



BY EMAIL

July 14, 2021

**To: All Licensed Electricity Distributors
All Rate-Regulated Gas Distributors**

**Re: July 2021 Cost Assessment Invoice and Temporary Changes to the
Screening Guidelines for the Low-income Energy Assistance Program –
Emergency Financial Assistance**

The purpose of this letter is to inform licensed electricity distributors and rate-regulated gas distributors (Distributors) about an adjustment that the Ontario Energy Board (OEB) will be making to their July 2021 cost assessment invoices.

This letter also describes temporary changes to the screening guidelines for emergency financial assistance under the Low-income Energy Assistance Program – Emergency Financial Assistance (LEAP EFA). These temporary changes are designed to help energy consumers most in need.

July 2021 Cost Assessment Invoices

As explained in the OEB's financial statements, the OEB has historically earmarked revenue from administrative penalties, including those paid under Assurances of Voluntary Compliance, to support activities relating to consumer education, outreach and other activities in the public interest. These funds have therefore not been used to reduce the amount to be recovered through cost assessments under section 26(1) of the *Ontario Energy Board Act, 1998*.

In light of the COVID-19 pandemic, the OEB has decided this year that it is in the public interest to use a portion of those funds to offset the July 2021 cost assessment invoice amounts for Distributors. The amount being offset by the OEB's administrative monetary penalty funds will be provided as a separate line item on each Distributor's July 2021 cost assessment invoice. It is the OEB's expectation that utilities will each promptly

supplement their LEAP EFA budget for 2021 by the same amount, to assist consumers that are most in need.

The credit amount being applied to each Distributor was determined by the OEB based on two criteria:

- 1) All Distributors will receive a portion of the administrative monetary penalty funds based on their proportion of the overall 2019 LEAP EFA budget.
- 2) Additionally, for Distributors that generally run out of LEAP EFA funds before year-end, an additional amount is also being provided based on the Distributor's history of depletion of LEAP EFA funds. The OEB's intent is to help make LEAP EFA funds available throughout 2021 to the extent possible for as many eligible low-income consumers.

The OEB expects Distributors to report the amount supplemented to their LEAP EFA budget under "Additional Donation" in their April 2022 Reporting and Record-keeping Requirements filings. Appendix A outlines sample accounting journal entries for Distributors to consider in relation to the receipt and use of the amounts credited to them on their July 2021 cost assessment invoices.

Temporary Changes to LEAP EFA Screening Guidelines for 2021

The OEB has also decided to make some temporary adjustments to some of the screening guidelines used by LEAP agencies in evaluating LEAP EFA applications, in order to provide additional flexibility and maximize emergency financial assistance at a time when energy consumers need it most.

The LEAP EFA screening guidelines are found in section 3.2 of the [OESP & LEAP Program Manual](#), available on the OEB's website. While the eligibility criteria for LEAP EFA (i.e., must be an existing customer, reside at the address for which there are arrears and have an after-tax household income at or below the applicable income threshold) remain unchanged, the OEB has decided to temporarily modify the following screening guidelines that agencies should consider in screening applications:

- To be eligible for LEAP EFA, the applicant still needs to be in arrears but does not need to be in threat of disconnection or have been disconnected; and
- The limitation on receiving LEAP EFA only once per year is waived; however, the total amount received by a household may not exceed the maximum grant amount of \$500 (or \$600 for electrically heated) for the year.

These changes apply to applications for LEAP EFA funding received from the date of this letter.

Any questions related to this letter should be directed to IndustryRelations@oeb.ca.

Sincerely,

Original signed by

Harneet Panesar
Chief Operating Officer
Ontario Energy Board

Appendix A – Journal Entry Example

The journal entry example is generally expected to apply to both electricity and gas distributors. Note that the account numbers in the example below are specific to electricity distributors.

Assumptions:

- A distributor’s OEB quarterly cost assessment invoice totals \$20,000,
- There is a credit on the invoice for \$14,000, relating to the additional LEAP donation expected of distributors,
- The distributor donates \$14,000 to the LEAP, corresponding to the LEAP credit on the invoice.

<u>JE</u>	<u>Date</u>	<u>Journal Entry</u>		
1	Jul.	Dr. OM&A	\$20,000	
		Cr. Account 2205 – Accounts Payable		\$20,000
		To record OEB cost assessment invoice		
2	Jul.	Dr. Account 2205 – Accounts Payable	\$14,000	
		Cr. Account 2220 – Miscellaneous Current and Accrued Liabilities		\$,14,000
		To record the credit for LEAP on invoice		
3	Aug.	Dr. Account 6205 - Donations, Sub-account LEAP Funding	\$14,000	
		Cr. Account 2205 – Accounts Payable		\$14,000
		To record the additional LEAP donation		
4	Aug.	Dr. Account 2220 – Miscellaneous Current and Accrued Liabilities	\$14,000	
		Cr. Account 6205 - Donations, Sub-account LEAP Funding		\$14,000
		To reverse the liability for LEAP		

<u>Account</u>	<u>Year-end Total Relating to LEAP Credit</u>
OM&A	\$20,000
Account 2205 – Accounts Payable	\$20,000
Account 2220 – Miscellaneous Current and Accrued Liabilities*	\$0
Account 6205 Donations, Sub-account LEAP Funding	\$0

*Note that distributors are expected to track the LEAP credit recorded in this account separately.