

November 24, 2003

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

Fax: (416) 440-7656

Attention: Paul Pudge, Assistant Secretary

Dear Mr. Pudge:

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

Upon reviewing the changes to proposed DSC amendments of November 10, 2003, we have viewed some positive changes and yet have also recognized there are still some very negative changes that will affect the operation of a utility. In addition, there are some changes that completely negate the role of a board member to practice due diligence.

We have no customers over 5,000 kW. Therefore, all of our customers will be entitled to a refund of their deposit after seven years. This is not acceptable if one looks at the bankruptcies over the years. To protect the utility, we must hold the deposit for the life of a contract. It is merely seeking funds in advance, similar to purchasing gas at a service station; you pay for it before using it. In addition, the annual review of these deposits is labour intensive and an additional cost to the utility.

Credit ratings are only good for the day issued, not a month or year after.

Regarding the additional transition period, this does nothing for the LDC. The cash flow problem still exists at the end of the transition period.

Regarding deposit instalments, there is a problem in that a customer may become delinquent before the deposit is received in full.

The following is Ottawa River Power Corporation's present deposit policy. We do not collect the maximum permitted by the OEB; however, we do maintain this deposit until the customer leaves our lines. We find this policy, coupled with a firm collection practice, limits our accounts receivable. Our area of difficulty is on old accounts where there was no deposit collected.

Customer Deposits

Customer deposits shall be collected in accordance with the following regulations:

Tenants – Option A

Deposit based on two month's average power bill. If disconnected due to non-payment, payment is required in full before reconnection. Under certain circumstances, payment of 50% of the outstanding bill will be sufficient, providing acceptable arrangements are made for the remaining outstanding amount.

Tenants – Option B

A one-month deposit is required, providing the customer has signed on with our pre-approved chequing (PAC). If PAC funds are not available for two occurrences during a twelve-month period, the customer will be removed from PAC, disconnection will occur and another month's deposit will be required, prior to reconnection.

Homeowners

No deposit is required from homeowners. However, if disconnection occurs due to non-payment or ORPC receives two NSF cheques within a twelve-month period, a deposit will be required, based on Option A and Option B, above.

General Service

A deposit is required, based on two times the average power bill, for all General Service customers. The estimate is based on a similar business or a previous customer.

OR

A deposit is required, consisting of a one month average power bill and signing on with PAC (pre-authorized chequing).

It should be recognized that various areas of the province have different characteristics. I personally feel each utility can set policy that best meets their needs while eliminating additional administration costs.

Yours sincerely,

Murray L. Moore
President

MLM/mtd
Cc: Bill Hawkins, EDA

Ottawa River Power Corporation
283 Pembroke Street West
P.O. Box 1087
Pembroke, ON K8A 6Y6
Email: mlmoore@orpowercorp.com
Fax: (613) 732-9838