

	<b>TILLSONBURG HYDRO INC</b>			
	<b>SECURITY DEPOSIT POLICY</b>			
	<b>Policy Number</b>	2.01		
	<b>Approval Date</b>	02-11-2017	<b>Revision Date</b>	02-11-2017
	<b>Schedules</b>	None		

**Definitions:**

“**Good payment history**” means a customer is deemed to have a good payment history unless, the customer has received more than one disconnection notice from Tillsonburg Hydro Inc., more than one cheque given to Tillsonburg Hydro Inc. by the customer has been returned for insufficient funds, more than one pre-authorized payment to Tillsonburg Hydro Inc. has been returned for insufficient funds or a disconnect/collect trip has occurred in one year in the case of a residential customer, in the previous 5 years in the case of a non-residential customer in a <50 kW demand rate class or in the previous 7 years in the case of a non-residential customer in any other rate class. 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.

“**Standard Supply Service**” means customers have not chosen to sign a contract with a licensed retailer and Tillsonburg Hydro, as required by the OEB, will provide the commodity (electricity) at wholesale market prices.

Tillsonburg Hydro Inc. may require a security deposit for service based on each meter connection connected to Tillsonburg Hydro Inc.’s distribution system unless the customer has a ‘Good payment history’.

Any one of the following forms of payment of a security deposit will be accepted by Tillsonburg Hydro Inc.:

1. Cash, cheque or debit, which may be paid in equal instalments, over at least four months or a shorter time period should the customer so choose.
2. An automatically renewing, irrevocable letter of credit, in a form satisfactory to Tillsonburg Hydro Inc. from a Bank for a non-residential customer.

The maximum amount of a security deposit that Tillsonburg Hydro Inc. may require a customer to pay is calculated as 2.5 times the estimated bill based on the customer’s estimate or average monthly load with Tillsonburg Hydro Inc. for the most recent 12 consecutive months within the past two years. Where the average monthly load for the Customer is not available, Tillsonburg Hydro will calculate the consumption based upon its best estimate.

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Where a non-residential customer in any rate class other than a <50 kW demand rate class has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit which Tillsonburg Hydro Inc. may require the non-residential customer to pay shall be reduced in accordance with by the following:

<b>CREDIT RATING</b>	<b>ALLOWABLE REDUCTION IN SECURITY</b>
AAA – and above or equivalents	100%
AA-,AA,AA+ or equivalent	95%
A-, From A, A+ to below A or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Tillsonburg Hydro Inc. shall not require a security deposit where a customer provides a letter from another hydro or gas distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period where some of the time period which makes up the good payment history has occurred in the previous 24 months; or a customer, other than a customer in a > 5000 kW demand rate class, provides a satisfactory credit check made at the customer’s expense.

Tillsonburg Hydro Inc. shall not require a security deposit if the Customer is qualified as an eligible low-income customer and requests a waiver under section 2.4.11.1 of the Distribution System Code.

Tillsonburg Hydro Inc. may in its discretion reduce the amount of a security deposit that it requires a customer to pay for any reason including where the customer pays under an interim payment arrangement and where the customer makes pre-authorized payments.

Tillsonburg Hydro Inc. will review every customer’s security deposit at least once in a calendar year to determine whether the entire amount of the security deposit is to be returned to the customer as the customer is now in a position that it would be exempt from paying a security deposit because of “Good payment history” or whether the amount of security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit.

A customer may, no earlier than 12 months after the payment of a security deposit or the making of a prior demand of a review, demand in writing that Tillsonburg Hydro Inc. undertake a review to determine whether the entire amount of the security deposit is to be returned to the customer as the customer is now in a position that would be exempt from paying a security deposit or whether the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit.

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Where Tillsonburg Hydro Inc. determines in conducting a review that some or all of the security deposit is to be returned to the customer, it shall promptly return this amount to the customer by crediting the customer's account. Where the maximum amount of the security deposit is to be adjusted upward, the distributor may require the customer to pay this additional amount at the same time as that customer's next regular bill comes due.

For customers in a >5000 kW demand rate class where the customer is now in a position that would exempt it from paying a security deposit, Tillsonburg Hydro Inc. is only required to return 50% of their security deposit credited to their account.

Tillsonburg Hydro Inc. shall promptly return any security deposit received from the customer upon closure of the customer's account, subject to the right to use the security deposit to set off another amounts owing by the customer. The security deposit shall be returned within six weeks of closure of an account.

Services that require a deposit will not be connected unless the deposit has been received and/ or Tillsonburg Hydro Inc. has agreed to acceptable arrangements for payment of such a deposit.

It is the Customer's responsibilities to notify Tillsonburg Hydro Inc. when they assume responsibility for utility services and provide the deposit if applicable. Tillsonburg Hydro Inc. will initiate the necessary action to collect the deposit if the customer does not comply.

If a service has been disconnected for non-payment of account and the customer has a deposit with Tillsonburg Hydro Inc., upon request of a reconnection, the amount of the security deposit will be reviewed and increased if necessary. The customer must pay this additional deposit before the service will be reconnected.

If a service has been disconnected for non-payment of account and a deposit with Tillsonburg Hydro Inc. does not exist, a deposit will be required prior to reconnection.

Tillsonburg Hydro Inc. may establish additional deposit requirements where a diversion of power by a particular customer or at a specific location, has been confirmed.

Interest shall accrue monthly on security deposits made by way of cash, cheque or debit commencing on receipt of the total required deposit. 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 shall be paid out at least every 12 months or on return or application of the security deposit or closure of the account, whichever comes first, and may be paid by crediting the customer's account.

Tillsonburg Hydro Inc. will apply a security deposit to the final bill prior to the change in service where a customer changes from Standard Supply Service to a competitive retailer that uses retailer-consolidate billing or a customer changes billing options from distributor-consolidating billing to split billing or retailer-consolidating billing. Any remaining amount will be promptly returned to the customer. Tillsonburg Hydro Inc. will not pay any portion of a customer's security deposit to a competitive retailer. Tillsonburg Hydro Inc. may retain a portion of the security deposit amount where a change is made from distributor-consolidated billing to split billing and which reflects the non-payment risk associated with the new billing option.