

Commercial Customer - Credit Policy

INTRODUCTION

This credit policy has been issued by Oakville Hydro Electricity Distribution Inc. to make it compliant with the Ontario Energy Board (OEB) Retail Settlement and Distribution System Codes that became effective February 3, 2004.

Security

Security must be in the form of cash, cheque or an automatically renewing, irrevocable Letter of Credit from a Bank as defined in the Bank Act, 1991, c46.

SECURITY REQUIREMENT

Security must be provided to Oakville Hydro Electricity Distribution Inc. by all Commercial customers that fail to qualify for a security deposit exemption.

Exceptions:

- Federal, Provincial and Municipal governments, their agencies and their guarantee.
- School Boards
- All new customers who have a Good Payment History (GPH) with Oakville Hydro Electricity Distribution Inc, another Local Distribution Company or Gas Utility in Canada. The length of time needed to determine Good Payment History (GPH) is based on the rate class. Its 5 years in the case of a non-residential customer <50 kW demand, 7 years in the case of a non-residential customer in any other rate class. If a customer is claiming an exemption due to a payment history with another utility other than Oakville Hydro Electricity Distribution Inc., the customer must provide a letter from that utility documenting a satisfactory payment history for the same legal entity. Part of the payment history must have occurred in the past 24 months in order to qualify for an exemption.
- All existing customers that maintain 5 years of Good Payment History in the case of a non-residential customer <50 kW demand, 7 years Good Payment History in the case of a non-residential customer in any other rate class with Oakville Hydro Electricity Distribution Inc.
- At the customer's expense, they may provide a credit check that demonstrates they are a good credit risk. In order to receive this partial exemption from security the customer must maintain a rating acceptable to Oakville Hydro Electricity Distribution Inc. and provide Oakville Hydro Electricity Distribution Inc. with access to monitor that rating on an ongoing basis. Failure to maintain a rating will result in an immediate security review.

AMOUNT OF SECURITY

The amount of the security will be the following:

- For a monthly billed customer - The average monthly load over the most recent twelve-month period prorated over 75 days or 2.5 times the average monthly bill. Where an average monthly load for the customer is not available, Oakville Hydro Electricity Distribution Inc. will calculate the
- For a bi-monthly billed customer - The average monthly load over the most recent twelve-month period prorated for 3.5 months. (1.75 times the average bi-monthly bill) Where an average monthly load for the customer is not available, Oakville Hydro Electricity Distribution Inc. will calculate the load based upon its best estimate and current rates.
- Where a customer is facing a security deposit requirement resulting from a poor payment history the amount of security will be calculated on the highest monthly load occurring in the last 12 months.
- Oakville Hydro Electricity Distribution Inc. will review annually and alter if necessary the deposit amount upon the occurrence of the following:

- 1) Lack of maintaining a Good Payment History
- 2) Anniversary of service installation
- 3) A rating deterioration
- 4) A significant consumption change. If the original deposit is based upon historical consumption data that is inconsistent with consumption experienced with the current customer the amount of security will be adjusted once a new consumption pattern has been established.

Security must be in the form of cash, cheque or an automatically renewing, irrevocable Letter of Credit from a Bank as defined in the Bank Act, 1991.

INTEREST ON SECURITY

Interest shall accrue monthly on security deposits made by way of cash or cheque commencing on receipt of the total deposit required by Oakville Hydro Electricity Distribution Inc. The interest rate shall be at

the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued to December 31 of each year shall be applied to the first bill of each calendar year or on return or application of the security deposit or closure of the account, whichever comes first, and may be paid by crediting the account of the customer.

CREDIT RATING

Where a customer has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit, which the Oakville Hydro Electricity Distribution Inc. may require the customer to pay, shall be reduced in accordance with the following table:

Credit Rating Allowable Reduction (Using Standard & Poor's Rating Terminology)	Security Deposit Equifax Score
AAA- and above or equivalent	100% 0-9
AA-, AA, AA+ or equivalent	95% 10-15
A-, from A, A+ to below AA or equivalent	85% 16-19
BBB-, From BBB, BBB+ to below A or equivalent	75% 20-25
Below BBB- or equivalent	0% 26+

PAYMENT OF SECURITY

Should security be required, full payment of the security deposit will be necessary as a condition of service for all commercial customers.

