

FILE NUMBER RP-2002-0146
PROPOSED CODE AMENDMENTS TO
CONSUMER SECURITY DEPOSIT POLICIES

RESPONSE BY GREAT LAKES POWER LIMITED

2.4.9 Residential Consumer exempt from paying a security deposit if the consumer has a good payment history of one (1) year.

Within reason, the distributor should be able to hold deposits for a longer period if the accounts are not billed monthly. If consumers are billed monthly, payment on time for twelve bills is likely a good indication that they are reliable. If they are billed bimonthly, the same one-year period gives only six instances where they can pay on time. Great Lakes Power Limited bills residential consumers bimonthly, and prefers to continue to hold its consumers' deposits until they have a good two-year payment history.

The section should state explicitly that the time periods set out for the various types of consumers should be the most recent ones. A good history from a utility from five years ago is out of date.

2.4.10 Good Payment History:

Great Lakes Power Limited believes that receiving any disconnection notice should count against a good payment history. By the time this is sent, there has been ample time for any payment made on time to have reached the company, and it is nearly time for the next bill to be issued. If there is a reason why a disconnection notice should not be counted, it can be nullified.

2.4.11 Distributor shall not require a security deposit:

If Great Lakes Power Limited has had prior experience with a consumer within the last few years where the consumer has not had a good payment history, it should be able to consider that experience and, at its discretion, override the good payment history from another distributor or credit check. Some of these consumers have left significant balances on their accounts, which have had to be sent for collection. They may also have had a long and consistent history of being behind in payments, breaking promises to pay, having their service disconnected for non-payment, stealing power etc.

Credit checks should be an alternative only in the case of consumers who have no current history with an electric or gas company. Electric and gas companies give details, such as number of disconnection notices or disconnections for non-payment, that would not necessarily be included in a credit check, and these utilities are in the same type of business, so their histories are more comparable to ours than a general credit check.

2.4.12 Maximum amount of a security deposit for residential consumers:

Consumers with electric heat or air conditioning normally use considerably more than the average load for a class. This means that the security deposit as set out in this section would consistently be too low to cover an account disconnected for non-payment for these customers. Distributors should be able to have two types

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of deposits for residential consumers: one for those with electric heat, and one for those without.

2.4.13 Amount of security deposit for non-residential consumer:

There should be a level of consumption below which deposits for non-residential services are also based on a class average. It is much easier to have a class-average usage than individual calculations. Most general service customers of Great Lakes Power Limited are relatively small (<50 kW demand), so it is quicker to have a set rate to quote them, rather than doing a lot of calculations, projections, or comparisons.

2.4.16 Billing Cycle Factor:

This doesn't take into consideration the distributor's delinquency policies. The factors should depend on the shortest length of time it would take to reach the point of disconnecting an account in arrears. The factor isn't high enough for bimonthly. It is normally at least the next bimonthly reading date by the time service to Great Lakes Power Limited's consumers is disconnected for non-payment. At this point, they owe a bill at least two months in arrears, plus another two months up to the disconnection date. If they choose not to pay or get reconnected, and get a final bill, they owe for four months' worth of power.

2.4.20 Instalments for security deposits shall be collected over no more than four months.

If consumers are billed monthly, and their deposits are billed over four months, their deposit is billed in four instalments. It would be better to write this as four bills, to allow for equal opportunity for consumers if they are billed bimonthly, as ours are. (Great Lakes Power Limited currently bills large deposits over three bimonthly bills, if requested and agreed upon. Otherwise, deposits are billed over two bills. Customers with limited income appreciate having the lower amount and the extra time.)

2.4.23 Review of deposits every twelve months:

Great Lakes Power Limited prefers to base refunds on a two-year good payment history because of its two-month billing cycle.

There is no problem crediting deposits to consumers who have achieved a good credit history, but reviewing and adjusting the amount of all deposits being held each year would be a labour-intensive task if many had to change, because all changes would have to be done manually. We prefer not to, unless a particular consumer has made changes that affect the amount of the deposit substantially and makes a specific request to have it changed.