

Assurance of Voluntary Compliance

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

PUC Distribution Inc.

EB-2024-0161

September 3, 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 6, 2023, PUC Distribution Inc. ("**PUC**") advised the OEB that it had reviewed its customer billing system in April 2022 to ensure accuracy relating to the fixed charge proration issue. PUC determined that the customer billing system was accurately applying a fixed monthly charge based on its OEB-approved Rate Order where customers are charged a monthly fixed rate regardless of the number of days for the billing period.

PUC further advised that in February 2023, it was made aware of a proration issue reported by Kingston Hydro. This issue primarily impacted specific customer bills related to first and last bills of a partial month or for customers billed off-cycle. These bills prorated the fixed monthly charge using a daily rate based on a 30-day month. A follow-up review of PUC's customer billing system confirmed that the system was configured where the monthly fixed charge was translated into a daily charge based on a 30-day month (360 days a year) but billed customers 365 days a year resulting in overcharges.

As an interim step to address the issue of overcharging customers, PUC applied a flat \$1.00 credit on all first and last bills starting December 28, 2023, until the billing system issue was resolved. The software fix to address the proration issue was deployed effective from the April 11, 2024, billing cycle forward.

PUC confirmed the impact of the billing error resulted in overcharges of \$16,878.53 affecting 15,257 customers between January 2020 to December 2023.

Considering that a four-year customer credit would be small (averaging \$0.46 cents per account), and that refunds have already been issued to customers who still have active accounts (leaving only customers who received impacted bills that are no longer customers of PUC and therefore difficult to track down), PUC has proposed instead to contribute the

equivalent amount of funds that cannot be refunded to the Low-income Energy Assistance Program (LEAP), to help customers in need.

II. ASSURANCE

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

1. PUC will make a payment of \$16,878.53 to the LEAP agency serving customers in the PUC service territory, which is equivalent to four years of overcharges (January 2020 to December 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, PUC will notify customers of the contribution and this AVC, in a form and manner to be approved by the OEB.

III. ADMINISTRATIVE PENALTY

PUC agrees to pay an administrative penalty to the OEB in the amount of \$10,000. 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

PUC 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 PUC to the terms set out in this AVC.

Name: Robert Brewer

Title: CEO & President

Signature: _____


Dated this 3rd day of September 2024