

Disconnections

ISSUE:

As electricity prices continue to rise, consumers, particularly in rural Ontario, are having their service disconnected as they struggle to pay their bills.

SUGGESTED RESPONSE:

- The government understands the financial pressures that rising electricity costs are putting on some Ontarians and continues to work hard to help Ontarians manage their electricity costs.
- We understand that even with assistance, some Ontarians still face challenges paying their bills.
- Disconnection for non-payment of electricity bills is authorized under the *Electricity Act, 1998*. Disconnections are a last resort, since utilities are interested in maintaining service to all of their customers.
- The OEB and electricity distributors are committed to avoiding disconnections. The OEB has strengthened the customer service codes which govern utility actions regarding customers in arrears. The rules also provide exemptions to customers from providing a deposit if they qualify as a low-income customer.
- Utilities are required to offer customers in arrears the option to set up a payment plan before resorting to disconnection.
- With Bill 27– Burden Reduction Act, 2016, the government has recently introduced measures that would, if passed, allow the OEB to make additional rules or licence conditions regarding disconnection policies. This will provide greater clarity to utilities and allow the OEB to better protect consumers.
- In addition, the new powers granted to the OEB in the Burden Reduction Act, will provide the OEB with the ability to prohibit disconnections under certain prescribed conditions, such as prohibiting disconnections during the winter months.
- Many utilities already act under an unwritten policy of non-disconnection during the winter months to protect the health and safety of their customers. In December 2016 Hydro One formally acknowledged the policy in writing as they announced that they would work with their customers to avoid disconnecting anyone in arrears in the frigid winter months.
- In recent years, Ontario's disconnection rates are lower than our counterparts in Quebec and British Columbia.

Assistance Programs

- Ontario's government is focused on ensuring that vulnerable customers have the resources to help avoid disconnection.
- Ontario has several programs in place to help Ontario families manage their electricity bills:
 - Ontario Energy and Property Tax Credit;
 - saveONenergy for home conservation programs, including the Home Assistance Program for low-income consumers;
 - Northern Ontario Energy Credit.

- The Ontario Energy Board (OEB) developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.
- The Low-Income Energy Assistance Program (LEAP), introduced by the OEB in January 2011, is a comprehensive province-wide strategy designed to help qualifying low-income consumers in critical financial need. The program includes:
 - Emergency financial assistance: A one-time annual grant towards your electricity or natural gas bill if you are unable to make ends meet in an emergency situation.
 - Special rules – Utilities have to follow special rules when dealing with customers with limited finances; for example, waiving security deposits, allowing longer payment times and more.

Other bill reduction measures

- As of January 1, 2016, the government removed the Debt Retirement Charge from residential electricity bills. This will save a typical residential electricity ratepayer who consumes 750 kWh per month about \$65 per year.
- In addition, as of January 1st, 2017 the *Ontario Rebate for Electricity Consumers Act, 2016* comes into force requiring all distributors to provide an 8% rebate to all residential, small business and agricultural customers. The rebate must be implemented for all Ontarians and reflected on the bill by July 1st, 2017.

RURAL DELIVERY RATES:

- The delivery charge on consumer bills includes the cost of delivering electricity from generating stations across the Province to homes and businesses via the high voltage (transmission) and low voltage (distribution) electricity systems and also includes the cost of distribution system losses.
- The cost of distributing power to lower-density rural and remote areas is much higher than for urban and higher density areas.
- To help offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations, eligible customers receive a credit on their bills under the Rural or Remote Rate Protection (RRRP) framework.
- RRRP provides rate protection for customers living in low-density areas– including Hydro One’s R2 customers, customers of Algoma Power and customers of Hydro One Remote Communities and James Bay First Nation LDCs.
- In addition to the unveiling of the 8% rebate the government is also expanding the RRRP program by increasing the provincial subsidy to \$60.50 a month, an increase of \$29.00 a month.

