

**IN THE MATTER** of the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched B);

**AND IN THE MATTER** of pursuant to section 74 of the Ontario Energy Board Act, 1998, in which it is proposing changes to the Distribution Code to provide for rules with respect to the consumer security deposit policies of electricity distributors; and with consequential changes to the Retail Settlement Code also being proposed,

**Chatham-Kent Hydro Inc. (C-K Hydro)** is providing the following comments on the proposed amendments to the Distribution System Code (the “Code”), as well as the consequential changes to the Retail Settlement Code in the proceeding RP-2002-0146.

1. Terms & Conditions

17

- 1.1 Good payment history (GPH) from another Ontario electricity or natural gas LDC may be interpreted by consumers, who move from another province, as discriminatory. A GPH reference from a non-Ontario utility should be satisfactory.
- 1.2 Deposits retained “for up to a maximum of 1 year” does not allow a sufficient number of billings and payment history to warrant refund of a residential deposit.
- 1.3 C-K Energy would support 12 billing periods as adequate history for determining deposit refund for residential customers. GPH can then be better assessed, especially in the cases where customers historically experience payment troubles at the same time each year.
- 1.4 “Large consumers (>50KW), representing the greatest degree of non-payment risk”, are greatly affected by the economic cycle, and place the distributor at risk for an uncollectable account, with any downturn in the economy. While it is prudent to

review their deposit annually, C-K Energy would support no refund of the deposit, even after 7 years GPH.

- 1.5 Where the legislative objectives are not only for “protecting the interests of consumers”, due consideration, with regard to point 1.4 above, better facilitates “the maintenance of a financially viable electricity industry”. 18
- 1.6 Payment “history” for all customers should begin after the first billing is issued, continue for a minimum of 12 billing periods with “on-time” payments.

## 2. Potential Implementation Issues 21

- 2.1 Review, revising and/or refunding a deposit (where appropriate), should be upon a customer’s request as opposed to “automatic”. A true GPH should be determined before the deposit is refunded, and this determination can only be made by individual attention to accounts.

## 3. Further Consultation 28

- 3.1 LDCs should review deposits annually, as a good business practice, and this should remain a manual review, an “internal audit” in which LDCs are assured they are acting according to regulations.
- 3.2 GPH reference from only another Ontario utility may be perceived as discriminatory to out-of-province customers and may even be a deterrence to those making business connections, and, in the long run, affect our economy. 29

## 4. Proposed Amendments to the Distribution System Code and the Retail Settlement Code

- 4.1 Section 2.4.16. Billing Cycle Factor of 2.5 for a monthly-billed customer is appropriate, however, a factor of 2 for all other customers will more sufficiently cover the ongoing usage during this collection period. This is because, from the 33

meter reading time through to the end of the collection time, a bi-monthly or quarterly billed consumer will be close to, or past, 60 days of additional usage.

- 4.2 Section 2.4.20. Allowing the consumer to provide a security deposit in 37 installments, collected over no more than 4 months, places the distributor at risk for an uncollectable account, for a customer who has not, as yet, had the opportunity to establish a GPH.
- 4.3 Additional administrative costs will be experienced, for “follow-up dates”, subsequent notices and letters to the customers.
- 4.4 A deposit paid in installments should be at the distributor’s discretion only. This allows flexibility to the distributor to collect from the consumer, credit and other information in order to make an informed decision.
- 4.5 A deposit payable in advance, as a condition of service, provides a better “guarantee” of GPH for these “unknown” consumers.
- 4.6 Non-payment of a security deposit should be considered grounds for disconnection of service, (with proper notice and a written agreement or payment schedule).
- 4.7 Section 2.4.21. Clarification required re: “Interest shall accrue...commencing 38 on receipt of the total deposit”: Only when the full deposit is on record, does interest begin accruing?

