UTILIS CUSTOM REPORT

Issue: e-billing

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Contents

Introduction

As digitization of the world economy continues, governments, regulators and companies in numerous industries and jurisdictions are working to ensure the quality of customer service and engagement is the same or better than it has been in the past. One way in which Ontario's energy industry has participated in this digitization is through increased use of utility e-billing and associated digital platforms, in lieu of traditional paper bill and telephone mediums. This report provides relevant Ontario Energy Board ("OEB") policies, OEB precent, activity in other jurisdictions and industries, and analysis regarding the use of e-billing in Ontario's energy industry.

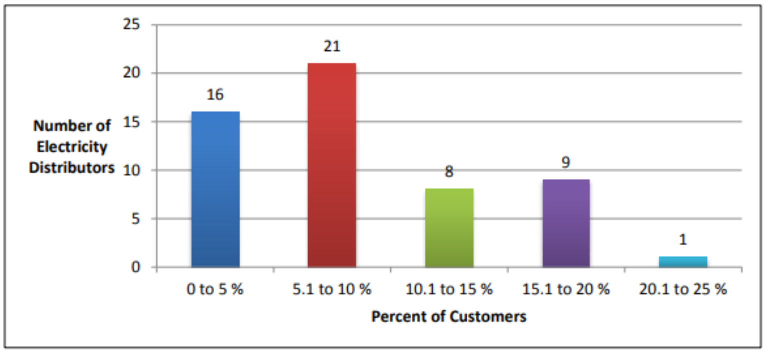
Relevant Policies

Policy Review of Electricity and Natural Gas Distributors' Residential Customer Billing Practices (EB-2014-0198)

As stated in the OEB's initial correspondence, the goal of EB-2014-0198 was ultimately to "give more customers a better understanding of their energy consumption so that they can better manage that consumption and control their costs."[1] While the OEB's initial correspondence notes intention to gauge the availability of e-billing[2], the purpose of this Policy Review was not to explicitly evaluate e-billing as a practice, or provide direction for its implementation. Nonetheless, EB-2014-0198 provided insight into the prevalence of e-billing in Ontario in 2014 and the OEB's views on e-billing at a high level.

According to the OEB's survey of electricity and natural gas distributors in 2014, 55 electricity distributors serving 97% of non-seasonal residential customers made an e-billing option available, while 9 of the remaining 17 electricity distributors were in the process of implementing an e-billing option. Enrollment at that time was modest, as depicted in the graph below:[3]

[1] EB-2014-0198, OEB Letter, June 27, 2014, page 1, http://www.rds.oeb.ca/HPECMWebDrawer/Record/441964/File/document
[2] Ibid., page 2
[3] EB-2014-0198, Draft Report of the Board: Policy Review of Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance, September 18, 2014, page 5, http://www.rds.oeb.ca/HPECMWebDrawer/Record/449654/File/document



In the natural gas sector, both Enbridge Gas Distribution Inc. and Union Gas Limited made e-billing available to their customers, with 22% and 24% enrollment rates respectively. At the time, NRG was in the process of implementing an e-billing option for customers.[4]

In its Draft Report of the Board and subsequent amendments to the Distribution System Code ("DSC") and Reporting and Record Keeping Requirements ("RRR") the OEB declined to issue direction or mandates relating to e-billing. However, the OEB did offer encouragement in its Draft Report of the Board for the increased use of e-billing as a means of improving cost-efficiency, stating "The Board believes that further work can be done to enroll more customers in e-billing, which will help offset the additional cost of having to mail a bill monthly rather than bi-monthly."[5] The OEB noted the potential for e-billing-driven cost-efficiencies on two other occasions in its Draft Report[6], and again in its Notice of Amendment to a Code: Amendments to the Distribution Code.[7]

Review of Customer Service Rules for Electricity and Gas (EB-2017-0183)

