



**NOTICE OF AMENDMENT TO A CODE
AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE**

BOARD FILE NO: EB-2008-0001

BY E-MAIL AND WEB POSTING

**To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2008-0001
All Other Interested Parties**

The Ontario Energy Board (the "Board") has today issued amendments to the Distribution System Code (the "DSC") under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

BACKGROUND

On March 12, 2008, the Board issued a Notice of Proposal to Amend a Code (the "March Notice") in which the Board proposed amendments to the DSC (the "Proposed Amendments"). The March Notice set out background information relating to the development of customer service electricity service quality requirements ("ESQRs") for electricity distributors and set out in detail the rationale for the Proposed Amendments.

The Board received written comments from nine interested parties in response to the March Notice, including electricity distributors and groups representing consumers, businesses, and electricity distributor employees. All comments are available for viewing on the Board's website.¹

Stakeholders raised a number of issues and concerns in response to the March Notice. There were specific comments in relation to individual ESQRs and the actual wording of

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<http://www.oeb.gov.on.ca/OEB/Industry+Relations/OEB+Key+Initiatives/Electricity+Service+Quality+Regulation>

the Proposed Amendments as well as comments of a more general nature related to the overall implementation of the ESQRs.

The Board has considered the comments received and has determined that no material changes need to be made to the Proposed Amendments. However, in light of the comments received, the Board has made minor revisions to the Proposed Amendments.

The text of the amendments to the DSC as adopted by the Board is set out in Attachment A. For convenience, Attachment B contains a comparison version of the amendments which shows all the final revisions relative to the Proposed Amendments.

REVIEW OF COMMENTS

This section reviews and discusses comments made by stakeholders for which no changes are being proposed at this time. Comments from stakeholders that have resulted in changes to the Proposed Amendments are set out in the section entitled "The Revisions".

Deferral Account for Expenditures

A number of distributors expressed concerns over the incremental costs that will be incurred to implement the ESQRs. These stakeholders have requested that the Board allow distributors to establish deferral accounts for the costs associated with implementing and maintaining the ESQRs, particularly where distributors have recently completed their rebasing.

Approval for the creation/establishment of a deferral account is outside the scope of this code amendment process. The Board also notes that while distributors have expressed concerns regarding incremental costs, at the present time the Board does not have a compelling basis on which to conclude that such incremental costs are likely to be material. Establishment of a deferral account would therefore be premature.

Conservation and Demand Management ("CDM")

Some distributors remain uncertain as to whether distributors are or are not expected to track CDM related activities as part of their ESQR performance metrics. Specifically, distributors have enquired whether CDM activities which are not funded through distribution rates are to be excluded when determining ESQR performance.

The Board understands that, as a practical matter, distributors generally do not separately track service performance in relation to CDM activities that are not funded through distribution rates. As such, the Board considers it appropriate that such activities be included for purposes of determining ESQR performance.

Connection of New Services

One stakeholder was concerned with the fact that this ESQR appears focused on requests for individual home connections but that there are many connection requests that relate to the connection of multiple homes in a development. It was their suggestion that the completion of multiple home connections must be by agreement of the requester and utility and that the definition of this ESQR should be clarified with a reference to multiple home connections.

The Board notes that the current wording of the definition allows for the completion of the connection to "be agreed upon by the customer and distributor". Therefore, it is the Board's view that the stakeholder's request has already been addressed and that adding a reference to multiple connections is unnecessary.

Another stakeholder was concerned that the performance metric for this ESQR does not begin until all "service conditions" are met and that distributors may have different service conditions. The stakeholder was concerned that this may affect consistency and comparability in reporting of the ESQR amongst distributors. The stakeholder suggested that greater clarity in regards to the specific type of service conditions that must be met should be added to the definition of "service conditions".

The Board believes that the requirement that the metric does not begin until all applicable service conditions are met will actually provide greater consistency in reporting. This is due to the fact that, regardless of the range of service conditions a distributor may require, all distributors begin calculating this ESQR from the same point, which is the point that all applicable service conditions are met.

Appointments Scheduling

A stakeholder suggested that the name of this ESQR be changed to "Service Scheduling" in an effort to distinguish it from the other ESQRs which require the presence of the customer. The Board believes that making such a change could cause confusion due to the other references to the term "service" in the ESQRs.

The Board also notes that this ESQR applies whether the presence of a customer is required or not.

