



					POLICY		
					Internal Use Only		Page: 1 of 5
Document Owner: Horizon Utilities			Prepared by: Eileen Campbell		Date: Feb 3, 2003		
Policy Owner: Treasury & Risk Management			Document Number: CORP-POL-0044			Rev. No.: 3.0	
Distribution	Policy Binder Holders, Horizon Intranet		Revision Frequency	3 Years or as required	Last Revision Date	12/01/12	
Approval	Function	Name	Signature		Date		
	President & CEO	Max Cananzi					
Title: Credit Policy – Residential Customers							

1.0 APPLICATION

1.1 This policy applies to Horizon Utilities Corporation.

2.0 PURPOSE

2.1 The purpose of this policy is to ensure that all residential customers are treated in a non-discriminatory manner in the management of credit risk within a credit policy framework that is compliant with all applicable statutes and regulations, including the Ontario Energy Board's ("OEB") Retail Settlement Code, Standard Supply Service Code, and the Distribution System Code.

3.0 POLICY STATEMENT

3.1 This policy describes the method of calculating, and terms related to, security deposit requirements for residential customers. Horizon Utilities Corporation may be required to collect, use, or disclose personal information in order to establish or maintain electric service accounts. All customer information is collected and retained in accordance with Horizon Utilities Corporation's Privacy Policy. A copy of this policy is available on the website at: www.horizonutilities.com.

4.0 PROCEDURE

4.1 Definitions

Local Distribution Company (LDC)

A Local Distribution Company (LDC) is a company regulated by the OEB that is responsible for the distribution of electricity for a defined service area. Horizon Utilities Corporation is the LDC for most of the City of Hamilton and the City of St. Catharines.

Ontario Energy Board (OEB)

The Ontario Energy Board (OEB) is the provincial government agency responsible for LDC regulation.

Residential Customer

A residential customer is defined as either a Distributor Consolidated account or a Standard Supply Service (SSS) account that is billed based on the residential rate class as defined by the OEB.

New Customer

A new customer is defined as a customer who does not have a previous payment history with Horizon Utilities Corporation.

Low-Income Customer

A residential electricity customer who has been qualified by a Social Service or Government agency within the parameters of the Low-Income Energy Assistance Program (LEAP).

Good Payment History (GPH)

A Good Payment History is maintained by not having any of the events outlined in Section 4.10 occur within the time period established for each customer class.

Security Deposit

A security deposit is a calculated amount as outlined in Section 4.3, which is retained and is provided in the form of cash, money order, or cheque.

Interruption of Service Notice

An Interruption of Service Notice is a formal letter delivered to the customer by Horizon Utilities Corporation advising the customer of an overdue amount owing. If this amount is not paid within a specific timeframe, the electric service may be disconnected for non-payment of account. The notice contains prescribed information, such as the earliest and latest date that disconnection of the electric service may occur, the forms of payment a customer may use, and information relating to the OEB's Arrears Management Program.

Arrears Management Program

The Arrears Management Program is an OEB prescribed program that provides payment options to eligible residential electricity customers to avoid interruption of service. Full program details are available upon request.

Disconnection/Collection Trip

A Disconnection/Collection Trip is a visit to a customer's premises by an employee or agent of Horizon Utilities Corporation to obtain payment of an outstanding and overdue amount or to disconnect or limit distribution of electricity to a customer that has failed to make payment of an overdue amount.

Returned Item

A returned item is defined as any method of payment offered by a bank to a customer for payment of its account, including a cheque, pre-authorized payment or any other form of electronic payment that has not been honoured by the bank and has been returned to Horizon Utilities Corporation. A returned item includes: a stop payment that has been placed on the item; insufficient funds to permit Horizon Utilities Corporation from obtaining payment; or the bank indicates that the funds have not otherwise been cleared for payment to Horizon Utilities Corporation.

4.2 Security Deposit Requirement

A security deposit must be provided to Horizon Utilities Corporation by all residential customers that do not qualify for a security deposit exemption, as described below, with the exception of Retailer Consolidated billed customers as defined by the OEB.

Exemptions:

- 4.2.1 All new customers that have a one-year (12 consecutive months) GPH with either Horizon Utilities Corporation, another LDC, or a Gas Utility in Canada are exempt from a security deposit requirement. If a customer is claiming an exemption due to a GPH with a utility other than Horizon Utilities Corporation, the customer must provide a letter from that utility documenting and attesting to a satisfactory payment history. The entire good payment history must have occurred within the past 24 months in order to qualify for an exemption. This exemption continues to apply as long as the condition in 4.2.2 continues to be met.
- 4.2.2 All existing customers that maintain a one-year (12 consecutive months) GPH with Horizon Utilities Corporation.
- 4.2.3 At the customer's expense, a customer may provide a credit check that demonstrates a good credit score from a nationally recognized credit bureau. If the customer is to provide the credit bureau report it must be for a period within the past six months. Alternatively, Horizon Utilities Corporation will arrange for a credit bureau report at the customer's expense if requested.
- 4.2.4 A residential customer who has been qualified as Low-income by a Social or Government agency as eligible for LEAP and has requested that the security deposit be waived as defined by the OEB.

