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March 13, 2006

John Zych, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
Suite 2700  
2300 Yonge Street  
Toronto, ON M4P 1E4

*By Courier*

Dear Mr. Zych:

**Re: Proposed Amendments to the Distribution System Code**  
**Board File No: EB-2006-0030**

I write in response in the Board's February 20 Notice of Proposal to Amend the Distribution System Code and on behalf of the Coalition of Large Distributors ("CLD"), Hydro One Networks Inc. and Hydro One Brampton Networks Inc. The CLD comprises Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., Toronto Hydro-Electric System Limited and Veridian Connections Inc.

The Board has proposed to treat bulk-metered residential condominiums as residential consumers for security deposit purposes where LDCs may retain a security deposit until a residential consumer can demonstrate that it has had a good payment history for a period of one year. This proposal will codify the treatment of bulk-metered residential condominiums such that it will eliminate the potential for new bulk-metered residential condominiums to be treated as non-residential with the result that security deposits paid by such residential condominiums may be retained for a period of seven years.

The CLD, Hydro One Networks and Hydro One Brampton Networks are of the view that it is appropriate to make available to bulk-metered residential condominiums the same security deposit provisions as are available to any other residential consumer and notes that the Board's proposal does not interfere with the right of LDCs to require a security deposit from a bulk-metered residential condominium in the absence of a good payment history.

Furthermore, we regard this customer group to be a low risk for default because LDC experience with residential condominium bill payments has been favorable. We do note, however, that the bills of these types of establishments are much larger than those of an individual household or individually-metered condominium, and hence there is a risk of higher write-off should default ever take place.

We also wish to alert the Board to the precedent-setting nature of this amendment as it relates to other bulk-metered situations where customers "behind the meter" are residential in nature. This amendment may raise questions about perceived discrimination premised on ownership structure. It would be helpful if the amendment anticipated this and dealt with it conclusively in the Code. Specifically, we feel that it would not be appropriate for the board to contemplate the same or even similar treatment for bulk-metered apartment buildings, as the risk profile in law and practice for apartment buildings is much different from that for residential or bulk-metered condominium customers.


We further caution that the application of residential treatments to bulk-metered condominiums not be further extended out of concern that any further extension may erode the alignment between rates charged and costs incurred to provide service to these customers.

Finally, regarding the implementation of the change, we request more than 30 days' notice to implement, and recommend three to four months, for the reason that some billing systems do not flag bulk-metered residential customers, especially as condominium corporations. Where this circumstance exists it will require some manual effort to find and validate these customers.

Subject to the comments herein, the CLD, Hydro One Networks and Hydro One Brampton Networks support the Board's proposal.

The requisite seven (7) paper copies and electronic PDF and Word versions of these comments are enclosed.

Yours truly,



for

R. Zebrowski, Vice-President  
Regulatory Services

*(on behalf of the Coalition of Large Distributors,  
Hydro One Networks and Hydro One Brampton Networks)*

copy: Coalition of Large Distributors  
Hydro One Networks  
Hydro One Brampton Networks Inc