BACKGROUND

Several media outlets have started to report stories of residential electricity consumers being disconnected by their local utilities for non-payment; specifically in Northern Ontario.

In an effort to better monitor disconnections, the OEB made it mandatory for electricity utilities to report on residential customer disconnections each year

Utilities began reporting in 2014 showing their 2013 data. This information is available to the public on request.

These figures show that on average, a little over 1 percent of residential customers (or about 54,000 customers) have been disconnected in each of the last three years. As part of the OEB's commitment to consumer protection, we put into place robust rules that electricity utilities must follow if they disconnect a residential consumer. For example:

- Utilities must give at least 10 days advance notice of disconnection. The period is much longer for customers that have told their utility that disconnection could have serious negative effects on the health of someone in the household.
- The disconnection notice has to contain information about options such as equal billing and arrears management programs that may be available to the consumer.
- The distributor has to make reasonable efforts to contact the consumer in person or by phone at least 48 hours before disconnecting them.
- The distributor has to suspend disconnection for 21 days if, at the time, a consumer is being assessed for eligibility to receive LEAP emergency funding.
- A distributor can't disconnect a consumer with a smart meter based on an estimated bill.
- If a customer is disconnected, they generally have to be reconnected within two business days after they pay the overdue amount or enter into an arrears management program

Hydro One's New Policy

- In early December 2016, Hydro One Networks Inc. announced their new policy in regards to disconnections.
- Hydro One, Ontario's largest distributor, has approximately 1,400 customers in arrears who have been disconnected. Hydro One will now work with each of these customers to try and arrive at a financial deal that would enable each of those customers to be reconnected during the winter months.
- This could entail the installation of load limiters or the entrance into structured payment plans that enable these customers to work off their arrears while still receiving necessary electricity.
- This policy merely puts into writing a pre-existing policy that Hydro One and many other Ontario LDCs had adhered to for years of not disconnecting vulnerable customers during the winter months.

Burden Reduction Act, 2016

- **The *Burden Reduction Act, 2016*, otherwise known as Bill 27, includes 8 energy related items which impact upon the OEB and sector generally.**
- **One of the proposed measures includes an amendment to the OEB's powers in regards to disconnections. The amendment grants the OEB the right to impose conditions on electricity distributors' licenses and on the codes issued to natural gas companies regarding disconnections.**

- The intended outcome of the amendment is to permit the OEB to impose strict conditions on utilities preventing them from disconnecting customers from electricity or natural gas during the winter months.

Data Reported (on Disconnections and Reconnections) to the OEB by Ontario Electricity Distributors 2013-2015

