

Assurance of Voluntary Compliance

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

Milton Hydro Distribution Inc.

EB-2023-0316

November 14, 2023

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 September 28, 2023, Milton Hydro Distribution Inc. ("**MHDI**"), a distributor serving approximately 43,000 customers, wrote to the OEB advising that it had seen the AVCs provided by other distributors which related to the incorrect proration of fixed monthly charges. MHDI reported that after reviewing its billing system, it discovered a similar issue with respect to bills for partial months, where the customer moved in or out in the middle of the regular billing period, as set out in the Atikokan Hydro Inc. AVC. In this circumstance, the billing system prorated the monthly service charge rate to a daily charge using a set value of 30 days to calculate the daily rate, regardless of the month. Customers in MHDI's Residential, GS<50, GS>50, MicroFit, and Unmetered Scattered Load rate classes were affected, but only in the circumstance described above.

MHDI determined that the issue had persisted for several years. Effective November 3, 2023, MHDI appropriately implemented changes to its billing system to ensure customers would not be overcharged due to the incorrect proration of fixed monthly charges.

MHDI has agreed to provide this AVC which is modeled on the Atikokan Hydro Inc. AVC. MHDI recognizes that several other distributors that have provided an AVC to the OEB in respect of the incorrect proration of fixed charges have agreed to issue a credit to affected customers equivalent to four years' worth of overcharges. As the impacted bills represented only a portion of all bills issued, the total amount that MHDI over-collected over the period of September 1, 2019 to August 31, 2023 is relatively small: \$19,165.59 (or an average of \$4,791.40 per year). Considering that a four-year customer credit would be small (around 41 cents per residential customer), and that many customers who received impacted bills are no longer customers of MHDI and therefore difficult to track down, MHDI has proposed instead to make a contribution to the Low-income Energy Assistance Program (LEAP), to help customers in need.

II. ASSURANCE

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

1. MHDI will make a payment of \$19,165.59 to the LEAP agency serving customers in the MHDI service territory, which is equivalent to four years of overcharges (September 1, 2019 to August 31, 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, MHDI will notify customers of the contribution and this AVC, in a form and manner to be approved by the OEB.

III. ADMINISTRATIVE PENALTY

MHDI 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

MHDI 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 MHDI to the terms set out in this AVC.

Name: Troy Hare

Title: President and Chief Executive Officer

Signature:  _____

Dated this 14th day of November, 2023.