## Compliance Office Quarterly Activity Report
## 3rd Quarter 2006 - 2007

The Ontario Energy Board is committed to providing regular public reports on the activities of the Compliance Office.  This report provides details as to the level of activity as well as an overview of matters that have been resolved, during the period October 1 to December 31, 2006 (2006-07 third quarter).

The report is separated into three sections dealing with each of the Compliance Office's roles:

1. **Compliance Management** - ensuring regulated energy companies meet their legal and regulatory obligations.

2. **Consumer Dispute Resolution** - facilitating the resolution of, or mediating disputes between regulated energy companies and consumers.

3. **Market Participant Enquiries** – act as the primary point of contact for regulated energy companies to provide information and guidance regarding the implementation of regulatory obligations.

During the quarter the Compliance Office has continued to focus its attention on proactive compliance activities as well as activities identified in the Annual Compliance Plan.  A synopsis of significant compliance cases that were closed in the quarter is provided under the "Compliance Management "section of the report.  These cases have been reported on because of their potential broader applicability to the objective of informing regulated energy companies about their compliance obligations.

In order to create a culture of compliance, it is important that companies thoroughly understand what is expected of them.  We are continuing to assist regulated companies in understanding the compliance process and the Board's compliance expectations.

## 1. COMPLIANCE MANAGEMENT

Compliance Management refers to the review of an allegation of non-compliance which is reviewed to assess whether, and to what extent, a regulated energy company has breached a legal or regulatory obligation. Table 1 shows the number of compliance cases under review from October 1 to December 31, 2006, including those that have been closed and those that are on-going.

| ***Table 1 – Compliance Cases (phase 1)*** | | |
|---|---|---|
| ***Report for Q3 (Oct 1 – Dec 31)*** | | |
| | **Gas** | **Electricity** |
| **Open from Q2 (July 1 – Sept 30)** | 1 | 13 |
| **Open in Q3 (Oct 1 – Dec 31)** | 0 | 7 |
| **Closed in Q3** | 1 | 3 |
| **Open at end of Q3** | 0 | 17 |

Compliance Cases Closed during Q3

- Following an allegation of a customer, the CCO determined that a distributor was charging an administration fee contrary to the distributor's rate order. The fee was to recover the cost of repairs to damaged utility property. In response to the CCO's determination, the distributor is no longer charging the administration fee.

- The CCO reviewed a distributor's plan for coming into compliance with the 1/3 Board of Director's provision of the ARC and with its provision of street lighting and sentinel lighting services. The plan included coming into compliance with the 1/3 Board of Director's provisions, as soon as the OEB approves the distributor's merger with another distributor. The distributor has also agreed to cease providing street lighting and sentinel light services as soon as their current contracts expire at the end of 2007. After reviewing the proposal, the CCO accepted that the distributor's plan was reasonable.

- The CCO reviewed an allegation that an individual was constructing a natural gas distribution system in violation of the Municipal Franchises Act. The CCO determined that the Municipal Franchise Act was not an enforceable provision of the OEB and forwarded the information to the local municipality and the Technical Standards Safety Authority.

- Following an allegation of a customer, the CCO determined that the bill format of a condominium corporation (an unlicenced distributor) was not compliant with regulatory requirements. The CCO advised the company of the requirement to ensure the bill meets the simplification bill and regulated price plan requirements and is awaiting a plan outlining how the company intends to come into compliance.

## 2. CONSUMER DISPUTE RESOLUTION SERVICE (CDRS)

The Consumer Dispute Resolution Service (CDRS) refers to the activity of the Compliance Office in facilitating the resolution of a dispute between a regulated energy company and a customer. Resolution involves bringing the complaint to the attention of the regulated energy company and ensuring that the resolution of the matter is reasonable. Table 2 shows the number of CDRS issues/complaints that the Compliance Office helped to resolve, and those that are still being reviewed.

| ***Table 2 – CDRS - Complaints Reviewed*** | | |
|---|---|---|
| ***Report for Q3 (Oct 1 –Dec 31)*** | | |
| | **Gas** | **Electricity** |
| **Open from Q2 (Jul1 – Sept 30)** | 51 | 17 |
| **Open in Q3 (Oct 1 – Dec 31)** | 61 | 103 |
| **Closed in Q3** | 59 | 103 |
| **Open at end of Q3** | 53 | 17 |

The CDRS issues typically involve the following types of issues:

Gas and Electricity Distributors – Billing practices such as: estimation practices, late payment charges and security deposit calculations.

Electricity Retailers and Gas Marketers – contract processing problems and sales agent conduct complaints.

## 3. PROVIDING INFORMATION TO MARKET PARTICIPANTS

Market participants are encouraged to direct questions regarding legal and regulatory obligations to the Ontario Energy Board through the Market Participant hotline and e-mail. Table 3 shows the total number of such enquiries responded to by staff within all branches of the OEB.

| ***Table 3 – Market Participant Enquiries*** | | |
|---|---|---|
| ***Report for Q3 (Oct 1 – Dec 31)*** | | |
| | **Gas** | **Electricity** |
| **Open from Q2 (July 1 – Sept 30)** | 0 | 7 |
| **Open in Q3 (Oct 1 – Dec 31)** | 1 | 194 |
| **Closed in Q3** | 1 | 201 |
| **Open at end of Q3** | 0 | 0 |

Market participants should expect a response within 5 business days. During the third quarter the Market Participant hotline received 202 enquiries, 100% of which were responded to within 5 business days.

The principal areas of enquiry included:

- RPP settlement and pricing requirements
- CDM funding
- Smart metering filing plans
- General licensing requirements