4.3 Amount of Security Deposit

The amount of the security deposit will be determined by the following:

- 4.3.1 All residential customers subject to a security deposit will be required to provide a minimum security deposit of \$100 or, as calculated in 4.3.2, whichever is greater.
- 4.3.2 For a monthly billed customer: The amount of security deposit is calculated as the average monthly bill over the most recent 12-month period pro-rated over 75 days (2.5 times the average monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average monthly bill.

For a bi-monthly billed customer: The amount of security deposit is calculated as the average bi-monthly bill over the most recent 12-month period pro-rated over 3.5 months (1.75 times the average bi-monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average bi-monthly bill.
- 4.3.3 Horizon Utilities Corporation will review the amount of security deposit no less than on an annual basis and may alter this amount if necessary based upon the following criteria:
 - a) Lack of maintenance of a GPH;
 - b) The application of a security deposit against any arrears owing before an Interruption of Service Notice is issued;
 - c) A customer enters into an Arrears Management Program;
 - d) There is a significant change in consumption by a customer that would result in a different amount computed under 4.3.1 or 4.3.2. The amount of the security deposit will be adjusted based on the new calculation.
- 4.3.4 A customer is eligible to request a review of the security deposit after 12 months from the first payment instalment date.

4.4 Reduction/Waiver of Security Deposit Requirement

- 4.4.1 If an existing residential customer, with a GPH, enrolls in a pre-authorized payment plan with Horizon Utilities Corporation, they will be exempt from any security deposit requirement or review as long as their pre-authorized payment plan is maintained.
- 4.4.2 Customers who withdraw or are removed from a pre-authorized payment plan will be subject to an immediate credit review and may be required to provide a security deposit as provided in Sections 4.2 and 4.3.
- 4.4.3 A new customer that does not qualify for an exemption under Section 4.2.1 and 4.2.3 but enrolls in a pre-authorized payment plan will be eligible for a half-month reduction in the security deposit amount calculation. This option is only available to those new customers that do not have a payment history with a utility and have yet to establish a credit score with a credit bureau.

Note: All customers who qualify for a security deposit exemption must maintain a GPH as defined by this policy or be subject to a credit review.

4.5 Interest on Security Deposit

Interest shall accrue monthly on security deposits commencing on receipt of the total security deposit required by Horizon Utilities Corporation. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less two percent (zero if negative), updated monthly. The interest accrued to December 31st of each year shall be applied to the first bill of the following calendar year or upon return of the security deposit or closure of the account, whichever comes first, and will be paid by crediting the account. A refund cheque for any credit amount of interest will be issued only to those customers that do not have a current account with Horizon Utilities Corporation and following the rendering and full payment of a final bill.

4.6 Payment of Security Deposit

Should a security deposit be required, a residential customer billed monthly may pay the security deposit over a maximum of six equal monthly payments. A residential customer billed bi-monthly may pay the security deposit over a maximum of three equal bi-monthly payments. Customers may elect to pay the security deposit earlier than these maximum payment terms.

4.7 Return of Security Deposit

All residential customers with a security deposit, upon establishing a GPH as defined in this policy, are eligible to apply for a security deposit refund. All security deposit requirements will be reviewed no less than annually. All other security deposit adjustments including refunds due to a GPH will appear on the customer's next bill. When the customer is closing an account, the security deposit will be applied to the account and any credit balance will result in a cheque refund to either the customer or the third party agency; whichever paid the security deposit, as designated on the customer's file.

A qualified low-income customer that has previously paid a security deposit to Horizon Utilities Corporation may ask for it to be returned after any outstanding arrears have been paid. The security deposit will be applied to the account; however, if the credit balance created is greater than the average monthly bill, the customer may request a refund by cheque.

4.8 Other Charges

The customer is responsible to pay other related charges, including: late payment interest charges, returned item charges, disconnection and reconnection charges, and other charges as approved by the OEB.

4.9 Collection Procedures

Customers with overdue accounts, in addition to having to pay a security deposit, will be subject to the standard collection procedures of Horizon Utilities Corporation including: notices of late payment, interest charges on overdue payments, collection agency activity, notification of credit bureaus and termination of service as appropriate. Service may be terminated for non-payment of any overdue balance as prescribed within the Interruption of Service Notice.

The forms of payment that may be accepted at a customer's premises include: cash, certified cheque, money order, VISA, or MasterCard (an applicable fee will be charged on credit card payments). Only overdue accounts in a collection status may be paid by credit card.