The OEB's stated purpose in EB-2017-0183 was to "consider how existing customer service rules have been implemented, ensure that they continue to be relevant and serve the needs of consumers, and that they maintain an appropriate balance between customer protection and the ongoing operational needs of utilities."[8] Like the OEB's prior Policy Review of Electricity and Natural Gas Distributors' Residential Billing Practices and Performance, EB-2017-0183 did not explore e-billing in-depth or provide explicit direction regarding its implementation. However, the OEB's language regarding the use of e-

[4] Ibid., page 3
[5] Ibid., page 9
[6] Ibid., page 8
[7] EB-2014-0198, Notice of Amendment to a Code: Amendments to the Distribution Code, April 15, 2015, page 6, http://www.rds.oeb.ca/HPECMWebDrawer/Record/474273/File/document
[8] EB-2017-0183, OEB Letter, May 16, 2017, page 1, http://www.rds.oeb.ca/HPECMWebDrawer/Record/571419/File/document

billing to lower distributor costs did elevate from EB-2014-0198, noting that "Utilities are also **expected** to explore other opportunities for cost savings such as expansion of e-billing…"[9][emphasis added]

Though the OEB has not explored e-billing practices in-depth in a policy setting, both the DSC and Gas Distribution Access Rule stipulate the customer receipt date for an e-bill is the date on which the email is sent; whether that email includes the bill itself or merely notifies the customer of their e-bill being posted for their review elsewhere online.[10]

Relevant Precedent

Review of e-billing Practices in Enbridge Gas 2020 Annual Rate Application (EB-2019-0194)

Enbridge Gas Inc.'s ("Enbridge Gas") 2020 Annual Rate application was heard by the OEB in two phases beginning in the fall of 2019, with Phase 1 ending in a Settlement Agreement between Enbridge Gas and interested parties. Among other matters, the Settlement Agreement made note of Enbridge Gas's 2019 e-billing practices, including the implementation of e-billing as the default billing option for new customers and the switching of existing customers from paper to electronic bills where email addresses for customers were available without specific prior consent. The parties to the Settlement Agreement agreed that Enbridge Gas would file additional evidence on the matter, to be heard by the OEB in Phase 2 of the proceeding.[11] Enbridge Gas agreed to implement a series of temporary measures in advance of OEB direction on the matter, including but not limited to measures to offer new or moving customers the choice between electronic or paper billing and an agreement to cease migrating any additional existing customers to e-billing without their express agreement.[12]

Enbridge Gas's subsequent e-billing submission presented significant evidence regarding consumer, technology and industry evolution; Enbridge Gas's customer experience initiative; Enbridge Gas's e-billing practices in 2019, including data regarding customer reactions to such practices; the financial benefits of Enbridge Gas's e-billing practices; and Enbridge Gas's future plans in this area.[13] Some of the most impactful themes explored in Enbridge Gas's submission included:

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[9] EB-2017-0183, Notice of Proposal to Amend Codes and Rules, December 18, 2018, page 42, http://www.rds.oeb.ca/HPECMWebDrawer/Record/629358/File/document
[10] Distribution System Code, March 1, 2020, page 41, https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2020-03/Distribution-System-Code-20200301-02.pdf ; Gas Distribution Access Rule, March 1, 2020, page 32, https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2020-06/gas-distribution-access-rule-gdar-20200301-corrected.pdf
[11] EB-2019-0194, Exhibit N1, Tab 1, Schedule 1, pages 7-8, November 28, 2019, http://www.rds.oeb.ca/HPECMWebDrawer/Record/660518/File/document
[12] Ibid., pages 13-14
[13] EB-2019-0194, Exhibit B, Tab 3, Schedule 1, page 3, January 15, 2020, http://www.rds.oeb.ca/HPECMWebDrawer/Record/665035/File/document

