

Policy 7.0 COLLECTION OVERVIEW	Version 3.0
	Created: September, 2002 Latest Revision: June 21, 2004

7.0.1 PURPOSE:

The purpose of this policy is to establish a process to ensure money owed to the LDC by consumers is collected.

7.0.2 POLICY STATEMENT:

The LDC shall follow the regulation and direction set out in the Distribution Rate Handbook Chapter 9 when implementing the collection process.

The LDC will collect all outstanding money owed from Customers and Retailers served by the LDC's distribution system in accordance with the principles defined in the *Electricity Act (1998)*, the *Electricity Distribution Rate Handbook* and the *Retail Settlement Code*. The policies in this set are intended to provide guidance to the LDC's managers and staff, and to help them make operational decisions that are consistent with applicable codes and regulations.

7.1 Customer Collections

7.2 Retailer Collections

The LDC will collect all outstanding money owed from Customers and Retailers served by the LDC's distribution system in accordance with the principles defined in the *Electricity Act*

7.0.3 DEFINITIONS:

Licensed Competitive Retailer is a company that has a valid electricity retailer's license from the Ontario Energy Board.

Standard Service Supply Customer is a company or person who purchases electricity at spot market price or statutory pricing from a LDC's distribution system as a direct pass through from the IMO.

Customer and Consumer will be understood herein as one and the same.

Non-Competitive Charges is made up of the Wholesale Market Service charge, the Debt Retirement charge, Transmission Connection charge, Transmission Network charge and Distribution charges.

Distributor-Consolidated Billing is when a retailer marketer who has signed contracts in the LDC service area and has opted for the distributor to do the billing and collection of the electricity commodity and all related non-competitive charges.

Retailer-Consolidated Billing is when the retail marketer opts to do the billing and collection of the electricity commodity and all related non-competitive charges.

Split Billing is when the retail marketer bills the customer for the electricity charges and the LDC bills for the customer for non-competitive, debt retirement and distribution charges. The retailer and the distributor shall each be responsible for the collection of their own accounts.

Late Payment Charge is an OEB approved interest charge that is applied after a specified date or a due date on a customer's bill.

Errors and Omissions Excepted the LDC shall reserve the right to make adjustments to any bill issued in error either in whole or in part.

Non-Payment Risk Mitigation the LDC may use any risk mitigation options available to manage consumer non-payment risk.

7.0.4 COLLECTION PAYMENT METHODS:

The LDC may accept one or more of the following methods of payment but are not obligated to offer all methods:

Cash

Payment made through most Financial Institutions including telephone & computer banking

Certified Cheque

Money Order or Bank Draft

Credit Card

Interac

Preauthorized Chequing

7.0.5 RESPONSIBILTIES:

The Board of Directors are responsible for the approval of the policies contained in this manual.

7.0.6 REFERENCES:

The Electricity Act, 1998 – Province of Ontario, Ministry of Energy, Science and Technology

Electricity Distribution Rate Handbook – The Ontario Energy Board

Retail Settlement – The Ontario Energy Board

Distribution System Code – The Ontario Energy Board

Electricity Gas and Inspection Act – Government of Canada

Policy 7.1 CUSTOMER COLLECTIONS	Version 3.0
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7.1.1 PURPOSE:

This policy confirms that the LDC must be prudent in their collection process to protect the corporation from unpaid invoices. The detailed policies in this set are intended to establish and document a process that will provide guidance to the LDC's management and staff, to help them make operational decisions to ensure that monies owed to the LDC by the consumer or retailer are collected in a timely manner.

7.1.2 POLICY STATEMENT:

The LDC will take steps to collect the total amount for the customer's bill, if not paid within the time specified, which shall be a minimum of sixteen calendar days from the date of mailing or hand delivery of the bill. A collection of account charge may be made if a representative of the utility is dispatched to collect the account.

The customer shall be subject either to a collection of account charge or a reconnection charge in the event service has been interrupted in order to collect outstanding amounts owed in any billing period, unless partial payment of the account has been accepted by the LDC.

The LDC may apply more than one collection of account charge or reconnection charge in one billing period if a partial payment has been accepted through a collection trip.

The LDC shall begin the collection process immediately following the application of late payment charge.

The LDC shall treat all customers in the same rate class in a non-discriminatory fashion when collecting unpaid accounts.

The LDC shall have the right to limit or disconnect service for non-payment, theft of power and/or failing to keep payment arrangements.

The LDC shall reserve the right to make adjustments to any bill issued in error either in whole or in part.

7.1.3 RESPONSIBILITIES:

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

7.1.4 REFERENCES:

The Electricity Act, 1998 – Province of Ontario, Ministry of Energy, Science and Technology

Retail Settlement Code – The Ontario Energy Board

Electricity Distribution Rates Handbook – The Ontario Energy Board

Distribution System Code – The Ontario Energy Board

Electricity Gas and Inspection Act – Government of Canada

Policy 7.2 RETAILER COLLECTIONS	Version 3.0
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7.2.0 PURPOSE:

This policy describes the processes to collect outstanding balances from retailers who have signed sales agreements with consumers served by the LDC's distribution system and to ensure that the Retailer meets the prudential requirements based on the billing option selected and the Retailer's magnitude of financial exposure. This process also applies to collection of past due Retail settlement and market participant invoices.

7.2.1 POLICY STATEMENT:

The LDC requires Retailers to pay invoices on the due date as specified in the code.

The LDC reserves the right to refuse service transaction requests, requests for information, invoices or other transactions from retailers with whom the LDC does not have an up-to-date service agreement and/or financial security arrangements.

The LDC shall review the required level of deposit from a Retailer for customers served through Distributor Consolidated Billing on a quarterly basis as a minimum.

The LDC shall immediately notify the retailer the day after a settlement payment was due if funds were not received and work with the retailer to remedy the situation.

The LDC shall not access the funds available through the relevant security arrangement until five business days have elapsed.

The LDC shall issue to the Retailer a Notice of Payment Default prior to returning the consumer that is signed with said Retailer back to Standard Service Supply (SSS).

7.2.2 RESPONSIBILITIES:

The management of the company is responsible for ensuring that prudential monitoring and payments from a Retailer are collected within the guidelines specified in the service agreement.

7.2.3 REFERENCES:

The Electricity Act, 1998 – Province of Ontario, Ministry of Energy, Science and Technology

Market Rules – The Independent Electricity Market Operator

Retail Settlement Code – The Ontario Energy Board

Electricity Distribution Rates Handbook – The Ontario Energy Board

Electricity Gas and Inspection Act – Government of Canada