4.10 Losing a Record of Good Payment

Customer Segment: Residential

Payment History Record: One Year

The customer will no longer qualify as a customer with a GPH and may be subject to an immediate security deposit review if any of the following events occur:

- a) When a customer receives a second Interruption of Service Notice within a one-year period;
- b) When Horizon Utilities Corporation receives a second Returned Item within a one-year period, providing the returned item was not the result of a bank error;
- c) When a customer receives an Interruption of Service Notice in a one-year period and there is one Returned Item on the account during that same period;
- d) When a Disconnection/Collection Trip at the service location is required;
- e) When Horizon Utilities Corporation is directed, pursuant to an order under bankruptcy or court protection afforded under the *Companies' Creditors Arrangement Act* (CCAA), to render a final bill on the account of a customer and establish a new customer account for billing purposes, the new customer account will not have any credit history and, therefore, be deemed a new customer for purposes of the Horizon Utilities Corporation's Credit Policy.

THIS CREDIT POLICY MAY BE CHANGED BY HORIZON UTILITIES CORPORATION IN ITS SOLE DISCRETION FROM TIME TO TIME.

OTHER TERMS AND CONDITIONS may apply. Please consult a Horizon Utilities Corporation customer service representative for further details.



POLICY				
Internal Use Only				Page: 1 of 5
Document Owner: Horizon Utilities		Prepared by: Eileen Campbell		Date: Mar 1, 2005
Policy Owner: Treasury & Risk Management		Document Number: CORP-POL-0047		Rev. No.: 1.0
Distribution	Policy Binder Holders, Horizon Intranet	Revision Frequency	3 Years or as required	Last Revision Date 12/01/12
Approval	Function	Name	Signature	Date
	President & CEO	Max Cananzi		
Title: Credit Policy – Commercial General Service <50 kW Demand Customers (GS<50kW)				

1.0 APPLICATION

1.1 This policy applies to Horizon Utilities Corporation.

2.0 PURPOSE

2.1 The purpose of this policy is to ensure that all commercial customers in the GS<50kW classification are treated in a non-discriminatory manner in the management of credit risk within a credit policy framework that is compliant with all applicable statutes and regulations, including the Ontario Energy Board’s (“OEB”) Retail Settlement Code, Standard Supply Service Code, and the Distribution System Code.

3.0 POLICY STATEMENT

3.1 This policy describes the method of calculating, and terms related to, security deposit requirements for commercial GS<50kW customers. Horizon Utilities Corporation may be required to collect, use, or disclose personal information in order to establish or maintain electric service accounts. All customer information is collected and retained in accordance with Horizon Utilities Corporation’s Privacy Policy. A copy of this policy is available on the website at: www.horizonutilities.com.

4.0 PROCEDURE

4.1 Definitions

Local Distribution Company (LDC)

A Local Distribution Company (LDC) is a company regulated by the OEB that is responsible for the distribution of electricity for a defined service area. Horizon Utilities Corporation is the LDC for most of the City of Hamilton and the City of St. Catharines.

Ontario Energy Board (OEB)

The Ontario Energy Board (OEB) is the provincial government agency responsible for LDC regulation.

Commercial Customer (General Service <50 kW Demand)

A GS<50kW commercial customer is defined as a non-residential customer in a less than 50 kW demand rate class as defined by the OEB.

New Customer

A new customer is defined as a customer who does not have a previous payment history with Horizon Utilities Corporation.

Good Payment History (GPH)

A Good Payment History is maintained by not having any of the events outlined in Section 4.10 occur within the time period established for each customer class.

Security Deposit

A security deposit is a calculated amount as outlined in Section 4.3, which is retained and is provided in the form of cash, money order, cheque, or an automatically renewing Irrevocable Letter of Credit from a bank as defined in the *Bank Act, 1991 c.46* (links below) at the discretion of the customer:

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/110-schedule-i-banks>

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/111-schedule-ii-banks>

Interruption of Service Notice

An Interruption of Service Notice is a formal letter delivered to the customer by Horizon Utilities Corporation advising the customer of an overdue amount owing. If this amount is not paid within a specific timeframe, the electric service may be disconnected for non-payment of account.

Disconnection/Collection Trip

A Disconnection/Collection Trip is a visit to a customer's premises by an employee or agent of Horizon Utilities Corporation to obtain payment of an outstanding and overdue amount or to disconnect or limit distribution of electricity to a customer that has failed to make payment of an overdue amount.

Returned Item

A returned item is defined as any method of payment offered by a bank to a customer for payment of its account, including a cheque, pre-authorized payment or any other form of electronic payment that has not been honoured by the bank and has been returned to Horizon Utilities Corporation. A returned item includes: a stop payment that has been placed on the item; insufficient funds to permit Horizon Utilities Corporation from obtaining payment; or the bank indicates that the funds have not otherwise been cleared for payment to Horizon Utilities Corporation.

4.2 Security Deposit Requirement

A security deposit must be provided to Horizon Utilities Corporation by all GS<50kW commercial customers that do not qualify for a security deposit exemption, as described below.