Electricity Distributors	Number of residential customer accounts disconnected for non-payment annually			% based on 3-year avg (see Note)	Total number of reconnections of customers disconnected for non payment (all customers)			Total number of reconnections completed in 2 business days (all customers)			% Reconnection Performance Standard (OEB Min. Standard: 85%)		
	2013	2014	2015		2013	2014	2015	2013	2014	2015	2013	2014	2015
Algoma Power Inc.	69	100	143	1.24%	79	76	156	79	76	156	100	100	100
Atikokan Hydro Inc.	6	2	5	0.31%	6	5	3	6	5	3	100	100	100
Bluewater Power Distribution Corporation	88	161	115	0.38%	111	169	164	111	169	164	100	100	100
Brant County Power Inc.	167	126	353	2.50%	124	114	109	124	114	109	100	100	100
Brantford Power Inc.	235	462	448	1.07%	263	32	501	261	32	501	99.2	100	100
Burlington Hydro Inc.	537	451	366	0.75%	571	475	417	571	475	417	100	100	100
Cambridge and North Dumfries Hydro Inc.	403	403	399	0.85%	363	353	251	363	353	251	100	100	100
Canadian Niagara Power Inc.	524	462	399	1.78%	532	328	473	532	328	473	100	100	100
Centre Wellington Hydro Ltd.	37	30	32	0.55%	41	40	35	41	40	35	100	100	100
Chapleau Public Utilities Corporation	3	5	3	0.34%	2	2	1	2	2	1	100	100	100
Collus PowerStream Corp.	336	233	134	1.58%	389	275	180	389	271	174	100	98.5	96.7
Cooperative Hydro Embarras Inc.	23	1	2	0.48%	23	1	2	22	1	2	95.7	100	100
E.L.K. Energy Inc.	61	133	250	1.45%	61	133	250	61	133	250	100	100	100
Energysource Hydro Mississauga Inc.	1,550	1,267	1,545	0.81%	1,659	1,247	1,587	1,654	1,237	1,576	99.7	99.2	99.3
Entegrus Powerlines Inc.	909	761	1,438	2.87%	2,145	1,201	2,252	2,145	1,201	2,252	100	100	100
EnWin Utilities Ltd.	914	785	1,296	1.28%	272	378	901	272	378	901	100	100	100
Erie Thames Powerlines Corporation	345	322	221	1.56%	479	419	356	479	419	356	100	100	100
Espanola Regional Hydro Distribution Corporation	62	67	80	2.54%	51	63	63	51	63	63	100	100	100
Essex Powerlines Corporation	569	322	266	1.46%	1,045	1,017	662	975	1,008	611	93.3	99.1	92.3

Electricity Distributors	Number of residential customer accounts disconnected for non-payment annually			% based on 3-year avg (see Note)	Total number of reconnections of customers disconnected for non payment (all customers)			Total number of reconnections completed in 2 business days (all customers)			% Reconnection Performance Standard (OEB Min. Standard: 85%)		
	2013	2014	2015		2013	2014	2015	2013	2014	2015	2013	2014	2015
Festival Hydro Inc.	525	343	423	2.38%	408	210	352	405	209	352	99.3	99.5	100
Fort Frances Power Corporation	32	45	72	1.52%	32	31	60	32	31	60	100	100	100
Greater Sudbury Hydro Inc.	616	692	635	1.52%	767	856	814	767	856	814	100	100	100
Grimsby Power Incorporated	32	-	-	0.33%	35	35	42	35	35	42	100	100	100
Guelph Hydro Electric Systems Inc.	241	192	240	0.46%	256	194	240	241	194	240	94.1	100	100
Haldimand County Hydro Inc.	273	310	344	1.64%	281	288	330	281	288	330	100	100	100
Halton Hills Hydro Inc.	96	105	115	0.54%	94	113	106	94	113	106	100	100	100
Hearst Power Distribution Company Limited	11	13	13	0.54%	11	13	13	10	13	13	90.9	100	100
Horizon Utilities Corporation	3,423	4,200	6,148	2.09%	2,674	2,380	6,471	2,671	2,379	6,471	99.9	100	100
Hydro 2000 Inc.	3	3	3	0.28%	3	3	2	3	3	2	100	100	100
Hydro Hawkesbury Inc.	31	27	25	0.57%	34	18	25	34	18	25	100	100	100
Hydro One Brampton Networks Inc.	1,401	1,382	1,394	1.00%	1,666	1,620	1,633	1,666	1,620	1,633	100	100	100
Hydro One Networks Inc.	2,784	2,918	9,772	0.46%	4,000	2,184	7,269	3,891	2,090	7,128	97.3	95.7	98.1
Hydro One Remote Communities Inc.	-	101	46	1.75%	9	58	44	9	58	41	100	100	93.2
Hydro Ottawa Limited	6,967	3,626	6,925	2.00%	5,876	5,366	4,047	5,876	5,366	4,047	100	100	100
Innpower Corporation	283	196	193	1.53%	276	265	333	272	262	332	98.6	98.9	99.7
Kenora Hydro Electric Corporation Ltd.	34	26	25	0.60%	56	32	42	56	32	42	100	100	100
Kingston Hydro Corporation	513	602	639	2.44%	661	751	663	661	751	662	100	100	99.8
Kitchener-Wilmot Hydro Inc.	1,425	1,470	1,305	1.70%	1,526	1,529	1,365	1,526	1,529	1,365	100	100	100

