

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| III.1 | <p>Add an additional layer of management in the form of an Illinois Sales Manager.</p> <ul style="list-style-type: none"> -> Located in Illinois and would spend the vast majority of his/her time in Illinois. -> Illinois RD's should report to the Illinois SM -> Should have direct experience in field sales management and a compliance focus/history. -> Accountable for both sales and compliance performance. -> Compensation should be formally and meaningfully tied to both. -> Report directly to the EVP of Consumer Sales in Canada OR the Sr. VP/RGM of the Midwest Region | <ol style="list-style-type: none"> 1. Hired Illinois Sales and Compliance Manager with qualifications, responsibilities, and reporting structure as stated in Recommendation III.1. 2. Job Description outlined and addressed in response to Recommendation III.5. 3. Compensation related to end of year performance is being finalized as part of Recommendation IX.6. | <p>Completed - Hiring Completed and communicated in Corporate Memo on March 27, 2012.</p> <p>In progress – End of year performance compensation metrics being finalized in response to audit Recommendation IX.6.</p> |
| III.2 | <p>Increase communication between the U.S. and Canada.</p> <ul style="list-style-type: none"> -> Significant operational decisions, particularly those affecting compliance, should not be made without corporate involvement. | <ol style="list-style-type: none"> 1. Developed a new policy document to increase US/Canada (corporate) communication along with new template to communicate material change request related to Midwest initiatives to impacted departments prior to implementation. <ol style="list-style-type: none"> a) Policy and template approved by Senior Vice-President/General Manager (SVP/GM) and Assistant GM prior to communication b) Communicated policy and released template to Midwest Region and affected departments. 2. Midwest Region meetings are held weekly, which include the following departmental representation: <ol style="list-style-type: none"> a) Midwest Region departments (Operations, Business Support Service, New Business Development, Retention, Customer Service and Business Analyst, Sales), b) Corporate Sales, c) Corporate and Consumer Relations (CCR), d) Risk, e) Regulatory, f) Legal. Weekly meeting minutes are sent to all invited regardless of attendance. | <p>Completed-</p> <ol style="list-style-type: none"> 1. Informal process in existence since September 2011 via spreadsheet for Midwest corporate staff. Policy enhanced to include template and re-communicated verbally in Midwest Region Meeting on March 1st, 2012. Corporate memo followed on March 27, 2012. 2. Weekly Midwest Region Meetings held since May 2011 and are ongoing. |

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|-------|---|--|--|
| III.3 | <p>Align authority and accountability. -> Currently the SVP/RGM is effectively a customer service function (i.e. call center and customer system operations), but with some sales analytics and some sales-related authority. However the sales force does not report to him. The position should either be customer service and have no sales functions or authority OR should have sales authority and the Illinois Regional Distributors and Illinois Sales Manager should report to him. -> Ensure each Regional Distributor knows their direct line manager.</p> | <ol style="list-style-type: none"> 1. Modified organizational structure in accordance with Recommendation III.3. SVP/RGM now has sales authority and Illinois RD and SM report up to him. Organization structure uploaded onto the HR portal effective April 1, 2012. 2. Communication of Roles and Responsibilities was sent to all Midwest Region including interested corporate teams on March 27, 2012. 3. Organizational Chart updates still pending and will be updated week of July 23rd. Organizational Chart updated July 31, 2012. | <p>Completed - Organizational Alignment Completed and communicated in Corporate Memo on March 27, 2012.</p> <p>In progress - Organizational Chart to be completed by August 1, 2012. Completed - Organizational Chart updated July 31, 2012.</p> |
| III.4 | <p>Ensure that the assumptive sales approach used by JE Illinois does not mislead customers. Customers should be made aware that they are signing up for the program, not just determining if they qualify.</p> | <p>Modified sales script to remove reference to word "Qualify" and made it clear that customer was signing up for the program not determining whether they qualify. See Actions Taken for Recommendation IV.3</p> | <p>Completed- Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012.</p> <p>Training on changes to material and introduction of processes (Role Play) completed February 27/28, 2012.</p> |

