

July 3, 2003

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto, Ontario, Canada  
M4P 1E4

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

The Board and its working group have done a great job on this policy. There are only two areas that Greater Sudbury Hydro Inc. would like reviewed:

1. The concept of basing a security deposit on estimated billings has been the practice at Greater Sudbury Hydro for all consumer classifications for many years. This is the fairest method for both the consumer and the Utility. Low usage consumers are protected from excessive deposits and the Utility is protected from potential loss due to non-payment from high usage consumers.

Greater Sudbury Hydro's residential classification contains a wide variety of consumers including large homes with electric heat to small apartments with minimal usage. Subsequently, section 2.4.12 will have a negative impact on our consumers and us. Please see examples attached.

- Low usage consumers could be charged upwards of 8 months worth of hydro for their security deposit
- Hi usage consumer deposits would be less than half the estimated average bill, putting us in a position of potential loss

Our CIS system is currently set-up to provide a monthly Equal Payment Plan amount. The deposit calculation is simply the EPP amount times the billing cycle factor. Please provide this as an option in section 2.4.12

2. Section 2.4.21 addresses the interest rate that will be applied to security deposits. Greater Sudbury Hydro has paid the "Daily interest savings account" rate as provided by our bank, to reflect a fair interest rate on security deposits which are held in trust. The Prime Business Rate is used more for the determination of interest charges for loans, not savings, as a security deposit more closely resembles. Your consideration on this issue would be appreciated.

If you require clarification or any additional information, please don't hesitate to contact the undersigned.

Sincerely,

Greg Field  
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Greater Sudbury Hydro Inc.  
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## Greater Sudbury Hydro Deposit Calculation Examples

Account	Classification	Average Monthly Consumption	CIS EPP Quote*	GSH's Deposit Charge	OEB's Deposit Charge	Difference
	1Residential	3830	\$ 324.00	\$ 810.00	223.05	\$(586.95)
	2Residential	3185	\$ 246.00	\$ 615.00	223.05	\$(391.95)
	3Residential	5386	\$ 442.00	\$1,105.00	223.05	\$(881.95)
	4Residential	6202	\$ 476.00	\$1,190.00	223.05	\$(966.95)
	5Residential	202	\$ 30.00	\$ 75.00	223.05	\$ 148.05
	6Residential	163	\$ 27.00	\$ 67.50	223.05	\$ 155.55
	7Residential	266	\$ 35.00	\$ 87.50	223.05	\$ 135.55

**OEB's Proposed Deposit Calculation:**

2.5 times the estimated total electricity bill based on the *average load for the class or subclass* in the distributor's service area measured over the most recent 12 month period for which information is available.

The average residential load is deemed to be 1000 kWh's (\$80.22)

**Greater Sudbury Hydro's Proposed Deposit Calculation:**

2.5 times the estimated total electricity bill based on the consumer's average monthly load with the distributor during the most recent 12 consecutive months.

(Similar to the non-residential definition, 2.4.13)

\* CIS EPP Quote takes the anticipated consumption & put's it through a bill calculation (fixed rate)