Electricity Distributors	Number of residential customer accounts disconnected for non-payment annually			% based on 3-year avg (see Note)	Total number of reconnections of customers disconnected for non payment (all customers)			Total number of reconnections completed in 2 business days (all customers)			% Reconnection Performance Standard (OEB Min. Standard: 85%)		
	2013	2014	2015		2013	2014	2015	2013	2014	2015	2013	2014	2015
Lakefront Utilities Inc.	113	107	69	1.10%	113	107	78	113	99	76	100	92.5	97.4
Lakeland Power Distribution Ltd.	26	159	233	1.28%	63	159	224	63	159	224	100	100	100
London Hydro Inc.	3,661	3,753	3,873	2.72%	4,555	4,848	4,920	4,493	4,803	4,878	98.6	99.1	99.1
Midland Power Utility Corporation	96	111	110	1.71%	106	132	112	106	132	112	100	100	100
Milton Hydro Distribution Inc.	210	151	143	0.52%	875	892	545	798	848	528	91.2	95.1	96.9
Newmarket-Tay Power Distribution Ltd.	250	555	429	1.31%	321	328	392	321	328	392	100	100	100
Niagara Peninsula Energy Inc.	584	457	528	1.12%	350	295	425	350	295	425	100	100	100
Niagara-on-the-Lake Hydro Inc.	73	52	30	0.72%	68	51	31	61	51	31	89.7	100	100
Norfolk Power Distribution Inc.	97	147	-	0.47%	220	240	-	220	240	0	100	100	0
North Bay Hydro Distribution Limited	515	487	496	2.36%	520	497	518	520	497	518	100	100	100
Northern Ontario Wires Inc.	43	79	109	1.41%	48	72	60	42	69	58	87.5	95.8	96.7
Oakville Hydro Electricity Distribution Inc.	471	366	246	0.60%	523	565	356	521	559	355	99.6	98.9	99.7
Orangeville Hydro Limited	203	153	118	1.52%	304	305	252	298	301	251	98	98.7	99.6
Orillia Power Distribution Corporation	99	126	136	1.02%	132	166	163	132	166	163	100	100	100
Oshawa PUC Networks Inc.	981	1,195	806	1.96%	1,121	992	836	1,121	992	836	100	100	100
Ottawa River Power Corporation	33	82	161	0.98%	54	68	137	54	68	137	100	100	100
Parry Sound Power Corporation	28	-	-	0.32%	65	-	-	65	0	0	100	0	0
Peterborough Distribution Incorporated	603	696	889	2.26%	717	828	1,089	717	828	1,088	100	100	99.9