- **Customer preferences and expectations:** Enbridge Gas noted that while it did not directly compete with service organizations in other industries, the practices of providers in other industries shaped customer expectations regarding customer experience,[14] and that these expectations have driven Enbridge Gas to "shift as many interactions as possible away from traditional channels (i.e. phone calls, paper bills, letters) to a consumer-centric digital experience (i.e. myAccount, email, text, chat, social media)."[15] Enbridge Gas also noted increasing internet use and digital literacy amongst older demographics, as identified by the CRTC and Statistics Canada.[16]

- **Other electronic customer service mediums:** Enbridge Gas highlighted the variety of innovations it had made available through other electronic customer service mediums, noting "Customers can choose to receive their bill directly as an attachment or login to their account to view. They can receive a variety of reminders on due dates to ensure payments are not missed. Beyond that, myAccount offers customers a wealth of information about energy usage, rates, along with all account information and transaction history. Beyond these basics, Enbridge Gas uses these electronic channel options to delivery energy efficiency programs and offer innovative tools like a simple home energy audit. All of these tools and conveniences help to better serve customers and improve their energy literacy and ability to shape their own consumption."[17] In all, Enbridge Gas submitted that these interconnected digital services provided a more optimal customer experience than a traditional paper bill and phone interaction experience,[18] and further noted that receipt of an e-bill was a critical first step to engaging customers in this more optimal experience. Enbridge Gas provided substantiating evidence that receipt of an e-bill drove adoption and use of these additional digital services. [19]

- **Cost savings of e-billing and related electronic customer service mediums:** In addition to a better customer experience, Enbridge Gas submitted that its approach to e-billing yielded significant cost savings through process improvements such as reduced paper bill production and reduced call centre use. Enbridge Gas estimated that the use of e-billing as a substitute for paper billing alone results in approximately $17 million in annual savings.[20] In addition, Enbridge Gas estimated that the use of other non-traditional digital channels would yield an additional $6 million in saving in 2020.[21]

- **Subsequent commitments:** In the later stages of EB-2019-0194, Enbridge Gas offered the following commitments with relation to e-billing:

    1. Enbridge Gas would not charge for paper bills;

[14] Ibid., pages 3-4
[15] Ibid., page 4
[16] Ibid., page 5
[17] Ibid., pages 4-5
[18] Ibid., page 6
[19] Ibid., page 16
[20] Ibid., page 25
[21] Ibid., page 26

2. Enbridge Gas would contact any existing paper bill customer who becomes an e-bill customer and who incurs late payment charges on the first e-bill to ensure that the customer has received the e-bill and that the proper contact information is being used; and,
3. Enbridge Gas would ensure that no customer switched to e-bill in 2019 would be reported to credit agencies based on late payments.[22]

In its Decision and Order, the OEB summarized and highlighted the concerns of interested parties in the proceeding with respect to e-billing[23], noting widespread opposition to the use of e-billing as a default option, the need for customer consent, and requests for the OEB to develop a comprehensive list of e-billing criteria.[24] The pertinent OEB findings on this matter were as follows:

> The OEB finds that there are two different circumstances with different approaches required for e-billing. For new or moving customers, the OEB agrees that e-billing should be the default. The OEB notes that the significant cost savings associated with e-billing that will persist into the rebasing period should be pursued. Enbridge Gas's proposal to notify each customer that their next bill be an e-Bill, followed by checking with customers that the e-Bill was received if the customer had an LPP charge on their first e-Bill, and allowing the customer to move to paper bill on request at no charge is accepted.
>
> For existing customers who provide Enbridge Gas with an e-mail address as part of another interaction, the OEB finds that specific consent will be required prior to moving the customer to e-billing. The customer should be made aware of the convenience and self-service advantages of myAccount; however, there will be no penalty for remaining on, or going back to, paper billing.
>
> The OEB notes that the move to e-billing is common in the service industry. Utilities should be encouraged to move to industry leading practices. Despite the requests by some intervenors for a comprehensive set of e-billing criteria prior to allowing the move to e-billing as the default, the OEB has decided that it is appropriate to approve the use of e-billing as a default in this case and only if there are material complaints should a review of e-billing practices be undertaken.[25]

