

ASSURANCE OF VOLUNTARY COMPLIANCE

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

EPCOR Electricity Distribution Ontario Inc.

Licence No. ED-2002-0518

OEB File No. EB-2022-0205

August 17, 2022

I. INTRODUCTION AND SUMMARY

The Ontario Energy Board (“OEB”) commenced an inspection of EPCOR Electricity Distribution Ontario Inc. (“EPCOR”) on January 26, 2022, in relation to EPCOR’s disconnection procedures. Following the inspection, OEB staff identified, and EPCOR verified, specific instances of the utility’s non-compliance with its customer disconnection-related obligations under the Distribution System Code (“DSC”). In resolution of the contravention, EPCOR provided this Assurance of Voluntary Compliance to the OEB under section 112.7 of the *Ontario Energy Board Act, 1998* (OEB Act).

II. STATEMENT OF FACTS

EPCOR is an electricity distributor that serves approximately 18,500 mostly residential and commercial electricity customers in the Towns of Collingwood, Stayner, and Creemore and the Village of Thornbury, under OEB licence ED-2002-0518.

The OEB received a customer complaint on October 20, 2021, relating to EPCOR’s customer disconnection notice. In the process of reviewing the complaint, OEB staff identified a potential breach of enforceable provisions by EPCOR relating to the utility’s disconnection notice that was used during the period August 1, 2020, to September 1, 2021.

On January 26, 2022, the OEB gave EPCOR notice that it was commencing an inspection to assess EPCOR’s compliance with the DSC and its electricity distribution licence in order to determine if enforcement action would be necessary. The OEB’s letter advised that the inspection was in relation to non-compliance with section 4.2 of the DSC, and related provisions. The OEB’s letter required that EPCOR provide further information in relation to the allegations of non-compliance.

In response to the information request, EPCOR undertook a review of its collection and disconnection practices, including the disconnection notices that it had sent during the period August 1, 2020 to September 1, 2021. Based on this review, EPCOR advised OEB staff that it had distributed 2,200 disconnection notices that did not comply with all the requirements of the DSC, as follows:

- i. From October 1, 2020 to September 1, 2021, EPCOR issued 1,948 disconnection notices that did not comply with section 4.2.3 of the DSC, in that the disconnection notice failed to provide the required minimum 14 days' notice prior to the earliest date upon which the customer is advised that disconnection may occur. 80 customers who received such notice ultimately had their electricity service disconnected. These 1,948 disconnection notices had a disconnection notice period that was up to 3 days shorter than the minimum required 14-day period. This, in turn, resulted in a disconnection window with a stated earliest possible date of disconnection that was several days earlier than permitted under the DSC.
- ii. In September, 2020, EPCOR issued 252 disconnection notices that did not comply with section 4.2.2 (b) of the DSC, which requires a distributor to advise of the earliest and latest dates on which disconnection may occur; and that did not comply with section 4.2.2.3 of the DSC, which establishes a maximum 14-day disconnection period. 23 customers who received such notice ultimately had their electricity service disconnected. These 252 disconnection notices advised customers of a disconnection period that was 15 days, and therefore longer than permitted under the DSC.
- iii. The 103 customers identified in (i) and (ii) above who had their electricity wrongly disconnected were charged a total of \$3,740 in reconnection fees by EPCOR. Refunds have been provided to these customers.

EPCOR failed to fully comply with its obligations under DSC, as detailed below. EPCOR emphasized that this error was unintentional and due to a miscalculation of days which has now been rectified. EPCOR is aware of its obligations under the DSC related to the disconnection process and takes these obligations seriously.

Section 4.2.2

Section 4.2.2 of the DSC provides, in part, that a distributor that intends to disconnect, pursuant to section 31 of the *Electricity Act, 1998*, the property of a residential customer for non-payment shall send or deliver a disconnection notice to the customer that contains, at a minimum, the following information:

(b) the earliest and latest dates on which disconnection may occur, in accordance with sections 4.2.3 and 4.2.2.3;

In breach of section 4.2.2 (b), EPCOR inadvertently provided 2,200 disconnection notices which contained a false and misleading earliest date and/or latest date on which the disconnection may occur.