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|-------|--|---|--|
| III.5 | Clarify the roles and responsibilities of the Midwest Region team and the Sales Team, and communicate this information throughout the organization. | <ol style="list-style-type: none"> 1. Created Job Descriptions that outline all the Roles and Responsibilities of the Midwest Region Team, Quality Assurance and the Sales Team. 2. Documented roles and responsibilities of the Midwest Region team including portion of Midwest Sales that was outlined in the organizational chart. 3) Sent out a memo that included Midwest Roles and Responsibilities and Corporate Sales and Communicated to Midwest Staff and related departments. 4) Organizational Chart uploaded into SharePoint by Human Resources (HR). | <p>Completed- RDs were informed February 27, 2012. Verbal communication to Midwest Corporate on March 1, 2012. Corporate Memo sent on March 27, 2012.</p> |
| III.6 | Clearly communicate roles and responsibilities for the Regional Sales and Compliance Manager and the Quality Assurance Field Manager (if the Quality Assurance Field Manager position is filled). | <ol style="list-style-type: none"> 1. Quality Assurance Field Specialist (QAFS) role description documented and communicated to field and region. <p>Covered in Actions associated with Recommendation III.5</p> | <p>Completed- RDs were informed February 27, 2012. Verbal communication to Midwest Corporate on March 1, 2012. Corporate Memo sent on March 27, 2012.</p> |
| IV.1 | <p>Improve the consistency and amount of time in presenting compliance training during orientation training and role-play. Although compliance training is covered in the overall training program, each office handles it differently and additional focus on the importance of compliance is warranted. Since compliance is every bit as important as any other aspect of the training, if not more so, reading of the Code of Compliance, followed by a discussion of examples would be useful to the trainees so that they understand what each item means and how to prevent misrepresentation.</p> <p>As a beginning, we recommend the following issues be addressed during the improved training sessions.</p> <p>-> All trainers should explain the importance of the Code of Compliance and its impact on sales and compensation. This should occur during</p> | <ol style="list-style-type: none"> 1. CCR reviewed and approved compliance content in Orientation manuals that were changed at the beginning of March relating to these and other recommendations. (see Recommendation IV.3) 2. Training Orientation Material updated and approved by Regulatory. 3. CCR worked with Sales over content and timing. Each item referenced as "issues to be addressed during improved training sessions" in this recommendation included in the training program. 4. Offices provided with new Orientation Material and advised to discard old. See also Actions Taken for Recommendation IV.2 and IV.3 | <p>Completed- Sales Training Material related to Compliance completed on April 30, 2012.</p> <p>Training of changes to material related to Compliance completed May 1, 2012.</p> |

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|---|---|---|---------------|
| | <p>the orientation and give examples of how each category could cause a deal to be terminated or IC violations assessed</p> <ul style="list-style-type: none"> -> Make sure that all offices present the explanation of the gas industry and prices in a uniform manner. -> Make it clear to the IC that they need to make sure the customer understands they are signing up for a program and not just “qualifying” for discounts -> Use role-playing as an opportunity for ICs to discuss questions/objections the ICs are receiving in the field and for the trainer to explain how these should be appropriately handled. ->Use role-playing as an opportunity for ICs to discuss questions/objections the ICs are receiving in the field and for the trainer to explain how these should be appropriately handled. ->Ensure all ICs have an opportunity to both observe and participate in the role-plays and that they are reviewed by experienced personnel. | | |

