



November 19, 2008

Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Re: Union Gas Comments on the Board's Proposed Amendments to the GDAR (EB-2008-0313)

Dear Ms. Walli:

The Ontario Energy Board (the "Board") issued a Notice of Proposed Amendments to the Gas Distribution Access Rule ("GDAR") on October 8, 2008 and invited natural gas distributors in Ontario and interested parties to provide written comments on the Board's proposed amendments to add certain provisions to GDAR (the "Proposed Amendments"). These provisions are designed to regulate and specify the policies which natural gas utilities must use for the purpose of setting and collecting security deposits from their customers.

Union's detailed comments on the Proposed Amendments are set out in the enclosed Attachment A. A blacklined version of the Proposed Amendments reflecting Union's comments is enclosed as Attachment B. Below Union raises some preliminary observations and provides a summary of its main submissions.

Preliminary Observations

Section 50(4) of the *Public Utilities Act* (the "PUA") grants utilities like Union the right to require customers to post reasonable security. The PUA therefore grants utilities with the discretion, subject to judicial review, to determine a reasonable security deposit policy. Having this discretion, Union has for a number of years, implemented its guidelines on security deposits which is a part of its Guidelines for General Service Customers, which was last filed in EB-2005-0520. This document is available to customers on Union's website. Union's policies have been implemented for many years and are adequate for their purpose. There is no recent event in Union's operations or the market that has triggered the need for any change in these policies. Similarly, Union is not aware of an increase in customers' concerns about its security deposit policies.

Summary of Union's Main Submissions.

On Customer Applicability

In section 2.4.2, the Board proposes the following rule: *A gas distributor shall develop and maintain a Security Deposit Policy that describes the gas distributor's policies in relation to the collection and administration of security deposits. Subject to this Rule and to all other applicable regulatory requirements of the Board, the gas distributor shall comply with its Security Deposit Policy.*

Union submits (*as it relates to sections 2.4.1, 2.4.2, 2.4.8 and 2.4.10*) that it is not necessary or appropriate to include contract rate customers in this rule. Contract customers have negotiated binding contracts with Union which contain specific terms and conditions. These should not be altered by GDAR. For simplicity, Union suggests that the Proposed Amendments apply only to general service customers. These customers are further divided into two classifications: (1) residential (which consist of homeowners, renters, and condominium owners that use gas primarily for home heating, hot water, cooking and the like); and (2) non-residential general service customers (which consist of customers who use gas as part of their business operations).

Also, given the upsets that can occur in the credit markets and the potential uncertainties related to non-residential (or business) customers, the utility needs the ability to evaluate a non-residential customer's creditworthiness in any way that it deems appropriate.

On Potential Financial and Other Impacts

As the Board has mentioned in its Notice, some of the company's current security deposit policies are somewhat similar to some of the amendments proposed by the Board. Union submits that notwithstanding this fact, there could be significant financial and other impacts to Union if these policies are changed. In particular, the Proposed Amendments could lead to an increase in costs and higher bad debts exposure. This is true for policies such as those involving the setting of the maximum amount of security deposits and the method of calculating the interest that the utility will pay for security deposits that it has collected. This is also true of policies that require changes to Union's systems and processes and revenue requirement. In connection with these, any additional costs and bad debt expenses that are incurred by reason of the Proposed Amendments should be recoverable from ratepayers.

Having regard to the foregoing, Union highlights below its key submissions, a subset of the complete list of submissions in Attachment A:

1. With respect to section 2.4.11, the security deposit amount needs to be based on the sum of the consumer's two or three highest bills within the year, not the average annual consumption. The use of the annual average consumption to calculate the deposit amount would make the security deposit requirement too small to properly assure or incent future payment for services delivered. In addition, the risk of non-payment is highest when the bills are the highest, making those bills the appropriate base for calculating the security deposit.

2. With respect to section 2.4.17, the simple interest method of calculation and the use of the Union's current rate on security deposits are appropriate parameters for calculating the interest paid by Union on security deposits since these deposits and the related interest are not intended to be for the financial gain either for the gas distributor or any of its customers.
3. With respect to section 2.4.18, the required annual review and recalculation of the amount of security deposits should only cover general service customers and an adjustment to a general service customer's security deposit amount should only be required if the adjustment amount is higher than a pre-defined materiality level to avoid unnecessary administration and costs.
4. With respect to section 2.4.26, Union's current billing system cannot, and it would be a costly change to enable it to, refund security deposits to third parties who have paid such deposits on behalf of some customers. Currently, deposits paid by third parties are remitted to the customers. If the proposed section were placed in effect, Union submits that it should be allowed to refuse acceptance of security deposits from third parties who require that the security deposits are refunded to them when these are no longer required by the gas distributor.

Union respectfully requests the opportunity to comment on the draft amendments to the GDAR with respect to security deposits before these are issued for public comment. At that time, Union could then provide a further assessment of the potential financial and operational impacts of the proposed amendments.

If you have any questions or concerns, please contact me at 519-436-4521.

Sincerely,

[original signed by]

Marian Redford
Manager, Regulatory Initiatives

cc: Crawford Smith(Torys)

**Union Gas Comments and Proposals
 On
 Proposed Amendments to the GDAR on Security Deposits**

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
<i>1.4 Coming into Force</i>		
1.4.6	<p><i>Section 2.4 of this Rule comes into force on [], 2009. [insert date that is the first day of the month that is six full months from the date on which the final amendments to the GDAR adding section 2.4 are posted on the Board's website]</i></p>	<p>Modification Proposed. Union suggests adding the following phrase to the end of the proposed rule: "except where expressly provided otherwise."</p>
<i>1.6 Determinations under this Rule</i>		
1.6.1	<p><i>Any matter under this Rule requiring a determination by the Board may be determined without a hearing or through an oral, written or electronic hearing, at the Board's discretion.</i></p>	<p>No comment.</p>
<i>2.4 Security Deposits</i>		