Electricity Distributors	Number of residential customer accounts disconnected for non-payment annually			% based on 3-year avg (see Note)	Total number of reconnections of customers disconnected for non payment (all customers)			Total number of reconnections completed in 2 business days (all customers)			% Reconnection Performance Standard (OEB Min. Standard: 85%)		
	2013	2014	2015		2013	2014	2015	2013	2014	2015	2013	2014	2015
PowerStream Inc.	3,995	5,222	2,444	1.23%	4,444	5,636	2,444	4,444	5,636	2,444	100	100	100
PUC Distribution Inc.	333	386	349	1.23%	166	183	215	166	183	215	100	100	100
Renfrew Hydro Inc.	13	36	20	0.61%	13	20	18	13	20	18	100	100	100
Rideau St. Lawrence Distribution Inc.	52	59	74	1.22%	48	41	79	48	41	79	100	100	100
Sioux Lookout Hydro Inc.	22	27	23	1.03%	20	17	15	20	17	15	100	100	100
St. Thomas Energy Inc.	445	494	408	2.99%	538	663	515	538	663	515	100	100	100
Thunder Bay Hydro Electricity Distribution Inc.	304	527	788	1.19%	378	686	985	378	686	985	100	100	100
Tillsonburg Hydro Inc.	159	150	101	2.21%	-	151	98	0	148	98	0	98	100
Toronto Hydro-Electric System Limited	7,081	6,833	6,590	1.04%	7,909	6,655	7,538	7,909	6,655	7,536	100	100	100
Veridian Connections Inc.	3,716	3,751	3,039	3.26%	4,940	5,480	4,221	4,940	5,480	4,221	100	100	100
Wasaga Distribution Inc.	163	142	136	1.18%	162	143	140	162	143	140	100	100	100
Waterloo North Hydro Inc.	277	282	4	0.39%	317	334	245	317	334	245	100	100	100
Welland Hydro-Electric System Corp.	707	629	567	3.09%	805	807	598	805	807	598	100	100	100
Wellington North Power Inc.	67	35	28	1.36%	36	28	22	36	28	22	100	100	100
West Coast Huron Energy Inc.	42	27	57	1.28%	36	54	62	36	54	62	100	100	100
Westario Power Inc.	293	238	225	1.25%	293	238	233	293	238	233	100	100	100
Whitby Hydro Electric Corporation	198	128	117	0.38%	294	129	153	294	129	153	100	100	100
Woodstock Hydro Services Inc.	314	322	345	2.28%	347	377	404	347	377	404	100	100	100

(From OEB media call response to Global – July 13, 2016)

Jurisdictional Comparison of Disconnection Rates

Residential Disconnection Rates ¹	2012	2013	2014	2015
Ontario-wide	-	1.16%	1.12%	1.30%

¹ Note: BC Hydro uses fiscal years (April-March), while Hydro One, Ontario-wide and Hydro Quebec use calendar years (January-December). Residential disconnection rates are measured as the percentage of the total residential customer base. The rise in disconnection rates in Quebec and BC may be a product of their newly installed smart meters that have the ability for remote disconnection from a utility office. Hydro One is currently piloting the technology.

Hydro One	1.07%	0.25%	0.26%	0.86%
BC Hydro	0.38%	0.30%	1.23%	1.88%
Hydro Quebec	1.09%	0.97%	1.61%	1.54%

BC Hydro: “Disconnections for Non-Payment”²

	FY2012	FY2013	FY2014	FY2015
Customers	1,671,412	1,689,050	1,709,071	1,727,945
Disconnections	6,376	4,995	20,940	32,564
Percent	0.38%	0.30%	1.23%	1.88%

Hydro Québec : « Débranchements résidentiels et commerciaux pour défaut de paiement »³

	2012	2013	2014	2015
Clients	3,777,196	3,821,012	3,857,782	3,890,956
Débranchements	41 411	37 143	62 222	60 237
Pourcentage	1.09%	0.97%	1.61%	1.54%

Hydro One⁴

	2012	2013	2014	2015
Customers	1,101,761	1,106,925	1,106,663	1,141,369
Disconnections	11,752	2,784	2,918	9,772
Percent	1.07%	0.25%	0.26%	0.86%

Ontario-wide⁵

	2012	2013	2014	2015
Customers	-	4,460,593	4,502,650	4,564,835
Disconnections	-	51,750	50,308	59,503
Percent	-	1.16%	1.12%	1.30%

² Source: [BC Hydro 2015 Rate Design Application, Exhibit B-26, p.35](#)

³ Sources: [EU27: Débranchements résidentiels et commerciaux pour défaut de paiement](#); [Hydro Québec Annual Report 2015](#)

⁴ Source: Hydro One Briefing Note (from Communications), [OEB Yearbook of Distributors](#)

⁵ Source: [OEB Yearbook of Distributors](#); OEB data report on disconnections, July 13, 2016.).