

Assurance of Voluntary Compliance

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

GREATER SUDBURY HYDRO INC.

EB-2022-0105

March 11, 2022

I. STATEMENT OF FACTS

Discovery and Nature of the Issue

Greater Sudbury Hydro Inc. (GSHI) is a licensed electricity distributor. On March 3, 2021, in the context of a review of GSHI's 2020 results, GSHI staff discovered an error in the way that GSHI's billing system translated the tariff of rates and charges approved by the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) into amounts to be collected from customers through their bills, resulting in overcharges to its customers.

GSHI self-reported the issue to the OEB by way of a letter dated March 11, 2021.

GSHI staff identified that GSHI's billing system was incorrectly prorating GSHI's approved fixed charges with the result that GSHI has been recovering slightly more revenue from fixed charges than the tariffs allow on an annual basis. GSHI's billing system took the approved "monthly" charge from GSHI's approved tariff, translated that monthly charge into a "daily" charge, and then applied that "daily" charge when calculating the bill for each customer. The daily charge was calculated on the basis of there being 30 days in every month (or 360 days in the year) but billed to customers 365 times a year, leading to the overcharge of each customer.

By way of specific illustration, using GSHI's approved monthly service charge for residential customers of \$29.31 for the 2020 rate year (May 1, 2020 to April 30, 2021), GSHI should recover, on an annual basis, 12 months x \$29.31 from each residential customer or \$351.72. Instead, GSHI's billing system divided the monthly charge of \$29.31 by 30 to establish a "daily" charge of 97.7 cents per day, and then billed residential customers that daily rate, resulting in an annual recovery of 365 days x 97.7 cents or \$356.605, an overcharge of \$4.89 for the year for each residential customer.

This billing system error applied to all fixed monthly charges across all rate classes, including, for example, fixed charge rate riders, the Smart Metering Entity charge, and the Standard Supply Service – Administration Charge. As a matter of scope, however, the residential monthly service charge is the largest. Based on GSHI's 2020 rates, the overcharge per residential customer on system supply was equal to \$4.89 for the service charge plus \$0.208 for all other residential fixed charges for a total annual overcollection of \$5.09. GSHI has approximately 43,000 active residential customers so this would result in a total over-recovery from the residential rate class of approximately \$219,000 in the year; for all other rate classes combined the annual over-recovery is approximately \$40,000 for a total of approximately \$259,000 in overcharge to all

customers for the 2020 rate year. GSHI believes that the issue has subsisted since at least 2005.

Interim Measures to Correct the Error

As an interim measure until a permanent solution can be implemented, GSHI has implemented a “Tariff Translator” that takes the approved monthly fixed charges and translates them by taking all of the approved monthly fixed charges, multiplying them by 12, dividing the total by 365 days and then multiplying again by 30 days, a process that permits GSHI’s billing system to implement the appropriate daily amount for its fixed charges. In addition, the Regulatory Department audits bills for each customer class every time there is a change to the OEB-approved tariff to ensure the rates are calculated correctly.

These interim measures were put into operation May 1, 2021.

II. ASSURANCE

GSHI acknowledges that, as a result of its billing system configuration, it was charging customers more than the OEB-approved fixed charges. GSHI assures the OEB that it will take the following measures:

1. GSHI will keep in place the interim measures described above (i.e. the Tariff Translator and audit) until a permanent solution is implemented.
2. GSHI will refund customers the overcharged amounts for four years (the 2017, 2018, 2019 and 2020 rate years), calculated in the manner set out in the Appendix to this Assurance. The refund will be paid through a lump sum bill credit which will appear on a customer’s bill within 90 days of the acceptance of this Assurance by the OEB. Every customer in a rate class will receive the same credit amount, as shown in the Appendix, regardless of whether the customer was actually a customer for the entire four-year refund period. At the time of the refund, GSHI will provide an explanation to customers in a form to be approved by the OEB. The total amount of all refunds to be provided, based on current customer counts, is estimated to be approximately \$919,000.