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|------|---|---|---|
| IV.2 | <p>Implement additional monthly training based on recent compliance issues that includes a discussion on types of issues that have arisen during the previous month. More timely learning of how to avoid compliance issues in a more formal setting should contribute to the reduction of the complaints in the future.</p> <p>-> Keep a summary of the comments made by the Quality Assurance Team or CCR on "typical" complaint/compliance issues, by category and present them for discussion during the monthly training program.</p> <p>-> Give examples of the issues and discuss the best ways to correct the issues.</p> <p>-> Follow up with role-playing on the specific issue or concern to ensure that the ICs understand the way to reduce the potential complaints that they may receive. Allow experienced ICs who have not received compliance penalties for the specific issue to discuss and role-play how they handle the issue.</p> | <ol style="list-style-type: none"> 1. Illinois Regional Sales Manager will create a monthly report that compiles compliance and quality trends for the month for the Trainers to train on a monthly basis. 2. New process will be documented and housed on extranet. 3. New training material will be approved by Corporate Sales, Regulatory and Legal via the Document Approval process on SharePoint. 4. Assigned Regional Sales Manager will train the trainer(s) with material to ensure consistency between offices. 5. Corporate Memo on new process will be sent to all offices. | <p>In Progress - Corporate Sales working with Illinois Sales and Compliance Manager and CCR to develop monthly trending for Compliance to have in Monthly refreshers. Expected Launch date of September 2012.</p> |
| IV.3 | <p>Develop and implement a consistent set of information and guidelines to minimize differences in the information provided by each trainer during orientation, refresher training, and role-play sessions. Clarify training presentations (including role-plays) to minimize potential customer misunderstandings:</p> <p>-> JE's variable rate which will take effect after the three month introductory discount and the utility's rate are not the same thing. Ensure this is clear in the presentation to the customer.</p> <p>-> There are two reasons JE Illinois cannot guarantee financial savings: (1) inability to predict usage and inability to</p> | <ol style="list-style-type: none"> 1. Sales Training Material (including Sales Script) modified by February 24, 2012, to incorporate changes as follows: <ol style="list-style-type: none"> a) Update of Rate Flex Product (Exit Fees and Rebate were eliminated entirely); b) Added Compliance trending in Orientation Material; c) Added positioning on NYMEX and Pricing; d) Added suggested positioning of Auditor into Sales Script as done in TPV regarding rates being higher/lower than Utility/current Supplier; e) Outlined reason why JE cannot guarantee savings; f) Removed reference to word "Qualify" and made it clear that customer was signing a contract by asking for affirmation that customer understands they are switching suppliers; and g) Changed language for JUST GREEN and made it clear it was an optional product. 2. Created Process Flow and trained on how regional sales offices are to conduct Role Plays. 3. The following documents were either created or amended and approved via Sharepoint on February 24, 2012, to capture auditor recommendations: <ol style="list-style-type: none"> a) Orientation Manuals; b) Sales Script; | <p>Completed- Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012.</p> <p>Training of changes to material and introduction of processes (Role Play) completed February 27/28, 2012.</p> |

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|-----|--|--|---|
| | <p>predict natural gas prices, and (2) the variable rate charged by JE could be higher than the utility rate. -> Customers are signing an agreement/contract at the time of the sale.</p> | <p>c) Score Card - Included in change as per Recommendation V.6; d) Process Map on Role Plays; e) Process Map on Recruiting and Orientation Process; f) JE Illinois Rate Flex Orientation Guidebook; g) Objection Handling Script; h) Benefits of Rate Flex Program; and i) Sales Presentation Notes. 4. Corporate Sales went to Train Regional Sales Offices the week of February 27, 2012</p> | |
| V.1 | <p>Review and edit the JustGreen Rate Flex brochure to more explicitly disclose all information required by regulation.</p> | <p>Updated brochure to address Exhibit V-1 and V-2 within Chapter V of the Audit Report for the Just Green Rate Flex Product and the Rate Capper Product. Followed Document Approval process as defined to obtain Sales, Regulatory and Legal approval via SharePoint Process and so that they can keep a record of the required change. Business Unit and Regulatory and Legal will be provided a copy of all regulated disclosures for future products or amendments by the business. Brochure updated according to recommendations and sent through the Document Approval Process in SharePoint. Brochure and Contract went to print on Weekend of February 18, 2012 and will be in sales offices in Illinois by February 24, 2012.</p> | <p>Completed February 24, 2012.</p> |
| V.2 | <p>Ensure all future brochures comply with regulatory requirements.</p> | <p>Current Process meets requirements and is posted on Document Approval Website. Communicated to Midwest Region to remind of existing Document Approval policy. Sent out a reminder in Policy memo of existing document approval process that requires any material change to be approved by Regulatory and Legal prior to implementation.</p> | <p>Completed- Pre-existing process in place as of September 21, 2010. Verbally communicated in Midwest Region Meeting on March 1, 2012. Re-communicated via email as a reminder on March 21, 2012.</p> |
| V.3 | <p>Update the JE Illinois website to include all required disclosures on the web pages themselves rather than as pdf attachments.</p> | <p>Illinois section of JE website updated to include disclosures in HTML text at bottom of page rather than including disclosures in linked PDF file.</p> | <p>Completed March 1, 2012.</p> |

