

Credit and Collection Policy of Niagara Peninsula Energy Inc.

Purpose:

The Credit and Collection Policy sets out the standards of Niagara Peninsula Energy Inc. ("Distributor") with respect to customer bill payment due dates, late payment and interest charges, reconnection charges, and customer security deposits. The Policy applies to all customers of the Distributor and will form part of our Distributor Conditions of Service.

Authority:

Local Electricity Distribution Companies ("Distributors" or "LDCs") are regulated by the Ontario Energy Board (the "OEB"), by the powers granted to the OEB by the Ontario Provincial Government through the enactment of Bill 35, the *Energy Competition Act, 1998*, of which Schedule A; the *Electricity Act, 1998*; and Schedule B, the *Ontario Energy Board Act, 1998* (the "Acts") form parts.

The Acts, and various Codes and Handbooks established by the OEB, including the Retail Settlement Code, the Standard Supply Service Code, the Distribution System Code and the Electricity Distribution Rate Handbook, provide for minimum payment periods, authorize Distributors to use those means available to them under law to mitigate consumer non-payment risk, and allow Distributors to establish prudent and commercially sound Credit and Collection Policies.

Effective Date: The Credit and Collection Policy went into effect January 1, 2008. Continuous improvements and regulated updates have been made. The last update to include the New Customer Service Revised Rules was made on July 31, 2020.

The following Frequently Asked Questions outlines our policy:

When is my payment due?

The customer must make payment of any outstanding accounts to the Distributor on the due date as identified on the bill. Typically, the due date is 20 days from the date of bill production.

How is my payment applied to my account?

Where a payment is made at a financial institution acceptable to the Distributor, the payment will be deemed to be made when stamped/acknowledged by the financial institution. The Distributor will be notified of Credit card payments made online or telephone instantly. A third party service charge will apply. All other payments are dated the current day of receipt.

A partial payment will be applied first to any outstanding deposit amount, second to any outstanding arrears and finally, to the current bill amount.

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When are late payment/interest charges applied to my account?

Late payment/interest charges will apply to any arrears unpaid after the due date of the bill, and is calculated at 0.04896% compounded daily from the due date.

Returned Cheques or Returned Pre-Authorized Payments

Any cheque or pre-authorized payment charged back by the bank for any reason shall be corrected immediately by the customer. Any returned payment will be reversed on the customer's account and a returned cheque service charge will be charged to the account. The Distributor will attempt to make contact with the customer to obtain payment for any returned item, including all associated Service Charges. Should such an attempt fail, collection procedures will be initiated.

Collection and/or Disconnection of Electrical Service

Where a customer's account is in arrears and where the Ontario Energy Board's Retail Settlement Code permits the Distributor to collect or disconnect the customer's service, the Distributor will begin the collection procedures.

1. If payment or acceptable payment arrangements on the outstanding arrears have not been made, the Distributor will mail a seven (7) calendar day **Account Overdue Notice** to the customer's mailing address, five (5) calendar days after the billing due date on the customer's bill.
2. Following this, a **14 Calendar Day Important Notice** for Disconnection will then be mailed to the customer's mailing address. This notice provides notification of fourteen (14) days, along with providing the proposed earliest and latest dates of disconnection.
3. This notice is deemed to have been received by the customer on the fifth calendar day after the date the Distributor printed the notice.
4. If payment or acceptable payment arrangements have not been made, or have been missed, a **48 Hour Notice of Disconnection Call Out** will be made during the earliest and latest dates of disconnection, providing notification that the service will be disconnected for non-payment in 48 hours.
5. A money order, certified cheque, confirmed bank payment or credit card payment must be received by the Distributor, via mail, email or drop box located outside the NPEI Niagara Falls office, on or before the scheduled disconnect date. Failure to do so may result in disconnection, along with a Reconnection Charge being billed to the customer on their next bill.
6. The Service Technician will knock on the customer's door prior to disconnection to offer one last chance for payment. Credit card payment or confirmation of payment is accepted at this time. The current fee for a third party credit card payment is 1.75% of the payment, in increments of \$1000, and is outlined at time of payment. This fee is not retained by NPEI.

Prior to disconnecting the service, any Residential Security Deposit held on the account will be applied to the arrears.

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*Where a Security Deposit has been applied to a residential customer's account, the customer may be requested to repay the Security Deposit and be allowed to repay in 6 monthly installments.

Reconnection of Electrical Service

Where the customer's service has been disconnected due to arrears, the customer must pay to the Distributor, the "Amount Now Due" stated on the Important Notice of disconnection. Money order, certified cheque, confirmed bank payment or credit card payment must be received by the Distributor before the Distributor will restore the customer's electric service. An applicable Security Deposit may also be required for reconnection of service.