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
2.4.1	<p><i>In this section 2.4:</i></p> <p>(a) “general service consumer” means a consumer that is not a residential consumer and that annually consumes no more than 100,000 m³ of gas; and</p> <p>(b) “Security Deposit Policy” means the document developed by a gas distributor in accordance with section 2.4.2 that describes the gas distributor’s policies in relation to the collection and administration of security deposits.</p>	<p>Disagree.</p> <p>Union submits that it is not necessary or appropriate to include contract customers in this rule as these customers have legally binding contracts with specific terms and conditions that should not be altered by this rule. For simplicity, Union proposes that the Security Deposit Policy will apply only to general service customers. These customers are further divided into two classifications: (1) residential --- which are homeowners, renters, and condominium owners that use gas primarily for home heating, hot water, cooking and the like; and (2) non-residential general service customers that use gas as part of their business operations.</p> <p><u>Union’s Proposed Rule</u></p> <p>In this section 2.4:</p> <p>(a) “general service customer” means a consumer in rate classes for which the gas distributor does not require a contract for distribution service as a condition of the eligibility for service.”</p> <p>(b) “contract customer” means a consumer in rate classes for which the gas distributor requires a contract for distribution service as a condition of the eligibility for service.”</p> <p>(c) “residential customer” means a general service consumer who receives gas distribution services from the gas distributor to meet household needs, such as home heating, hot water, cooking, and the like. Subject to the requirements of section 2.4.2, a “residential customer” may also be a consumer that is a corporation within the meaning of the Condominium Act, 1998 who has an account with a gas distributor;</p> <p>(d) “non-residential customer” means a general service consumer who is not classified as a “residential customer”.</p> <p>(e) “Security Deposit Policy” means the document developed by a gas distributor in accordance with section 2.4.2 that describes the gas distributor’s policies in relation to the collection and administration of security deposits.</p>

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2.4.2	<p><i>A gas distributor shall develop and maintain a Security Deposit Policy that describes the gas distributor's policies in relation to the collection and administration of security deposits. Subject to this Rule and to all other applicable regulatory requirements of the Board, the gas distributor shall comply with its Security Deposit Policy</i></p>	<p>Disagree. Union submits that it is not necessary or appropriate to include contract rate customers in this rule. Please refer to Union's comments in 2.4.1.</p> <p><u>Union's Proposed Rule</u> A gas distributor shall develop and maintain a Security Deposit Policy that describes the gas distributor's policies in relation to the collection and administration of security deposits for general service customers. Subject to this Rule and to all other applicable regulatory requirements of the Board, the gas distributor shall comply with its Security Deposit Policy.</p>
2.4.3	<p><i>A gas distributor's Security Deposit Policy shall be consistent with this Rule and with all other applicable regulatory requirements of the Board, <u>including any rate order issued under section 36 of the Act and shall at a minimum include the following:</u></i></p> <p><i>(a) a list of all forms of security that may be accepted;</i></p> <p><i>(b) a detailed description of how the amount of security is calculated;</i></p> <p><i>(c) limits on the amount of security required;</i></p> <p><i>(d) the planned frequency, process and timing for updating security;</i></p> <p><i>(e) criteria that must be met by a consumer in order for the requirement for a security deposit to be waived or for a security deposit to be returned; and</i></p> <p><i>(f) the consequences for the consumer if a security deposit is not paid.</i></p>	<p>Modifications Proposed. It is not necessary to include the reference to "any rate order" in this provision because the rules on Security Deposits do not form part of approved rates. Union's most current Security Deposit Policy is included in the document Guidelines for General Service Customers and is always available to customers through Union's website.</p> <p><u>Union's Proposed Rule</u> A gas distributor's Security Deposit Policy shall be consistent with this Rule and with all other applicable regulatory requirements of the Board issued under section 36 of the Act and shall at a minimum include the following:</p> <p>(a) a list of all forms of security that may be accepted;</p> <p>(b) a detailed description of how the amount of security is calculated;</p> <p>(c) limits on the amount of security required;</p> <p>(d) the planned frequency, process and timing for updating security;</p> <p>(e) criteria that must be met by a consumer in order for the requirement for a security deposit to be waived or for a security deposit to be returned; and</p>

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		(f) the consequences for the consumer if a security deposit is not paid.
2.4.4	<i>A gas distributor shall file a copy of its Security Deposit Policy with the Board, make a current copy of its Security Deposit Policy publicly available and provide a current copy of its Security Deposit to any person upon request.</i>	No comment. Union will continue to provide the Security Deposit Policy. It will continue to reside in the Union Gas Service Guidelines which were last filed in EB-2005-0520 and posted in Union's website.
2.4.5	<i>A gas distributor that proposes to change its Security Deposit Policy shall give advance notice of the proposed change. At a minimum, advance notice of the proposed change shall be given by means of a note on or included with the bill issued to each consumer. The note shall indicate the proposed timeline for implementation of the proposed change, where and how the consumer may obtain a copy of the proposed change and how and by when the consumer may provide written comments on the proposed change. The proposed timeline for implementation of the proposed change shall be sufficiently long to allow consumers a reasonable opportunity to provide written comments on the proposed change.</i>	Modification Proposed. The process of introducing changes to the Security Deposit Policy will be more streamlined and efficient if the period within which customers can provide comments on changes proposed by the gas distributor is set at 20 days. <u>Union's proposed Rule</u> A gas distributor that proposes to change its Security Deposit Policy shall give advance notice of the proposed change. At a minimum, advance notice of the proposed change shall be given by means of a note on or included with the bill issued to each consumer. The note shall indicate the proposed timeline for implementation of the proposed change, where and how the consumer may obtain a copy of the proposed change, how the consumer may provide written comments on the proposed change and that the consumer has 20 days to provide comments to the gas distributor.
2.4.6	<i>Where a gas distributor changes its Security Deposit Policy, the gas distributor shall file the revised version of the Security Deposit Policy with the Board, together with a covering letter that clearly identifies all changes relative to the last version filed with the Board and that summarizes any written comments received on those changes.</i>	No comment.
2.4.7	<i>In managing consumer non-payment risk, a gas distributor shall not discriminate among consumers with similar risk profiles or risk related factors except where</i>	No comment.

