

**Assurance of Voluntary Compliance**

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

**Lakefront Utilities Inc.**

**EB-2024-0171**

**July 18, 2024**

## 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.

On October 18, 2023, the OEB sent another letter requiring that all licensed, rate-regulated distributors that have not already come forward confirm that any OEB-approved fixed monthly charges are being applied correctly.

On November 8, 2023, Lakefront Utilities Inc. ("**LUI**") advised the OEB that it had reviewed its customer billing system to ensure accuracy relating to the fixed charge proration issue. Based on that review, LUI determined that its billing system had been incorrectly translating approved fixed monthly charges for the first and last bill of partial months (move-in and move-out) in a similar manner as described in various Assurances of Voluntary Compliance (AVCs) that other licensed entities entered into on this issue. LUI stated that in the case of a partial month, the billing system translated the monthly charge into a daily charge based on a 30-day month (360 days a year) but billed customers 365 days a year resulting in overcharges.

On April 8, 2024, LUI confirmed that the total impact to customers over the four year period (January 2019 to October 2023) was \$3,831.22. The software fix to address the billing error was deployed on November 1, 2023.

Considering that a four-year customer credit would be small (around 27 cents per billing instance), and that many customers who received impacted bills are no longer customers of LUI and therefore difficult to track down, LUI has proposed instead to contribute to the Low-income Energy Assistance Program (LEAP), to help customers in need.

## **II. ASSURANCE**

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

1. LUI will make a payment of \$3,831.22 to the LEAP agency serving customers in the LUI service territory, which is equivalent to four years of overcharges (January 2019 to October 2023). 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 contribution to LEAP, LUI will notify customers of the contribution and this AVC, in a form and manner to be approved by the OEB.

## **III. ADMINISTRATIVE PENALTY**

LUI agrees to pay an administrative penalty to the OEB in the amount of \$3,000. 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**


LUI 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 LUI to the terms set out in this AVC.

Name: Dereck Paul

Title: President & CEO

Signature:  \_\_\_\_\_

Dated this 18th day of July, 2024