



THE NEW BRUNSWICK BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**IN THE MATTER OF a Generic Hearing concerning
the Customer Service Policies of the
New Brunswick Power Corporation**

D E C I S I O N

July 15, 1992

**THE NEW BRUNSWICK BOARD
OF COMMISSIONERS OF PUBLIC UTILITIES**

IN THE MATTER OF The Public Utilities Act, R.S.N.B. 1978, Ch. P-27
as amended

IN THE MATTER OF a Generic Hearing concerning the Customer Service
Policies of the New Brunswick Power Corporation

Board:	David C. Nicholson	- Chairman
	B. Fernand Nadeau	- Vice-Chairman
	J. E. Stevens	- Commissioner
	Claudette Stymiest	- Commissioner
	Paul E. LeBlanc	- Commissioner

NB Power:	Thomas B. Drummie, Q.C., Karen M. Colpitts and L. Paul Zed, Solicitors
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Public Intervenors:	Robert L. Kenny, Q.C. and Ivan Robichaud, Solicitors
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Board:	Harry G. Colwell, Solicitor
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TABLE OF CONTENTS

	<u>PAGE NO.</u>
INTRODUCTION	1
OVERVIEW	3
CUSTOMER SERVICE POLICIES	5
Jurisdiction	6
The Public Meetings	9
Aquaculture	10
Payment of Bills	13
THE PUBLIC INTERVENOR	15
Format and Layout	15
Availability of Customer Service Policies	16
Definition of Terms	17
Additions to the Policies	17
OTHER ISSUES	19
Customer Obligations	19
Equalized Billing	19

INTRODUCTION

Through an application dated April 20, 1990, the New Brunswick Power Corporation (NB Power) requested that the Board of Commissioners of Public Utilities (the Board) approve a minor change to one of its rates. NB Power filed a Memorandum on the same date in which it indicated that the primary purpose of the application was to vest jurisdiction in the Board. The purpose was to enable the Board to hold hearings to review the basic background principles (generic issues) that impact on the rates that NB Power charges for services performed within the Province.

At a pre-hearing conference held on June 13 and 14, 1990, consideration was given to the generic issues that should be reviewed and the order in which the public hearings should be conducted. The Board concluded that the appropriate generic issues and the order in which they would be examined would be as follows:

1. Accounting and Financial Policies
2. Depreciation Policies
3. Capacity Planning
4. Cost Allocation
5. Rate Design
6. Customer Service Policies

Public hearings have been completed on the first five issues and the Board has issued decisions with respect to each. This decision deals with the last of the generic hearings, the Customer Service Policies of NB Power.

Of all of the generic issues identified, Customer Service Policies is the one which most directly affects the customers. It was expected that this generic issue was the one on which individual customers would most likely comment. To facilitate such comments, the Board decided to hold a series of public meetings in various locations around the Province. These meetings were held on weekday evenings beginning at 7:00 p.m. and the public was advised by way of advertisements in the local press.

Meetings were held as follows:

Grand Falls	-	Monday, April 27, 1992
Campbellton	-	Tuesday, April 28, 1992
Bathurst	-	Wednesday, April 29, 1992
Chatham	-	Thursday, April 30, 1992
Moncton	-	Wednesday, May 6, 1992
Saint John	-	Thursday, May 7, 1992
Fredericton	-	Thursday, May 21, 1992

Transcripts of the presentations made at these meetings

were entered into the record at the public hearing of the evidence which commenced in Fredericton at 10:00 a.m. on May 20 and concluded on May 21, 1992.

The only active intervention during the hearing was by Robert Kenny, Esq., Q.C. who participated as the public intervenor appointed by the Attorney General of the Province of New Brunswick. He called Mr. Robert O'Rourke, Associate Professor of the University of Prince Edward Island, as his witness.

The panel of witnesses presented by NB Power consisted of the following NB Power employees:

Mr. Navin Bhutani - Manager Rates and Load Forecasting.
Mr. Archie Gilliss - Vice-President, Corporate Planning and External Marketing.

OVERVIEW

Customer Service Policies are extremely important as they govern the relationship between the utility and its customers. They specify the responsibilities of both parties with respect to the sale and purchase of electricity. Additionally, creating a manual for such policies will help to ensure that all utility personnel deal with customers consistently across the entire geographic area served.

The evidence presented was that approximately 700 NB Power employees interact with customers. The Customer Service Division administers the Customer Service Policies through fourteen district offices and ten sub-offices. District Managers are held accountable for the consistent application of these policies.

A measure of the importance placed on these policies by NB Power is that any revision to them is usually subject to the approval of the executive of the utility after recommendation to them by the Customer Service and Planning Divisions.

In some utilities, the Customer Service Policies may be produced as a separate manual. NB Power, however, includes its Customer Service Policies with its schedules of rates in one document called the Rates, Schedules and Policies manual (RSP).