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	<i>expressly permitted under this Rule.</i>	
2.4.8	<p><i>A gas distributor may require a security deposit from a consumer who is not billed by a gas vendor under gas vendor-consolidated billing unless the consumer has a good payment history of 1 year in the case of a residential consumer, 5 years in the case of a general service consumer and 7 years in the case of any other consumer. 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 24 months. A gas distributor shall provide a consumer with the specific reasons for requiring a security deposit from the consumer.</i></p>	<p>Disagree. Based on Union's proposed definitions in section 2.4.1 and comments in 2.4.2, Union submits that it appropriate that the Security Deposit Policy will apply only to general service customers, and not to contract customers. The gas distributor faces credit-related and other risks that are unique to contract customers. Payment history is only one of the factors that the gas distributor considers in determining and mitigating such risks.</p> <p>Also, the reference to "a consumer who is not billed by a gas vendor under gas vendor-consolidated billing" can be confusing and thus needs to be simplified. Lastly, the last sentence in the proposed provision is not necessary</p> <p><u>Union's Proposed Rule</u> A gas distributor may require a security deposit from a general service consumer who is billed by the gas distributor unless the consumer has a good payment history of 1 year in the case of a residential customer, and 5 years in the case of a non-residential customer. 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 24 months.</p>
2.4.9	<p><i>For the purposes of section 2.4.8, a consumer is deemed to have a good payment history unless, during the relevant period of time referred to in section 2.4.8 any of the following has occurred other than by reason of an error by the gas distributor:</i></p> <p><i>(a) the consumer has received more than one disconnection notice from the gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment;</i></p> <p><i>(b) more than one cheque given to the gas distributor by</i></p>	<p>Modification Proposed. Union proposes to add the following reason as item (a): the consumer has missed one payment and to add the words "one or more" in the first paragraph.</p> <p><u>Union's Proposed Rule</u> For the purposes of section 2.4.8, a consumer is deemed to have a good payment history unless, during the relevant period of time referred to in section 2.4.8 any one or more of the following has occurred other than by reason of an error by the gas distributor:</p> <p>(a) the consumer has missed one payment.</p>

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	<p><i>the consumer has been returned by reason of insufficient funds;</i></p> <p><i>(c) more than one pre-authorized payment from the consumer to the gas distributor has failed to be made by reason of insufficient funds; or</i></p> <p><i>(d) at least one visit to the consumer's premises has been made by or on behalf of the gas distributor for the purpose of demanding payment of an overdue amount or to shut off or limit the supply of gas to the consumer's premises for non-payment.</i></p>	<p>(b) the consumer has received more than one disconnection notice from the gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment;</p> <p>(c) more than one cheque given to the gas distributor by the consumer has been returned by reason of insufficient funds;</p> <p>(d) more than one pre-authorized payment from the consumer to the gas distributor has failed to be made by reason of insufficient funds; or</p> <p>(e) at least one visit to the consumer's premises has been made by or on behalf of the gas distributor for the purpose of demanding payment of an overdue amount or to shut off or limit the supply of gas to the consumer's premises for non-payment.</p>
2.4.10	<p><i>Despite section 2.4.8, a gas distributor shall not require a security deposit from <u>a consumer</u> where:</i></p> <p><i>(a) the consumer provides a letter from another gas distributor or an electricity distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period set out in section 2.4.8 where some of the time period that makes up the good payment history has occurred in the previous 24 months; or</i></p> <p><i>(b) the consumer is a residential consumer or a general service consumer and provides a satisfactory credit check conducted at the consumer's own expense.</i></p>	<p>Disagree. Union submits that this section should only apply to residential customers.</p> <p>Given the upsets that can occur in the credit markets and the potential uncertainties related to non-residential (a.k.a. business) customers' (whether they are under the general service or contract classifications) payment history with another gas distributor may not be an adequate criterion to evaluate a non-residential customer's creditworthiness. This same concern applies to accepting a credit check. For example, a small business may be doing well but has undertaken aggressive growth such that future payments to the gas distributor cannot be assured. Restricting the ability of the gas distributor to collect security deposits from "business" customers unnecessarily exposes it to risks that it otherwise may deem imprudent to take. Notwithstanding that, this submission does not mean that a non-residential general service customer cannot provide a letter of reference and/or credit check and have it taken into consideration when establishing the need for and amount of a security deposit.</p> <p><u>Union's Proposed Rule</u> Despite section 2.4.8, a gas distributor shall not require a security deposit from a</p>

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		<p>residential customer where:</p> <ul style="list-style-type: none"> (a) the residential customer provides a letter from another gas distributor or an electricity distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period set out in section 2.4.8 where some of the time period that makes up the good payment history has occurred in the previous 24 months; or (b) the residential customer provides a satisfactory credit check conducted at the consumer's own expense.
2.4.11	<p><i>Subject to sections 2.4.12 and 2.4.13, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be calculated as follows: billing cycle factor x consumer's estimated bill. For this purpose:</i></p> <p><i>(a) the billing cycle factor shall be 2.5 if the consumer is billed monthly and shall be 1.75 if the consumer is billed bi-monthly; and</i></p> <p><i>(b) a consumer's estimated bill shall be determined based on:</i></p> <ul style="list-style-type: none"> <i>i. the gas distributor's rates and charges in effect at the relevant time; and</i> <i>ii. the consumer's average monthly consumption of gas during the most recent 12 consecutive months within the past two years. Where the relevant gas consumption information is not available for a consumer for 12 consecutive months within the past two years or where the distributor does not have systems capable of making this calculation, the consumer's average monthly consumption shall be based on a reasonable estimate made by the gas distributor.</i> 	<p>Disagree.</p> <p>Union submits that the deposit amount needs to be based on the consumer's highest bills within the year, not the average annual consumption. Residential customers consume gas primarily for home heating, which results in the highest bills occurring in the winter. By capping the deposit at 2.5 times the average bill as proposed by the Board, Union will barely be able to secure the payment for one month of winter gas usage.</p> <p>In the case of non-residential customers, their gas usage is based on their operations, which may peak at certain times of the year and be non-existent or almost non-existent during other periods (e.g. greenhouse operation).</p> <p>Given all the above, the use of the annual average consumption to calculate the deposit amount would be too small to properly assure or incent future payment for services delivered. In addition, the risk of non-payment is highest when the bills are the highest, making those bills the appropriate base for calculating the security deposit.</p> <p>Union also believes there is a need for additional security in cases where a customer has demonstrated poor payment habits/ behaviours. As utilities tend not to disconnect gas service during the winter months, it creates an added exposure if an appropriate security deposit is not secured prior to this period. This would only apply to customers that have already had their gas service disconnected and are seeking reconnection.</p> <p>Lastly, Union believes that this section should also contain the provision on the</p>

