

**Number:** OPUCNCOS - 240 - 03

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**Preamble:**

A distributor may request a security deposit as provided under Chapter 2 of the OEB'S Distribution Systems Code. In managing customer non-payment of risk, a distributor shall not discriminate among customers with similar risk profiles or risk related factors except where expressly permitted by the Code.

**2. Policy:**

2.1 Except as provided for in Sections 4.3 and 6, all new residential service and general service Customers will be required to pay a security deposit to Oshawa PUC Networks Inc. (OPUCN) when applying for distribution services.

2.2 Any existing Customer who has not established a satisfactory payment record with OPUCN will be required to pay a security deposit.

**3. Administration of Security Deposits:**

3.1 Residential Customers:

3.1.1 The deposit shall be maintained for a minimum of one year.

3.1.2 Deposits will be refunded yearly or upon request, after one year providing the Customer has established a satisfactory payment record in accordance with Section 7.

3.1.3 All amounts held on deposit will be applied to the final bill on termination of distribution services.

3.1.4 Deposit payments will be collected from the Customer when an application for distribution services is made.

3.1.5 Deposits may be augmented by an additional deposit if the original deposit proves to be insufficient based on the Customer's actual usage where the original deposit was calculated using section 4.1.1.2 and is found to be too low.

3.1.6 Deposits will be subject to normal collection procedures, including disconnection.

### 3.2 General Service Customers:

3.2.1 For a General Service Customer with demand under 50kW the deposit will be held for a minimum of five years of good payment history or until the distribution service is terminated.

3.2.2 For a General Service Customer with demand over 50kW and under 5000 kW the full deposit will be held for a minimum of seven years or until the distribution service is terminated, whichever is sooner. After seven years of good payment history the deposit will be returned.

3.2.3 For a General Service Customer with demand over 5000 kW the full deposit will be held for a minimum of seven years or until the distribution service is terminated, whichever is sooner. After seven years of good payment history 50% of the deposit will be returned.

3.2.4 All amounts held on deposit will be applied to the final bill upon termination of the distribution service.

3.2.5 Deposit payments will be collected from the Customer when an application for distribution services is made.

3.2.6 Deposits may be augmented by an additional deposit if the original deposit is insufficient based on the Customer's actual usage where the original deposit was calculated using section 4.1.1.2 and is found to be too low.

3.2.7 Deposits not paid will be subject to normal collection procedures, including disconnection.

## **4. Amount of Deposit:**

### 4.1 Customers On Standard Supply Service

#### 4.1.1 Residential Customers:

4.1.1.1 Residential service Customer deposits will be based on 2.5 times the average usage over the most recent 12 month period.

4.1.1.2 The deposit will be based on, in order:

- a. the previous Customer's consumption
- b. the street average
- c. area average bill in determining an amount.

#### 4.1.2 General Service Customers and Monthly Billings:

4.1.2.1 The amount of the deposit will be based on 2.5 times the average monthly usage for the previous 12 month period.

#### 4.2 Customers On Choice With Retailer

##### Distributor Consolidated Billing

The amount of deposit for both residential service and general service Customers will be calculated as in Section 4.1.

#### 4.3 Customers On Choice With Retailer

##### Retailer Consolidated Billing

No deposit shall be taken from the Customer.

### **5. Interest on Deposits:**

#### 5.1 Security Deposits:

Interest is based on the Bank of Canada's Prime Interest Rate less 2% and will be updated quarterly and accrue monthly. The calculated interest will be applied to the customer's account annually and any interest still unapplied will be credited to the final bill.

#### 5.2 IMO Security Deposit:

Interest on the security held by OPUCN for the purposes of IMO prudential guarantee requirements shall be paid on the same terms and conditions as the IMO establishes with OPUCN.

### **6. Exemptions:**

6.1 Federal, Provincial, Regional, and Municipal Governments shall be exempt from the security deposit requirement.

6.2 Residential service Customers who have in the most recent 24 month period established a satisfactory payment record of one year with OPUCN will be exempt from the security deposit requirement.

6.3 A Letter of Reference for residential service Customers will be acceptable from other Ontario distributors or gas distributors providing the Customer has had a satisfactory payment record for 12 consecutive months, at least part of which was within the past 24 months.

6.4 A new residential service Customer or general service Customer who requests an exemption and then passes a credit check using the system that OPUCNI has in place at the time will be exempt from the security deposit requirement. This credit check will be subject to an administration fee.

**7. Satisfactory Payment Record Criteria:**

7.1 No more than one returned cheque or returned budget billing payment in the relevant time period.

7.3 No more than one disconnect notice in the relevant time period.

7.4 No service disconnection visits in the relevant time period.