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Paul Pudge, Assistant Secretary
Ontario Energy Board
P.O.Box 2319
2300 Yonge Street, 26th Floor
Toronto, Ontario
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Dear Sir:

I have briefly read with shock and dismay your data on consumer deposit policies RP-2002-0146.

I would like to share with you our experience this fall. We had a customer at 3.5 Mw with a perfect 25 year payment record. They were on SSS, and also were 40% of our load. They have been having difficulties for the last 18 or 20 months, and we did not have a deposit with them [there are a lot of old contracts without relative deposits in place].

Since the market opening, our cash flow position has reached critically low situations several times. It has been a little better since November of 2002.

A full running month with volatile prices would have this customer's bill in the $225,000.00 range, and for that risk our income would be $241.00. This is because the RUD and RAM models did not deal with transformer allowance not skewed this bill, we would have had about $2,600.00 for out effort. The point is that the LDC is at extreme risk.

Time has nothing to do with a business being viable in changing market conditions. Mines deplete ore supplies, and Ontario has not been planting trees for the past 30 years in a significant way. This simply means that natural resources will either run out or become so expensive, that a business [especially a large electricity user] can fail.

Had our customer not been shut down for a significant portion of the last bill, [say this happened in the winter], we would have not been able to pay the power bill. It is still going to be a struggle to survive with the metering rules that are being forced upon us.

We will have to write off over $100,000.00 in bad debt because we did not have a deposit. You can say we were not fiscally responsible, and I would have to agree. To put this in perspective, this is more than one year's capital budget.

What provisions are you planning to put in place to mitigate the risk the LDC takes by supplying power. You must realize we will have paid for the power consumed starting 44 days in arrears for commercial accounts and nearly 90 days for small commercial and residential accounts.

What will the procedure be to apply to not supply power once the deposit is removed? Does this mean that the IMO will no longer require prudentials?

What plans do you have for LDC bankruptcies?

If it is in the interest of the OEB to put such a one sided regulation in place, the OEB should also either pass the risk back to the generator, the IMO or the OHFC. This does not make business sense to me, but neither does forcing an LDC to bear the risk of SSS without deposits.

I would ask that you reconsider these policies in light of the above noted concerns.

Sincerely,

Wilf Thorburn

Wilf Thorburn
CEO& Secretary/Treasurer
Atikokan Hydro Inc.

Cc: Dwight Duncan
Wayne Taggart
Bill Mauro