Rescheduling a Missed Appointment

Distributors commented that the 100% performance requirement for this ESQR is unreasonable. They believe there should be some recognition for extraordinary factors like emergencies, accidents and communications outages. It has been suggested that the minimum performance standard for this ESQR be revised to a standard of 99%.

This ESQR relates to attempts to contact a customer, and the performance standard can be satisfied even in circumstances where the attempts are unsuccessful. The

Board believes that it is reasonable to expect that distributors will always attempt to inform a customer when an appointment will be missed and that they will also always attempt to reschedule a missed appointment. This, in the Board's view, represents good business practice and an appropriate level of customer service.

The Board also notes that the comparable natural gas service quality requirement is also set at a 100% performance level. There does not appear to be a rationale for the standard to be different in the electricity sector. If extraordinary events result in a lower level of performance, distributors will have the ability to report on the reasons for the lower performance level and have such reasons considered as part of the Board's compliance process.

One stakeholder group suggested that the definition of this ESQR be revised to clarify that it does not apply to appointments which do not require the presence of a customer. Even if the presence of a customer is not required, the Board notes that there may be other events that depend on the distributor arriving on the scheduled day. It is the Board's view that whether the appointment requires the presence of the customer or not, the distributor should be required to inform the customer that the appointment will not be kept and schedule a new appointment within the required timeframe.

One stakeholder expressed a concern that while this ESQR requires that a distributor attempt to contact the customer, there is no definition of what constitutes an "attempt". It has been suggested that the standard should be at least 2 calls with messages left or 3 calls without messages. The Board does not believe it is necessary to introduce prescriptive requirements regarding what constitutes an "attempt" at this time.

Telephone Accessibility

Some distributors remain uncertain as to when and where the Telephone Accessibility ESQR applies. For example, one distributor reported that they have a customer call center that operates during regular business hours but also have a 24/7 operating center that answers calls. As a result, they requested further clarity as to the time period and the phone system to which this ESQR will apply.

This ESQR applies to calls received by a distributor's "customer care telephone number" during the "regular hours of operation of the distributor's call centre". The Board believes that this wording provides adequate direction as to the type of calls that should be included in this measure and distributors should rely on the ESQR definition when determining which calls to include in the metric. For example, this ESQR would apply only to the traditional distributor call centre and would not apply to a 24 hour emergency operating centre phone number.

Written Response to Enquiries

This ESQR provides distributors with the option of meeting the performance standard by sending an acknowledgement letter which sets out a date that a complete response will be provided.

A number of stakeholders were concerned that this option would provide distributors with the opportunity to avoid the true purpose of this ESQR which is to provide complete and prompt responses to written enquiries. It was recommended that limitations on when this option can be used be put in place. In the alternative, it was suggested that an additional ESQR which tracks a distributor's performance in meeting the promised response date should be added. The Board remains of the view that the sending of an acknowledgement letter is appropriate for this ESQR, and is not persuaded that it is necessary to put limitations on the use of an acknowledgement letter at this time.

Other

Various stakeholders provided other comments on a range of issues that were similar to those which were received in relation to the Staff Discussion Paper issued on January 4, 2008. These included:

- raising the minimum performance standards;
- introducing service reliability requirements;
- recognizing "major event" days; and
- ensuring adequate response to below standard performance.

The Board has previously addressed these concerns in the March Notice. The Board has considered the additional comments but remains of the view that its approach to these matters as set out in the March Notice is appropriate.

THE REVISIONS

Connection of New Services

A concern was raised regarding the differing definitions of low volume and high volume services that have been included in various Board documents. The First Generation PBR Electricity Distribution Rate Handbook defined a low voltage service at <750 volts, and a high voltage service at \geq 750 volts. The 2006 Electricity Distribution Rate Handbook defined low voltage at <750 volts, and high voltage at >750 volts. The Proposed Amendments defined low voltage at \leq 750 volts and high voltage at >750 volts. It has been recommended that for consistency purposes, the definition of low and high voltage services be the same as that set out in the 2006 EDR Handbook.

The Board agrees and has changed the definition to match the 2006 EDR Handbook. As a result, a low voltage service will be <750 volts and a high voltage service will be >750 volts.

When defining a "new service", the Proposed Amendments included a qualification that "replacing an existing meter is not a new service." The definition also stated that a service upgrade is included in a "new service". It appears that there are instances where a service upgrade may involve replacing an existing meter, and one stakeholder was concerned with the apparent conflict in the definition.