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|------|---|--|--|
| V.4 | Modify the JustGreen RateFlex brochure to more clearly specify that after the three-month introductory period the customer will be charged a variable rate by JE Illinois that varies based on business and market conditions, and that the rate is not the same as the LDC's rate. Ideally, the brochure would also explain the cap on the rate (i.e., NYMEX plus 20 cents). | Added language to more clearly specify that after the three-month introductory period the customer will be charged a variable rate by JE Illinois that varies based on business and market conditions, and that the rate is not the same as the LDC's rate. Added the following verbiage to the Rate Flex Brochure: "After the three month introductory period, a variable rate will be charged that varies based on business and market conditions. This rate is not the LDC's rate. This variable rate is not to exceed NYMEX + \$0.20/therm." | Completed February 24, 2012. |
| V.5 | Consider removing "JustGreen" from the name of the product on the brochure | JE reviewed the name of the product and found that JustGreen was not in the name. JE reviewed language around JustGreen and decided to retain existing language. | N/A |
| VI.1 | Modify the script and sales presentation to ensure that customers are informed that they are currently signing up for JE Illinois' program and switching suppliers. | See actions taken for Recommendation IV.3. Removed reference to word "Qualify" from sales script and made it clear that customer was signing a contract by asking for affirmation that customer understood they were switching suppliers. | Completed- Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012. Training on changes to material and introduction of processes (Role Play) completed February 27/28, 2012. |
| VI.2 | Reinforce the importance of accurately characterizing the JustGreen RateFlex product, particularly with respect to the rate and possible savings. | See actions taken for Recommendation IV.3. Added suggested positioning of Auditor into Sales Script and Third-Party Verification (TPV) regarding rates being higher/lower than Utility/current Supplier. Changed language for JUST GREEN and made it clear it was an optional product. | Completed- Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012. Training on changes to material and introduction of processes (Role Play) completed February 27/28, 2012. |
| VI.3 | Change the TPV scripting regarding "financial savings" when verifying the sales contract to eliminate any potential misunderstanding of savings resulting from the JustGreen RateFlex product. The recommended language change is provided in Chapter VII: Verification Processes. | 1. Modified existing script with suggested positioning found in the Audit Report in Chapter VII, Verification Process. 2. Submitted change to script to ICC Staff. 3. Vendor Management implemented with Vendors and informed the business of implementation date. 4. Communication of script change via memo to the RDs and Quality Assurance. | Completed- Script changes went live on March 1, 2012, for English and March 12, 2012, for Spanish. Communication sent to RDs on March 1, 2012. |

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|------|--|--|---|
| VI.4 | <p>Change language in the sales script and the Customer Agreement regarding the Just Green option to ensure customers are informed that participation is optional.</p> | <p>Regarding Sales Script: a) Modified Sales Script to inform customer that JustGreen is an optional product; b) Follow the defined process as outlined in Recommendation IV.3 for document approvals; c) Approved material was uploaded on Intranet / Extranet for implementation; and d) Corporate training conducted to ensure new scripting is followed in each office.</p> <p>Regarding Customer Agreement: a) Definition of “JustGreen” in Paragraph 1 of terms and conditions of agreement references optional nature of JustGreen; b) Modified material and sent to Marketing for change to acknowledgement form and contract; c) Contract modified to move 0% participation in JustGreen to top of choices; d) Change pending to add word “Optional” before words “JustGreen” on cover page of contract. Anticipated date of change is July 30, 2012. e) Document Approval process followed to obtain Sales, Regulatory and Legal approvals.</p> | <p>Completed- Sales Script: Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012.</p> <p>Training on changes to material and introduction of processes (Role Play) completed February 27/28, 2012.</p> <p><u>Customer Agreement / Acknowledgment Form:</u> February 24, 2012.</p> <p>In progress - change pending to add “optional” on cover of customer agreement where JustGreen option is selected. Expected completion of July 30, 2012.</p> |
| VI.5 | <p>Hire at least one (and preferably one per office) non-commissioned (salaried), experienced employee to act as field mentor/trainer/coach to new or struggling ICs. This position should spend about 80 percent of their time in the field and report to the new Illinois Sales Manager position recommended by NorthStar.</p> <p>-> The new position would be responsible solely for mentoring new and existing ICs and ensuring that ICs are shadowed for other than compliance-only reasons. Ideally the candidate for the new position should have relevant sales experience, a good compliance history, and a detailed understanding of the JE Illinois product, operating environment, Code of Compliance, and regulations.</p> <p>-> The recommended position should ensure that new recruits have a person</p> | <ol style="list-style-type: none"> Hired a Trainer/Coach that reports directly to the Illinois Sales and Compliance Manager. Trainer/Coach is responsible for the trainers in each office and other responsibilities as outlined in Recommendation VI.5, including responsibility for mentoring new and existing IC's, providing IC support, and spending 80% of time in the field. | <p>Completed- Job Description Completed – March 28, 2012. Corporate Trainer hired – April 16, 2012.</p> |

