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July 8, 2003

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

Dear Mr. Pudge:

Consumer Security Deposit Policies - RP-2002-0146

We are pleased to be able to participate in the written hearing noted above. Many of the comments and suggested changes to the code are appropriate and Oshawa PUC Networks Inc. ("OPUCN") supports the effort made by the working group.

The following is our comments on the proposed changes:

Sections 2.4.6.1, 2.4.6.2, 2.4.9 to 2.4.27 – timing of implementation

Oshawa PUC Networks Inc. feels that the timeline of 3 months is insufficient for LDCs to bring all their policies into compliance, with the proposed new guidelines. Given the processes that need to be followed and the notification that needs to be done, it is suggested by OPUCN that the time allotted should be 6 months with the option to request an extension for 3 months, with an explanation of why compliance wasn't/couldn't be achieved in that time period.

We understand that the OEB wishes to ensure that LDCs maintain compliance in all aspects of their licence, but it is also a factor that by the time the policy is developed, passed by our Board and then advising our customer base, the 3 month window is unrealistic at this time. It would take that time to just advise our customers, as we are on a bi-monthly billing cycle with our customers.

Sections 2.4.9 and 2.4.10

Oshawa PUC Networks Inc. strongly recommends that customers in the >50 kW demand class would need to supply a deposit on account regardless of good payment history (GPH)

To allow the use of “good payment history” for waiving security is inappropriate for our business. There have been many examples of businesses continuing to pay their electric bills, and then declaring corporate bankruptcy. Usually, the LDC is left with an outstanding bill, and service not yet invoiced. We have had negative experience in this area that has resulted in all our customers being penalized. This is too risky for the LDC, and as such the LDC needs to protect itself from this type of exposure.

We would suggest that any business customer regardless of GPH from anywhere would need to provide a deposit to its supplier, and that it be held for the duration of the business relationship.

The amount of exposure to OPUCN is too great to allow any type of customer in this grouping to receive their deposit back, or to have the requirement of their deposit waived. OPUCN also notes, that the proposals put forth are the “Maximum” level that the Board would post, and each individual LDC would be able to adjust or make special arrangements with customers in the >50 kW demand classes, such as pre-payment etc. to mitigate any exposure to the LDC.

Section 2.4.11 (a)

a) OPUCN would suggest this section include the further note “during the twenty-four month period immediately prior to the request.” There should also be a charge for this, and could be included in the Special Charges review currently being undertaken by the Board.

b) A standard format for “a satisfactory credit check” would be beneficial, and it would also serve as a basis for all LDCs to make sure that their credit checks are sufficient, and from an approved credit agency approved by the LDC. This should also be at the customers’ expense and a flat charge should apply.

Section 2.4.13

OPUCN supports the proposal that security deposits for non-residential customers be based on customer specific consumption.

Section 2.4.16

OPUCN suggests that due to the changes in timing that we have had to absorb since market opening, and reality, the billing cycle factors should be changed to 3 for accounts billed monthly, 2 for accounts billed bi-monthly and 1.75 for accounts billed quarterly.

Section 2.4.20

This section should also note that if the deposit is not made, then the LDC has the right to disconnect the customer's service.

Section 2.4.21

The interest rate that should be applied should be the one that the LDC is currently earning on its cash reserves, which is prime less 2.00% (best current GIC rate is 3.2% which is prime less 1.8% (5-1.8%)) . To pay more than we are earning is not right.

Interest earned on deposits should be accrued and applied to the deposit amount. To issue payment of interest earned is too cumbersome and administratively difficult. The interest earned will be paid to the customer when the deposit is refunded, after GPH is established, and the customer has requested it. Note that this is in reference to residential and small commercial customers only. Any deposit for a customer >50 kW will accrue interest, but will not be refunded until the business relationship is ended. If required, the interest earned on these customer accounts can be applied to current activities and applied to their account. It would not be refunded to them.

Sections 2.4.23 and 2.4.24

OPUCN recommends that these two sections be deleted. They are too cumbersome and administratively difficult. Currently, OPUCN has standard amounts for residential customers. If we find that the customer has a higher usage, and it is not covered by the deposit, then we would request additional security.

OPUCN supports the Board's suggestion that only customer initiated refunds of deposits be done. When a customer moves to another LDC, the full amount of the deposit will then be returned to the customer.

If you require further clarification on any of our comments, please do not hesitate to call Christine Dade at 905-723-4626, extension 311, or at cdade@opuc.on.ca.

Yours truly,

Jeff Rosenthal
President & CEO