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		<p>amount of security deposit that a consumer must pay after gas service has been disconnected for non-payment.</p> <p><u>Union's Proposed Rule</u> Subject to sections 2.4.12 and 2.4.13, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be calculated as follows:</p> <ul style="list-style-type: none"> (a) if the consumer is billed monthly, an amount equal to the two or three highest bills within a 12 month period; (b) if the consumer is billed bi-monthly, an amount equal to the highest bill within a 12 month period; (c) the 12 month period is 12 consecutive months within the last 24 months; (d) if the consumer does not have prior history with the gas distributor, the amount shall be based on a reasonable estimate of the consumers future consumption; (e) a consumer's estimated bill shall be determined based on the gas distributor's rates and charges in effect at the relevant time; (f) where a consumer's gas service is disconnected for non-payment, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be an amount equal to that calculated in either 2.4.11(a) or (b), multiplied by a factor of 1.5.
2.4.12	<p><i>Where in a relevant 12-month period a consumer has received more than one disconnection notice from a gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment, the consumer's estimated bill may be determined based on the consumer's highest actual or estimated monthly consumption in the most recent 12 consecutive months within the past two years.</i></p>	<p>Disagree. Based on Union's proposal in section 2.4.11 (f), this section is not required.</p>
2.4.13	<p><i>Where a consumer other than a residential consumer or a general service consumer has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit that a gas distributor may require</i></p>	<p>Disagree. Based on Union's comments and proposals in sections 2.4.10 and 2.4.11, this section should be removed and replaced with the proposed rule below. The table should be removed as it is not practical to establish an allowable reduction in</p>

No.	OEB Proposed Rules	Union's Comments and Proposed Rules												
	<p><i>the consumer to pay shall be reduced in accordance with the following table:</i></p> <table border="1" data-bbox="262 269 779 873"> <thead> <tr> <th data-bbox="262 269 588 418">Credit Rating <i>(Using Standard and Poor's Rating Terminology)</i></th> <th data-bbox="588 269 779 418">Allowable Reduction In Security Deposit</th> </tr> </thead> <tbody> <tr> <td data-bbox="262 418 588 495">AAA- and above or equivalent</td> <td data-bbox="588 418 779 495">100%</td> </tr> <tr> <td data-bbox="262 495 588 571">AA-, AA, AA+ or equivalent</td> <td data-bbox="588 495 779 571">95%</td> </tr> <tr> <td data-bbox="262 571 588 680">A-, From A, A+ to below AA or equivalent</td> <td data-bbox="588 571 779 680">85%</td> </tr> <tr> <td data-bbox="262 680 588 789">BBB-, From BBB, BBB+ to below A or equivalent</td> <td data-bbox="588 680 779 789">75%</td> </tr> <tr> <td data-bbox="262 789 588 873">Below BBB- or equivalent</td> <td data-bbox="588 789 779 873">0%</td> </tr> </tbody> </table>	Credit Rating <i>(Using Standard and Poor's Rating Terminology)</i>	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%	<p>security deposits based on external ratings especially given the current economic crisis. Union needs to be able to determine any reduction based on its own research of the customer's creditworthiness, of which the S&P rating may be only one factor.</p> <p><u>Union's Proposed Rule</u> Where a non-residential general service customer provides specific information to support its credit worthiness, for example audited or accountant reviewed financial statements for the most recent year end which indicate a positive financial position, the amount of security that a gas distributor may require the consumer to pay will be no more than the amount calculated in sections 2.4.11 and may be reduced or waived based on the provided information.</p>
Credit Rating <i>(Using Standard and Poor's Rating Terminology)</i>	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%													
2.4.14	<p><i>Subject to section 2.4.7, a gas distributor may reduce the amount of a security deposit that it requires a consumer to pay for any reason, including where the consumer pays under an interim payment arrangement or where the consumer makes pre-authorized payments.</i></p>	<p>Disagree. Union submits that this section is not required in light of the maximum amount of security deposits set in section 2.4.11.</p>												
2.4.15	<p><i>A gas distributor shall accept payment of a security deposit by any consumer in the form of cash or cheque, and shall also accept from a non-residential consumer security in the form of an automatically renewing, irrevocable letter of credit from a bank as defined in the Bank Act (Canada). In either case, the form shall be at the discretion of the consumer. A gas distributor may also accept other forms of security.</i></p>	<p>No comment.</p>												
2.4.16	<p><i>A gas distributor shall permit a consumer to provide a security deposit in equal instalments paid over at least</i></p>	<p>Disagree. Union submits that this section is not required. Similar to the comments in</p>												