Exemptions:

- 4.2.1 Federal, Provincial and Municipal governments, their agencies and their guarantees;
- 4.2.2 School Boards;
- 4.2.3 All new customers that have a five-year GPH with either Horizon Utilities Corporation, another LDC, or a Gas Utility in Canada are exempt from a security deposit requirement. If a customer is claiming an exemption due to a GPH with a utility other than Horizon Utilities Corporation, the customer must provide a letter from that utility documenting and attesting to a satisfactory payment history for the same legal entity. This exemption continues to apply as long as the condition in 4.2.4 continues to be met.

- 4.2.4 All existing customers that maintain a five-year GPH with Horizon Utilities Corporation.
- 4.2.5 At the customer's expense, a customer may provide a credit check that demonstrates a good credit score from a nationally recognized credit bureau. If the customer is to provide the credit bureau report it must be for a period within the past six months. Alternatively, Horizon Utilities Corporation will arrange for a credit bureau report at the customer's expense if requested.

4.3 Amount of Security Deposit

The amount of the security deposit will be determined by the following:

- 4.3.1 For a monthly billed customer: The amount of security deposit is calculated as the average monthly bill over the most recent 12-month period pro-rated over 75 days (2.5 times the average monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average monthly bill.

For a bi-monthly billed customer: The amount of security deposit is calculated as the average bi-monthly bill over the most recent 12-month period pro-rated over 3.5 months (1.75 times the average bi-monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average bi-monthly bill.

- 4.3.2 Where an existing customer is facing a security deposit requirement resulting from losing a GPH as defined under Section 4.10, the amount of security deposit requirement will be calculated on the highest monthly or bi-monthly bill occurring in the last 12 months pro-rated over 75 days for a monthly billed customer or 3.5 months for a bi-monthly billed customer.

- 4.3.3 Horizon Utilities Corporation will review the amount of security deposit no less than on an annual basis and may alter this amount if necessary based upon the following criteria:

- a) Lack of maintenance of a GPH;
- b) Anniversary of service installation;
- c) There is a significant change in consumption by a customer that would result in a different amount computed under 4.3.1 or 4.3.2. The amount of the security deposit will be adjusted based on the new calculation.

4.4 Reduction/Waiver of Security Deposit Requirement

- 4.4.1 A new customer that does not qualify for an exemption under Section 4.2.1, 4.2.2, 4.2.3 or 4.2.5, but enrolls in a pre-authorized payment plan will be eligible for a half-month reduction in the security deposit amount calculation. This option is only available to those new customers that do not have a payment history with a utility and have yet to establish a credit score with a credit bureau.

Note: All customers who qualify for a security deposit exemption must maintain a GPH as defined by this policy or be subject to a credit review.

4.5 Interest on Security Deposit

Interest shall accrue monthly on security deposits provided in the form of cash, money order, or cheque commencing on receipt of the total security deposit required by Horizon Utilities Corporation. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less two percent (zero if negative), updated monthly. The interest accrued to December 31st of each year shall be applied to the first bill of the following calendar year or upon return of the security deposit or closure of the account, whichever comes first, and will be paid by crediting the account. A refund cheque for any credit amount of interest will be issued only to

those customers that do not have a current account with Horizon Utilities Corporation and following the rendering and full payment of a final bill.

4.6 Payment of Security Deposit

Should a security deposit be required, a GS<50kW commercial customer may pay the security deposit over a maximum of four equal monthly payments. Customers may elect to pay the security deposit earlier than this maximum payment term.

4.7 Return of Security Deposit

All GS<50 kW commercial customers with a security deposit, upon establishing a GPH as defined in this policy, are eligible to apply for a security deposit refund. All security deposit requirements will be reviewed no less than annually. All other security deposit adjustments including refunds due to a GPH will appear on the customer's next bill. When the customer is closing an account, the security deposit will be applied to the account and any credit balance will result in a cheque refund to the customer.

4.8 Other Charges

The customer is responsible to pay other related charges, including: late payment interest charges, returned item charges, disconnection and reconnection charges, and other charges as approved by the OEB.

4.9 Collection Procedures

Customers with overdue accounts, in addition to having to pay a security deposit, will be subject to the standard collection procedures of Horizon Utilities Corporation including: notices of late payment, interest charges on overdue payments, collection agency activity, notification of credit bureaus and termination of service as appropriate. Service may be terminated for non-payment of any overdue balance after written notice has been given.

The forms of payment that may be accepted at a customer's premises include: cash, certified cheque, money order, VISA, or MasterCard (an applicable fee will be charged on credit card payments). Only overdue accounts in a collection status may be paid by credit card.

