

2003-07-09

Mr. Paul Pudge, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor, 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Mr. Paul Pudge:

**Re: Consumer Security Deposit Policies – RP-2002-0146**

EnWin Powerlines Ltd. wishes to participate in the written hearing regarding amendments to Consumer Security Deposit Policies. We have identified implementation issues and concerns with several of the proposed amendments and have included them below.

Issues identified are:

Section 2.4.12 – the calculation of deposits for a residential consumer. Our view is that the deposit amounts for a residential consumer should be fixed (possibly based on the average load for the class). These fixed deposit amounts can be reviewed and adjusted for those problem accounts as they occur. This would eliminate the need for system changes to determine the average customer load over the most recent 12 month period, potentially allowing for different deposits amounts for residential accounts depending on when the consumer account is activated.

Section 2.4.20 – the requirement that security deposits be collected in installments. The process of allowing installments defeats the intent of a security deposit since the full amount of the deposit may not be received until after 4 months of service with the possibility of the customer moving within that time frame leaving the Distributor at risk for non-payment. Our current practice is that the security deposit is a condition of service to be paid in full on the first monthly bill thereby limiting our exposure.

Section 2.4.21 – monthly interest accrual at the Prime Business Rate. The accrual of interest on a monthly basis would require extensive system changes as we currently process interest payments on an annual basis, a process that automatically issues payment of interest to the consumer's account on their next bill. The requirement to calculate

interest monthly will require system changes to accommodate the storing of the monthly interest values until the annual payment to the customer is due. These system changes would require a 6-month implementation time frame. Also, the use of the Prime Rate is in excess of what would normally be received on a savings account at most major banks.

Comments on Issues identified by Board Staff (in Board's letter dated June 10, 2003):

1. Sections in the proposed amendments that require clarification:
  - a. Section 2.4.10 – We require clarification for the term “disconnection notice”. Is this referring to a reminder notice that is served to a consumer for non-payment or an actual intention to disconnect? Under current policies, if a customer has been given a disconnection notice they would have already received a soft letter to remind them of the outstanding amounts, a soft telephone call and then another letter before the collector is actually sent out. Therefore, we have concerns over deeming a consumer has good payment history if they have had a disconnection notice within the required time frame listed in Section 2.4.9.
  - b. Section 2.4.23 – We require clarification of the time period in which a distributor is entitled to keep a security deposit for commercial accounts with good payment history. For example, if a commercial customer requests service and does not have 7 years of good payment history (as set out in Section 2.4.9) and therefore requires a deposit, does this mean this customer would be entitled to receive their deposit back if upon the annual review required by this section it is illustrated that this particular customer has had 1 year of good payment history as outlined in the Section 2.4.10 or is this to be held for a seven year period?
2. Three months time is not an appropriate amount of time to become compliant with the proposed security deposit policies. The required system changes to accommodate the calculating and possible annual adjustment to deposit values and the monthly accrual calculations for interest requires system changes and implementation timelines of at least 6 months.
3. Requires further analysis.
4. The reviewing and updating of deposits annually will require process changes from our current practices and therefore system changes. The requirement to use, in some cases a consumer's highest actual or forecast monthly load in determining deposit amounts will require automation.
5. No issue.
6. A more specific definition is not required in the code.
7. The use of customer specific average consumption is more reflective than a class average would be, for example in the case of a church which is classified as a commercial account but with lower volume than a typical commercial customer within this class.

The above are issues that have been readily identified without extensive analysis on system implications, we would like to however stress that a 6 month time frame should be allotted in order to identify more extensively what changes would be required, and to allow for the communication of these policy changes to consumers and appropriate staff.

Sincerely,

*ENWIN* Powerlines Ltd.

Giovanna Gesuale  
Manager, Regulatory Affairs

Enclosure