

January 14, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P. O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Walli,

**RE: Board File No. EB-2010-0362  
Canadian RiteRate Energy  
15185 Yonge Street, Suite 3  
Aurora, ON, L4G 1L8  
(T) 905-726-8056; (F) 905-726-9845; (E) [Tim@riteate.ca](mailto:Tim@riteate.ca)**

Canadian RiteRate Energy Corporation ("RiteRate") offers the following comments to the Ontario Energy Board ("Board") on proposed revisions to the Board's Cost Assessment Model to reflect the proposed amendments to Ontario Regulation 16/08.

Our comments are specific to the proposed amendments for licensed gas marketers because RiteRate sells natural gas (online, without the use of door-to-door agents, outbound telemarketing and automatic renewals) and does not sell electricity.

### **OVERALL COMMENT**

Respectfully, it's relatively easy to conjure up visions of the proverbial 800-pound Gorilla when the Board announces plans to allocate a portion of up to \$2.1 million in expenses and expenditures incurred by the Board to RiteRate in light of the supportable fact that RiteRate has had fewer than five (5) complaints (ie. less than one per year) brought to its attention by the Board since its inception in 2004.

At the same time, we do have an appreciation for the fact that a significant portion of these costs may relate directly to the implementation of Bill 235 in the context of the Ministry's stated objective "to reduce the number of complaints it was receiving". The key point here is that the root causes of said complaints were not RiteRate, but from misinformation and pressure applied at the door and from outbound telemarketing (by some, but not all) and automatic renewals (at a one year fixed rate, that's been as high as 50.4 cents/m3). Regrettably, the Board's belief that it's a good idea to start allocating a portion of those costs to RiteRate is unfair and factually unfounded.



In summary, given RiteRate's exemplary low complaint record, RiteRate needs to be exempt from most, if not all, of these expense and expenditure allocations. If not, "What's the reward for playing by the rules?"

### **INTRA-CLASS ALLOCATION**

#### **Factor One - Number of Low-Volume Customers**

(Board's proposed weighting of 50%, RiteRate proposes  $\leq$  25%)

To be fair, the Board should be using RiteRate as its "performance" benchmark for this industry. If you did, the "Board's proposed weighting of 50%" is grossly overstated. Here's why.

The Board's proposal puts forth the argument that up to \$1 million (50% x \$2.1 million) is required to oversee this segment of the industry. Respectfully, given RiteRate's relatively conservative ratio of market share (2.3%) to complaints per year (1), the Board would be receiving a total of  $< 50$  complaints per year if the rest of this industry had RiteRate's complaint record. Given said level of complaints, a more reasonable causal link between the Board's oversight and costs to do so is significantly less than \$1 million.

#### **Factor Two - Number of Complaints**

(Board's proposed weighting of 50%, RiteRate proposes  $\geq$  75%)

To be fair, the Board needs to establish a clearly defined correlation between "playing by the rules" and "lower cost allocations". To do so, the Board needs a much higher weighting for this factor. At the same time, RiteRate advocates that a large portion of the Board's costs be recovered through fines, particularly from the worst offenders.

### **OTHER COMMENTS**

- Invoicing – please calculate once a year, allow payment in quarterly installments,
- Number of Low-Volume Customers – please calculate using weighted average balances as at March 31, June 30, September 30 and December 31 in the immediate preceding year,
- Number of Complaints - please calculate using totals from the immediate preceding year. Please provide definition of a complaint.

We trust that our comments will be afforded due consideration.

Sincerely,



Tim Nerbas  
President & CEO