4.10 Losing a Record of Good Payment

Customer Segment: GS<50kW Commercial General Service <50 kW Demand Customers

Payment History Record: Five Years

The customer will no longer qualify as a customer with a GPH and may be subject to an immediate security deposit review if any of the following events occur:

- a) When a customer receives a second Interruption of Service Notice within a five-year period;
- b) When Horizon Utilities Corporation receives a second Returned Item within a five-year period, providing the returned item was not the result of a bank error;
- c) When a customer receives an Interruption of Service Notice in a five-year period and there is one Returned Item on the account during that same period;
- d) When a Disconnection/Collection Trip at the service location is required;
- e) When Horizon Utilities Corporation is directed, pursuant to an order under bankruptcy or court protection afforded under the *Companies' Creditors Arrangement Act* (CCAA), to render a final bill on the account of a customer and establish a new customer account for billing purposes, the new customer account will not have any credit history and, therefore,

be deemed a new customer for purposes of the Horizon Utilities Corporation's Credit Policy.

THIS CREDIT POLICY MAY BE CHANGED BY HORIZON UTILITIES CORPORATION IN ITS SOLE DISCRETION FROM TIME TO TIME.

OTHER TERMS AND CONDITIONS may apply. Please consult a Horizon Utilities Corporation customer service representative for further details.



POLICY				
Internal Use Only				Page: 1 of 5
Document Owner: Horizon Utilities		Prepared by: Eileen Campbell		Date: Mar 1, 2005
Policy Owner: Treasury & Risk Management		Document Number: CORP-POL-0048		Rev. No.: 1.0
Distribution	Policy Binder Holders, Horizon Intranet	Revision Frequency	3 Years or as required	Last Revision Date 12/01/12
Approval	Function	Name	Signature	Date
	President & CEO	Max Cananzi		
Title: Credit Policy – Commercial General Service >50 kW Demand Customers (GS>50kW)				

1.0 APPLICATION

1.1 This policy applies to Horizon Utilities Corporation.

2.0 PURPOSE

2.1 The purpose of this policy is to ensure that all commercial customers within the GS>50kW classification are treated in a non-discriminatory manner in the management of credit risk within a credit policy framework that is compliant with all applicable statutes and regulations, including the Ontario Energy Board’s (“OEB”) Retail Settlement Code, Standard Supply Service Code, and the Distribution System Code.

3.0 POLICY STATEMENT

3.1 This policy describes the method of calculating, and terms related to, security deposit requirements for GS>50kW commercial customers. Horizon Utilities Corporation may be required to collect, use, or disclose personal information in order to establish or maintain electric service accounts. All customer information is collected and retained in accordance with Horizon Utilities Corporation’s Privacy Policy. A copy of this policy is available on the website at: www.horizonutilities.com.

4.0 PROCEDURE

4.1 Definitions

Local Distribution Company (LDC)

A Local Distribution Company (LDC) is a company regulated by the OEB that is responsible for the distribution of electricity for a defined service area. Horizon Utilities Corporation is the LDC for most of the City of Hamilton and the City of St. Catharines.

Ontario Energy Board (OEB)

The Ontario Energy Board (OEB) is the provincial government agency responsible for LDC regulation.

Commercial Customer (General Service >50 kW Demand)

A GS>50kW commercial customer is defined as a non-residential customer in a greater than 50 kW and less than 5,000 kW demand rate class as defined by the OEB.

New Customer

A new customer is defined as a customer who does not have a previous payment history with Horizon Utilities Corporation.

Good Payment History (GPH)

A Good Payment History is maintained by not having any of the events outlined in Section 4.10 occur within the time period established for each customer class.

Security Deposit

A security deposit is a calculated amount as outlined in Section 4.3 which is retained and is provided in the form of cash, money order, cheque, or an automatically renewing Irrevocable Letter of Credit from a bank as defined in the *Bank Act, 1991 c.46* (links below) at the discretion of the customer:

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/110-schedule-i-banks>

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/111-schedule-ii-banks>

Interruption of Service Notice

An Interruption of Service Notice is a formal letter delivered to the customer by Horizon Utilities Corporation advising the customer of an overdue amount owing. If this amount is not paid within a specific timeframe, the electric service may be disconnected for non-payment of account.

Disconnection/Collection Trip

A Disconnection/Collection Trip is a visit to a customer's premises by an employee or agent of Horizon Utilities Corporation to obtain payment of an outstanding and overdue amount or to disconnect or limit distribution of electricity to a customer that has failed to make payment of an overdue amount.

Returned Item

A returned item is defined as any method of payment offered by a bank to a customer for payment of its account, including a cheque, pre-authorized payment or any other form of electronic payment that has not been honoured by the bank and has been returned to Horizon Utilities Corporation. A returned item includes: a stop payment that has been placed on the item; insufficient funds to permit Horizon Utilities Corporation from obtaining payment; or the bank indicates that the funds have not otherwise been cleared for payment to Horizon Utilities Corporation.

4.2 Security Deposit Requirement

A security deposit must be provided to Horizon Utilities Corporation by all GS>50kW commercial customers that do not qualify for a security deposit exemption, as described below.