Other Jurisdictions & Industries

U.S. Utility & Consumer Trends

Recent consumer research in the U.S. has revealed the continued acceleration of consumer preferences for, and use of, electronic billing and transaction platforms. A consumer poll by payment processing firm Kubra found that between 2018 and 2020 the percentage of consumers that listed a mobile app a

[22] EB-2019-0194, Decision and Order, May 14, 2020, page 23, http://www.rds.oeb.ca/HPECMWebDrawer/Record/677283/File/document
[23] Ibid., pages 20-23
[24] Ibid., pages 23-24
[25] Ibid., page 24

preferred method for bill payment rose from 32% to 57%, while those that preferred mail-in payments fell from 25% to 14% over the same time period. In the same vein, use of a bank website or vendor website for payment were the second and third most popular preferences among respondents.[26] The same poll found that consumer preference for paper bills has dropped from 42% in 2018 to 29% in 2020, while 46% of consumers now cite email as their preferred medium for bill receipt, with significant gains in the popularity of online websites, mobile apps and text messages as receipt options.[27] In surveying those consumers that still prefer paper bills, the combination of responses "I'm worried I'll miss paying the digital version" and "I like receiving the reminder to pay" were cited by approximately 50% of respondents, with over 30% citing the ease of reading a hard copy as a relevant factor in their preference.[28]

Indications are that consumer preferences in the U.S. and Canada have translated into increasing adoption rates of digital billing and digital transactions in the utilities industry. E Source's annual Digital Metrics Survey has found that from 2014 to 2018 the average paperless adoption rate amongst utilities surveyed has risen from 13% to 25%, with the use of electronic payment methods rising to 69%; up from 60% in 2016.[29]

Canadian Telecommunications Industry

The matter of e-billing and related subjects has been explored in recent years before the CRTC in relation to Canada's telecommunications industry; including an active consultation explicitly regarding the provision of paper bills by communications service providers.[30] The current consultation arose out of a recently decided proceeding (CRTC 2020-80) brought forth by the Public Interest Advocacy Centre and the National Pensioners Federation ("PIAC-NPF") against Koodo Mobile ("Koodo"); a subsidiary of TELUS Communications Inc. ("TCI").

In April of 2018 Koodo began migrating existing customers that had activated their online self-service account from paper billing to e-billing. PIAC-NPF requested that the CRTC clarify that all wireless service providers must offer paper billing upon request at no charge, and that the CRTC impose a condition of service upon TCI, and by extension all wireless service providers, to offer paper billing on request. PIAC-NPF relied upon three arguments in support of their request:

1) An agreement between CRTC representatives and some communications service providers (TCI was not among the providers present) on August 28, 2014 stipulating that certain customers would be exempt from fees for paper billing;[31]

[26] KUBRA, KUBRA Utility Consumer Billing and Payment Report, June 2020, page 2
[27] Ibid., page 5
[28] Ibid., page 6
[29] E Source, Trends in billing and payment interactions: Findings from the 2018 E Source Digital Metrics Survey, 2018, https://www.esource.com/10144-013/trends-billing-and-payment-interactions
[30] CRTC 2020-81, Broadcasting and Telecom Notice of Consultation: Provision of paper bills by communications service providers, March 3, 2020, https://crtc.gc.ca/eng/archive/2020/2020-81.htm
[31] CRTC, Telecom Decision CRTC 2020-80, Background, 2, https://crtc.gc.ca/eng/archive/2020/2020-80.htm

2) Section 27.2 Telecommunications Act, as amended on December 16, 2014 to prohibit communications service providers from charging a fee for paper bills;[32] and,

3) Section A.1. (i) of the Wireless Code, which requires service providers to "communicate with customers in a way that is clear, timely, accurate, and uses plain language."[33]

