

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4
Téléphone; (416) 481-1967
Télécopieur: (416) 440-7656



Compliance Office

May 30, 2005

Compliance Bulletin 200504

To: All Licensed Electricity Distributors

Re: Consumer Security Deposits

This bulletin is issued to inform licencees of the Chief Compliance Officer's expectations with respect to compliance with the Distribution System Code.

On February 3, 2004, the Board issued amendments to the Distribution System Code (the "Code") to standardize security deposit policies. The purpose of the amendments was to ensure that consumers receive consistent and equitable treatment in respect of security deposits.

Section 2.4.11 of the Code identifies the circumstances in which a distributor may not require a security deposit. Section 2.4.13 of the Code specifies the circumstances in which a distributor is required to reduce the maximum amount of a security deposit. Section 2.4.20 of the Code requires that a distributor permit a customer to pay any required security deposit in equal instalments over at least four months.

In order to be in compliance with the above sections of the Code, a distributor must inform a customer of the customer's rights and options at the time at which a security deposit is requested. A customer must therefore be informed of the following, in each case to the extent appropriate to the customer's rate class:

- the conditions under which a security deposit is not required;
- the conditions under which the maximum amount of a security deposit must be reduced;
- the right to pay any required security deposit in instalments; and
- the customer's right to request in writing a review of the deposit.

This information must be provided regardless of whether the customer specifically requests it or makes inquiries in relation to the distributor's obligations or policies in

relation to security deposits.

Distributors are also reminded that section 2.4.9 of the Code requires them to provide each customer with the *specific* reasons for requiring a security deposit from the customer. In order to be in compliance with section 2.4.9 of the Code, a distributor must indicate to the customer the reason(s) why the customer is not considered to have the period of good payment history, as defined in the Code, that would otherwise eliminate the need for the security deposit.

Please direct any questions you may have on this matter to the Market Participant hotline at 416-440-7604 or by e-mail at market.operations@oeb.gov.on.ca.



Brian Hewson
Chief Compliance Officer
Compliance Office

No statutory power of decision has been delegated to the Chief Compliance Officer, and the views expressed in this Compliance Bulletin are not binding on the Board. The Chief Compliance Officer may seek enforcement action by the Board under Part VII.1 of the *Ontario Energy Board Act, 1998*, in relation to non-compliance.