

Toronto Hydro-Electric System Limited
Comments Regarding Proposed Amendments to the
Distribution System and Retail Settlement Codes:
Consumer Security Deposit Policies: RP-2002-0146

Introduction

Toronto Hydro-Electric System Limited (“TH Electric System”) is responding in this document to the Board’s November 10, 2003 request for additional comments on its proposed amendments to the Distribution System and Retail Settlement Codes in respect of consumer security deposits. These comments are further to those submitted by TH Electric System on July 10, 2003 on the same matter.

TH Electric System appreciates that the Board’s current proposed amendments reflect consideration of July 10 submissions, and notes that the Board has requested that these current submissions not be a reiteration of those submitted to date. Accordingly, TH Electric System offers these comments on the premise that they are complementary to those submitted on July 10 and has restricted the comments in this document to only issues of principal importance to it in order to provide guidance to the Board in its contemplation of policies governing consumer security deposits.

General

TH Electric System appreciates the degree of consideration that the Board has demonstrated thus far, and in particular looks forward to the Board's upcoming guidance on the issue of prudence.

Notwithstanding the above, TH Electric System continues to be concerned with the detail of the proposed requirements, specifically in respect of potential high costs associated with personnel resources and changes to its billing systems. TH Electric System urges the Board to make this a principal consideration, in its contemplation of the matter before it.

Specific Comments

The comments which follow correspond with the new sections of the Distribution System Code ("DSC"), as proposed.

2.4.11 – Good Payment History (GPH)

TH Electric System's position on this matter is set out in item #5 of its July 10 submissions. For the reasons cited therein, TH Electric System continues to recommend that LDCs be allowed autonomy in the management of customer GPH.

An industry-wide requirement to accept GPH letters of reference from gas and electric utilities across Canada will require TH Electric System to dedicate supplementary resources to administer the associated activities and this will

result in increased operational costs. Coupled with this, on the coming into force of this provision, TH Electric system anticipates that there will be an increased demand for customer GPH letters which will place a further undue burden on TH Electric System, especially considering the volume of moves it experiences annually.

In the event that the Board finds that this requirement should stand, TH Electric System recommends that the Board also find that LDCs will be permitted to charge an approved rate in order to defray the costs associated with providing GPH references.

2.4.21 – Interest

TH Electric System recognizes that the Board's current proposal reflects an adjustment of its original position on the amount of interest that security deposits should earn. However, TH Electric system recommends that the Board further amend this clause to recognize the instability of interest rates. At present, utilities do earn a rate of interest of Prime less 2 percent, on a commercial basis. However, in that the rate of interest paid to consumers on security deposits should not result in financial loss nor gain to utilities, TH Electric System recommends that the first sentence of this clause be amended to read:

“Interest shall accrue monthly on security deposits . . . commencing on receipt of the total deposit required by the distributor *at the rate of interest being earned by utilities on a commercial basis*”.

2.4.22 – Yearly Review of Security Deposit

TH Electric System notes that the requirement to conduct a yearly review of every customer’s security deposits increases workload and compels electric utilities to make considerable programming changes to their customer information systems.