III. ADMINISTRATIVE PENALTY

GSHI agrees to pay an administrative penalty to the OEB in the amount of \$5,000. Payment will be made by cheque or electronically with notice sent to the Registrar, within two weeks of the acceptance of this Assurance by the OEB.

IV. CONSUMER RIGHTS

Nothing in this Assurance affects any rights a consumer may have under his or her contract, or under any applicable laws.

V. FAILURE TO COMPLY

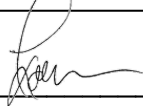
GSHI acknowledges that this Assurance has the same force and effect as an order of the OEB pursuant to section 112.7(2) of the OEB Act.

VI. EXECUTION OF ASSURANCE

I have the authority to bind GSHI to the terms set out in this Assurance.

Name: Frank Kallonen

Title: President & CEO

Signature: 

Dated this 11th day of March, 2022

APPENDIX

Total Credit Calculation

Customer Class	Credit Basis	2017			2018			2019			2020			4 Year Credit
		Amount Charged	Amount Approved	Difference (B)	Amount Charged	Amount Approved	Difference (C)	Amount Charged	Amount Approved	Difference (D)	Amount Charged	Amount Approved	Difference (E)	Total Amount Owing (B + C + D + E)
Residential	Account	\$ 273.14	\$ 269.40	\$ 3.74	\$ 302.83	\$ 298.68	\$ 4.15	\$ 337.38	\$ 332.76	\$ 4.62	\$ 371.81	\$ 366.72	\$ 5.09	\$ 17.61
GS<50	Account	\$ 280.20	\$ 276.36	\$ 3.84	\$ 279.47	\$ 275.64	\$ 3.83	\$ 282.75	\$ 278.88	\$ 3.87	\$ 282.75	\$ 278.88	\$ 3.87	\$ 15.41
GS>50	Account	\$2,043.76	\$2,015.76	\$ 28.00	\$2,059.09	\$2,030.88	\$ 28.21	\$2,083.79	\$2,055.24	\$ 28.55	\$2,083.79	\$2,055.24	\$ 28.55	\$ 113.29
Sentinel Lighting	Connections	\$ 48.55	\$ 47.88	\$ 0.66	\$ 48.91	\$ 48.24	\$ 0.67	\$ 49.52	\$ 48.84	\$ 0.68	\$ 56.09	\$ 55.32	\$ 0.77	\$ 2.78
	Account	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 0.17
Street Lighting	Connections	\$ 66.55	\$ 65.64	\$ 0.91	\$ 67.04	\$ 66.12	\$ 0.92	\$ 67.89	\$ 66.96	\$ 0.93	\$ 67.40	\$ 66.48	\$ 0.92	\$ 3.68
	Account	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 0.17
Unmetered	Connections	\$ 87.48	\$ 86.28	\$ 1.20	\$ 88.09	\$ 86.88	\$ 1.21	\$ 89.18	\$ 87.96	\$ 1.22	\$ 96.60	\$ 95.28	\$ 1.32	\$ 4.95
Scattered Load	Account	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 3.04	\$ 3.00	\$ 0.04	\$ 0.17
microFit	Account	\$ 65.70	\$ 64.80	\$ 0.90	\$ 65.70	\$ 64.80	\$ 0.90	\$ 65.70	\$ 64.80	\$ 0.90	\$ 55.36	\$ 54.60	\$ 0.76	\$ 3.46

Proposed Credits by Class

Customer Class	Credit Basis	Total Credit
Residential	Per Account	\$ 17.61
GS<50	Per Account	\$ 15.41
GS>50	Per Account	\$ 113.29
Sentinel Lighting	Per Connection	\$ 2.78
	Per Account	\$ 0.17
Street Lighting	Per Connection	\$ 3.68
	Per Account	\$ 0.17
Unmetered	Per Connection	\$ 4.95
Scattered Load	Per Account	\$ 0.17
microFit	Per Account	\$ 3.46