RETURN OF SECURITY

The time period for determining a Good Payment History for a General Service customer less than 50 kW is based on 5 years of history; over 50 kW is 7 years from the date that Oakville Hydro Electricity Distribution Inc. is determining the GPH. We will refund 100% of the security billing deposit to their account if the customer receives a GPH.

For customers over 5000 kW, where customers receive a Good Payment History based on 7 years history, we will refund 50% of the security billing deposit to their account and maintain the remaining 50%.

OTHER CHARGES

As well as asking for additional money to be added to the deposit on hand, Oakville Hydro Electricity Distribution Inc. will also ask the customer to pay charges, including: Late payment interest charges, returned item charges, disconnection and reconnection charges and other charges.

COLLECTION PROCEDURES

Customers with overdue accounts, in addition to having to pay a security deposit, will be subject to the standard collection procedures of Oakville Hydro Electricity Distribution Inc., including: Friendly reminder notice of arrears, final request notice for payment, a hand delivered collection notice and/or termination of service as appropriate. Service may be terminated for non-payment of any balance after proper notice has been given. Any payments made at the door of a customer must be made with cash, certified cheque or money order. Oakville Hydro Electricity Distribution Inc. will not accept a non-certified cheque from a customer.

LOSING A RECORD OF GOOD PAYMENT

Oakville Hydro Electricity Distribution Inc. will apply the following criteria in assessing a customer's payment history:

The customer will no longer qualify as a customer with a Good Payment History and will be subject to an immediate security review if any of the following events occur:

- When a customer receives (2) Final Notices of Service within a 7-year period
- When Oakville Hydro Electricity Distribution Inc. receives (2) Returned Items within a 7-year period, providing it was not the result of a bank error
- When the customer receives (1) Final Notice in a 7-year period and there is (1) Returned Item on the account during that same period
- When a Collection Notice is delivered and collection activity at the service location is required
- When a customer enters into Bankruptcy proceedings, receives court protection from creditors under the CCAA or civil proceedings non-refundable security deposits will be required from all such customers when court documents allow. All customers under court protection will be subject to payment arrangements acceptable to Oakville Hydro Electricity Distribution Inc.

THIS CREDIT POLICY MAY BE CHANGED BY OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC. IN ITS DISCRETION FROM TIME TO TIME.

Please consult an Oakville Hydro Electricity Distribution Inc. Customer Service Representative for further details.

DEFINITIONS

Disconnection/Collection Trip

Disconnection/Collection Trip is a visit to a customer's premises by an employee or agent of Oakville Hydro Electricity Distribution Inc. to demand payment of an outstanding amount or to shut off electricity to the customer failing payment.

Good Payment History (GPH)

A Good Payment History, as determined by the OEB is maintained by not having any of the events outlined in Losing a Record of Good Payment within a time period.

Collection Notice

A collection notice is a formal letter delivered to the customer by Oakville Hydro Electricity Distribution Inc. advising the customer that their hydro service may be cut off for non-payment and that service beyond a date cannot be guaranteed.

Cut Off for Non- Payment Order

A cut off for non-payment order is issued after the customer has been attempted to be contacted by phone with regards to the collection notice and Oakville Hydro Electricity Distribution Inc. has scheduled the service to be disconnected for non-payment.

New Customer

A new customer for the purposes of this policy is defined as a customer who has had no previous payment history with Oakville Hydro Electricity Distribution Inc. and has not provided a letter of reference from another utility in Canada.

Commercial Customer (General Service >50kW Demand)

A commercial customer is defined by the OEB as a non-residential customer in a > 50 kW demand rate class who is not a Large Commercial Customer. These customers have meters capable of measuring and recording peak demand and a customer in this rate class will have a demand component on their bill.

Commercial Customer (General Service <50kW Demand)

A non-residential customer with an average peak demand period below 50kW.

LDC

A Local Distribution Company (LDC) is the regulated entity responsible for the distribution of electricity for a defined service area. Oakville Hydro Electricity Distribution Inc. is the LDC for the Oakville Area.

OEB

The Ontario Energy Board (OEB) is the provincial government entity responsible for LDC regulation.

Returned Item

A returned item is defined as any method of payment offered by a bank. It will include any cheque or pre-authorized payment that has been returned to Oakville Hydro Electricity Distribution Inc. by the bank for any of the following reasons: A Stop Payment has been placed on the item, a Non Sufficient Funds reason was placed on the returned item or the bank indicates that the funds have not been cleared. In summary, a returned item will be any item not honoured by the bank, including all forms of paper or electronic items.