process has lead to valuable clarifications and improvements in the customer service policies to be applied by gas distributors to their residential customers, including low-income customers. This includes the additional low-income customer service policies that the rate-regulated gas distributors have

committed to in response to the specific areas of concern identified in the Board's March 1, 2012 letter.

The Board expects the rate-regulated gas distributors to update their customer service policies to include low-income policies based on their proposals in this consultation. Their customer service policies are expected to include policies in the following areas:

- definition of eligible low-income customer
- waiving of security deposits
- arrears agreements and the waiving of late payment charges
- year round access to equal monthly payment and equal billing plans
- payment options for correction of billing errors

After considering the changes to their customer service policies for low-income customers proposed by the rate-regulated gas distributors, the Board does not see a need to propose prescriptive low-income customer service rules for the gas distribution sector through detailed GDAR amendments. The Board expects, however, the rate-regulated gas distributors to continue to take into account individual customers' circumstances (as previously indicated) when applying their customer service policies to residential customers, including eligible low-income customers.

In reaching its conclusion, the Board is also relying upon the rate-regulated gas distributors to proceed to implement the low-income customer service policy commitments made above on a timely basis. The Board will allow all rate-regulated gas distributors until January 1, 2013, if required, to implement these modifications. At that time, the Board will review the customer service policies of the rate-regulated gas distributors to assess whether they are consistent with the expectations of the Board as articulated in this consultation process.

With the additional improvements outlined in Part II f) above, the Board finds that the residential customer service policies proposed by NRG to be satisfactory and comparable to those proposed by Enbridge and Union. The Board directs NRG to also implement these changes by no later than January 1, 2013.

b) Proposed GDAR Eligible Low-Income Customer Service Policy Amendments

To provide the appropriate regulatory framework for the implementation of the low-income customer service policy improvements committed to by the rate-regulated gas distributors in this consultation, the Board proposes the following limited amendments to the GDAR.

- Eligible low-income customers for GDAR purposes will be defined as a residential natural gas customer who has a pretax household income at below the most recent pre-tax Low Income Cut-Off, according to Statistics Canada, plus 15%, taking into account family size and community size, as qualified by a defined Social Service Agency or Government Agency. This will ensure consistency in the tests used in determining eligible low-income customer qualification for Emergency Financial Assistance under LEAP or Winter Warmth and for customer service policy purposes.
- A customer who qualifies for Emergency Financial Assistance under LEAP, or other financial assistance made available by a distributor such as Winter Warmth, will automatically qualify for any specific low-income customer service policies a gas distributor may provide.
- A new section 8.1.3 will be added to GDAR. It provides that where a rate-regulated gas distributor has established customer service-related standards and practices specific to eligible low-income customers, the gas distributor shall describe them in its Customer Service Policy in a manner separate and apart from its customer service-related standards and practices applicable to other residential customers.
- Section 1.4.7 of GDAR will be added to provide that definitions of “eligible low-income customer”, “Emergency Financial Assistance” and “Social Service or Government Agency”, and new section 8.1.3 of GDAR that makes chapter 8 of GDAR also applicable to eligible low-income customers, shall come into effect no later than January 1, 2013.

Minor changes in wording to improve consistency are proposed to sections 1.4.6 and 8.5.1 of the GDAR, as well as to the current definition of Customer Service Policy. No change in effect is intended by these changes and they will come into effect as of the same date as the other amendments proposed in this Notice.

The proposed GDAR eligible low-income customer service policy amendments are set out in Attachment A.

c) Non-Regulated Gas Distributors

The Board acknowledges the various customer service policy improvements planned by the non-rate regulated gas distributors. The Board considers these to be generally consistent with its expectations for the updated gas sector customer service policy standards and with the improvements committed to by the rate-regulated gas distributors. The Board thanks Kitchener and Kingston for their participation in this process.

d) Customer Service Reporting Requirements

As indicated in its March 1, 2012 letter, the Board believes that developing effective customer service monitoring and reporting requirements is important to ensure that the updated gas-sector residential, including low-income, customer service policies are achieving their intended objectives. The Board will initiate a separate consultation process in this area shortly.

VI. Anticipated Costs and Benefits

The proposed amendments to the GDAR will require each rate-regulated gas distributor to document and consistently apply the low-income customer service policies committed to during this consultation. This is expected to provide greater protection and certainty for eligible low-income customers in the areas of security deposit waivers, access to equal billing and payment plans, arrears agreements and under billing adjustments. The Board notes that the proposed GDAR amendments are not as prescriptive as those adopted for low-income electricity customers. This will provide gas distributors an appropriate measure of flexibility to account for each utility's operational considerations, as well as lower overall implementation costs. While the proposed amendments may lead to some additional costs for the gas distributors, the Board believes that the

benefits to low-income gas customers will outweigh the incremental implementation costs.

Enbridge and Union commented that they have existing GDAR Costs Deferral Accounts. In the event a rate-regulated gas distributor wishes to later advance a potential claim for recovery of the implementation costs associated with the residential and low-income customer service policy improvements, these costs should be tracked separately from any other GDAR-related costs. The merits of any recovery of costs are a separate issue for future consideration by the Board. The Board notes that no cost deferral account was approved when the electricity-sector customer service policy amendments were implemented.

VII. Coming Into Force

The Board proposes January 1, 2013 as the coming into force date for the eligible low-income customer service policy amendments to the GDAR. As of that date, each rate-regulated gas distributor must have an appropriately updated Customer Service Policy posted on its website and must conduct its business in accordance with that Customer Service Policy.

VIII. Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons as specified in the Board's October 28, 2010 Decision on Cost Eligibility in relation to providing comments on the proposed GDAR eligible low-income customer service policy amendments set out in Attachment A, to a maximum of **5** hours in total. Costs awarded will be recovered from all rate-regulated gas distributors based on their respective distribution revenues.

Costs in respect of providing future comments on any proposed gas sector customer-service related regulatory reporting requirement amendments will be addressed later.

VII. Invitation to Comment

All interested parties are invited to comment on the proposed amendments to the GDAR set out in Attachment A by **July 26, 2012**.

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.ontarioenergyboard.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca.

Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2010-0280** and include your name, address, telephone number and, where available, your e-mail address and fax number.

This Notice, the proposed amendments to the GDAR attached to this Notice, and all written comments received by the Board will be available for public inspection at the office of the Board during normal business hours and on the Board's website at www.ontarioenergyboard.ca.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for

viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

Any questions relating to this Notice and the proposed amendments to the GDAR should be directed to John Vrantsidis at 416 440-8122 or by e-mail at John.Vrantsidis@ontarioenergyboard.ca.

The Board's toll free number is 1-888-632-6273.

DATED at Toronto, July 12, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments:

Attachment A: Proposed Eligible Low-Income Customer Service Policy Amendments to the Gas Distribution Access Rule (July 12, 2012)