Several generally accepted requirements for Customer Service Policies are that they should:

- ▶ be clear and easily understood,
- ▶ produce a consistent treatment of all customers,
- ▶ be readily accessible to all who need to use them, and
- ▶ be updated as required so that the policies are always current.

The manual that sets out these policies must be easily

understood by the customers and by the employees who must follow the manual to serve the customers.

Since Customer Service Policies are developed to meet the requirements of each individual utility there is no standard set of policies. Therefore, there are differences with respect to policies, presentation and format between different utilities.

CUSTOMER SERVICE POLICIES

NB Power witnesses indicated that it's Customer Service Policies have evolved with most policies existing for many years. NB Power acquired smaller utilities over time and this created a need to bring consistency into the delivery of service to the customers across the province. The policies were developed in response to the needs of customers, the employees who deal with customers, and the executives or management personnel who are responsible for the operation of the utility and for ensuring consistent treatment for all customers across the total service area.

Although the policies had been in place for some time, it is the understanding of the Board that the RSP itself was created in 1989 in order to comply with the filing requirements set out in the legislation. The RSP formed the basis of the evidence

that NB Power filed with the Board for this proceeding, with explanatory comments added for each section.

The concerns raised during the public meetings around the Province and during the hearing are dealt with in the following sections.

Jurisdiction

NB Power considers that its Customer Service Policies are not subject to the Board's jurisdiction and that it is free to revise the policies without the prior approval of the Board. Counsel for NB Power, Mr. Drummie, indicated that of all the Sections in the RSP, only N and O deal with the rates, charges and tolls that are subject to Board approval. He maintained that Sections A to M are there to provide an explanation as to who pays for what and under what circumstances. To support this, he pointed out that in the NB Power rate application last year, sections A to M were not part of the application.

However, Mr. Bhutani, in response to a question from Board Counsel, stated:

"I guess the first one that comes to mind is the standard facility allowance we have for extension of facilities that says 90 meters. Every customer is entitled to 90 meters of extension. And beyond that, they would have

to pay the extra cost of the extra distance.

Now, if we were to change that 90 meters to 110 meters, I suspect in some way it affects the rates, tolls and charges." (Transcript page 55, Volume 26)

This is an example of an item that is contained in Sections A to M.

The public intervenor argued that the Board should assume a broad mandate since the Public Utilities Act (the Act) permits the Board to take Customer Service Policies into account when considering an application of NB Power for approval of a change to its charges, rates and tolls.

The Board believes that it has a responsibility to comment on the Customer Service Policies of NB Power and to ensure that revisions to any policies that would affect the charges, rates and tolls, should be approved by the Board.

The Board provided all of the parties, during the hearing, with a draft statement that was intended to clarify the question of its jurisdiction over Customer Service Policies. That statement was as follows:

"That NB Power should be required to file with the Board for approval any proposed changes to the customer service policies manual contained in the Rate Schedule and Policies manual, RSP, that would affect the payment, one

time or recurring, that would be required from any of NB Power's customers."

Mr. Drummie did not specifically accept or reject the suggested statement. Instead, he appeared to suggest that it perhaps was not necessary since he anticipated that NB Power would discuss proposed revisions with the Board Chairman and staff to see if they considered that there were rate implications.

Mr. Kenny continued to maintain that all changes to the Customer Service Policies should be subject to Board approval. Therefore, there should be a period after RSP in the draft statement and the rest deleted.

The Board considers that, with respect to the issue of the Board's mandate, it has a definite responsibility to ensure that any changes to the charges, rates and tolls of NB Power must be approved by the Board.

The Board will require, therefore, that NB Power file with it, for approval, any proposed changes to the Customer Service Policies contained in the RSP that would affect any payment, one time or recurring, that would be required from any of NB Power's customers.

The Public Meetings

A total of eight individuals made presentation to the Board at the public meetings. Six of these, Tom Grey, Don Wolverton, Roger Gionet, Michel Léger, Beverly Neilson-Harrison and Lloyd Purdy, addressed the issue of whether aquaculture should be treated the same as farming for the purpose of determining the appropriate rate for the use of electricity. Heather Arsenault commented on the amount of time available to the customer to pay the bill before interest charges are applied. Both of these issues are discussed in detail later in this decision. Ian MacKay addressed the issue of late payment charges. The Board informed Mr. MacKay that a hearing was scheduled to begin on June 24, 1992, to consider a proposal by NB Power regarding late payment charges. Therefore, that issue will not be dealt with in this decision.

The Board thanks all those individuals who took the time to present their views during these meetings. The response of NB Power to each of the issues raised is discussed later in this decision.

The Board considers that the minimal public response to the well advertised and extensive series of meetings described above is an indication that, to a large extent, customers are happy with the service they receive from NB Power.