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	<i>four months, or over such shorter period as the consumer may choose.</i>	section 2.4.10, restricting the ability of the gas distributor to collect security deposits from “business” customers unnecessarily exposes it to risks that it otherwise may deem imprudent to take. In addition to the risks of sudden upsets in the credit markets and the credit risks that may come with a business customer growing very aggressively, the imposition of this proposed rule can increase the gas distributor’s risk for bad debts, especially among customers whose gas consumption for the year is concentrated within a short period like a month or two.
2.4.17	<i>Interest shall accrue monthly on security deposits paid by way of cash or cheque, commencing on the date of receipt of the total amount of the security deposit required by the gas distributor. The interest rate shall be the Prime Business Rate published on the Bank of Canada website less 2 percent, updated quarterly. Any accrued interest shall be paid out to the consumer at least once every twelve months and shall be paid out earlier upon the return or application of the security deposit[, in whole or in part,] or the closure of the consumer’s account. Payment of accrued interest may be effected by crediting the consumer’s account or by other means.</i>	<p>Disagree.</p> <p>Union submits that the simple interest method of calculation and the use of the Union’s current rate on security deposits are adequate since security deposits and interest on security deposits are not intended to be for the financial gain of either the gas distributor or any of its customers. At Union, every 1% increase in the interest rate for security deposits will require a change in the revenue requirement of about \$600,000 to \$800,000 under the current practice of accruing simple interest. This amount will be higher if the interest calculation will be compounded monthly.</p> <p>Union also submits that the method of refunding to customers the amount of their security deposit and accrued interest on the deposit need not be prescribed.</p> <p><u>Union’s Proposed Rule</u></p> <p>Simple interest shall accrue annually or at the time of refunding to a customer a security deposit, commencing on the date of receipt of the total amount of the security deposit required by the gas distributor. The interest rate shall be the average savings account rate of the utilities primary financial institution or .75% whichever is higher, updated quarterly, as required. Any accrued interest shall be paid out to the consumer at least once every twelve months and shall be paid out earlier upon the return or application of the security deposit[, in whole or in part,] or the closure of the consumer’s account. Payment of accrued interest may be effected by crediting the consumer’s account or by other means.</p>
2.4.18	<i>A gas distributor shall, at least once in each calendar</i>	Disagree.

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
	<p><i>year, review each consumer's security deposit to determine whether:</i></p> <p><i>(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or</i></p> <p><i>(b) the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit in accordance with section 2.4.11.</i></p> <p><i>This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force, provided that a gas distributor shall not be required to review a security deposit paid by a consumer prior to October 1, 2008 during the calendar year 2009.</i></p>	<p>The annual review and recalculation of the amount of security deposits of general service customers is beyond the current capabilities of Union's billing system and could cost \$100,000 - \$200,000 to have this functionality added. Union is also concerned about the potential for confusion in communicating the changes in the security deposit amounts which could result in a significant increase in calls from customers. Such confusion and increase in calls are not justifiable especially if the amounts involved are not significant. Notwithstanding all these, Union submits that there should be a review of security deposits to determine if any amount should be refunded to customers and to do so if the amount is materially incorrect. However, no adjustment should be required if it is within a pre-defined materiality level to avoid unnecessary administration and costs.</p> <p>Union also submits that it is not necessary or appropriate to include contract customers in this rule in accordance with the comments in sections 2.4.1</p> <p><u>Union's Proposed Rule</u> A gas distributor shall, at least once in each calendar year, review each general service consumer's security deposit to determine whether:</p> <p>(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 (in the case of general service customers) or 2.4.10 (in the case of residential customers); or</p> <p>(b) if the amount of the change is a pre-defined materiality level set by the distributor, the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit in accordance with section 2.4.11.</p> <p>This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force, provided that a gas distributor shall not be required to review a security deposit paid by a consumer prior to October 1, 2008 during the calendar year 2009.</p>
2.4.19	<i>Subject to section 2.4.20, upon being requested to do so</i>	No comment.

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
	<p><i>by a consumer a gas distributor shall review the consumer's security deposit to determine whether:</i></p> <p><i>(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or</i></p> <p><i>(b) the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit in accordance with section 2.4.11.</i></p> <p><i>This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force.</i></p>	
2.4.20	<p><i>A gas distributor shall not be required to review a security deposit at the request of a consumer under section 2.4.19 where less than 12 months has elapsed since:</i></p> <p><i>(a) the date on which the total amount of the security deposit was paid; or</i></p> <p><i>(b) the date on which the consumer last made a request for review under that section.</i></p>	No comment.
2.4.21	<p><i>Subject to section 2.4.22, where a review conducted under section 2.4.18 or 2.4.19 reveals that some or all of a security deposit must be returned to a consumer, a gas distributor shall promptly return the relevant amount to the consumer, with interest where applicable, by crediting the consumer's account or otherwise.</i></p>	No comment.

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
2.4.22	<i>Where a review conducted under section 2.4.18 or 2.4.19 reveals that a consumer other than a residential consumer or a general service consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10, a gas distributor may nonetheless retain up to 50% of the security deposit.</i>	No comment.
2.4.23	<i>Where a review conducted under section 2.4.18 or 2.4.19 reveals that additional security may be sought from a consumer based on the re-calculation of the maximum amount of the security deposit, a gas distributor may require that the additional security be paid at the same time as the consumer's next regular bill comes due.</i>	Disagree. Based on Union's proposal in section 2.4.18, this section is not required.
2.4.24	<i>A gas distributor shall return any security deposit received from a consumer, with interest where applicable, within six weeks of closure of the consumer's account, subject to the right of the gas distributor to use all or a part of the security deposit and interest to set off other amounts owing by the consumer to the gas distributor.</i>	Agree with proposed modifications. Union submits that if a customer is moving from one property to another, it does not result in a security deposit refund, but rather a transfer to the new account. <u>Union's Proposed Rule</u> A gas distributor shall return any security deposit received from a consumer, with interest where applicable, within six weeks of closure of the consumer's account, subject to the right of the gas distributor to use all or a part of the security deposit and interest to set off other amounts owing by the consumer to the gas distributor. Regardless of the preceding, if the consumer is moving to a new address that is receiving gas distribution services from the gas distributor, instead of being refunded, the security deposit may be transferred to the consumer's new account. The amount of the deposit will be reviewed based on section 2.4.11.
2.4.25	<i>A gas distributor shall apply a security deposit, with interest where applicable, to the final bill prior to a change in service where a consumer changes supply from system gas to a gas vendor that uses gas vendor-</i>	No comment.

