

# **Residential 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 or cheque for all residential customers.

## **SECURITY REQUIREMENT**

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

Exceptions:

- All new customers who have a 1- year (12 month) Good Payment History (GPH) with either Oakville Hydro Electricity Distribution Inc., another Local Distribution Company or Gas Utility in Canada. If a customer is claiming an exemption due to a good 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 name. 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 a 1-year (12 month) Good Payment History 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 from a nationally recognized credit bureau. If the customer is to provide the credit bureau report it must be for a period within the past 6 months. Alternatively Oakville Hydro Electricity Distribution Inc. will arrange for a credit report at the customer's expense if requested.

## **AMOUNT OF SECURITY**

The amount of the security will be the following:

- All residential customers subject to a security deposit will have a minimum deposit of \$100 required.
- 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 load based upon its best estimate and current rates.

- 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 or no credit history, the amount of security will be calculated on the highest monthly bill occurring in the last 12 months.
- Oakville Hydro Electricity Distribution Inc. will review no less than annually and alter if necessary the deposit amount upon the occurrence of the following:
  - 1) Lack of maintenance of 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.

## **INTEREST ON SECURITY**

Interest shall accrue monthly on security deposits made by way of cash or cheque commencing on receipt. 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.

## **PAYMENT OF SECURITY**

Should security be required, a residential customer may pay the deposit over a maximum of four monthly payments. In the case of a bi-monthly residential customer the deposit may be paid over the next two bills. Deposit payment terms will be offered to residential customers who have been disconnected due to non-payment of an Oakville Hydro Electricity Distribution Inc. bill. All arrears and reconnection fees must be paid in full before hydro service will be restored.

## **RETURN OF SECURITY**

All residential customers with a security deposit, upon establishing a GPH as defined in these policies, are eligible to apply for a security deposit refund after one year. All security requirements will be reviewed no less than annually. All

security payment adjustments, including refunds due to GPH, will appear on the customer's next bill. A final bill can only be rendered once Oakville Hydro Electricity Distribution Inc. has been notified of an account status change.

## **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.

## **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.

## **LOSING A RECORD OF GOOD PAYMENT**

Residential customers after 1 year with Oakville Hydro Electricity Distribution Inc. will be subject to 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 Request Notices within a 1-year period
- When Oakville Hydro Electricity Distribution Inc. receives (2) returned items within a 1-year period, providing it was not the result of a bank error
- When the customer receives (1) Final Request Notice in a 1-year period and there is one (1) returned item on the account during that same period
- 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. OTHER TERMS AND CONDITIONS MAY APPLY.

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 or limit distribution of 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 our Conditions of Service, section 2.4.3, occur within a time period established for each customer class.

### **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 for non-payment on a specified date and service beyond that 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.

### **Residential Customer**

A residential customer is either monthly or bi-monthly billed. A residential customer is defined as either a Retail Account or a Standard Service Supply (SSS) Residential Account. These customers typically live in houses or apartments and live in the premises as an owner or tenant.

**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.