



**FILE**

May 16, 2019

Mrs. S. Bertilia Leblanc-McKenzie  
General Manager  
DOMLEC  
18 Castle Street  
Roseau  
**DOMINICA**

Dear Mrs. McKenzie,

**Re: DOMLEC's Treatment of Customers' Deposits**

Earlier this year DOMLEC submitted to the IRC a proposal for a more scientific approach to quantifying the demand and energy usage for their various customer categories, to feed into the determination of deposit payments for new postpaid customers. This should establish an equivalence between the monthly estimated deposit and their actual bill.

In reviewing DOMLEC's proposal, the Commission advised that this approach could not be utilized in an all-inclusive manner for residential customers. It was recommended that residential customers be categorized by usage and an average would be derived based on their usage category in determining the associated deposit amount.

For the hotel, commercial and industrial customers, the scientific approach by DOMLEC can be utilized in its entirety, in the determination of the deposit quantity, as it would take into consideration all the equipment and other electrical hardware at these compounds.

Common to all customer categories is the review of the deposit amount at designated periods of time, in the event that the projected bill based on the estimated deposit was too low or too high; an adjustment would be applied, accordingly.

By this letter, the Commission **approves** this approach and grants DOMLEC the authority to apply this agreed approach in the determination of customer deposit amounts in accordance with Section 62 of the Electricity Supply Act (ESA) #10 of 2006.

A synopsis with the Commission's determination on the matter of customer deposits is attached for your information.

*Mrs. Bertilia Leblanc-McKenzie*

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*May 16, 2019*

*Re: DOMLEC's Treatment of Customers' Deposits*

In the spirit of regulation, the Commission must apply the principle of fairness to any determination as related to the above, ensuring that no additional burden is unduly placed on the customer.

Please be informed accordingly.

Sincerely,

**INDEPENDENT REGULATORY COMMISSION**



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**JUSTINN KASE**  
**EXECUTIVE DIRECTOR**

***Enclosure:***

*- IRC's Synopsis on the Treatment of Customer Deposits*

***cc. Chairman and Commissioners (IRC)***

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## *Synopsis on the Treatment of Customers' Deposits*

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Section 62 of the ESA No.10 of 2006 allows the utility to charge a security deposit to customers; subsection (2) however, limits the amount charged to no more than the cost of an estimated two (2) months' supply of electricity.

In order to reduce its risk, it is reasonable that the company ensures that all post-paid customers are charged a deposit in accordance with the law. The company must make a good faith effort also, to ensure that customers are not overcharged on the deposit.

### *How should DOMLEC operationalize this effort?*

The charging of deposit must be approached differently based on the type of customer and whether the customer is new or existing. It should be done as follows:

#### **1. New Domestic Customers**

DOMLEC suggests placing new domestic customers into subcategories based on their expected consumption. We believe that this is an appropriate way to honor the spirit of the law and to be fair to customers. The customer service staff will interview new customers as to the types and number of devices which use electricity that they own, size of family etc. Based on this profile customers will be placed into categories according to the calculated consumption average: **50 kWh:** deposit = \$90, **100kWh:** deposit = \$190, **150kWh:** deposit = \$300, **200kWh:** deposit = \$400, **250kWh:** deposit = \$500, **300kWh:** deposit = \$600, etc. as per DOMLEC's suggested categories. After a period of six (6) months, based on the customers average consumption the utility shall review the customer's deposit and adjust the quantity downwards if the initial deposit requested was too high, or upwards if it was too low.

## **2. New Customers: (*Commercial, Industrial, Hotel*)**

In the case of new customers in the business categories, DOMLEC shall make a technical assessment of the customer's projected consumption to include site visits where necessary. The utility may also accept customers projected usage from studies already performed by the customer. After a period of no more than one (1) year the utility shall review the customer's deposit and adjust the value downwards if the initial deposit requested was too high or upwards if it was too low.

## **3. Existing Customers**

In the case of existing customers, the utility shall periodically review customers' deposit in order to ensure that it has sufficient protection against the risk of unpaid bills. The utility must also ensure that the level of the deposit is in keeping with the requirements of the law. In this regard, the utility shall perform the review of customer deposits on a rolling basis, with the stipulation that the deposit of every customer be reviewed at a maximum every three (3) years. In the initial implementation of this review and for subsequent reviews the utility is encouraged to allow for monthly payment plans in order to ensure that the additional deposit payments do not represent an undue burden to the customer.