Exemptions:

- 4.2.1 Federal, Provincial and Municipal governments, their agencies and their guarantees;
- 4.2.2 School Boards;
- 4.2.3 All new customers that have a seven-year GPH with Horizon Utilities Corporation, another LDC, or a Gas Utility in Canada are exempt from a security deposit requirement. If a customer is claiming an exemption due to a GPH with a utility other than Horizon Utilities Corporation, the customer must provide a letter from that utility documenting and attesting to a satisfactory payment history for the same legal entity. This exemption continues to apply as long as the condition in 4.2.4 continues to be met.

- 4.2.4 All existing customers that maintain a seven-year GPH with Horizon Utilities Corporation.
- 4.2.5 At the customer's expense, a customer may provide a credit check that demonstrates a good credit score from a nationally recognized credit bureau. If the customer is to provide the credit bureau report it must be for a period within the past six months. Alternatively, Horizon Utilities Corporation will arrange for a credit bureau report at the customer's expense if requested.

4.3 Amount of Security Deposit

The amount of the security deposit will be determined by the following:

- 4.3.1 for a monthly billed customer: The amount of security deposit is calculated as the average monthly bill over the most recent 12-month period pro-rated over 75 days (2.5 times the average monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average monthly bill.
- 4.3.2 Where an existing customer is facing a security deposit requirement resulting from losing a GPH as defined under Section 4.10, the amount of security deposit requirement will be calculated on the highest monthly bill occurring in the last 12 months pro-rated over 75 days.
- 4.3.3 Horizon Utilities Corporation will review the amount of security deposit no less than on an annual basis and may alter this amount if necessary based upon the following criteria:
 - a) Lack of maintenance of a GPH;
 - b) Anniversary of service installation;
 - c) A rating deterioration under Section 4.11;
 - d) There is a significant change in consumption by a customer that would result in a different amount computed under 4.3.1 or 4.3.2. The amount of the security deposit will be adjusted based on the new calculation.

4.4 Reduction/Waiver of Security Deposit Requirement

- 4.4.1 A new customer that does not qualify for an exemption under Section 4.2.1, 4.2.2, 4.2.3 or 4.2.5, but enrolls in a pre-authorized payment plan will be eligible for a half-month reduction in the security deposit amount calculation. This option is only available to those new customers that do not have a payment history with a utility and have yet to establish a credit score with a credit bureau.
- 4.4.2 A new GS>50kW commercial customer may qualify for a security deposit reduction or waiver due to a credit rating as defined in section 4.11.

Note: All customers who qualify for a security deposit exemption must maintain a GPH as defined by this policy or be subject to a credit review.

4.5 Interest on Security Deposit

Interest shall accrue monthly on security deposits provided in the form of cash, money order, or cheque commencing on receipt of the total security deposit required by Horizon Utilities Corporation. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less two percent (zero if negative), updated monthly. The interest accrued to December 31st of each year shall be applied to the first bill of the following calendar year or upon return of the security deposit or closure of the account, whichever comes first, and will be paid by crediting the account. A refund cheque for any credit amount of interest will be issued only to those customers that do not have a current account with Horizon Utilities Corporation and following the rendering and full payment of a final bill.

4.6 Payment of Security Deposit

Should a security deposit be required, a GS>50kW commercial customer may pay the security deposit over a maximum of four equal monthly payments. Customers may elect to pay the security deposit earlier than this maximum payment term.

4.7 Return of Security Deposit

All GS>50kW commercial customers with a security deposit, upon establishing a GPH as defined in this policy, are eligible to apply for a security deposit refund. All security deposit requirements will be reviewed no less than annually. All other security deposit adjustments including refunds due to a GPH will appear on the customer's next bill. When the customer is closing an account, the security deposit will be applied to the account and any credit balance will result in a cheque refund to the customer.

4.8 Other Charges

The customer is responsible to pay other related charges, including: late payment interest charges, returned item charges, disconnection and reconnection charges, and other charges as approved by the OEB.

4.9 Collection Procedures

Customers with overdue accounts, in addition to having to pay a security deposit, will be subject to the standard collection procedures of Horizon Utilities Corporation including: notices of late payment, interest charges on overdue payments, collection agency activity, notification of credit bureaus and termination of service as appropriate. Service may be terminated for non-payment of any overdue balance after written notice has been given.

4.10 Losing a Record of Good Payment

Customer Segment: GS>50kW Commercial General Service >50 kW Demand Customers

Payment History Record: Seven Years

The customer will no longer qualify as a customer with a GPH and may be subject to an immediate security deposit review if any of the following events occur:

- a) When a customer receives a second Interruption of Service Notice within a seven-year period;
- b) When Horizon Utilities Corporation receives a second Returned Item within a seven-year period, providing the returned item was not the result of a bank error;
- c) When a customer receives an Interruption of Service Notice in a seven-year period and there is one Returned item on the account during that same period;
- d) When a Disconnection/Collection Trip at the service location is required;
- e) When Horizon Utilities Corporation is directed, pursuant to an order under bankruptcy or court protection afforded under the *Companies' Creditors Arrangement Act* (CCAA), to render a final bill on the account of a customer and establish a new customer account for billing purposes, the new customer account will not have any credit history and, therefore, be deemed a new customer for purposes of the Horizon Utilities Corporation's Credit Policy.

