

Mr. Paul Pudge, Board Secretary  
Ontario Energy Board  
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Sent by Fax (416) 440-7656  
Original by Mail

November 24, 2003

**Reference: Consumer Security Deposit Policies - File # RP-2002-0146**

Dear Mr. Pudge:

Please accept this as London Hydro's written submission with respect to the major changes to the original submission. We would like to take this opportunity to comment on some of the issues within the proposed amendments to the Distribution Code and the Retail Settlement Code. They are as follows:

- Large Consumers (>50kW)

*The Board proposes that "The non-residential >50kW customer class would be divided into two sub-classes of over and under 5 MW (5000 kW)"*

*The majority of large consumers – under 5MW and over 50 kW – would continue to receive 100% of a deposit refund upon achieving 7 years of GPH and that Non-residential consumers >5MH, which represents the greatest material discrete exposure risk, would receive 50% of a deposit refund after 7 years of GPH. A credit rating would be required to receive a refund that exceeds 50%.*

It is still London Hydro's position that security deposits on non-residential accounts, should not be returnable until the customer leaves the system. Return of these deposits after 7 years places an undue burden and risk on the residential class, and it threatens the financial viability of the electric distribution industry.

- Implementation Time Frame

*Extension from 3 to 6 months.*

London Hydro is satisfied with this extension.

- Ref. 2.4.19 Letter of Credit - open ended vs. irrevocable

London Hydro is satisfied with this proposal.

- Deposit Refunds for GPH or Credit Rating

*Transition period for reviews and/or refunds provide for at least 1 budget cycle prior to be applicable.*

Our preference is that we do not refund security deposits.

- Section 2.4.11 – GPH References

*Permitted from any other Canadian electric utility as opposed to limiting to Ontario Utilities.*

London Hydro is satisfied with this change.

- Ref. 2.4.21 – Interest Rate

*Change from the Prime Business Rate to the Prime Business Rate less 2%.*

London Hydro concurs with this revision.

- Ref. 2.4.12 – Revision to allow for “customer specific” calculations for residential customers.

London Hydro currently uses a “Table” rate for residential customers on the basis of average consumption for this class.

User specific calculations are used when a customer becomes delinquent.

- Disconnect/Collect Trip Definition

*Inclusion of load limiters to allow for requesting deposit opposed to just a full disconnect. Clarity on the two trips are not one of the same.*

London Hydro is satisfied with this clarification.

- Sections 2.4.23 & 2.4.24 Clarification of deposit refund procedures

1. *Crediting a customers final bill deposit.*
2. *Requests for refund must be in writing.*
3. *A deposit refund must be provided by an LDC to a consumer within 1 month of account closure.*

The only issue with this revision is that we do not see the rationale of #2 in having requests for refunds in writing. The request in writing may be redundant provided it is mandated that refund cheques be issued only to the person whose name is on the primary billing account.

- Deposit Reviews

*Requirement for distribution companies to review deposit requirement once annually within each calendar year. The Board also adds a provision that when requested by the customer, a review be done on the customer's specific anniversary date.*

London Hydro would like to restate our July 8<sup>th</sup> submission.

“Due to London Hydro’s customer base, this function would have to be automated in our Customer Information System (CIS). Significant enhancements would have to be made in our CIS. This would require capital expenditures and time to develop and implement the functionality.”

Sincerely,

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Attach: Addendum

## Addendum

London Hydro has investigated other options in lieu of demanding of a security deposit. An alternative plan would be to offer advanced billing as an option to those that cannot afford to give a security deposit. We would appreciate that the option of advanced billing (in lieu of a security deposit) be included in the Consumer Security Deposit Policy. London Hydro is ready and willing to launch the advanced billing program in tandem with the OEB's release of the revised Consumer Security Deposit Policy.

Please note, that the advanced dollars paid by the customer under the advanced billing option is tantamount to paying the bill in advance of the consumption and would not be seen as a deposit (in trust) of any kind.