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
	<p><i>consolidated billing or where a consumer changes billing options from gas distributor-consolidated billing to split billing or gas vendor-consolidated billing. However, where a consumer changes billing options from gas distributor-consolidated billing to split billing, the gas distributor may retain that portion of the security deposit amount that reflects the gas distributor's reasonable assessment of the non-payment risk associated with the new billing option. In all cases, the gas distributor shall promptly return any remaining portion of the security deposit and interest where applicable to the consumer. A gas distributor shall not pay any portion of a consumer's security deposit to a gas vendor.</i></p>	
2.4.26	<p><i>Despite sections 2.4.18, 2.4.19, 2.4.21, 2.4.24 and 2.4.25, where all or part of a security deposit has been paid by a third party on behalf of a consumer, a gas distributor shall return the amount of the security deposit paid by the third party, including interest where applicable, to the third party. This obligation shall apply where and to the extent that:</i></p> <p><i>(a) the third party paid all or part (as applicable) of the security deposit directly to the gas distributor;</i></p> <p><i>(b) the third party has requested, at the time the security deposit was paid or within a reasonable time thereafter, that the gas distributor return all or part (as applicable) of the security deposit to it rather than to the consumer; and</i></p> <p><i>(c) there is not then any amount overdue for payment by the consumer that the gas distributor is permitted by this Rule to off set using the security deposit.</i></p>	<p>Agree with proposed modifications. Union submits that any deposit applied to an account is done on behalf of the account holder and is refundable to such account holder.</p> <p>Union currently has no functionality in its billing system to track the third parties who paid security deposits on behalf of some customers. Union's current system identifies security deposits paid by third parties as belonging to the pertinent customers, not the third parties who paid them. As such, Union returns the security deposits to the pertinent customers when the deposits are no longer required. Union anticipates that it will incur significant capital and operating and maintenance (O&M) costs in order to comply with the proposed rule. Instead of implementing potentially costly system changes and developing a complex process to implement all the provisions of the rule, Union may choose to refuse acceptance of third party deposits if the third party requires the refund to be directed to them. Even if the system changes are made and the processes are in place to implement all the provisions of the rule, Union will need to know at the time that security deposit is paid that the security deposit needs to be paid back to the third party to it when it is no longer required by the gas distributor. This is necessary to allow the company the option to refuse acceptance of the security deposit from the third party. As such, Union has added the phrase "on a best</p>

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
		<p>efforts basis” to the proposed rule.</p> <p><u>Union's Proposed Rule</u> Despite sections 2.4.18, 2.4.19, 2.4.21, 2.4.24 and 2.4.25, where all or part of a security deposit has been paid by a third party on behalf of a consumer, a gas distributor shall on a best efforts basis return the amount of the security deposit paid by the third party, including interest where applicable, to the third party. This obligation shall apply where and to the extent that:</p> <ul style="list-style-type: none"> (a) the third party paid all or part (as applicable) of the security deposit directly to the gas distributor; (b) the third party specifically requested at the time the security deposit was paid, that the gas distributor return all or part (as applicable) of the security deposit to it rather than to the consumer; and (c) there is not then any amount overdue for payment by the consumer that the gas distributor is permitted by this Rule to off set using the security deposit.
2.4.27	<p><i>A consumer that is a corporation within the meaning of the Condominium Act, 1998 who has an account with a gas distributor that:</i></p> <p><i>(a) relates to a property defined in the Condominium Act, 1998 and comprised predominantly of units that are used for residential purposes; and</i></p> <p><i>(b) relates to more than one unit in the property, shall be deemed to be a residential consumer for the purposes of sections 2.4.8 and 2.4.15 provided that the consumer has filed with the gas distributor a declaration in a form approved by the Board attesting to the consumer's status as a corporation within the meaning of the Condominium Act, 1998.</i></p>	<p>Disagree. Based on Union's proposal in section 2.4.1, this section is not required.</p>
2.4.28	<p><i>Sections 2.4.18 and 2.4.19 shall be applied on the basis that a consumer referred to in section 2.4.27 is a</i></p>	<p>No comment.</p>

No.	OEB Proposed Rules	Union's Comments and Proposed Rules
	<i>residential consumer even if the consumer paid the security deposit prior to the date on which section 2.4.27 came into force.</i>	

Proposed Amendments to the Gas Distribution Access Rule
(blacklined to show Union's proposed modifications)

Note: The text of the proposed amendments is set out in italics below, for ease of identification only.

1. Section 1.4 of the Gas Distribution Access Rule is amended by adding the following new section 1.4.6 immediately after section 1.4.5:

1.4.6 Section 2.4 of this Rule comes into force on [], 2009. [insert date that is the first day of the month that is six full months from the date on which the final amendments to the GDAR adding section 2.4 are posted on the Board's website, except where expressly provided otherwise.]

2. Section 1 of the Gas Distribution Access Rule is amended by adding the following new section 1.6 immediately after section 1.5.1:

1.6 Determinations under this Rule

1.6.1 Any matter under this Rule requiring a determination by the Board may be determined without a hearing or through an oral, written or electronic hearing, at the Board's discretion.

3. Section 2 of the Gas Distribution Access Rule is amended by adding the following new section 2.4 immediately after section 2.3.2:

2.4 Security Deposits

2.4.1 In this section 2.4:

- (a) “general service customer” means a consumer in rate classes for which the gas distributor does not require a contract for distribution service as a condition of the eligibility for service.”*
- (b) “contract customer” means a consumer in rate classes for which the gas distributor requires a contract for distribution service as a condition of the eligibility for service.”*
- (c) “residential customer” means a general service consumer who receives gas distribution services from the gas distributor to meet household needs, such as home heating, hot water, cooking, and the like. Subject to the requirements of section 2.4.2, a “residential customer” may also be a consumer that is a corporation within the meaning of the Condominium Act, 1998 who has an account with a gas distributor;*
- (d) “non-residential customer” means a general service consumer who is not*

classified as a “residential customer”.

(e) “Security Deposit Policy” means the document developed by a gas distributor in accordance with section 2.4.2 that describes the gas distributor’s policies in relation to the collection and administration of security deposits.

~~a) “general service consumer” means a consumer that is not a residential consumer and that annually consumes no more than 100,000 m³ of gas; and~~

~~(b) “Security Deposit Policy” means the document developed by a gas distributor in accordance with section 2.4.2 that describes the gas distributor’s policies in relation to the collection and administration of security deposits.~~

2.4.2 A gas distributor shall develop and maintain a Security Deposit Policy that describes the gas distributor’s policies in relation to the collection and administration of security deposits for general service customers. Subject to this Rule and to all other applicable regulatory requirements of the Board, the gas distributor shall comply with its Security Deposit Policy

2.4.3 A gas distributor’s Security Deposit Policy shall be consistent with this Rule and with all other applicable regulatory requirements of the Board, ~~including any rate order~~ issued under section 36 of the Act and shall at a minimum include the following:

(a) a list of all forms of security that may be accepted;

(b) a detailed description of how the amount of security is calculated;

(c) limits on the amount of security required;

(d) the planned frequency, process and timing for updating security;

(e) criteria that must be met by a consumer in order for the requirement for a security deposit to be waived or for a security deposit to be returned; and

(f) the consequences for the consumer if a security deposit is not paid.

