

Assurance of Voluntary Compliance

**Pursuant to section 112.7 of the
*Ontario Energy Board Act, 1998***

Rideau St. Lawrence Distribution

EB-2024-0140

June 14th, 2024

I. STATEMENT OF FACTS

On April 14, 2022, the Ontario Energy Board (OEB) sent a letter to all licensed electricity distributors in the province advising them that the OEB had recently accepted an Assurance of Voluntary Compliance (AVC) from a distributor that had overcharged customers as a result of incorrectly prorating the fixed monthly charges approved by the OEB under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act). The letter explained:

The AVC arose after a distributor identified that it was overcharging customers due to applying a daily charge that had been incorrectly calculated. While the distributor used the approved fixed monthly charges from its OEB-approved Rate Order, its billing system translated these monthly charges into a daily charge for application to customers' bills. In the translation from monthly to daily charge, the daily charge was calculated on the basis of there being 30 days in every month (or 360 days in a year) but billed customers 365 days a year, leading to an overcharge of each customer.

The letter asked all distributors to review their billing systems and to advise the OEB if they discovered the same proration issue.

Upon receiving the letter, Rideau St. Lawrence Distribution ("RSLD") reviewed their billing system and did not immediately find the fixed monthly charge issue as described in the letter.

By the Spring of 2023, RSLD discovered there were additional AVCs filed by other electricity utilities describing the bill proration issue in relation to first and last bills of a partial month. RSLD worked with its industry association Cornerstone Hydro Electric Concepts (CHEC) to get further understanding of the issue.

On June 01, 2023, on behalf of RSLD and other utilities, CHEC contacted OEB Industry Relations to get clarification on how to calculate Fixed Monthly charges on First/Final Bills.

On August 18, 2023, OEB staff responded to CHEC providing additional clarity in relation to administering proration of monthly charges.

On October 18, 2023, the OEB sent another letter requiring that all licensed, rate-regulated distributors that have not already come forward confirm that any OEB-approved fixed monthly charges are being applied correctly.

On November 2, 2023, **RSLD** advised the OEB that it had reviewed its customer billing system to ensure accuracy relating to the fixed charge proration issue. Based on that review, RSLD determined that its billing system had been incorrectly applying proration in the following two cases.

- (i) In the case of the first and last bill of a partial month (move-in or move-out),
- (ii) In the case when the customer is billed off-cycle (not based on their bill day) when accounts are behind on billing.

RSLD advised that, in those cases, the billing system prorated the monthly charge into a daily charge using a set value of 30 days to calculate the daily rate, regardless of month. RSLD confirmed that the total impact was determined to be \$1,994.68 over the four-year period between 2019 and 2023. RSLD also verified that effective with October 2023 bills, RSLD

implemented changes to its billing methodology to ensure customers would not be overcharged due to incorrect proration of fixed monthly charges.

RSLD refunded individuals impacted by the first bill proration with an active account their overcharge totaling \$653.53. Considering that the remaining four-year customer credit would be small (around 35 cents per account), and that many customers who received impacted bills may no longer be customers of RSLD and therefore difficult to track down, RSLD has proposed instead to contribute to the Low-income Energy Assistance Program (LEAP), to help customers in need.

II. ASSURANCE

RSLD acknowledges that, as a result of its billing system configuration, it was over-billing some customers more than the OEB-approved fixed charges. To remedy the contravention of the rate orders, RSLD assures the OEB that it will take the following measures:

1. RSLD will make a payment of \$2,000 to the LEAP agency serving customers in the RSLD service territory, which is equivalent to four years of overcharges.
2. At the time of the contribution to LEAP, RSLD will notify customers of the contribution and this AVC, in a form and manner to be approved by the OEB.

III. ADMINISTRATIVE PENALTY

RSLD agrees to pay an administrative penalty to the OEB in the amount of \$3,000. Payment will be made electronically with notice sent to the Registrar, within four weeks of the acceptance of this AVC by the OEB.

IV. CONSUMER RIGHTS

Nothing in this AVC affects any rights a consumer may have under any applicable law.

V. FAILURE TO COMPLY

RSLD acknowledges that this AVC has the same force and effect as an order of the OEB pursuant to section 112.7(2) of the OEB Act.

VI. EXECUTION OF ASSURANCE

I have the authority to bind RSLD to the terms set out in this AVC.

Name: Simon Wu

Title: President & CEO

Signature: 

Dated this 14th day of June, 2024