With respect to both points 1 and 2 above, TCI argued that a prohibition against charging for paper billing does not equate to a requirement for communications service providers to provide paper bills. TCI also pointed out that all customers have access to their bills free of charge, including those who do not have home or mobile internet service, as the data required to access said bills is zero-rated.[34] With respect to the Wireless Code provision cited by PIAC-NPF, TCI argued that the Wireless Code does not require the provision of paper bills to customers upon request, and that such a requirement was considered during the proceeding to develop the current Wireless Code, and would have been clearly laid out by the CRTC were that the CRTC's intention.[35] TCI did note however the CRTC's requirement to provide alternate formats for those with disabilities, as set out in prior CRTC decisions[36] and the Wireless Code.

On March 3, 2020 the CRTC found the basic arguments of TCI to be reasonable, noting that Section 27.2 of the Telecommunications act "cannot be interpreted so liberally as to create an obligation to provide paper bills when the words of the statute convey no such obligation."[37] The CRTC further found the requirements regarding clear communication and plain language in the Wireless Code "does not pertain to the formats in which a bill is provided to a customer", and that other requirements for paper copies on request of other documents did not pertain to bills.[38] The CRTC provided determinations and commentary on related issues, noting that;

- The provision of paper bills could be considered an opportunity for service providers to "differentiate their service offerings in the market…";[39]
- Koodo should "continue to advise new customers at the time of service activation that paper bills are not available", and that it would be appropriate for Koodo to continue its policy of not migrating customers who have not activated their self-service account to e-billing, as these customers may have signed up prior to the implementation of e-billing as a default option in 2015, or may be uncomfortable with e-billing;[40] and,

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32 Ibid., Background, 3
33 CRTC, The Wireless Code, Telecom Regulatory Policy 2017-200, Appendix 1, A.1 https://crtc.gc.ca/eng/archive/2017/2017-200.htm
34
35 Ibid.
36 Telecom Order CRTC 98-626, June 26 1998, Section 1, https://crtc.gc.ca/eng/archive/1998/o98-626.htm; Order CRTC 2001-690, August 31, 2001, Determinations, https://crtc.gc.ca/eng/archive/2001/o2001-690.htm
37 CRTC, Telecom Decision CRTC 2020-80, Commission's Analysis and Determinations, 30, https://crtc.gc.ca/eng/archive/2020/2020-80.htm
38 Ibid., 31
39 Ibid., 54
40 Ibid., 60-61

- Service providers may only charge a fee for the reissuance of paper bills outside of the billing cycle; no fee may be charged for the issuance of a bill relating to a current billing cycle.[41]

Though the CRTC ultimately did not grant the requests of PIAC-NPF in this proceeding, the CRTC noted that "it has received complaints from customers of [Telecommunications Service Providers], including [Wireless Service Providers], regarding paper bills. Further, the [CRTC] notes that PIAC-NPF raised concerns about the need for vulnerable consumers to have access to paper bills, including senior citizens and customers who may have difficulties paying bills online."[42] As such, the CRTC decided to initiate 2020-81 to address the issue of paper billing[43]; a consultation which "will determine whether intervention is warranted in regard to the billing practices of telecommunications service providers and broadcasting distribution undertakings, and, if so, what steps should be taken to meet the needs of consumers."[44]

Consumer Advocacy & Concerns

Beyond EB-2019-0194 and CRTC 2020-80, e-billing is also of interest to consumer advocates in the U.S. A recent publication by Consumer Action highlights a variety of concerns with e-billing and the migration toward e-billing in numerous consumer industries. Notable excerpts from Consumer Action include:

- 63% of surveyed consumers prefer their utility bills to arrive by mail;[45]
- Reasons for preferring paper copies included ease of reading, ease of access for future reference, fear of e-bills being lost in digital transmission (e.g. junk folder), the difficulty of managing numerous online accounts and passwords, the need for reminders to pay bills, and hacking / security concerns;[46]
- The Pennsylvania Public Utilities Commission prohibits any public utility from charging for a paper bill;[47]
- According to the federal Electronic Signatures in Global and National Commerce Act (E-sign), if a law requires that a statement or other disclosure be made in writing, financial institutions can only substitute electronic copies for paper records with a customer's explicit consent, which customers may withdraw at any time;[48] and,
- As of 2021, the U.S. Securities and Exchange Commission will allow mutual fund companies to switch investor reports from paper to electronic without the explicit consent of investors. A petition for review of this rule has been filed with the U.S. Court of Appeals for the D.C. Circuit

[41] Ibid., 33
[42] Ibid., 64
[43] Ibid., 67-68
[44] CRTC 2020-81, Broadcasting and Telecom Notice of Consultation: Provision of paper bills by communications service providers, March 3, 2020, https://crtc.gc.ca/eng/archive/2020/2020-81.htm
[45] Consumer Action, Consumer Action News: Paper or Digital?, page 1, https://www.consumer-action.org/downloads/english/CANews-paperless-2019.pdf
[46] Ibid.
[47] Ibid., page 2
[48] Ibid.

by Consumer Action, Twin Rivers Paper Company LLC, American Forest & Paper Association, the Coalition for Paper Options, and Printing Industries Alliance.[49]

Analysis

The above policies, precedents and research considered, participants in Ontario's energy industry can draw a number of conclusions and recommendations with respect to e-billing.

1. Consumer trends in this area are rapidly changing. The ability for customers to receive their bill, review their bill, pay their bill, and otherwise interact with their utility digitally may in the near future shift from desirable to expected. Further, evidence from EB-2019-0194 suggests that consumers engaged in one digital platform (e.g. an e-bill) are much more likely to avail themselves of additional digital platforms to interact with their utility.

2. As communicated by the OEB and described by Enbridge Gas in EB-2019-0194, e-billing carries the promise of meaningful cost savings for utilities. Between the simple opportunity to reduce printing costs and the more complex opportunity to reduce other transactional costs by leveraging online tools, e-billing and associated digital platforms may provide utilities the opportunity to simultaneously reduce costs and improve service for consumers.

3. Given the potential for positive customer service experiences and cost reduction outcomes, the OEB has expressed clear support for the appropriate expansion of e-billing. While the OEB will certainly be mindful of the manner in which utilities pursue e-billing expansion, as discussed below, utilities should expect to be required to discuss their efforts to expand e-billing when applying to the OEB regarding related matters.

4. The OEB does not intend to launch a comprehensive review of e-billing practices at this time. That said, utilities can look to the OEB's existing precedent regarding e-billing for guidance, particularly in EB-2019-0194, where the OEB decided that:
    i. Existing customers should provide specific consent prior to being migrated from paper billing to e-billing;
    ii. Customers should not be required to pay a fee for receipt of a paper bill;
    iii. It is reasonable to allow utilities to implement e-billing as the default option for new or moving customers; and,
    iv. The OEB appears supportive of practices designed to mitigate the risks associated with using e-billing as the default option, such as Enbridge Gas's proposal to follow-up with customers that miss payment of their first e-bill and waive any associated late payment charges.

5. Consideration of e-billing in Canada's telecommunications industry is ongoing and should be monitored. One notable CRTC requirement utilities may take note of, is the requirement to

[49] Ibid., page 4

ensure the needs of persons with disabilities are accommodated in a utility's billing and other customer service practices.

6. Preferences for a paper bill appear driven by a number of factors, however awareness that a bill has been issued and/or is due is a recurring concern cited in multiple sources. Utilities may consider how their set of digital interaction tools can provide added re-assurance to consumers that e-billing and associated digital mediums will reliably and adequately notify them of bills due. Similarly, thoughtful design of, and customer orientation processes relating to, e-bills or online platforms may help to mitigate the consumer belief that a paper bill is easier to review and comprehend than an e-bill.