

Kirsten Lojek	FortisAlberta Inc.
Samantha Allen	FortisAlberta Inc.
Angela Corsi	FortisAlberta Inc.
Jeff Anthofer	Link Energy
Christine Beck	UCA
Len Forscutt	UCA

- AUC staff provided background of the consultation on Utilities’ disconnection and reconnection practices. In response to the judge’s report and recommendations surrounding the John Davis fatality inquiry, the Alberta Utilities Commission held industry consultation meetings on the subject of how to standardize competitive disconnect for non-payment within the Alberta utilities industry. Several measures were adopted by utilities in order to ensure vulnerable customers would continue to receive service during the winter months.
- AUC staff also indicated that the purpose of this meeting was to restart the discussion on the standardization of competitive disconnects due to non-payment as well as to discuss whether zero degrees Celsius should remain the minimum temperature threshold outside of the winter moratorium dates for disconnection.

2 Discussion

The initial industry consultation meetings ended with participants submitting position papers in regards to competitive disconnects for nonpayment. As such, a series of processes and measures has been established for phase one. Below is a summary of the discussion reviewing current distributor practices and how disconnection practices may be standardized for nonpayment:

- Currently only three distributors accept disconnection requests from competitive retailers. The majority of distributors do not accept competitive retailer requests for disconnections due to customer nonpayment.
- In general, most disconnects are done Monday through Thursday thus ensuring that the customer has the ability to pay the amount owing and be reconnected before the weekend.
- Many of the distributors expressed that they allow for a level of compassionate discretion by site crews when it comes to disconnections due to nonpayment. If a customer can provide the crew with proof that they have recently paid, or have made arrangements to pay in the very near future, it is within the crew’s discretion to fail or postpone the disconnection request.
- One of the Alberta social assistance agencies brought up that if the customer does not receive a disconnection notice for nonpayment, the agency cannot cover payments owed. If the customer is with a competitive retailer and has signed a contract, the agency can cover arrears. However, if the customer is with an RRO provider the amount owed is considered a debt and the agency cannot cover or provide assistance in paying debts for the customer.
- The majority of group members indicated that their companies were not in the practice of looking into the credit rating of new customers. Most new customers are required to make deposits prior to the service connection.
- The AUC posed the question that if, hypothetically, the industry were to standardize competitive retailer disconnects for nonpayment and the RRO provider issued a warning notice to customers in arrears, would the social assistance agency then be able to cover

arrears on the regulated side? The agency indicated that they would consider this notice and may be able to provide the financial assistance to those people.

- One of the retailers indicated that it would complete normal daily disconnections before it performs competitive retailer disconnections for nonpayment.
- A retailer indicated that it is more cost effective for it to deselect the site which removes the potential future charges for being an idle site. Many distributors will bill the retailers for the basic distribution charges for a disconnected site. Deselecting a site reduces a competitive retailers exposure to paying these idle charges. However, once the RRO provider becomes responsible for the site, that can also build up idle charges into its rate base.
- It was mentioned that the goal of disconnecting a customer for nonpayment is to encourage the customer to pay their outstanding bills. Deselecting a site was not seen by the group as providing the same level of encouragement because the customer always has the option of signing up with another competitive retailer or the RRO provider.
- A scenario was tabled that if competitive retailers are not provided the option of disconnection, should the RRO providers be able to deselect the site to encourage the customer to pay the competitive retailer's bill. The participants present were not in favour of this scenario.
- One of the meeting participants believed that only the RRO providers should be provided the option to disconnect for nonpayment. They do not see disconnection as a viable option to manage bad debt for the competitive retailers as the customer can easily move to the RRO provider and not have to pay their outstanding bill.
- If competitive disconnects for nonpayment are determined to be acceptable, would the number of disconnections occurring increase? Currently, most competitive retailers do not have the option to disconnect for nonpayment, as such they usually deselect the site.
- A scenario was tabled that only the RRO provider can disconnect due to nonpayment, should site locks be allowed and which party should initiate a site lock request? The parties discussed their positions for this scenario. Currently there is no standard practice throughout the Alberta industry.
- A question was raised on whether the RRO providers must energize a new customer, or are they able to simply enroll the site without energization? There seemed to be a disagreement on what the rule actually stated.
- It was pointed out that the gas customers were more vulnerable than electric customers. Therefore, there is more issue with site locks in the gas industry. A scenario was discussed where a customer leaves a competitive retailer during the winter moratorium, goes to the RRO provider during that time and then switches back to a competitive retailer in the summer months. In this scenario, the RRO provider is limited by time to collect arrears in the off moratorium months and cannot lock the site due to the winter moratorium.
- One of the distributors indicated that it did not see much customer movement in the spring and fall in its service area. Thus, it would not like to see RRO providers perform site locks for nonpaying customers.
- Some retailers support site locks as it allows the retailers to effectively collect payment before the customer moves to another retailer. There should be a dispute process put in place and it should be handled separately from disconnections.