4.11 Credit Rating

Where a customer has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit, which the distributor may require the customer to pay, shall be reduced in accordance with the following table:

Credit rating (Using Standard & Poor's Rating Terminology)	Allowable Reduction Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, from A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

THIS CREDIT POLICY MAY BE CHANGED BY HORIZON UTILITIES CORPORATION IN ITS SOLE DISCRETION FROM TIME TO TIME.

OTHER TERMS AND CONDITIONS may apply. Please consult a Horizon Utilities Corporation customer service representative for further details.



POLICY				
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Approval	Function	Name	Signature	Date
	President & CEO	Max Cananzi		
Title: Credit Policy – Large User Commercial Customers >5,000 kW Demand Customers				

1.0 APPLICATION

1.1 This policy applies to Horizon Utilities Corporation.

2.0 PURPOSE

2.1 The purpose of this policy is to ensure that all large user commercial customers are treated in a non-discriminatory manner in the management of credit risk within a credit policy framework that is compliant with all applicable statutes and regulations, including the Ontario Energy Board's ("OEB") Retail Settlement Code, Standard Supply Service Code, and the Distribution System Code.

3.0 POLICY STATEMENT

3.1 This policy describes the method of calculating, and terms related to, security deposit requirements for large user commercial customers. Horizon Utilities Corporation may be required to collect, use, or disclose personal information in order to establish or maintain electric service accounts. All customer information is collected and retained in accordance with Horizon Utilities Corporation's Privacy Policy. A copy of this policy is available on the website at: www.horizonutilities.com.

4.0 PROCEDURE

4.1 Definitions

Local Distribution Company (LDC)

A Local Distribution Company (LDC) is a company regulated by the OEB that is responsible for the distribution of electricity for a defined service area. Horizon Utilities Corporation is the LDC for most of the City of Hamilton and the City of St. Catharines.

Ontario Energy Board (OEB)

The Ontario Energy Board (OEB) is the provincial government agency responsible for LDC regulation.

Large User Commercial Customer (>5,000 kW Demand)

A large user commercial customer is defined as a non-residential customer in a greater than 5,000 kW demand rate class as defined by the OEB.

New Customer

A new customer is defined as a customer who does not have a previous payment history with Horizon Utilities Corporation.

Good Payment History (GPH)

A Good Payment History is maintained by not having any of the events outlined in Section 4.10 occur within the time period established for each customer class.

Security Deposit

A security deposit is a calculated amount as outlined in Section 4.3 which is retained and is provided in the form of cash, money order, cheque, or an automatically renewing Irrevocable Letter of Credit from a bank as defined in the *Bank Act, 1991 c.46* (links below) at the discretion of the customer:

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/110-schedule-i-banks>

<http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/111-schedule-ii-banks>

Interruption of Service Notice

An Interruption of Service Notice is a formal letter delivered to the customer by Horizon Utilities Corporation advising the customer of an overdue amount owing. If this amount is not paid within a specific timeframe, the electric service may be disconnected for non-payment of account.

Disconnection/Collection Trip

A Disconnection/Collection Trip is a visit to a customer's premises by an employee or agent of Horizon Utilities Corporation to obtain payment of an outstanding and overdue amount or to disconnect or limit distribution of electricity to a customer that has failed to make payment of an overdue amount.

Returned Item

A returned item is defined as any method of payment offered by a bank to a customer for payment of its account, including a cheque, pre-authorized payment or any other form of electronic payment that has not been honoured by the bank and has been returned to Horizon Utilities Corporation. A returned item includes: a stop payment that has been placed on the item; insufficient funds to permit Horizon Utilities Corporation from obtaining payment; or the bank indicates that the funds have not otherwise been cleared for payment to Horizon Utilities Corporation.

4.2 Security Deposit Requirement

A security deposit must be provided to Horizon Utilities Corporation by all large user commercial customers that do not qualify for a security deposit exemption, as described below.

Exemptions:

- 4.2.1 Federal, Provincial and Municipal governments, their agencies and their guarantees;
- 4.2.2 School Boards;
- 4.2.3 All new customers that have a seven-year GPH with either Horizon Utilities Corporation, another LDC, or a Gas Utility in Canada are exempt from a security deposit requirement. If a customer is claiming an exemption due to a GPH with a utility other than Horizon Utilities Corporation, the customer must provide a letter from that utility documenting and attesting to a satisfactory payment history for the same legal entity. This exemption continues to apply as long as the condition in 4.2.4 continues to be met.

