

# **ASSURANCE OF VOLUNTARY COMPLIANCE**

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

**Oshawa PUC Networks Inc.  
Licence No. ED-2002-0560**

**OEB File No. EB-2020-0193  
August 11, 2020**

## **I. INTRODUCTION AND SUMMARY**

The Ontario Energy Board (“OEB”) commenced an inspection of Oshawa PUC Networks Inc. (“Oshawa PUC”) on December 12, 2019, in relation to Oshawa PUC's disconnection procedures. Following the inspection, OEB staff identified, and Oshawa PUC verified, specific instances of the utility's non-compliance with its customer disconnection obligations under the Distribution System Code (“DSC”). In response to being notified of the contravention, Oshawa PUC undertook a full review of its collection and disconnection practices. In resolution of the contravention, Oshawa PUC 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**

Oshawa PUC is an electricity distributor that operates in the community of Oshawa under OEB licence ED-2002-0560.

The OEB received a consumer complaint on May 17, 2019 relating to Oshawa PUC's customer disconnection notice. In the process of reviewing the complaint, OEB staff identified a breach of enforceable provisions by Oshawa PUC relating to the utility's disconnection notice (“the Notice”) that was used during the period May 1, 2019 to May 31, 2019.

By letter addressed to Oshawa PUC, dated December 12, 2019, the OEB advised that it was commencing an inspection to assess Oshawa PUC'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 set out requirements for Oshawa PUC to provide the OEB with certain information in relation to the allegations of non-compliance.

In response to the requirements set out in the OEB's letter, Oshawa PUC undertook a full review of its collection and disconnection practices, including each of the disconnection notices that it had sent during the period May 1 to May 31, 2019. Based on this review, Oshawa PUC advised

OEB staff that it had distributed 780 disconnection notices that did not comply with all the requirements of the DSC. Specifically:

- i. 780 disconnection notices, sent out during the period May 1, 2019 to May 31, 2019, failed to provide the required minimum 10 day notice period, prior to the earliest date upon which the customer is advised that a disconnection may occur. The 780 customers were ultimately provided with either a 9-day or 7-day notice period, which in turn led to shortened disconnection periods identified in the disconnection notices.
- ii. 118 customers received non-compliant disconnection notices like those identified in (i) above, and ultimately had their electricity service disconnected.
- iii. Of the disconnected customers identified in (ii) above, 90 customers were charged reconnection fees totaling \$6,930.

Oshawa PUC admits that, with regard to the foregoing customers, Oshawa PUC failed to comply with its obligations under sections 4.2.2(b), 4.2.2.3, and 4.2.3 of the DSC. Together, these sections obligate a utility to provide a minimum 10-day notice period to a customer prior to disconnection, and the notice period extends from the date of the customer's receipt of the notice to the "earliest possible disconnection date" stated in the notice.

The 780 disconnection notices incorrectly calculated the number of days that a notice is deemed to have been received by the customer when mailed. Oshawa PUC misinterpreted the requirement under section 4.2.3.1 which requires that, where a disconnection notice is sent by mail, the disconnection notice shall be deemed to have been received by the customer on the third business day after the date on which the notice was printed by the distributor. Oshawa PUC was using a deemed received period of three calendar days, rather than the required three business days. As a result, a minimum 10-day notice period was not provided, and the disconnection period that followed did not accurately set out the earliest and latest dates on which disconnection could occur.

#### **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), Oshawa PUC inadvertently provided 780 disconnection notices which contained a false and misleading “earliest date on which the disconnection may occur”. As such, Oshawa PUC failed to ensure that its customers who were at risk of being disconnected for nonpayment had the minimum 10-day window within which to make arrangements to settle the customers' outstanding accounts without fear of being disconnected. The 780 customers were provided either a 9-day or a 7-day notice period.

### **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) 10 days from the date on which the disconnection notice is received, in all other cases.

Oshawa PUC did not comply with section 4.2.3 of the DSC, in that the disconnection notice failed to provide the required 10 days' notice prior to the earliest date upon which the customer is advised that disconnection may occur. Oshawa PUC breached its obligation under section 4.2.3 (b) by disconnecting 118 customers without providing them the minimum 10-day window within which to make arrangements to settle their outstanding accounts.

### **Section 4.2.3.1**

Section 4.2.3.1 states that “for the purposes of section 4.2.3:

- (a) Where a disconnection notice is sent by mail, the disconnection notice shall be deemed to have been received by the customer on the third business day after the date on which the notice was printed by the distributor.”

Oshawa PUC inadvertently failed to comply with the requirement under section 4.2.3.1 by using a deemed received period of three calendar days, rather than the required three business days. As a result, a minimum 10-day notice period was not provided.

Following a full review of its collection and disconnection practices, Oshawa PUC delivered a letter to each of the affected customers advising of the non-compliance and its resolution. Specifically,

- i. to address the customers who were given a non-compliant disconnection notice between May 1, 2019 to May 31, 2019, Oshawa PUC (i) sent a letter advising of Oshawa PUC’s non-compliance and to give an apology for not providing the required amount of notice days as per the DSC, and (ii) issued a good-will credit of \$30 on the customer’s account to be reflected on the next bill.
- ii. to address the customers who were charged reconnection fees, Oshawa PUC (i) sent a letter advising of Oshawa PUC’s non-compliance and to give apology for not providing the required amount of notice days as per the DSC, (ii) issued a refund of the reconnection fee, which was a total of \$6,930 for all 90 customers, and (iii) issued a good-will credit of \$30 on the customer’s account to be reflected on the next bill.

### **III. ASSURANCE**

Oshawa PUC 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. Oshawa PUC further assures that all reasonable steps have been taken to ensure that Oshawa PUC staff involved in the collection and disconnection process have been properly informed of the regulatory requirements and on-going training and management oversight remains in place to support compliance.

Oshawa PUC understands that when a disconnection is initiated, it must ensure it complies with all of the requirements set out in section 4.2 of the DSC and that 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.

Oshawa PUC 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**

Oshawa PUC agrees to pay an administrative monetary penalty to the OEB in the amount of \$20,000. Payment will be made by cheque or electronically, together with notice sent to the Registrar and Board Secretary, within two weeks of Oshawa PUC 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 Oshawa PUC Networks Inc. to the terms set out in this Assurance of Voluntary Compliance.

Name: Ivano Labricciosa  
Title: President & C.E.O.

Company: Oshawa PUC Networks Inc.

Signature: 

Dated this 11 day of August, 2020