- One distributor mentioned it was thinking of using site locks in order to deal with idle charges. The distributor would bill the customer for the idle charges when they re-energize them at the beginning of the fall moratorium period.
- One of the parties present pointed out that it would like to see more education for customers surrounding cut-off for nonpayment rather than using site locks. The customer should be aware that if they would like to switch retailers, they must first fulfill their financial obligations with the previous retailer.
- Some distributors present stated that they were generally against the site lock process. Some distributors adopted the site lock approach, however it was not applied consistently to all customers in arrears. Some distributors indicated that they need time to review and understand the risks associated with the site lock process.
- It was discussed that RRO providers charge the customer deposits. It was pointed out that bad debt is factored into the cost of doing business. There are many options available to retailers to collect payment owed. Site locks do not necessarily need to be one of the options. When dealing with nonpaying customers, most retailers will send them to collections agencies. The group also discussed what if the amount of the deposit could cover approximately two months of missed payments. It was concluded that raising the deposit amount is not really a viable option. A certain amount of bad debt needs to be budgeted for as a cost of business.
- It was indicated that if the practice of site locks becomes standardized, necessary information will be built into proper transactions to ensure the site lock process is complete and effectively communicated in between retailers and distributors.
- Most participants at the meeting expressed they were against the practice of site locks, especially if competitive disconnects for nonpayment becomes standard practice.

ACTION: Direct Energy was asked to find out how many customers actually paid their outstanding bills once they left their old retailer and in what timeframe.

ACTION: Distributors to come back with numbers on how many sites were cut off for nonpayment and energized within 30 days with another retailer. How many of these energizations fail do to a site lock within the 30 day timeframe. Data should be limited to CONP and not vacancy taken from spring/summer months of 2012.

3 Discussions on the minimum temperature threshold outside winter moratorium dates for disconnects

Discussions on the minimum temperature threshold outside winter moratorium dates for disconnects are summarized as follows:

- Due to the vast territories being covered and the variability of weather forecasts within the province, the question of what level of precision the industry is looking for when it comes to zero degrees being the minimum temperature threshold outside winter moratorium dates was posed.
- The group discussed its current practices in regards to the use of weather forecasts. It was pointed out that Environment Canada was a common source. However, local forecasts provided by radio stations are also used.
- A question was raised on whether the distribution companies look at the extended weather forecasts and the response was unanimously no because once disconnections occurred, the customer tends to make arrangements to pay, or moves to another retailer quickly.
- Another question was raised on whether zero degrees was the appropriate temperature for disconnecting due to nonpayment. It was thought that the group may not have the

expertise to determine this. No standards had been developed as there were too many variables such as age, housing situation, health, alcohol levels, etc... Minus 15 degrees Celsius is the external temperature viewed by Alberta Health Services as an at risk temperature. At minus two degrees Celsius and zero degrees Celsius, the majority of people will be fine, excluding those with major health concerns.

- One of the distributors stated that it has extended the winter moratorium date to May 15 in the spring, therefore they expressed no concern with the zero degree Celsius threshold.
- A question was raised if there were industry standards surrounding the number of days' notice customers receive before the end of the moratorium and retailers request disconnection. All meeting participants stated that there was no standard time period for notice prior to the moratorium ending. However, all participants indicated that they did provide some sort of notice to customers beyond their final notice.
- Two of the Alberta social assistance agencies present expressed happiness with the service they received from distributors and retailers. Once they become involved, the customer issue is handled quickly and effectively.
- General consensus among meeting participants is that the zero degree Celsius temperature outside winter moratorium dates is acceptable.

ACTION: Direct Energy to look into Ontario's industry standard practice regarding the minimum temperature for disconnections.

ACTION: Direct Energy and the City of Red Deer to check if they have a specific notice that gets sent to customers in arrears of when the winter moratorium is ending and if they charge for the notice they issue prior to disconnection.

4 Phase two process and next steps

- The next meeting will be held near the end of 2013.
- AUC encouraged other competitive retailers not present at meeting to attend.

ACTION: AUC to schedule the year end meeting