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BY COURIER

Ontario Energy Board  
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November 24, 2003

Attn: Mr. Paul B. Pudge  
Assistant Board Secretary

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

Dear Mr. Pudge:

Enersource Hydro Mississauga Inc. wishes to continue its participation in this written hearing and submit comments related to your letter of November 10, 2003.

In an effort to avoid (as suggested in your letter) a re-iteration of the comments we previously submitted in our letter dated June 25, 2003, we will be limiting our comments to essentially one main fundamental issue.

The objective of this proceeding seeks to “harmonize” the Consumer Deposit Policies of all Ontario distributors. In our opinion, this objective is fundamentally unfair. Utility rates are different from one another in part because deposit policies are different among utilities. Stringent deposit policies result in lower costs and ultimately lower rates, whereas loose deposit policies result in higher costs and ultimately higher rates. If harmonization is the goal, why then are customer rates not being harmonized or at least being moved in the direction of harmonization? Deposit policies should only be adjusted when utilities can coincidentally adjust their rates to reflect the resulting change in costs.

The proposed amendments to the deposit policies will result in increased write-offs and administration costs to many distributors. We believe that this is unfair, since distributors with less stringent deposit policies will benefit from a reduction in costs and

an increase in profits, whereas it will result in a further erosion of the more efficient distributors' incomes.

In addition to the incremental write-offs of the Board's proposal, many distributors will incur incremental costs for, (a) the annual monitoring of deposits and issuance of refunds (sections 2.4.22 & 2.4.23); (b), a complicated procedure proposed for the non-residential customers > 5000 kW demand (section 2.4.13); (c) letters of reference to other distributors.

Consequently, it is our recommendation that the Board complete development of this deposit policy but defer implementation until distributors are able to seek relief through rate increases.

As requested, please find enclosed two paper copies of this submission. An electronic version in both Word and PDF format will be emailed.

Yours truly,

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