

Policy 2.06 – COLLECTION POLICY**Version 8.0***Created: September 2002**Latest Revision: November 2021***2.06.01 PURPOSE**

This policy describes the terms and conditions distributors will use for collections on customer accounts while complying with the applicable legislation and codes.

2.06.02 POLICY STATEMENT

A distributor will comply with the collection requirements as defined in the Distribution System Code, Retail Settlement Code, Standard Supply Service Code, and the Distribution Rate Handbook.

2.06.03 ARREARS MANAGEMENT PROGRAM

The distributor shall make available to any residential electricity customer or general service <50 kW customer who is unable to pay his or her outstanding electricity charges, as defined in section 2.6.6.3 of the DSC, the opportunity to enter into an Ontario Energy Board-prescribed Arrears Payment Agreement with the distributor. In respect of residential customers, the Ontario Energy Board-prescribed Arrears Payment Agreement shall include, at a minimum, the terms and conditions specified in sections 2.7.1.1 to 2.7.5 inclusive and 2.7.6A of the DSC (also referenced below). In respect of general service < 50 kW customers, an Ontario Energy Board-prescribed Arrears Payment Agreement need not include those terms and conditions but shall be offered on reasonable terms. The Ontario Energy Board-prescribed Arrears Payment Agreement shall include, at a minimum, the following terms and conditions:

If a distributor enters into discussions with a residential customer and offers an arrears agreement but the customer declines to enter into an arrears agreement, the distributor may proceed with disconnection and is not required to offer an arrears agreement to such a customer after disconnection (*Ref: DSC 2.7.1A*).

Before entering into an arrears payment agreement with a residential customer, a distributor shall apply any security deposit held on account of the customer against any electricity charges owing at the time (*Ref: DSC 2.7.1.1*).

As part of the arrears payment agreement, a distributor may require that the customer pay a down payment of up to 15% of the electricity charge arrears accumulated, inclusive of any applicable late payment charges but excluding other service charges, when entering into the arrears management program (*Ref: DSC 2.7.1.2*).

Where an eligible low-income customer enters into an arrears payment agreement for the first time or subsequent to having successfully completed a previous arrears payment agreement as an

eligible low-income customer, a distributor may require that the customer pay a down payment of up to 10% of the electricity charge arrears accumulated, inclusive of any applicable late payment charges but excluding other service charges (*Ref: DSC 2.7.1.3*).

The Ontario Energy Board-prescribed Arrears Payment Agreement referred above shall allow the residential electricity customer to pay all remaining electricity charges that are then overdue for payment as well as the current bill amount if the customer elects to do so, after applying a security deposit as noted above, and the down payment as noted above, including all electricity-related service charges that have accrued to the date of the agreement, over the following periods:

- a) a period of at least 5 months, where the total amount of the electricity charges remaining overdue for payment is less than twice the customer's average monthly billing amount;
- b) a period of at least 10 months, where the total amount of the electricity charges remaining overdue for payment is equal to or exceeds twice the customer's average monthly billing amount;
- c) in the case of an eligible low-income customer, a period of at least 8 months, where the total amount of the electricity charges remaining overdue for payment is less than or equal to 2 times the customer's average monthly billing amount;
- d) in the case of an eligible low-income customer, a period of at least 12 months where the total amount of the electricity charges remaining overdue for payment exceeds 2 times the customer's average monthly billing amount and is less than or equal to 5 times the customer's average monthly billing amount; or
- e) in the case of an eligible low-income customer, a period of at least 16 months where the total amount of the electricity charges remaining overdue for payment exceeds 5 times the customer's average monthly billing amount. (*Ref: DSC 2.7.2*);

For the purposes of this section, the customer's average monthly billing amount shall be calculated by taking the aggregate of the total electricity charges billed to the customer in the preceding 12 months and dividing that value by 12. If the customer has been a customer of the distributor for less than 12 months, the customer's average monthly billing amount shall be based on a reasonable estimate made by the distributor (*Ref: DSC 2.7.3*).

Where a residential customer defaults on more than one occasion in making a payment in accordance with an arrears payment agreement, or a payment on account of a current electricity charge billing, a security deposit amount due or an under-billing adjustment, the distributor may cancel the arrears payment agreement (*Ref: DSC 2.7.4*).

If the distributor cancels an arrears payment agreement, the distributor will give written notice of cancellation to the customer and to any third party designated by the customer at least 10 days before the effective date of the cancellation (*Ref: DSC 2.7.4.1*).