It was the Board's intention that the qualification of "replacing an existing meter is not a new service" was meant to indicate that if the only action taken is to replace a meter, that activity should not be considered the connection of a "new service" for the purpose of calculating this ESQR. In order to improve the clarity, the Board has revised the definition of a "new service" to clarify that solely replacing an existing meter is not to be considered a new service.

Appointments Scheduling

A number of stakeholders identified that there was an apparent conflict between the Appointments Scheduling ESQR and the Appointments Met ESQR. The Appointments Scheduling ESQR states that a distributor shall schedule an appointment within 5 days or on a later date agreed to by the customer and then arrive on the "scheduled day". However, the Appointments Met ESQR requires a distributor to arrive within the "scheduled timeframe", which has been expressed as a 4 hour window. One stakeholder recommended that the requirement of having the service performed on the "scheduled day" be dropped from the Appointments Scheduling ESQR since there is already a timeframe requirement under the Appointments Met ESQR.

The Board remains of the view that ESQRs relating to the scheduling and meeting of appointments should apply whether or not the customer's presence at the appointment is required. However, the Board has clarified the wording of the Appointment Scheduling ESQR to eliminate any potential for conflict with the Appointments Met ESQR and to reflect the Board's view that where a customer's presence is not required, the distributor must arrive on the scheduled day. Where the customer's presence is required, the distributor must arrive within the timeframe specified in the Appointments Met ESQR.

Appointments Met

The Appointments Met ESQR refers to the window of time a distributor must offer to schedule an appointment as "morning, afternoon, or evening, if available". One stakeholder suggested that if the condition of "if available" is meant to refer specifically to the evening time period, then the wording of this ESQR should be "morning, afternoon, or if available, evening."

The Board expects that all distributors will offer to schedule appointments in a morning and/or afternoon time period. The only time period which would likely be subject to availability would be evening appointments. Therefore, in order to improve clarity the Board has made the suggested change.

Rescheduling a Missed Appointment

This ESQR requires a distributor to attempt to contact a customer before the appointment is missed and to reschedule the appointment within 24 hours. A number of distributors have voiced a concern with the requirement to reschedule the appointment within "24 hours". Their issue is that if the appointment is missed on a Friday afternoon, the requirement for a 24 hour response time would result in the distributor needing to hire staff to work on a weekend to attempt to contact the customer. It has been suggested the wording of this ESQR be revised to require the distributor attempt to contact the customer on "the next business day" or within "1 business day".

This ESQR requires the distributor notify the customer before the appointment is going to be missed. Therefore, the customer will be aware of the fact the appointment will be missed and subsequently rescheduled. Since the customer has been informed, the Board believes that the time period in which the appointment must be rescheduled is not so urgent as to require the cost of hiring staff to reschedule appointments on a weekend. Therefore, the Board will revise the reference from "within 24 hours" to "within one business day".

ANTICIPATED COSTS AND BENEFITS OF THE AMENDMENTS

The anticipated costs and benefits of the amendments to the DSC, other than the revisions noted above, were addressed in the March Notice and interested parties should refer to the March Notice for further information in that regard.

The Board believes that the further revisions noted above will provide enhanced clarity regarding the implementation of ESQRs. The Board does not anticipate that these further revisions will require distributors to incur material incremental costs relative to the implementation of the amendments as originally proposed through the March Notice.

COMING INTO FORCE

As was proposed in the March Notice, the amendments to the DSC as set out in Attachment A will come into force on January 1, 2009, which is the beginning of the next annual reporting period.

COST AWARDS

The Board will address cost awards for this consultation by way of a Notice of Hearing to be issued shortly.

This Notice, including the attachments, will be available for public viewing on the Board's web site at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

If you have any questions regarding the amendments described in this Notice, please contact Paul Gasparatto at paul.gasparatto@oeb.gov.on.ca or at 416-440-7724. The Board's toll free number is 1-888-632-6273. The Board's Market Operations Enquiry e-mail is market.operations@oeb.gov.on.ca

DATED at Toronto, June 4, 2008.

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix: A – Amendments to the Distribution System Code
 B – Comparison Version of Amendments to the Distribution System Code Relative to the Proposed Amendments Issued in the March Notice (for informational purposes only)