

Hydro Security Deposits for Condominium Corporations

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Condominium corporations have been experiencing great difficulty and financial hardship in responding to the requirement of the Ontario Energy Board to pay hydro deposits. These deposits are estimated at two and one half times the corporation's average monthly bill. A large corporation's deposit can easily be \$50,000. These deposits have been required in the first year of operation when a corporation is usually working with a deficit and cash flow is difficult enough without the added burden of a security deposit.

Most utilities have offered to cut the deposit in half if the corporation would agree to make payment by a preauthorized payment program, however when working with a first year deficit it is impossible to commit to this payment program. Some corporations have been unable to properly fund their reserve, as the cash was needed to pay the deposits with threats of penalties and discontinued service for failure to pay coming from the utility.

Challenges have been met in trying to get back the deposit money even when the corporation has proved a few successful years of payment history. The utilities have returned some of the deposit but have failed to cooperate and return all of the deposit.

Good News!!!!

Thanks to the efforts of CCI Toronto, we interpret that the Ontario Energy Board's Distribution System Code ("DSC") as not requiring condominiums to pay a security deposit. The "DSC" states in subsection 2.4.9 that a customer is deemed to have a good payment history unless during the relevant time period the customer has:

- received more than one disconnection notice from the distributor;
- had more than one cheque returned by the distributor for insufficient funds;
- had more than one pre-authorized payment to the distributor returned for insufficient funds; or
- had a disconnect/collect trip occur. (DSC subsection 2.4.10)

This would seem to say that each new condominium is deemed to have a good payment history and should not be required to provide a security deposit. With this information we are challenging the util-

ities to their right to charge these deposits, as all new condominiums have no payment history to support their security deposit charge.

The first challenge has been placed with Mississauga Hydro. The test case has already paid a \$2,000 deposit and the utility is requesting \$2,000 more. Mississauga Hydro has been asked to confirm our understanding of the Code and to return the already paid deposit including interest. The test corporation is paying the current charges as to avoid an issue of a disconnect notice for failure to pay which would support their claim for a deposit. Mississauga Hydro has been given 30 days to respond. We encourage all corporations faced with this issue to challenge their local utilities by asking for their deposits back and refusing to pay for new deposit requests.

We are hopeful that this effort will succeed. CCI Toronto has committed to fund this effort should we need to escalate the effort to a legal challenge. We will keep you posted. **CCI**