

July 9, 2003

Paul B. Pudge
Board Secretary
Ontario Energy Board
P.O. Box 2319 - 26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

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

Dear Secretary Pudge:

On behalf of the Ontario Chamber of Commerce and our 57,000 strong members throughout the province, I am pleased to provide our recommendations to the Ontario Energy Board for consideration during the deliberations on proceeding to amend the consumer security deposit policies of electric Local Distribution Companies (LDCs).

This matter is of concern to Chamber Members. We have seen first hand a wide variety of security deposits methods applied by LDCs throughout Ontario in an inconsistent, and at times, utterly unfair manner.

As an overall guiding principle, the Ontario Chamber of Commerce does not support a unilateral security deposit system.

We feel a security deposit system should recognize a good payment history with the LDC as a means of negating the need for a security deposit.

For new and upstart firms that do not have an established credit rating, a good payment history of the owner/operator with the LDC, or other utility services should be taken into consideration with recognition that a good payment history is a valid method of mitigating the need for the LDC to charge a security deposit.

In order to help mitigate conflicts that might surface, we feel an immediate and well-publicized avenue of appeal should exist for firms that are faced with a security deposit problem that is not in keeping with Board policy.

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The Chamber certainly recognizes the need for security deposits in certain circumstances. However, we are most concerned about the consumer security deposit policies adopted by some LDCs that demand a blanket and upfront security deposit from their all of their customers, regardless of their payment history and financial standing.

Also, hefty security deposits are sometimes applied to upstart firms, regardless of their credit rating, payment history with other utilities, or letters of third party support indicating their finances are in good shape. This clearly represents a possible barrier to entry for new businesses seeking to add value to the Ontario economy.

The Chamber strongly supports adoption of a firm, consistent and fair policy to govern LDCs in their application of security deposits. Our main issues are that payment history needs to feature prominently. The Chamber is concerned about LDCs that keep the deposit indefinitely, threaten to cease service should the deposit not be paid and use the highest average month, not the monthly average, as the basis for the payment.

In summary, the Ontario Chamber of Commerce would like the Energy Board to champion a security deposit system with LDCs that takes into consideration the payment history of a firm when determining the need for a security deposit.

Thank you for your consideration. Should you or Board staff have any questions, or require any further information regarding our position, please do not hesitate to contact our offices.

Sincerely,

Len Crispino
President & CEO

cc Atul Sharma
Vice-President – Policy
Ontario Chamber of Commerce