- 4.2.4 All existing customers that maintain a seven-year GPH with Horizon Utilities Corporation.
- 4.2.5 At the customer's expense, a customer may provide a credit check that demonstrates a good credit score from a nationally recognized credit bureau. If the customer is to provide the credit bureau report it must be for a period within the past six months. Alternatively, Horizon Utilities Corporation will arrange for a credit bureau report at the customer's expense if requested.

4.3 Amount of Security Deposit

The amount of the security deposit will be determined by the following:

- 4.3.1 For a monthly billed customer: The amount of security deposit is calculated as the average monthly bill over the most recent 12-month period pro-rated over 75 days (2.5 times the average monthly bill). Where 12 months of actual consumption for the customer is not available, Horizon Utilities Corporation will use a reasonable estimate for the average monthly bill.
- 4.3.2 Where an existing customer is facing a security deposit requirement resulting from losing a GPH as defined under Section 4.10, the amount of security deposit requirement will be calculated on the highest monthly bill occurring in the last 12 months pro-rated over 75 days.
- 4.3.3 Horizon Utilities Corporation will review the amount of security deposit no less than on an annual basis and may alter this amount if necessary based upon the following criteria:
 - a) Lack of maintenance of a GPH;
 - b) Anniversary of service installation;
 - c) A rating deterioration under Section 4.11;
 - d) There is a significant change in consumption by a customer that would result in a different amount computed under 4.3.1 or 4.3.2. The amount of the security deposit will be adjusted based on the new calculation.

4.4 Reduction/Waiver of Security Deposit Requirement

- 4.4.1 A new customer that does not qualify for an exemption under Section 4.2.1, 4.2.2, 4.2.3 or 4.2.5, but enrolls in a pre-authorized payment plan will be eligible for a half-month reduction in the security deposit amount calculation. This option is only available to those new customers that do not have a payment history with a utility and have yet to establish a credit score with a credit bureau.
- 4.4.2 A new large user commercial customer may qualify for a security deposit reduction or waiver due to a credit rating as defined in section 4.11.

Note: All customers who qualify for a security deposit exemption must maintain a GPH as defined by this policy or be subject to a credit review.

4.5 Interest on Security Deposit

Interest shall accrue monthly on security deposits provided in the form of cash, money order, or cheque commencing on receipt of the total security deposit required by Horizon Utilities Corporation. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less two percent (zero if negative), updated monthly. The interest accrued to December 31st of each year shall be applied to the first bill of the following calendar year or upon return of the security deposit or closure of the account, whichever comes first, and will be paid by crediting the account. A refund cheque for any credit amount of interest will be issued only to

those customers that do not have a current account with Horizon Utilities Corporation and following the rendering and full payment of a final bill.

4.6 Payment of Security Deposit

Should a security deposit be required, a large user commercial customer may pay the security deposit over a maximum of four equal monthly payments. Customers may elect to pay the security deposit earlier than this maximum payment term.

4.7 Return of Security Deposit

All large user commercial customers with a security deposit, upon establishing a GPH as defined in this policy, are eligible to apply for a security deposit refund. All security deposit requirements will be reviewed no less than annually. All other security deposit adjustments including refunds due to a GPH will appear on the customer's next bill. When the customer is closing an account, the security deposit will be applied to the account and any credit balance will result in a cheque refund to the customer.

4.8 Other Charges

The customer is responsible to pay other related charges, including: late payment interest charges, returned item charges, disconnection and reconnection charges, and other charges as approved by the OEB.

4.9 Collection Procedures

Customers with overdue accounts, in addition to having to pay a security deposit, will be subject to the standard collection procedures of Horizon Utilities Corporation including: notices of late payment, interest charges on overdue payments, collection agency activity, notification of credit bureaus and termination of service as appropriate. Service may be terminated for non-payment of any overdue balance after written notice has been given.

4.10 Losing a Record of Good Payment

Customer Segment: Large User Commercial >5,000 kW Demand Customers

Payment History Record: Seven Years

The customer will no longer qualify as a customer with a GPH and may be subject to an immediate security deposit review if any of the following events occur:

- a) When a customer receives a second Interruption of Service Notice within a seven-year period;
- b) When Horizon Utilities Corporation receives a second Returned Item within a seven-year period, providing the returned item was not the result of a bank error;
- c) When a customer receives an Interruption of Service Notice in a seven-year period and there is one Returned item on the account during that same period;
- d) When a Disconnection/Collection Trip at the service location is required;
- e) When Horizon Utilities Corporation is directed, pursuant to an order under bankruptcy or court protection afforded under the *Companies' Creditors Arrangement Act* (CCAA), to render a final bill on the account of a customer and establish a new customer account for billing purposes, the new customer account will not have any credit history and, therefore, be deemed a new customer for purposes of the Horizon Utilities Corporation's Credit Policy.

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