Where a Distributor has disconnected the property of a customer for non-payment, the Distributor shall reconnect the property within 2 business days of the date on which the customer:

- (a) makes full payment of the "Amount Now Due" for payment as specified in the Important Notice of disconnection notice; or
- (b) If eligible, enters into an Arrears Payment Agreement with the Distributor.

The Distributor may recover from the person requesting the reconnection any OEB approved reconnection charge. The reconnection charge shall be charged only after reconnection has occurred. The Customer does not have to pay the reconnection charge prior to being reconnected. If a residential customer is unable to pay the reconnection charge, the Distributor shall offer reasonable payment arrangements. The Distributor shall waive the reconnection charge for an identified low-income customer.

If the customer requests the service to be reconnected after normal hours of work, full payment of the "Amount Now Due" must be provided to the Distributor's Service Technician on duty (with money order, certified cheque, credit card or bank payment confirmation) prior to reconnection and a **Reconnection - after regular hours**' service charge will be billed on the customer's next bill. Customer (over 18) must be present during reconnection.

Arrears Payment Agreement Plan

The Distributor shall make available to any residential customer who is unable to pay their outstanding electricity charges, the opportunity to enter into an Arrears Payment Agreement.

If a Distributor enters into discussions with a residential customer and offers an Arrears Payment Agreement but the customer declines to enter into an Arrears Payment Agreement, the Distributor may proceed with disconnection and is not required to offer an Arrears Agreement to such a customer after disconnection.

Small Commercial customers who are facing disconnection for non-payment must be offered an Arrears Payment Agreement. The terms and conditions of these arrangements, are set by the Distributor.

More information on the Arrears Payment Agreement Plan is available by contacting the Distributor's office, or on NPEI's website at www.npei.ca.

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Winter Disconnection Ban

- Electricity distributors are banned from disconnecting residential customers for non-payment from November 15th to April 30th
- Customers who are disconnected due to non-payment must be reconnected by December 1st, and cannot be charged a reconnection fee.
- Electricity distributors can continue to charge late payment fees on past due amounts during the winter disconnection ban period.

The Distributor Requires Security Deposits from Their Customers

The Ontario Energy Board has amended its Distribution System Code for electricity distributors to include requirements for customer security deposits to ensure that all customers received consistent and equitable treatment. The Distribution System Code outlines the maximum amounts of security deposits and the length of time that distributors can hold them.

When is a Security Deposit collected?

A Security Deposit may be collected when a customer initially applies for service or when a customer fails to maintain a good payment history.

Good Payment History is defined as not having more than one (1) of the following:

- a) A payment or pre-authorized payment has been returned for any reason.
- b) A Disconnection Notice has been issued for outstanding arrears.
- c) A 48 Hour Notice automated call has been delivered to the customer.
- d) Disconnection has taken place for non-payment of outstanding arrears.

If I am a new customer and have no payment history with the Distributor, is there a way that I can avoid paying a security deposit?

Yes. If the customer has good payment history with another electricity or natural gas utility in Canada, a reference letter can be provided to the Distributor that confirms they have good payment history.

How many years of good payment history must I have in order to be exempt from paying a security deposit or to have my security deposit refunded?

- 1 year for residential customers
- 3 years for non-residential customers in the less than 50 kW demand rate class.
- 7 years for non-residential customers in all other rate classes.

Security deposits must also be waived for new residential customers enrolling in an equal payment plan and/or a pre-authorized payment plan. A *New Customer* is one who has not been served by the Distributor in the past 24 months.

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If I am required to provide a security deposit, how much will it be and how is it paid?

The security deposit is calculated by multiplying a factor of 2.5 times the customer's average monthly bill during the most recent 12 consecutive months within the past two years.

Residential customers can pay the security deposit by money order, certified cheque or credit card. Non-residential customers can pay by money order, certified cheque, credit card or an automatically renewing irrevocable letter of credit.

Residential and Non-residential customers may pay a security deposit in 6 equal installments.

When does the Distributor require a Security Deposit from a current customer?

The Distributor will require a security deposit from a customer if more than one (1) of the following circumstance have occurred:

- a) A payment or pre-authorized payment has been returned for any reason.
- b) A Disconnection Notice has been issued for outstanding arrears.
- c) A 48 Hour Notice automated call has been delivered to the customer.
- d) Disconnection has taken place for non-payment of outstanding arrears.

Do I receive interest on a paid security deposit?

