

ASSURANCE OF VOLUNTARY COMPLIANCE

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

E.L.K Energy Inc.

Licence No. ED-2003-0015

OEB File No. EB-2025-0288

October 24, 2025

I. STATEMENT OF FACTS

E.L.K. Energy Inc. (E.L.K.) is a licensed distributor serving over 12,000 customers in the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. It is owned by the Town of Essex.

Until January 2024, E.L.K. provided water and wastewater billing services on behalf of the Town of Essex. Charges for electricity, water and wastewater were shown on the same bill.

Following a customer complaint, the Ontario Energy Board (OEB) conducted an inspection of E.L.K.'s billing practices. The inspection revealed that, for some customers, E.L.K. incorrectly applied Ontario Electricity Support Program (OESP) credits to reduce the water and wastewater charges on the bill. The OESP is a Government-funded electricity rate assistance program. Eligible low-income customers are entitled to a monthly credit. The monthly amount depends on a number of factors including the size of the household and the household income.

Under the OESP rules set out in section 9.2.6 of the Distribution System Code and section 5.2 of the OESP Guideline for Electricity Distributors and Unit-Sub-Meter Providers, where the monthly credit exceeds the amount owing for electricity charges, the balance is carried over to the next month. If a customer closes their account with an accumulated credit, the distributor must return the credit to the program via the Independent Electricity System Operator (IESO). The rules do not provide for the application of any part of the credit to non-electricity charges.

The inspection also revealed that, in situations where the customer had amounts owing for water and wastewater but a credit balance for electricity (such as where OESP credits exceeded the electricity cost), E.L.K. incorrectly applied the Ontario Electricity Rebate (OER) to water and wastewater charges. Under section 2.1(1)(b) of Ontario Regulation 363/16 (General) made under the Ontario Rebate for Electricity Consumers Act, 2016, the OER, a Government-funded program that reduces electricity bills for eligible households, small businesses and farms by a prescribed percentage amount (currently 13.1%), cannot be applied to "any charges that do not relate to the consumption of electricity".

These errors affected 128 customer accounts between May 2017, when E.L.K. began administering OESP credits, and January 2024, when E.L.K. discontinued billing for water and wastewater. A total of \$21,997 in OESP credits was applied to water and wastewater charges instead of being carried forward to reduce electricity charges in subsequent months. A total of \$7,769 in OER was mistakenly applied to water and wastewater charges.

E.L.K. has reviewed the OEB's inspection findings and accepts the conclusions outlined above. E.L.K. acknowledges that the application of OESP credits and the OER to non-electricity charges was not compliant with the applicable regulatory requirements.

II. ASSURANCE

E.L.K. assures the OEB that it will take the following measures to remedy the identified non-compliance:

1. E.L.K. will restore the \$21,997 in OESP credits that were misallocated to water and wastewater charges to the 128 affected customers (provided the customer still has an account with E.L.K.). This will allow the excess OESP credits to be properly applied toward future electricity charges for those customers.
2. E.L.K. – not the 128 customers – will bear the cost of the \$21,997 OESP error. E.L.K. will not seek to recover any of the \$21,997 from customers by rebilling for water or wastewater charges that were incorrectly offset by the OESP credits. Where E.L.K. has already collected any such amounts, it will refund the customer. Where E.L.K. has made a demand for such amounts but not yet collected them, it will advise the customer that it has dropped the demand. In either case E.L.K. will direct the customer to this Assurance of Voluntary Compliance.
3. E.L.K. will make a contribution of \$7,769 to the Low-income Energy Assistance Program (LEAP), equal to the misallocated OER amount. The \$7,769 will not be returned to the IESO because most of the transactions occurred more than 24 months ago, which is beyond the two-year limitation period under the *Electricity Act, 1998*.

E.L.K. commits to completing all actions identified above by December 31, 2025.

E.L.K. further assures the OEB that it will not apply to recover any amounts related to this Assurance of Voluntary Compliance in a rate application.

III. FAILURE TO COMPLY

E.L.K. acknowledges that 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 Ontario Energy Board Act, 1998 and any failure to comply with its terms shall be deemed to be a breach of an order of the OEB.

IV. ADMINISTRATIVE PENALTY

E.L.K. agrees to pay an administrative penalty to the OEB in the amount of \$10,000. Payment will be made to the Registrar, within four weeks of the acceptance of this Assurance of Voluntary Compliance by the OEB.

V. EXECUTION OF ASSURANCE

I have the authority to bind E.L.K. to the terms set out in this Assurance of Voluntary Compliance.

Name: Farooq Hyder

Title: General Manager

Company: E.L.K. Energy Inc.

Signature

A handwritten signature in black ink, appearing to read 'Farooq Hyder', written over a faint horizontal line.

Dated this 24 day of October 2025