

Assurance of Voluntary Compliance

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

Sioux Lookout Hydro Inc.

EB-2023-0178

June 16, 2023

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.

Sioux Lookout Hydro Inc. (SLHI), a distributor serving approximately 2,900 customers in the Municipality of Sioux Lookout, reviewed its billing system after receiving the letter but did not detect an issue.

On March 7, 2023, SLHI wrote to the OEB advising that it had seen the AVC provided by Kingston Hydro Corporation on February 10, 2023 which related to the incorrect proration of fixed monthly charges.

As Kingston Hydro's AVC explained, only a portion of bills were affected, because proration was used only for off-cycle bills for partial months (e.g., where the customer moved in or out in the middle of the regular billing period). For such bills, the billing system prorated the monthly service charge rate to a daily charge using a set value of 30 days to calculate the daily rate, regardless of the month. SLHI reported that after reviewing the Kingston Hydro AVC, it discovered that its billing system was configured in a similar way. Customers in SLHI's Residential, GS<50, GS>50<999 and MicroFit rate classes were affected, but only if they received an off-cycle bill.

SLHI determined that the issue had persisted for several years. Effective May 17, 2023, SLHI implemented changes to its billing system to ensure customers would not be overcharged due to the incorrect proration of fixed monthly charges.

SLHI has agreed to provide this AVC which is modeled on the one provided by Kingston Hydro. SLHI recognizes that several other distributors that have provided an AVC to the OEB in respect of the incorrect proration of fixed charges have agreed to issue a credit to customers equivalent to four years' worth of overcharges. As the impacted bills represented only a portion of all bills issued, the total amount that SLHI over-collected over the last four years was relatively small: \$1,162 (or an average of \$291 per year). Considering that a four-year customer credit would be small (around 40 cents per residential customer), and that some customers who received impacted bills are no longer customers of SLHI and therefore difficult to track down, SLHI has

proposed instead to make a contribution to the Low-income Energy Assistance Program (LEAP), to help customers in need.

II. ASSURANCE

SLHI 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, SLHI assures the OEB that it will take the following measures:

1. SLHI will make a payment of \$1,162 to the LEAP agency serving customers in the SLHI service territory, which is equivalent to four years of overcharges. The LEAP payment will be paid as a lump sum within 90 days of the acceptance of this AVC by the OEB.
2. At the time of the LEAP contribution, SLHI will notify customers of the contribution and this AVC, in a form and manner to be approved by the OEB.

III. ADMINISTRATIVE PENALTY

SLHI agrees to pay an administrative penalty to the OEB in the amount of \$750. 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

SLHI 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 SLHI to the terms set out in this AVC.

Name: Deanne Kulchyski

Title: President/CEO

Signature: 

Dated this 16th day of June, 2023