Yes. Interest shall accrue monthly on security deposits commencing on receipt of the total deposit required by the Distributor. 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 once 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 account of the customer or otherwise.

If I am moving or closing my account for any reason, when is my security deposit refunded?

The Distributor may return the security deposit at any time within a six (6) week processing period. The deposit will be retained to apply against any balance owing on the final bill.

If I have a security deposit currently held by NPEI and I have achieved good payment history, when can I expect my security deposit returned?

The Distributor is required to undertake an annual review of security deposits to determine if a deposit should be refunded due to a customer having maintained good payment history. Any refund of deposit will be applied to the customer's account.

Why did I receive a 14 Calendar Day Important Notice for Disconnection?

When the Distributor has not received payment or payment arrangements on the overdue arrears, and after an Account Over Notice is issued, a **14 Calendar Day Important Notice** for disconnection is generated and mailed to the customer. The intent of the notice is to provide information required for the customer to understand what payment is required, when and how

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payment can be made, and the options available to the customer to make payment arrangements or enter into the Arrears Payment Plan. The notice also provides the timeline of when a disconnection for non-payment can occur if payment is not received. It is important for the customer to contact the Distributor upon receipt of the 14 Calendar Day Important Notice to ensure that a payment arrangement is made. If payment has been made, the customer may disregard the notice. However, it can be reassuring for a customer to call or email to confirm that payment has been received.

The wording of the notice is specific to ensure that all mandated information is provided to the customer as per our Conditions of Service.

The Distributor through its electricity distributor license must ensure that all codes and regulations are followed pursuant to the Electricity Act. The Ontario Energy Board requires that if the Distributor intends to disconnect a customer for non-payment, pursuant to section 31 of the Electricity Act, they shall send or deliver a disconnection notice to the customer that contains, at a minimum, the following information:

- (a) the date on which the disconnection notice was printed by the Distributor;
- (b) the earliest and latest dates on which disconnection may occur, in accordance with sections 4.2.2 and 4.2.2.3;
- (c) the amount that is then overdue for payment, including all applicable late payment and other charges associated with non-payment to that date;
- (d) the amount of any approved service charge(s) that may apply to reconnect service following disconnection, and the circumstances in which each of these charges is payable;
- (e) the forms of payment that the customer may use to pay all amounts that are identified as overdue in the disconnection notice, which must at least include payment by credit card issued by a financial institution as described in section 4.2.4, and any other method of payment that the Distributor ordinarily accepts and which can be verified within the time period remaining before disconnection;
- (f) the time period during which any given form of payment listed under paragraph (e) will be accepted by the Distributor;
- (g) that, in order to avoid disconnection if the Distributor attends at the customer's property to execute the disconnection, a customer will only be able to pay by credit card issued by a financial institution, unless the distributor, in its discretion, will accept other forms of payment at that time and sets out the other forms of payment in the disconnection notice;
- (h) that a disconnection may take place whether or not the customer is at the premises;
- (i) that the disconnection may occur without attendance at the customer's premises
- (j) that a Vital Services By-Law may exist in the customer's community and that the customer should contact their local municipality for more information (provided, however, that this information need not be included if in fact such a by-law does not exist);
- (k) that a Board-prescribed standard arrears management program and equal monthly payment plan option may be available to all residential customers, along with contact information for the distributor where the customer can obtain further information;
- (k1) that the following additional assistance may be available to an eligible low-income customer, along with contact information for the Distributor where the customer can obtain further information about the additional assistance:
 - i. Board-prescribed arrears management program, and other expanded customer service provisions, specifically for eligible low-income customers; and
 - ii. Emergency Financial Assistance;
- (k2) that the Distributor may install a load control device at the customer's premises in lieu of disconnection (provided, however, that this information need not be included if the Distributor does not in fact make use of load control devices); and

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(l) any additional option(s) that the Distributor chooses, in its discretion, to offer to the customer to avoid disconnection and the deadline for the customer to avail himself or herself of such option(s).

The receipt of the notice may not result in disconnection; however, it is our intent to ensure that the customer understands NPEI's collection policy and guidelines followed that may lead to disconnection.

Do I have to pay any outstanding arrears prior to opening a new account?

As specified in the Distributor's Conditions of Service, any outstanding arrears on any previous service address held in the same name of the account that is opening a new account will need to be paid prior to establishing a new service.

The Distributor may consider refusing to connect, or continue to connect a customer, if the person requesting the connection owes The Distributor money for distribution services, or for non-payment of a security deposit. The Distributor shall give the person a reasonable opportunity to provide the security deposit.