



RP-2004-0166

**NOTICE OF PROPOSAL TO AMEND
THE DISTRIBUTION SYSTEM CODE
BOARD FILE NO.: RP-2004-0166**

To: All Interested Persons

The Ontario Energy Board (“OEB” or the “Board”) is giving notice under section 70.2 of the Ontario Energy Board Act, 1998 (the “Act”) of its proposal to amend the Distribution System Code (the “Code”).

The proposed Code amendments provide greater clarity as to local electricity distribution companies’ (“LDCs”) rights and obligations with respect to customers owing money for unpaid electricity charges or for a security deposit.

The Code, a Discussion Paper, this Notice, and the proposed amendments to the Code are available on the OEB web site at www.oeb.gov.on.ca.

The Code sets the minimum conditions that an electricity distributor must meet in carrying out its obligations to distribute electricity under its licence and the *Electricity Act, 1998* (the “Act”). All licensed electricity distributors in the province must comply with the provisions of the Code as a condition of licence.

The purpose of the proposed amendments to the Code is to clarify the conditions, which are consistent with the Act, under which a distributor may refuse to connect, or continue to connect, if the person requesting connection owes the distributor money for distribution services or for a security deposit. In so doing, the proposed amendments qualify grounds to refuse to connect, or continue to connect a customer, requiring that these grounds be reasonable.

The proposed amendments remove the provision which addressed the distributor’s existing right under the Code to use any risk mitigation options available under law to manage customer non-payment risk. The proposed amendments also identify the recently standardized, more prescriptive policies for security deposits, as the appropriate risk management tool for this purpose and allow the distributor to refuse to connect or continue to connect, for non-payment of a security deposit.

The proposed amendments provide guidance to the distributor regarding the recovery of reasonable costs associated with disconnection, reconnection, and charges for energy use.

The Board anticipates that LDCs and ratepayers will benefit from the proposed amendments as they clarify the LDC's rights regarding unpaid electricity charges and security deposits, and damage to distribution assets.

It is expected that the LDCs will not incur any additional costs due to the proposed amendments, but LDCs could potentially lose some revenue as the proposed amendments prohibit LDCs from reassigning unpaid charges.

The Board will not be granting cost awards in this matter.

The Board will conduct this proceeding by way of receiving written comments and oral presentations with respect to the proposed amendments to the Code. The Board requests that the comments specifically reference the relevant sections of the Code and the proposed amendments, and encourages interested parties to review the Discussion Paper posted on the OEB web site. Any person who wishes to make a written comment with respect to the amendments to the Code **must** file nine (9) paper copies of the submission, and, if possible, electronic copies in Adobe Acrobat (PDF) and WordPerfect or Word with the Acting Board Secretary by **4:30 pm on June 25, 2004**. Your comments must quote file number **RP-2004-0166** and include your name, address, e-mail address and fax number. The written comments will be available for public inspection at the office of the Board during normal business hours and on the OEB web site at www.oeb.gov.on.ca. The Board will hear oral presentations on the proposed amendments to the Code on a future date to be determined by the Board. A Procedural Order will describe the format for the presentations.

If you have any questions regarding this file, please contact Beverley Jaffray at 416-440-8101, or call toll free 1-888-632-6273.

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ONTARIO ENERGY BOARD

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Acting Board Secretary