

By Fax

July 2, 2003
Mr. Paul B. Pudge, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto, Ontario M4P 1E4

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

Dear Mr. Pudge:

St. Catharines Hydro Utility Services Inc. (SCHUSI) would like to submit the following comments to the **Proposed Amendments to the Distribution System Code and the Retail Settlement Code**.

In particular, SCHUSI would like to provide comments on amendments to Sections 2.4.9, 2.4.11, 2.4.15, 2.4.20, 2.4.21, 2.4.22, 2.4.23 and 2.4.24 of the propose amendment paper.

We offer the following points for consideration:

Section 2.4.9: We recommend that the period for retaining a customer deposit be changed to better reflect the risk associated with the respective customer class defaulting. Many LDCs bill bimonthly. The proposed one (1) year retention period for the Residential customer class does not allow LDCs to gather sufficient experience and provide reasonable assurance that the customer will not default on future payment. Further, the proposed five (5) year retention for the General Service <50kW customer class does not allow sufficient time for a customer in this class to establish itself and develop good credit history. We suggest that due to the risk and in fairness to the customer the retention period should be increased to a more reasonable businesslike period. We would suggest that customers in the class of >50kW be treated in the same manner as the <50kW class as the pose the same potential risk.

We propose the following:

Residential customers:	2 yrs retention of Security deposit
GS<50kW & GS>50kW:	7 yrs retention of Security deposit

Section 2.4.11:

We agree with subsection (a) with the provision that a reasonable fee be charged to the customer for this service. However, LDC should not be required to perform credit check as proposed in subsection (b) as this process would be costly, time consuming and not always accurate.

Section 2.1.15:

We do not agree with this provision for the reason that although a customer consents to a pre-authorized payment plan, it does not necessarily mean that the funds will be in the trusted account when the payment is due. Experience has proven that many customers have defaulted although they are on a pre-authorized payment plan.

Section 2.4.20:

The recommendation we propose on this initiative is to require 50% of the value of the deposit upon signing a customer contract and the balance to be placed on the customer's account. This would allow control of enforcing the payment of the security deposit balance as the balance would be payable on the next bill or face collection procedures.

Section 2.4.21:

WE disagree with the rationale of paying an interest charge at the Prime Business Rate as published by the Bank of Canada. This decision would have an immediate negative financial impact on Distributors, as they had not paid interest at this level at the time of developing the distribution rates. i.e. administration costs for the review and the returning of the deposit was assumed in the difference between the interest paid to the customer and the interest earned by the Bank of Canada rate. We suggest that the LDC be allowed to set an interest charge based on passed practices as to not adversely impact the financial position of the LDC.

Section 2.4.22 & 2.4.23:

Reviewing of the security deposit should be performed on an annual basis however, the return of the deposit and interest earned on the deposit should not be required to be paid back to the customer but apply any adjustments as a credit to the balance on the account. LDCs may be required to incur additional expenses to return the deposit and/or interest to a customer by having to issue a payment to the customer.

Additional comments:

Three (3) Month Implementation Timeline:

The Working Paper suggests a 3-month implementation time frame. We suggest that 3 months does not provide the LDCs with sufficient time to amend their current policies, receive their respective Board's approval prepare the necessary educational documentation for both staff and customers in their service areas. We propose that a six (6) month implementation timeline would be sufficient to impellent the new procedures.

Reference Letters:

In order to simplify this procedure, we recommend that a generic form be developed that all LDCs may use and that all LDC staff, anywhere in Ontario, may recognize it. Customers would be responsible to request a completed form the previous provider and a reasonable fee be imposed to the customer for this service.

Calculation of Security Deposit:

We recommend that the deposit be calculated on an individual customer basis rather than on an average of the customer class. There may be tremendous variations in consumption between customers within a class. This requirement may disadvantage some customers within the class. LDCs have used guidelines in the past that have proven to be relatively accurate and we recommend that deposit be calculated on an individual customer basis, based on past history of the site or business practices.

We trust that this submission will provide the Board's Working Group with some additional ideas for consideration. It would be very beneficial for all LDCs and Customers in Ontario that these changes are approved expeditiously.

Should you require clarification on the contents of this submission, please contact Frank Fabiano, Vice President Customer service by phone at (905) 323-3450 or by email at ffabiano@schydro.com.

Thank you

Frank Fabiano
Vice President Customer Service