

July 11, 2003

Ontario Energy Board
Strategic Services, Regulatory Affairs
2300 Yonge Street, Suite 2601
Toronto, ON M4P 1E4

Attention: Chris Cincar, Policy and Research Analyst

Dear Mr. Cincar:

Attached with this letter are our comments regarding Consumer Security Deposit Policies, originally emailed to the office of Paul Pudge, Board Secretary on July 2, 2003.

Confirming my comments during our telephone conversation on July 10, 2003, I wish to reiterate the following:

- a) Ontario has an extremely vast geographical area, not just the 416 and 905 areas. Conditions, incomes and rates vary greatly. If the Board of Directors of LDC's are to practice due diligence, their hands cannot be tied.
- b) Ottawa River Power Corporation has firm customer information on KWH and consumption. Each residence is different. Some of these homes have four bedrooms, electric heat, stoves and water heaters. Others are only one bedroom units with central heat and water heating. The utility does not have a data base for customer appliance load. It is our opinion that existing data is far superior to that of estimate deposits.
- c) Common provincial deposits are not practical and could very well be classed as discriminatory or unjust. Some customers could pay more than actually consumed while others pay less. Presently, our deposits are calculated automatically by our billing system.
- d) To refund deposits offers little to the LDC for protection from persons that declare bankruptcy. Bankruptcy can occur at any time, in any year. The proposal for refund would substantially add to our overhead for administration.

When requesting a deposit from our customers, we are merely stating that they are paying in advance of using their electricity, similar to purchasing gasoline for an automobile. To not have a proper deposit policy is like leaving the office and vault door open every night.

We trust these comments will substantiate our position in this matter.

Yours sincerely,

Murray L. Moore
President

MLM/mtd
Cc: Bill Hawkins, EDA, External Relations

CUSTOMER SECURITY DEPOSITS

Concerns re RP-2002-0146

- *Residential only provide a deposit for a maximum of one year, <50 kW up to five years, and >50 kW up to seven years.*
 - Large commercial customers often have business difficulties beyond the seven year time frame and can 'go bad' virtually overnight, leaving the LDC at great risk for large amounts of money. For example, a large customer of Ottawa River Power Corporation could possibly owe us in excess of \$150,000 in less than two months.
 - We currently have in excess of \$200,000 in deposits just in our general account. This could have significant cash flow implications when we are forced to refund back the majority of this money.
 - Although it is proposed that the LDC refund the deposit upon a customer's request, the Government will more than likely make this public knowledge as in their 'no disconnect' stance of last October.
- *This code will come into effect three months, once finalized.*
 - Software changes will have to be made in our billing system.
 - How is ORPC able to change their policy so quickly and also communicate this change to our customers?
- *Customer deposits would have to be reviewed and updated annually by each LDC.*
 - This, again, would require software changes made to our billing system. What are the costs associated with this for the customer? The programming and labour costs must be borne by our customer.
 - This procedure could also be very labour intensive.
- *No security deposit is required when a consumer provides a letter confirming good payment history for a period of one year or has a good payment history with ORPC for one year.*
 - Again, this will demand constant monitoring and software changes.
 - Many customers have become quite 'crafty' and will maintain a good history for one year, have their deposit refunded and then default.
 - It will be difficult to acquire a new deposit unless disconnected for complete non-payment.

- *A residential customer will have their deposit based on the average consumption of the whole class.*
 - This could mean a residential customer with electric heat will be required to make a deposit that will not even cover one month's bill. This will force the LDC to bear even more risk. This will be unjust to the small customer.
- *A distributor shall not require a security deposit where a consumer provides a satisfactory credit check made at the consumer's expense.*
 - What is a satisfactory credit check? Who defines this?
 - Do we put this credit check charge on the first bill and then attempt to collect this? This will involve yet more software charges.
- *A security deposit must permit the consumer to provide a security deposit in installments of up to four months.*
 - More monitoring for the LDC.
 - More software changes, more money.
 - Many 'crafty' tenants will skip before the deposit is fully paid, leaving us without their deposit and three months' worth of bills.

Submitted by:

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