

Security Deposit Policy

PURPOSE

This policy describes the terms and conditions Orangeville Hydro Limited (OHL) will use for collection, maintaining and returning customer security deposits while complying with the applicable legislation and codes:

POLICY STATEMENT

OHL will comply with the deposit requirements as defined in the Distribution System Code (DSC), Retail Settlement Code (RSC), Distribution Rate Handbook, and Ontario Energy Board Customer Service Rules, however, may waive these requirements in favour of a customer or potential customer.

As a condition for supplying or continuing to supply distribution services, OHL will request security deposits from Customers, based on the customer classification and the customer's billing history. OHL shall not discriminate among customers with similar risk profiles or risk related factors, except where expressly permitted under the Distribution System Code.

OHL may require a security deposit from a customer who is not billed by a competitive retailer under retailer-consolidated billing unless the customer has a good payment history of 1 year in the case of a residential customer, 3 years in the case of a non-residential customer in a <50 kW demand rate class or 7 years in the case of a non-residential customer in any other rate class. The time period that makes up the good payment history must be the most recent period of time and some of the time period must have occurred in the previous 12 months. OHL shall provide a customer with the specific reasons for requiring a security deposit from the customer.

PROCEDURE AND RESPONSIBILITY

Deposit Request(s)

A deposit will be requested from a customer who:

- Is a new customer who has not been served by the utility in the previous 24 months
- Has an unsatisfactory payment history with another electricity or gas utility.
- Is unable to provide a satisfactory credit rating at their own expense.
- Is an existing customer that is in arrears either at the current location or at a previous location.
- Terminates the enrollment in the equal payment and/or pre-authorized payment plan in which the customer was enrolled in lieu of a security deposit.

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A customer is deemed to have a good payment history unless:

- More than 1 disconnection notice has been received over the past year
- More than one returned cheque has been issued
- Failure to pay more than one pre-authorized payment
- Service has been disconnected over the past year for non-payment
- They have been subject to a collection trip by the OHL
- A security deposit has been applied to arrears and is required to repay the security deposit

If any of the preceding events occur due to an error by OHL, the customer's good payment history shall not be affected.

Acceptable Payment for Security Deposits

- Cash
- Cheque
- Credit Card (VISA, MasterCard, American Express)
- Debit
- Guaranteed letter of credit from the customer's bank, trust company, or credit union. All guaranteed letters of credit must be "irrevocable" and "automatically renewing".
- Money Order

Security Deposit Exemption(s)

OHL shall not require a security deposit where:

- A customer provides a letter from another electricity or gas distributor in Canada confirming a good payment history for the most recent relevant time period.
- Customer provides a satisfactory credit score at their expense. A satisfactory score is **622** and above.
- Residential customer signs up for Equal Payment and/or Pre-authorized Payment Plan.
- An eligible low-income customer has made the request for waiver and the Low-income Energy Assistance Program (LEAP) Intake Agency is assessing the customer's eligibility as a low-income customer.

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Security Deposit Calculation

Residential

Where billing history is not available a residential customer's security deposit is calculated according to the average bill of that specific account over the most recent consecutive twelve month history within the past two years.

Where billing history is available, the deposit amount shall be calculated as 2.5 times the average monthly bill to a maximum:

If less than twelve months of billing history exists, OHL will base the residential customer's security deposit on the following amounts:

- non-electric heat \$150.00
- electric heat \$300.00

Residential customers may pay the deposit in equal installments over a six-month period.

Commercial

Where billing history is not available, a commercial customer's security deposit is calculated according to the average bill of that specific account over the most recent consecutive twelve month history within the past two years.

Where billing history is available, the deposit amount shall be calculated as 2.5 times the average monthly bill.

Where relevant usage information is not available for the customer for twelve consecutive months within the past two years, the customer's average consumption/load shall be based on a reasonable estimate made by OHL.

Where a commercial customer in any rate class other than a <50kW demand rate class has a credit rating from a recognized credit rating agency, the maximum amount of the security deposit required by the OHL shall be reduced in accordance with the following table:

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Credit Rating (Using Standard and Poor's Rating Terminology)	Allowable Reduction in Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Security Deposit Refund

A deposit is held for at least one year of good payment history from the time the deposit has been paid in full for residential customers, three years for commercial customers (less than 50 kW demand) and seven years for other commercial/industrial customers.

A deposit will be refunded to the customer's account at the end of the deposit period defined above as long as they maintain a good payment history.

OHL shall promptly return any security deposit received from the customer upon closure of the customer's account, subject to OHL's right to use the security deposit to set off other amounts owing by the customer to OHL. The security deposit shall be returned within six weeks of the closure of an account.

Security Deposit Review

A customer may, no earlier than 12 months after the payment of a security deposit or the making of a prior request for a review, **request** in writing that a distributor undertake a review to determine whether the entire amount of the security deposit is to be returned to the customer as the customer is now in a position that it would be exempt from paying a security deposit had it not already paid a security deposit or whether the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit.

Where a residential customer has paid a security deposit in installments, the customer shall not be entitled to **request** a review of the security deposit until 12 months after the first installment was paid.

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OHL shall give notice to all residential customers, at least annually, that any residential customer that qualifies as an eligible low-income customer may request and receive a refund of any security deposit previously paid to OHL by the customer, after application of the security deposit to any outstanding arrears on the customer's account.

Where OHL determines in conducting a review under that some or all of the security deposit is to be returned to the customer, OHL shall promptly return this amount to the customer by crediting the customer's account or otherwise. In the case of a customer in a > 5000 kW demand rate class, where the customer is now in a position that it would be exempt from paying a security deposit had it not already paid a security deposit, OHL is only required to return 50% of the security deposit. Where OHL determines in conducting a review that the maximum amount of the security deposit is to be adjusted upward, OHL may require the customer to pay this additional amount at the same time as that customer's next regular bill comes due.

Where a residential electricity customer is required to adjust the security deposit upwards, a distributor shall permit the customer to pay the adjustment amount in equal installments paid over a period of at least 6 months. A customer may elect to pay the security deposit over a shorter period of time.

Interest Payable

Interest shall accrue monthly on security deposits made by way of cash or cheque commencing on receipt of the total deposit required by the OHL. The interest shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued shall be applied to the account on a quarterly basis, on return or application of the security deposit, or closure of the account, whichever comes first.

Low-income customers

- A customer who has received LEAP emergency financial assistance within the past two years, or
- A customer who is currently receiving assistance under the Ontario Electricity Support Program (OESP).