Where, at the time of entering into an arrears payment agreement a customer has designated a third party to receive notice of cancellation of the arrears payment agreement, the distributor shall provide notice of cancellation to such third party (*Ref: DSC 2.7.4.1A*).

A distributor shall accept electronic mail (e-mail) or telephone communications from the customer for purposes of the above paragraph (Ref: DSC 2.7.4.1B).

If the customer makes payment of all amounts due pursuant to the arrears payment agreement as of the cancellation date and makes such payment on or before the cancellation date, the distributor shall reinstate the arrears payment agreement (Ref: DSC 2.7.4.2).

Where an eligible low-income customer defaults on more than two occasions in making a payment in accordance with an arrears payment agreement, or a payment on account of a current electricity charge billing or an under-billing adjustment, the distributor may cancel the arrears payment agreement (Ref: DSC 2.7.4.3).

For purposes of the above sections, the defaults must occur over a period of at least 2 months before the distributor may cancel the arrears payment agreement (Ref: DSC 2.7.4.4).

A distributor shall make available to a residential electricity customer a second arrears payment agreement if the customer so requests, provided that 2 years or more has passed since a first arrears payment agreement was entered into and provided that the customer performed his or her obligations under the first arrears payment agreement (Ref: DSC 2.7.5).

In the case of an eligible low-income customer, the distributor shall allow such a customer to enter into a subsequent arrears payment agreement upon successful completion of the previous arrears payment agreement on the following terms:

- a) If a second or subsequent arrears agreement is requested less than 12 months from the date of completion of the previous arrears payment agreement, then the standard arrears payment agreement terms applicable to all residential customers under sections 2.7.1 to 2.7.4.1 of the DSC also apply to the eligible low-income customer; or
- b) If a second or subsequent arrears agreement is requested 12 months or more from the date of completion of the previous arrears payment agreement, the eligible low-income customer shall be entitled to the arrears payment agreement terms set out in sections 2.7.1.3, 2.7.2(c), 2.7.2(d), 2.7.2(e), 2.7.4.3 and 2.7.4.4 of the DSC. (Ref: DSC 2.7.5.1).

The distributor is not required to waive any late payment charges that accrue to the date of the arrears payment agreement but no further late payment charges may be imposed on a residential customer after he or she has entered into an arrears payment agreement with the distributor in respect of the amount that is the subject of that agreement (Ref: DSC 2.7.6A).

The distributor shall not disconnect the property of a residential customer, for failing to make a payment subject to an arrears payment agreement, unless the customer is in default, and the distributor has cancelled the arrears payment agreement in accordance with the provisions of this policy (Ref: DSC 2.7.7).

In the event a customer failed to perform their obligations under a previous arrears payment agreement and the distributor terminated the agreement the distributor may require that the customer wait 1 year after termination of the previous agreement before entering into another arrears payment agreement with the distributor (*Ref: DSC 2.7.8*).

2.06.04 COLLECTIONS (ALL CUSTOMERS)

Credit Period – Distributors will consider an account delinquent if payment has not been received as outlined in the Billing and Payment Policy 2.02.

Security Deposits – Security Deposits on overdue accounts will be applied as outlined in Policy 2.01.

Steps should be taken by the utility to collect the total amount of the bill until the account is paid in full. Delinquent accounts are subject to, interest and/or a reconnection charge where approved by the Board.

Where a customer renders a cheque in payment of an account and the cheque is returned by the financial institution for faulty issue, a charge known as a returned cheque charge may be added to the customer's account to cover the cost associated with processing the returned cheque (*Ref: DRH 9.3.14*).

Bad Debt – Management is responsible for maintaining established credit limits and collection of accounts in order to minimize bad debt losses.

Authorization to write off an account receivable does not constitute a forgiveness of indebtedness. The debtor remains obligated to the distributor. Write-off authorizes a distributor to:

- Transfer an account to a dormant file
- Discontinue incurring the expense involved in actively trying to collect it
- Cease reporting the amount as an account receivable

Note: Non-payment of an account may affect a customer's credit score/credit rating

2.06.05 METHOD OF ENFORCEMENT

Failure to collect delinquent accounts can also result in the immediate implementation of the distributor's Disconnection Policy

2.06.06 RESPONSIBILITIES

The management of the company is responsible for ensuring this policy is implemented and adhered to by the employees of the distributor.