2.4.4 A gas distributor shall file a copy of its Security Deposit Policy with the Board, make a current copy of its Security Deposit Policy publicly available and provide a current copy of its Security Deposit to any person upon request.

2.4.5 A gas distributor that proposes to change its Security Deposit Policy shall give advance notice of the proposed change. At a minimum, advance notice of the proposed change shall be given by means of a note on or included with the bill issued to each consumer. The note shall indicate the proposed timeline for implementation of the proposed change, where and how the consumer may obtain a copy of the proposed change and that the consumer has 20 days to provide comments to the gas distributor ~~and how and by when the consumer may provide written comments on the proposed change. The proposed timeline for implementation of the proposed change shall be sufficiently long to allow consumers a reasonable opportunity to provide written comments on the proposed change.~~

2.4.6 Where a gas distributor changes its Security Deposit Policy, the gas distributor shall file the revised version of the Security Deposit Policy with the Board, together with a covering letter that clearly identifies all changes relative to the last version filed with the Board and that summarizes any written comments received on those changes.

2.4.7 In managing consumer non-payment risk, a gas distributor shall not discriminate among consumers with similar risk profiles or risk related factors except where expressly permitted under this Rule.

2.4.8 A gas distributor may require a security deposit from a consumer who is not billed by a gas vendor under gas vendor consolidated billing billed by the distributor unless the consumer has a good payment history of 1 year in the case of a residential consumer, and 5 years in the case

of a ~~general service~~non-residential consumer, ~~and 7 years in the case of any other consumer.~~ 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 24 months. ~~A gas distributor shall provide a consumer with the specific reasons for requiring a security deposit from the consumer.~~

2.4.9 For the purposes of section 2.4.8, a consumer is deemed to have a good payment history unless, during the relevant period of time referred to in section 2.4.8 any one or more of the following has occurred other than by reason of an error by the gas distributor:

(a) the consumer has missed one payment.

~~(b) (a)~~ the consumer has received more than one disconnection notice from the gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment;

(c) ~~(b)~~ more than one cheque given to the gas distributor by the consumer has been returned by reason of insufficient funds;

(d) ~~(c)~~ more than one pre-authorized payment from the consumer to the gas distributor has failed to be made by reason of insufficient funds; or

(e) ~~(d)~~ at least one visit to the consumer's premises has been made by or on behalf of the gas distributor for the purpose of demanding payment of an overdue amount or to shut off or limit the supply of gas to the consumer's premises for non-payment.

2.4.10 Despite section 2.4.8, a gas distributor shall not require a security deposit from a residential customer where:

(a) the residential customer provides a letter from another gas distributor or an electricity distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period set out in section 2.4.8 where some of the time

period that makes up the good payment history has occurred in the previous 24 months; or

(b) the residential customer provides a satisfactory credit check conducted at the consumer's own expense.~~consumer where:~~

~~(a) the consumer provides a letter from another gas distributor or an electricity distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period set out in section 2.4.8 where some of the time period that makes up the good payment history has occurred in the previous 24 months; or~~

~~(b) the consumer is a residential consumer or a general service consumer and provides a satisfactory credit check conducted at the consumer's own expense.~~

2.4.11 Subject to sections 2.4.12 and 2.4.13, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be calculated as follows: ~~billing cycle factor x consumer's estimated bill.~~ ~~For this purpose:-~~

(a) if the consumer is billed monthly, an amount equal to the two or three highest bills within a 12 month period;

(b) if the consumer is billed bi-monthly, an amount equal to the highest bill within a 12 month period;

(c) the 12 month period is 12 consecutive months within the last 24 months

(d) if the consumer does not have prior history with the gas distributor, the amount shall be based on a reasonable estimate of the consumers future consumption;

(e) a consumer's estimated bill shall be determined based on the gas distributor's rates and charges in effect at the relevant time;

(f) Where a consumer's gas service is disconnected for non-payment, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be an amount equal to that calculated in either 2.4.11(a) or (b), multiplied by a factor of 1.5.

~~(a) the billing cycle factor shall be 2.5 if the consumer is billed monthly and shall be 1.75 if the consumer is billed bi-monthly; and-~~

~~(b) a consumer's estimated bill shall be determined based on:~~

~~i. the gas distributor's rates and charges in effect at the relevant time; and~~

~~ii. the consumer's average monthly consumption of gas during the most recent 12 consecutive months within the past two years. Where the relevant gas consumption information is not available for a consumer for 12 consecutive months within the past two years or where the distributor does not have systems capable of making this calculation, the consumer's average monthly consumption shall be based on a reasonable estimate made by the gas distributor. —~~

~~2.4.12 Where in a relevant 12-month period a consumer has received more than one disconnection notice from a gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment, the consumer's estimated bill may be determined based on the consumer's highest actual or estimated monthly consumption in the most recent 12 consecutive months within the past two years.—~~

~~2.4.13 Where a non-residential general service customer provides specific information to support its credit worthiness, for example audited or accountant reviewed financial statements for the most recent year end which indicate a positive financial position, the amount of security that a gas distributor may require the consumer to pay will be no more than the amount calculated in sections 2.4.11 and may be reduced or waived based on the provided information. Where a consumer other than a residential consumer or a general service consumer has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit that a gas distributor may require the consumer to pay shall be reduced in accordance with the following table:—~~

~~2.4.14 Subject to section 2.4.7, a gas distributor may reduce the amount of a security deposit that it requires a consumer to pay for any reason, including where the consumer pays under an interim payment arrangement or where the consumer makes pre-authorized payments.~~

2.4.15 A gas distributor shall accept payment of a security deposit by any consumer in the form of cash or cheque, and shall also accept from a non-residential consumer security in the form of an automatically renewing, irrevocable letter of credit from a bank as defined in the Bank Act (Canada). In either case, the form shall be at the discretion of the consumer. A gas distributor may also accept other forms of security.