Aquaculture

As noted above, six of those appearing in the public meetings were of the opinion that aquaculture operations should be treated the same as farms.

"FARM" is defined in the RSP as follows:

"Farm A farm is a holding on which agricultural operations are carried out. Agricultural operations include the production of field crops including grain, vegetables, seed and forage crops, animal and dairy products including milk, cream, eggs, meat and poultry products, poultry hatcheries, nurseries and greenhouses for the production of crops or bedding plants, fur farms and apiaries.

A farm may be operated by the operator's labour alone or with the assistance of members of the household or hired employees, or it may be operated by a partnership, corporation, or other organization."

The Board notes from the History of Rates, filed by NB Power as Exhibit NBP 38, that the last mention of farms was in relation to a rate change in 1959. At that time, there was surplus power and, by persuading farmers to change to 220 volt power, new appliances could be connected. To accomplish this, NB Power extended the incentive residential rate to those farmers who would change to 220 volt service and met certain requirements. There is no indication in Exhibit NBP 38 that the definition of terms and, in particular, that of farm has ever been reviewed and, based on

the above, certainly not since 1959.

The principal concerns expressed on behalf of the aquaculture industry were:

- ▶ aquaculture is not included in the definition of farm and,
- ▶ although the word "include" is in the definition of farm, in practice it is interpreted as "are", so that only those that fall into the categories specifically referred to qualify for service as a farm.

NB Power witnesses testified that, as a result of the public intervenor raising a concern on this matter in September 1991, a review had taken place and a recommendation for change had been accepted by the executive. The review indicated that the aquaculture industry can be divided into three distinct groups; the hatcheries, fish ponds on residential property and other fish farms and fishing operations.

Having reviewed the method of using electricity in a hatchery, NB Power was satisfied that it entails a process from egg to fingerling, with fairly complex technology. Since the RSP indicates, at Page N-8, that any processing should be billed under the small industrial rate, these customers are now eligible for that rate.

NB Power noted that the requirements for electricity to operate fish ponds on residential property are minimal or non-existent. Therefore, under the combined usage policy in the RSP such customers would qualify for service under the residential rate.

The "other fish farms and fishing operations" includes land based farms, aquaculture cages and other types of operations that NB Power has not yet fully evaluated. NB Power has indicated that these customers are currently being served under the General Service Rate. As a result of the concerns expressed during the public meetings, NB Power gave an undertaking to review the classification of this group. It is the understanding of the Board that a decision or recommendation will be forthcoming in the near future. The Board expects NB Power to complete this before the end of 1992.

The Board is satisfied that the concerns expressed by the customers during the public meetings and during the hearing were justified. NB Power is to be complimented for taking prompt action to identify and deal with the problem as far as hatcheries and the fish ponds on residential property are concerned.

The Board, in its decision on the Cost Allocation and Rate Design process of NB Power, encouraged the utility to complete

its planned load research with respect to the usage characteristics of its various customers as quickly as possible. The existence of such information would greatly assist in assuring that the appropriate classification is given to all customers, including aquaculture and farming operations.

Payment of Bills

The RSP contains the following statement:

"All bills for service are due when rendered and are subject to a late payment charge when payments are received after the date specified on the bill. The late payment charge is calculated on the amount unpaid as of the date of the next billing except for large industrial Customers. Late payment charges are not pro-rated."

"For large industrial Customers the late payment charge is calculated on any amount unpaid 30 days from the date of issue of the bill and is computed from this issue date to the date of receipt of payment."

NB Power indicated, through responses to interrogatories, that the due date for all customers, except large industrial, is 20 days from the date of issue. Concern was expressed that because of this most customers would have only 20 days to pay whereas large industrial customers have 30 days to pay.

However, NB Power witnesses explained that its policy is that no late payment charge is applicable, provided that payment

is received before the next bill is issued. Since the time between bills for all customers, other than large industrial, is on average 30 days all customers are receiving similar treatment.

If payment is made at an agency, it is possible that the customer may pay before the date of his next bill but this payment is not received in time by NB Power. In this case, a late payment charge would appear on the bill. However, the customer would receive a credit equal to the late payment charge when his payment was received by NB Power from the agency.

The Board is satisfied that this practice results in the consistent treatment of all customers across the Province. The Board has a concern that the explanation being given to customers is inadequate and that the description in the RSP does not fully describe the practice. This results in confusion and an impression of inconsistency to the customer.

The Board, therefore, recommends that NB Power:

- ▶ prepare a written explanation of the process that can be sent to any customer expressing concern,
- ▶ ensure that all customer service employees are fully conversant with the practice and can properly explain it, and
- ▶ give consideration to revising the policy set forth in the RSP to more accurately reflect the practice.

THE PUBLIC INTERVENOR

The public intervenor, through the evidence filed by Mr. O'Rourke, offered a number of recommendations and suggestions to the Board. These were mainly directed to the format and layout with some suggestions as to certain additions that were considered important.

