July 15, 2003

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

Dear Mr. Pudge:

Re: RP-2002-0146

Please find below Thunder Bay Hydro Electricity Distribution Inc.'s comments on the proposed amendments to the Distribution System Code and the Retail Settlement Code.

Section 2.4.11

It is unclear what constitutes a satisfactory credit check in 2.4.11. It is our opinion that either direction needs to be given, or a statement inserted in the code that allows LDCs to make this decision.

Section 2.4.12

Our assumption is that the estimated total electricity bill for the deposit calculation includes GST.

Given geographical and environmental differences, the definition of subclass should be LDC specific. For example we might use an electrically heated residential subclass that would render a higher deposit in Thunder Bay vs. a lower deposit requirement elsewhere in the province when you consider seasonal differences.

The section also refers to average load for the class or subclass. We are opposed to this idea of 'averages.' Best practice would be to look at the individual's location consumption history: specifically the highest month in the last 2 years. The appropriate billing cycle factor should be applied at this point. This ensures that the customer pays his/her deposit vs. the class subsidizing that customer. It also ensures that an adequate deposit is calculated.

Section 2.4.16

A reference is made to billing cycle factors. Again, it is our opinion that these factors are simply not sufficient when you consider the delayed timing between the meter read, the actual bill, the due date, the penalty date, the arrears call and the disconnect notice. For us, this takes approximately 10 full weeks. In this scenario, monthly billing customers will already have been billed a second time. If the

proposed billing cycles are implemented we would have to decrease the time between the due date and the disconnect notice which currently is 3 weeks. Conversely, increasing the billing cycle factors to 3 months based on customer specific peak consumption would suffice.

Section 2.4.20

This section refers to consumers being allowed to make the security deposits in installments. It is unclear if the good payment history (GPH) timeframe begins at the last deposit installment or at the first deposit installment.

Section 2.4.21

The reference to interest accruing at Prime is problematic. Our current rate is Prime less 1.8%. Interest has to be a flow through otherwise our LDC is forced to finance the accrual. Due to the very nature of the market, LDCs' should be indifferent to interest rates and therefore should be nothing more than pass through agents.

Sections 2.4.22-24

These sections refer to returning of deposits. We are opposed to the returning of deposits to non-residential > 50KW customers unless the account is in a final bill status. We had one customer last year leave town with a balance owing that was greater than all our other bad debts for that year combined. Refunding after 7 years of GPH places the utility at significant risk. It should again be stated that neither the shareholder nor the utility should bear this risk. At first the customer should bear the risk and when that is exhausted any remaining losses should be allowed to roll through our rates.

2.2.23 specifically refers to annual reviews of GPH. As the proposal exists it is onerous and unworkable. We should follow the lead of the RSC in reference to prudentials for retailers. Specifically, a standard deviation provision exists there, allowing flexibility in the need to either decrease or increase securities. The requirement to adjust customer deposits should have the same parameters.

Thank you for the opportunity of commenting on these issues.

Sincerely,

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