Section 4.2.2.3

Section 4.2.2.3 of the DSC provides that a disconnection notice issued for non-payment shall expire on the date that is 14 days from the last day of the applicable minimum notice period referred to in section 4.2.3, determined in accordance with the rules set out in section 2.6.7. A distributor may not thereafter disconnect the property of the customer for nonpayment unless the distributor issues a new disconnection notice in accordance with section 4.2.2.

In breach of section 4.2.2.3, EPCOR sent a disconnection notice to 252 customers with a disconnection window that was 15 days long. Ultimately, 23 customers had their electricity service disconnected.

While these notices advised of a disconnection window of 15 days, none of the 23 disconnected customers were disconnected beyond the 14-day period allowed by section 4.2.2.3.

Section 4.2.3

Section 4.2.3 of the DSC provides that a distributor shall not disconnect a customer for non-payment until the following minimum notice periods have elapsed:

- (a) 60 days from the date on which the disconnection notice is received by the customer, in the case of a residential customer that has provided the distributor with documentation from a physician confirming that disconnection poses a risk of significant adverse effects on the physical health of the customer or on the physical health of the customer's spouse, dependent family member or other person that regularly resides with the customer; or
- (b) 14 days from the date on which the disconnection notice is received, in all other cases.

In breach of section 4.2.3 (b), EPCOR sent 1,948 disconnection notices with a disconnection notice period that was up to 3 days shorter than the minimum required 14-day period. EPCOR disconnected 80 customers without providing them at least 14 days' notice.

III. ASSURANCE

EPCOR hereby assures the OEB that it is aware of its obligations under the DSC related to the disconnection process and that it takes these obligations seriously. EPCOR further assures that all reasonable steps have been taken to ensure that EPCOR staff involved in the disconnection process have been properly informed of the regulatory requirements and on-going training and management oversight remains in place to support compliance. As an extra level of quality assurance, EPCOR management will review draft disconnection notices before they are mailed to customers to assure compliance with the DSC.

EPCOR shall voluntarily make a payment of \$3,000 to its local Low-income Energy Assistance Program (LEAP) agency, to assist the most vulnerable customers in its service territory.

EPCOR will promptly deliver a letter to each customer who had their electricity service disconnected following receipt of a non-compliant disconnection notice. The letter will be in a form and manner approved by OEB staff. The letter will advise these customers of (a) the nature of EPCOR's non-compliance with its regulatory obligations, (b) EPCOR having provided the OEB with this Assurance of Voluntary Compliance, and (c) EPCOR's obligation to make an additional payment of \$3,000 to the LEAP Program agency serving its customers in the EPCOR service territory. The letter will also advise each of these customers that they will receive a credit of \$50 on the next bill following their receipt of the letter.

EPCOR understands that when the disconnection process is initiated, it must ensure it complies with all of the requirements set out in section 4.2 of the DSC. In particular, one of the most important requirements of the DSC is that the notice of disconnection include, at a minimum, all of the elements listed in section 4.2.2 so that customers are provided the necessary information to address any potential disconnection, including accurate dates in respect of a possible service disconnection. EPCOR further assures that it has put in place internal system improvements to prevent reoccurrence of the non-compliance and mitigate against human error. These changes will ensure EPCOR's customers receive an electricity disconnection notice that is compliant with all regulatory requirements.

EPCOR assures that it will not apply to recover the costs related to this Assurance of Voluntary Compliance in any current or future rate application.

IV. ADMINISTRATIVE MONETARY PENALTY

EPCOR agrees to pay an administrative monetary penalty to the OEB in the amount of \$18,000. Payment will be made, together with notice sent to the OEB's Registrar, within two weeks of EPCOR being given notice of the acceptance of the Assurance by the OEB.

V. CONSUMER RIGHTS

Nothing in the Assurance of Voluntary Compliance affects any rights a consumer may have under any applicable laws.

VI. FAILURE TO COMPLY

This Assurance of Voluntary Compliance has the same force and effect as an order of the OEB pursuant to section 112.7(2) of the OEB Act and any failure to comply with its terms shall be deemed to be a breach of an order of the OEB.

VII. EXECUTION OF ASSURANCE

I have the authority to bind EPCOR Electricity Distribution Ontario Inc. to the terms set out in this Assurance of Voluntary Compliance.

Name: Susannah Robinson
Title: Chief Executive Officer
Company: EPCOR Electricity Distribution Ontario Inc.

Signature: 

Dated this 17th day of August, 2022