Format and Layout

The suggestions of Mr. O'Rourke, as to layout and format, can be summarized as follows:

1. That the policies are generally too long, that some portions are virtual repeats of others, and that the Customer Service Policies should be in a separate manual.
2. That the order is inappropriate and that the sections should be changed to reflect the order in which the customer will interact with NB Power.
3. That the layout should be changed so that space is allowed on each page for revisions and amendments without the necessity of changing a number of pages.

After considering the explanations provided by the NB Power witnesses for the length of the manual, the manner in which it is used and the reason for the order within the manual, the Board is satisfied that there is no necessity at this time to recommend any of the changes proposed above.

Availability of Customer Service Policies

Mr. O'Rourke expressed concern that these policies are not as readily available to customers as they should be. He recommended that a shorter version be prepared and called "Terms and Conditions". He suggested that this version would be available to customers and a summary of the "Terms and Conditions" should be prepared and circulated to all customers once a year.

NB Power witnesses considered that there may be some merit in developing such a brief document. They indicated that, at the conclusion of this hearing, NB Power will review the pros and cons of such a document and will determine if one should be produced.

The Board is also concerned with the availability of these policies. Customers may not be aware of the existence of them or that a copy of the policies may be obtained, or also that they are bound by the conditions contained in the RSP. The Board recommends that a policy be established that all non-contract customers will be advised once a year that they are bound by the conditions contained in the RSP which is available for review at their nearest regional office.

Definition of Terms

In his evidence, Mr. O'Rourke suggested that the Definition of Terms section, B-3 in the RSP, should be expanded. Mr. Gilliss stated that he agreed with this suggestion and that it is the intention of NB Power to revise this section, taking into consideration the suggestions made by Mr. Vander Veen in the Cost Allocation and Rate Design generic hearing and those of Mr. O'Rourke.

The Board is satisfied with the undertaking by NB Power to revise section B-3 of the RSP and would also expect that all those terms involved with aquaculture would also be included. The Board would also recommend that all existing definitions be examined to ensure that they reflect current circumstances.

Additions to the Policies

The public intervenor considered that the policies were deficient in that they did not contain the following:

1. A process requiring approval by the Board for any changes or revisions to the Customer Service Policies.
2. A dispute resolution mechanism which would allow the Board to settle any unresolved dispute between a customer and NB Power.

3. A reference to contrary representation by an employee or agent of NB Power wherein it is stated that no employee may act in contravention of the stated policies.

The Board does not consider it necessary to establish a process for changes and revisions. The Board has a specific mandate under the Act and any proposed revisions or additions that impact on charges, rates and tolls will be treated in accordance with the provisions of the Act.

The Act does not give the Board jurisdiction over the settlement of disputes between the utility and its customers. While the public intervenor argued that this would be a preferable method for dispute resolution, from the customer's viewpoint, the Board can take no action on this suggestion.

Mr. Bhutani pointed out that the employees are trained to make sure that they do not make any contrary representation. He indicated, however, that it may "...be useful to include a specific statement in the RSP manual which Mr. O'Rourke has suggested here." (Transcript page 14, Volume 26) The Board accepts this as an undertaking that NB Power will include such a statement in the RSP.

OTHER ISSUES

Customer Obligations

Section D-1 of the RSP details the obligations of customers with respect to NB Power facilities or rental facilities that are located on customers' premises. This indicates that, in the event of damage to such facilities, other than ordinary wear and tear, the customer will pay NB Power the charges associated with repairing or replacing these facilities.

In response to a question by Mr. Colwell as to whether the customer would be responsible for damage resulting from an Act of God, as known in law and in insurance matters, Mr. Gilliss stated that NB Power would not charge for damage resulting from an Act of God.

The Board would recommend that the RSP be revised to reflect the above, and in the meantime, NB Power advise all those that are administering such matters to ensure consistent application of this policy across the Province.

Equalized Billing

The Eligibility section, G-2 of the RSP, specifically

excepts seasonal customers from the option of equalized billing. When asked why this option was not made available, Mr. Bhutani indicated that NB Power had not perceived a need and no seasonal customer had requested the service. He considered that such a service isn't necessary.

The Board notes that there are approximately 16,000 seasonal customers served by NB Power and, in view of the number of year-round customers that use this option, would find it surprising if no seasonal customers chose this option if it were available. The Board recommends that NB Power consider offering this service to seasonal customers or alternatively a poll could be conducted first to determine the level of interest.

Dated at the City of Saint John, N.B. this 15th day of
July, 1992.

David C. Nicholson
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David C. Nicholson
Chairman

B. Fernand Nadeau
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Vice-Chairman

John E. Stevens
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J. E. Stevens
Commissioner

Claudette Stymiest
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