



117 Gorrie Street, Box 1480
Atikokan, Ontario P0T 1C0

Telephone (807)597-6600
Fax (807)597-6988
e-mail wilf.thorburn@athydro.com

February 28, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

RE: Customer Service, Rate Classification and Non-Payment Risk (EB-2007-0722)

Dear Ms Walli,

Please accept the attached comments [Appendix A] as concerns that Atikokan Hydro has with regards to the proposed changes to the non-payment risk issues.

As the enclosed example clearly demonstrates, the end result of this policy change will mean higher rates for all, including low income customers.

Yours truly,

A handwritten signature in cursive script that reads "Wilf Thorburn".

Wilf Thorburn
CEO/Secretary/Treasurer
Atikokan Hydro Inc.

Appendix A

Distributors have the discretion to ask for a security deposit from a customer if the customer does not have a good payment history.

Proposed changes to section 2.4.12; will waive the security deposit requirement for eligible low-income customers provided a social service agency or government agency can review/confirm a customer's low-income eligibility. This contradicts the basis for all rules and justifications for security deposits because typically, those requiring deposits do not have a good payment history and are often low/fixed income individuals. These are the individuals that create a liability to the distributor and create write-offs and in turn affect the rates for all customers including those with a good payment history.

The customer account details below depict a common position the LDC is in and displays the affects of the new customer service rules in the Distribution System Code (DSC).

SCENARIO

Low-income customer has hydro connected. A deposit of \$300 is required and is billed over four equal installments; \$75. Keep in mind section 2.4.26A of the DSC states 'A distributor shall not issue a disconnection notice to a residential customer for non-payment unless the distributor has first applied any security deposit held on account for the customer against any amounts owing at that time.'

Customer: Jane Doe Initiation Date: 22/10/10

Transaction Type	Transaction Date	Due Date	Comment	Transaction Amount	Running Balance
Payment	02/02/11		Payment Received	100.00-	\$231.03
Bill	20/01/11	09/02/11	Cycle Bill ³	138.11	\$331.03
Late Payment	11/01/11		Late Payment Charge	1.74	\$192.92
Bill	20/12/10	06/01/11	Cycle Bill ²	191.24	\$191.18
Deposit Interest	20/12/10		Deposit Interest	0.06-	\$0.06-
Payment	01/12/10		Payment Received	103.25-	\$0
Bill	23/11/10	10/12/10	Bill Deposit ¹	103.25	\$103.25

Table Notes

¹Bill of \$103.25 November 23, 2010 included a deposit installment of \$75.00 and a setup charge of \$25.00.

²Bill of \$191.24 December 20, 2010 included a deposit installment of \$75.00.

³Bill of \$138.11 January 20, 2011 included a deposit installment of \$75.00.

Jane Doe is due for a disconnect notice at the same time (February 2) the \$100.00 payment was received on account. This payment is applied to the \$191.18 (December bill; November consumption). The customer was contacted via phone to find out when the remainder (\$91.18) of the outstanding account could be expected. In this situation, as outlined above, following the proposed DSC; the customer has enough deposit on account to cover the \$91.18 in arrears. The next steps would be for the customer to be re-billed this deposit. The next bill is not until February 17th and will not be due until March 8, 2011.

On February 2, 2011; the customer owes \$231.03 and is to be billed in a few weeks for another deposit installment of \$75 plus the new 1/6 (to recover the partial deposit used to avoid cut off) to be re-billed in addition to the electricity charges for January consumption.

The math indicates by March 1st nearly \$400 dollars will be owed assuming no payments are made. The customer only had a few months history but it appears the customer can only make one monthly payment of \$100.00 towards hydro.

When contacted, the customer indicates they can make a payment at the end of February and ask to terminate the account for March 1st because they are moving.

There is no incentive for the customer to make a payment at the end of February because they are moving to a place where electricity is included in the rent.

This is a common case. It begs the question of who will pay the abandoned account. Would it not be logical to have the social agency first involved to take total responsibility for the account? The amended rules of using a deposit to avoid a disconnect only leaves the LDC in the position of eventually raising all rates to cover bad debts.

Customers deemed eligible to have the deposit waived will make the above scenario even more frustrating unless the agency making the assessment takes complete control and accepts timely responsibility for all accounts it confirms a deposit should be waived because a customer is low income.