

Thunder Bay Hydro Security Deposit Policy

Effective October 1, 2010

This policy is available to all Thunder Bay Hydro Consumers, hereinafter known as the Customer, for their inspection upon request.

Thunder Bay Hydro will require the customer to pay any new, replacement or increase in Security Deposit amount(s) in the manner and time period defined by the rules of the Distribution System Code.

All applicants for electrical service will complete a customer information form or provide personal information (with their authorized consent) for the purpose of **collecting information**.

Based on this information, Thunder Bay Hydro, an electricity distributor, will request an Account Security Deposit from all applicants who are unable to demonstrate a "good payment history" - as defined by the Ontario Energy Board's Distribution System Code

Thunder Bay Hydro shall not require a Security Deposit where:

The Customer has a "good payment history" of:

- **1 year** - in the case of a residential customer (RS),
- **5 years** - in the case of a non-residential customer in a <50 kW demand rate class (GU) or,
- **7 years** - in the case of a non-residential customer in any other rate class (all *commercial classes other than GU*).
- The Customer provides a letter from another Electricity Distributor, or Gas Distributor, in Canada confirming a "good payment history" with that Distributor for the most recent relevant time period set above where some of the time period which makes up the good payment history has occurred in the previous 24 months, or
- The Customer, other than a customer in a >5000 kW demand rate class, provides a satisfactory credit check made at the Customer's expense from a Credit company such as Equifax, TransUnion or Dun & Bradstreet.

The time period that makes up the "good payment history" must be the most recent period of time (as *listed above*) and some of that time period must have occurred within the previous two (2) years.

Thunder Bay Hydro shall require a Security Deposit where:

The Customer is no longer deemed to have a "good payment history". This occurs when during the relevant time period listed above, any of the following has occurred:

- the Customer has received more than one disconnection notice from a Distributor,
- more than one cheque given to a Distributor, by the Customer, has been returned for insufficient funds,
- more than one pre-authorized payment to a Distributor has been returned for insufficient funds
- a collection trip or disconnect trip by a Distributor has occurred.

If any of these events (*listed above*) occur due to an error by Thunder Bay Hydro, the Customer's "good payment history" will not be affected.

Calculation of Security Deposit Amounts:

The maximum amount of a Security Deposit which Thunder Bay Hydro may require a Customer to pay shall be calculated, and billed for, in the following manner:

A billing cycle factor x the estimated bill, based on the Customer's average load with Thunder Bay Hydro during the most recent twelve (12) consecutive months and within the past two (2) years.

“ALL” TBH Residential Service (RS) Customers:

A bi-monthly billing cycle factor of **1.75** x estimated bimonthly bill - based on the Customer's average monthly load at the service location.

“New” TBH Commercial Service Customers:

A monthly billing cycle factor of **2.5** x estimated monthly bill - based on the Customer's average monthly load at the service location.

TBH Commercial Service Customers not demonstrating a “Good Payment History”

A monthly billing cycle factor of **2.5** x estimated monthly bill - based on the Customer's highest monthly load * at the service location.

** Where a Commercial Customer has a payment history which discloses more than one disconnection notice in the relevant time period shown above, Thunder Bay Hydro may use that Customer's highest (actual or estimated) monthly load for the most recent twelve (12) consecutive months within the past two (2) years for the purposes of making the recalculation of the maximum amount of Security Deposit.*

Where relevant usage information is not available for the Customer for twelve (12) consecutive months within the past two years, the Customer's average monthly load shall be based on a reasonable estimate made by Thunder Bay Hydro as defined in the Distribution System Code.

Where a non-residential Customer, in a >50 kW demand rate class, provides a credit rating from a recognized rating agency, the maximum amount of a Security Deposit, which the Distributor may require from the Customer to pay, will be reduced in accordance to the table in section 2.4.13 of the Distribution System Code.

Acceptable Forms of Payment for Security Deposit:

Thunder Bay Hydro shall permit the Customer to provide a Security Deposit in equal installments paid over the time period allowed by the Distribution System Code. A Customer may, at their discretion, choose to pay the Security Deposit over a shorter time period and by the following:

- Cash, Certified Cheque(s), Money Order(s) - which may be made in installments.
- Personal / Business Cheque(s) - subject to credit approval by Thunder Bay Hydro.
- An Automatically Renewing, Irrevocable Letter of Credit from a Chartered Canadian Bank or Credit Union.
- Government of Canada or Ontario Bearer Bonds.
- Band Council Resolution Guarantee.

Thunder Bay Hydro may also accept other forms of security such as surety bonds and third party guarantees.

Non - Payment of a Security Deposit:

If Thunder Bay Hydro has requested an account Security Deposit and the Customer fails to render payment and/or equal installments are not maintained, a "collection trip" or "service disconnection" may be required. This is a visit to a Customer's premises by an employee, or agent of Thunder Bay Hydro, to demand payment of an outstanding amount or to shut off, or limit, the distribution of electricity. The Customer will also be subject to a collection charge if a visit is made or service reconnection fees upon restoration of service.

Where a Customer's service is subject to service disconnection, Thunder Bay Hydro will conduct a review of the Customer's payment history (as defined in this policy) to determine if a Security Deposit is required, to be applied and replaced, or increased.

Thunder Bay Hydro may use any risk mitigation options available under law to manage customer non-payment risk. Thunder Bay Hydro will not discriminate among customers with similar risk profiles or risk related factors except where expressly permitted under the Distribution System Code.

Reviews and Refunds of Security Deposits:

Thunder Bay Hydro shall review every Customer's Security Deposit, in the calendar year in which the anniversary date of their first payment occurs, to determine whether the entire or a partial amount of the Security Deposit is to be returned to the Customer or if an increase is required.

Based on this review:

- If the amount of the Security Deposit is to be increased based on a re-calculation of the amount of the Security Deposit, Thunder Bay Hydro will require the customer to pay any additional amount(s) in the manner and time period defined by the rules of the Distribution System Code.
- If some or all of the Security Deposit is to be returned to the Customer, Thunder Bay Hydro shall promptly return this amount to the Customer by crediting the Customer's account or by other methods as determined by Thunder Bay Hydro.
- Where a Customer in a > 5000 kW demand rate class is in a position that it would be exempt from paying a Security Deposit, Thunder Bay Hydro is only required to return 50% of the held Security Deposit.

A Customer may request, no earlier than twelve (12) months after the first payment of a Security Deposit, that Thunder Bay Hydro undertake a review to determine whether the entire or partial amount of the Security Deposit is to be returned to the Customer.

Interest shall accrue monthly on Security Deposits commencing on receipt of the total deposit required by Thunder Bay Hydro. The interest rate shall be at the Prime Business Rate as determined by the Bank of Canada less two (2) percent, updated quarterly. The interest accrued shall be paid out at least once every twelve (12) months, or on return of the Security Deposit, or closure of the account, whichever comes first. This interest may be paid by crediting the account of the Customer or by other methods as determined by Thunder Bay Hydro.

Thunder Bay Hydro shall promptly return any Security Deposit received from the Customer upon closure of the Customer's account, subject to Thunder Bay Hydro's right to use the Security Deposit, plus applicable interest, to set off any amounts owing by the Customer to Thunder Bay Hydro. The Security Deposit or remaining credit balance shall be returned within six (6) weeks of the closure of an account.