



**Federation of  
Rental-housing  
Providers of Ontario**

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Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
26<sup>th</sup> Floor  
Toronto ON M4P 1E4

Attention: Mr. Peter H. O'Dell, Acting Board Secretary

**RE: RP – 2004 – 0166 Proposed Amendments to Distribution System Code**

Dear Mr. O'Dell:

This letter is in response to your notice of June 2, 2004 inviting comments on proposed amendments to the Distribution System Code (DSC) that pertain to Local Distribution Company (LDC) rights and obligations with respect to unpaid charges or security deposits. This issue and other related LDC conditions of service is a significant concern to the members of the Federation of Rental-housing Providers of Ontario (FRPO).

The Federation of Rental-housing Providers of Ontario, formerly known as the Fair Rental Policy Organization of Ontario, was established in 1985. FRPO is the only province-wide association representing those who own, manage, build and finance residential rental properties. With over 800 members and 250,000 suites, FRPO is the voice of the rental housing industry. We represent a diverse industry, with membership across the province; from small family run operations to large publicly-traded companies.

**CLARIFYING LIABILITY**

FRPO has consistently objected to and oppose any LDCs notion or actions that property managers should be liable to pay tenants' bad debts in connection with hydro charges. It is the end-user's legal responsibility to comply with a contractual agreement signed with the LDC. FRPO believes that the offender must bear the complete cost of their actions,

which should include all costs associated with energy, service disconnection and any additional reconnection costs that are above and beyond the standard reconnection.

Landlords do not have third party authority from the LDCs to pursue any actions on behalf of their tenant. . They do not have access to the tenants' accounts, they cannot terminate tenancies for these actions and they are not allowed to charge a security deposit.

Residential property owners operate in a highly regulated market and do not have any remedies available to recoup the debts incurred. When a tenant defaults on their hydro bill, it is highly likely that they have also defaulted on their rent. The costs associated with a tenant in arrears are substantial and places a significant burden on the landlord. It is completely unacceptable, unfair and illegal to expect the owner of the property, who is non-privileged to the account and third party to the transaction to pay for the tenants' hydro.

FRPO is very disappointed with the perception by LDCs that even a small percentage of landlords are complicit with illegal activity including, but not limited to, "grow ops". These perceptions are groundless and slanderous. Landlords go to great lengths to secure a "good" tenant. Naturally, it is in the best interest of the property owner to seek qualified residents who are committed to taking care of their homes, notifying the owner of repairs and without discrimination, a resident who will pay their rent on time. By holding landlords accountable for tenants' hydro arrears, the current situation of illegal operations in rental buildings will not be positively affected.

Landlords have absolutely no authority nor any methods to police such crimes and should not be accountable for such operations. The costs and damage inflicted on a rental property associated with such crimes is far beyond a rental payment or hydro deposit. There are far greater risks to communities in which these illicit operations take place such as an increased risk of fire as growers tampering with electrical equipment, increased insurance premiums, related costs for the removal of mold and thousands of dollars in general repairs to the suite once the tenant has vacated. The incorrect belief, stated by several LDCs, that a landlord would destroy their own property for a few months of rent is surprising and obviously naïve.

FRPO strongly supports the clarification, in the DSC, that only the end-user that is the person whom contracts for service with the LDC is liable for payment of hydro and associated charges.

## **ENFORCEMENT OF SECURITY DEPOSIT POLICIES**

FRPO agreed with the Ontario Energy Board's decision to view security deposits as a tool for distributors to mitigate the risk of customer non-payment. We, however, feel that a consistent application by LDCs of a risk assessment mechanism to determine the correct level of credit/security deposits must be instituted. It must be reasonable, understandable and transparent to all consumers. These rules should be clarified

regarding the ability for an LDC to disconnect service for refusal to pay a security deposit. It is understandable that a LDC considers non-payment of a security deposit as a reason to refuse to connect as long as it is based on universally applied financial criteria.

We are strongly opposed to the right of an LDC to consider the non-payment of a security deposit as a reason to refuse to continue to connect a customer.

Our position on the above for circumstances where the property owner enters into a contractual bulk metered hydro agreement for their property is that the deposits should be based on a financial model that takes into account a good payment history of the corporation or its parent corporation at a provincial level, not just within a LDC franchise area.

Finally, the LDCs should be required to comply with the OEB new rules and bring a consistent interpretation of security deposits.

### **MECHANISM TO TRACK UNPAID CHARGES**

FRPO believes that more must be done to track down the bad debtors. For example, the LDCs should be required to use a credit agency or a central registry that enables the tracking of bad debtors by their social insurance number. If this registry were to be created, LDCs and property owners and managers would check prior to reconnection to see if any arrears exist. This would protect all parties. Unfortunately, current legislation, such as the Personal Information Protection and Electronic Document Act (PIPEDA), limits what can be done regarding identifying bad debtors.

FRPO does not support the suggestion that LDCs may hold a third party liable or create a deferral account (which holds all that third parties liable) as a temporary measure. Unfortunately, by instituting the temporary measure there are no incentives for LDCs to act more efficiently or prudently. We strongly disagree with any transfer of liability to any third parties, even on a temporary basis.

FRPO applauds and supports the efforts of the OEB in striving for clear, consistent and fair policies that provide workable and practical solutions that also recognize the regulatory constraints that govern the residential rental industry.

Sincerely yours,

**The Federation of Rental-housing  
Providers of Ontario**



Cynthia Bentley  
Manager of Operations