~~2.4.16 A gas distributor shall permit a consumer to provide a security deposit in equal instalments paid over at least four months, or over such shorter period as the consumer may choose.~~

2.4.17 Simple interest shall accrue annually or at the time of refunding to a customer a security deposit, commencing on the date of receipt of the total amount of the security deposit required by the gas distributor. The interest rate shall be the average savings account rate of the utilities primary financial institution or .75% whichever is higher, updated quarterly, as required. Any accrued interest shall be paid out to the consumer at least once every twelve months and shall be paid out earlier upon the return or application of the security deposit[, in whole or in part,] or the closure of the consumer's account. Payment of accrued interest may be effected by crediting the consumer's account or by other means.~~Interest shall accrue monthly on security deposits paid by way of cash or cheque, commencing on the date of receipt of the total amount of the security deposit required by the gas distributor. The interest rate shall be the Prime Business Rate published on the Bank of Canada website less 2 percent, updated quarterly. Any accrued interest shall be paid out to the consumer at least once every twelve months and shall be paid out earlier upon the return or application of the security deposit[, in whole or in part,] or the closure of the consumer's account. Payment of accrued interest may be effected by crediting the consumer's account or by other means.—~~

2.4.18 A gas distributor shall, at least once in each calendar year, review each general service consumer's security deposit to determine whether:

(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 (in the case of general service customers) or 2.4.10 (in the case of residential customers); or

(b) if the amount of the change is a pre-defined materiality level set by the distributor, the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit in accordance with section 2.4.11.

This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force, provided that a gas distributor shall not be required to review a security deposit paid by a consumer prior to October 1, 2008 during the calendar year 2009.

~~consumer's security deposit to determine whether:-~~

-

~~(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or~~

-

~~(b) the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit in accordance with section 2.4.11.~~

This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force, provided that a gas distributor shall not be required to review a security deposit paid by a consumer prior to October 1, 2008 during the calendar year 2009.

2.4.19 Subject to section 2.4.20, upon being requested to do so by a consumer a gas distributor shall review the consumer's security deposit to determine whether:

(a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or

(b) the amount of the security deposit is to be adjusted based on a recalculation of the maximum amount of the security deposit in accordance with section 2.4.11.

This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force.

2.4.20 A gas distributor shall not be required to review a security deposit at the request of a consumer under section 2.4.19 where less than 12 months has elapsed since:

*(a) the date on which the total amount of the security deposit was paid;
or*

(b) the date on which the consumer last made a request for review under that section.

2.4.21 Subject to section 2.4.22, where a review conducted under section 2.4.18 or 2.4.19 reveals that some or all of a security deposit must be returned to a consumer, a gas distributor shall promptly return the relevant amount to the consumer, with interest where applicable, by crediting the consumer's account or otherwise.

2.4.22 Where a review conducted under section 2.4.18 or 2.4.19 reveals that a consumer other than a residential consumer or a general service consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10, a gas distributor may nonetheless retain up to 50% of the security deposit.

~~*2.4.23 Where a review conducted under section 2.4.18 or 2.4.19 reveals that additional security may be sought from a consumer based on the recalculation of the maximum amount of the security deposit, a gas distributor may require that the additional security be paid at the same time as the consumer's next regular bill comes due.*~~

2.4.24 A gas distributor shall return any security deposit received from a consumer, with interest where applicable, within six weeks of closure of the consumer's account, subject to the right of the gas distributor to use all or a part of the security deposit and interest to set off other amounts owing by the consumer to the gas distributor.

Regardless of the preceding, if the consumer is moving to a new address that is receiving gas distribution services from the gas distributor, instead of being refunded, the security deposit may be transferred to the consumer's new account. The amount of the deposit will be reviewed based on section 2.4.11.

2.4.25 A gas distributor shall apply a security deposit, with interest where applicable, to the final bill prior to a change in service where a consumer changes supply from system gas to a gas vendor that uses gas vendor-consolidated billing or where a consumer changes billing options from gas distributor-consolidated billing to split billing or gas vendor-consolidated billing. However, where a consumer changes billing options from gas distributor-consolidated billing to split billing, the gas distributor may retain that portion of the security deposit amount that reflects the gas distributor's reasonable assessment of the non-payment risk associated with the new billing option. In all cases, the gas distributor shall promptly return any remaining portion of the security deposit and interest where applicable to the consumer. A gas distributor shall not pay any portion of a consumer's security deposit to a gas vendor.

2.4.26 Despite sections 2.4.18, 2.4.19, 2.4.21, 2.4.24 and 2.4.25, where all or part of a security deposit has been paid by a third party on behalf of a consumer, a gas distributor shall on a best efforts basis return the amount of the security deposit paid by the third party, including interest where applicable, to the third party. This obligation shall apply where and to the extent that:

(a) the third party paid all or part (as applicable) of the security deposit directly to the gas distributor;

(b) the third party has requested, at the time the security deposit was paid or within a reasonable time thereafter, that the gas

distributor return all or part (as applicable) of the security deposit to it rather than to the consumer; and

(c) there is not then any amount overdue for payment by the consumer that the gas distributor is permitted by this Rule to off set using the security deposit.

~~2.4.27 A consumer that is a corporation within the meaning of the Condominium Act, 1998 who has an account with a gas distributor that:~~

~~-~~

~~(a) relates to a property defined in the Condominium Act, 1998 and comprised predominantly of units that are used for residential purposes; and~~

~~-~~

~~(b) relates to more than one unit in the property,~~

~~-~~

~~shall be deemed to be a residential consumer for the purposes of sections 2.4.8 and 2.4.15 provided that the consumer has filed with the gas distributor a declaration in a form approved by the Board attesting to the consumer's status as a corporation within the meaning of the Condominium Act, 1998.~~

2.4.28 Sections 2.4.18 and 2.4.19 shall be applied on the basis that a consumer referred to in section 2.4.27 is a residential consumer even if the consumer paid the security deposit prior to the date on which section 2.4.27 came into force.