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|------|--|---|---|
| | <p>to call if they have questions or need suggestions on process and communication skills during their first couple of days in the field. While this may be considered “coddling” by some, it could also lead to retaining smart, capable individuals after an initial period.</p> <p>-> ICs should feel free to call this person during or after a sale, or any time they have questions on the program.</p> <p>-> This position could have a positive impact on reducing IC turnover which would allow for additional experience for ICs before being promoted to ACCs or CCs.</p> | | |
| VI.6 | <p>Ensure that all ICs are observed in the field by experienced personnel during their first couple of days marketing to customers. This observation should be conducted within the first day or so, and repeated during the first few weeks and as necessary. This is not intended to supplant the role of the ACC and CC in IC monitoring and development, and should provide the added benefit of showing the IC that JE is invested in their future.</p> | <ol style="list-style-type: none"> 1. Score Card developed and approved. This is to be used during Role Plays and Shadowing. Currently being used by CC and ACC's and is incorporated into new Illinois Sales Trainer Role. 2. Process / Policy on IC Shadowing incorporated into Role Play process. 3. Reporting on IC progress will be to save a copy of the Score Card in each IC file with RD and included in a spreadsheet tracker. Tracker to be sent to the Illinois Sales and Compliance Manager on a weekly basis to determine trends. 4. Approval Meeting scheduled July 26th, 2012. 5. Communication sent to Regional Distributors, IL Sales and Compliance Manager, Assistant GM, and the Illinois Sales Trainer on the reporting needs and Score Card format on August 1, 2012. 6. Follow-up meeting in August to review process and respond to questions. | <p>In Progress Completed - Score Card completed as part of Recommendation IV.3.</p> <p>Expected Launch for Reporting is August 1, 2012. Reporting process launched August 1, 2012</p> |
| VI.7 | <p>Establish a positive incentive for compliance. Consider the following: --> Establish compliance allegations and history as a prerequisite, along with sales, for qualification for Company-paid incentive trips or allow ICs to participate if sales are close to target, but only if compliance is strong. --> Financial incentives for ICs with strong/perfect compliance over a specific period of time. --> Team financial incentives if the regional office achieves a compliance objective over a specific period of time.</p> | <ol style="list-style-type: none"> 1. Sales and CCR working on program of positive incentives for Compliance. 2. Details of positive incentive program are being finalized with expected launch date of August 1, 2012. 1. Sales and CCR developed a compliance reward program for salespersons with a complaint ratio of 0.5% or less during a quarter. <ol style="list-style-type: none"> a) Incentives are applied as bonus on top of commission check each quarter if salesperson meets complaint ratio benchmark. b) CCR will determine which ICs are eligible for compliance reward. c) Amount will be applied to the ICs commissions check on next payroll. 2. Process outline created and approved. 3. Communication of Compliance Incentive program announced to Regionals and Midwest staff on August 1, 2012. 4. Measurement of Compliance Ratio was backdated to July 1, 2012 (to coincide with Fiscal Q2) and will continue through September 30, 2012 (end of Fiscal Q2). Performance measurement periods will coincide with fiscal quarters on an ongoing basis. | <p>In Progress Expected Launch date is August 1, 2012. Completed - August 1, 2012</p> |

August 10, 2012

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|------|--|--|--|
| VI.8 | Develop a more formal process for responding to and implementing the QAFS's recommendations. A Best Practices Group consisting of the QAFS, Regional Distributors and selected CCs, ACCs and ICs could meet periodically to review and make recommendations that could impact each office's recruiting, training, field work and compliance efforts. The results/recommendations of this group should be implemented in a formal training program to ICs. | <ol style="list-style-type: none"> 1. Quarterly Process defined by Risk. 2. Feedback process for the weekly reports that are sent out by Risk (QAFS) defined where RDs, Illinois Sales and Compliance Manager, QAFS and Illinois Trainer will discuss the weekly feedback and actions taken to seize opportunities to impact each office's recruiting, training, field work and compliance efforts. 3. Created a Best Practice Group that includes (but is not limited to): <ol style="list-style-type: none"> a) Regional Distributor b) QAFS c) Illinois Sales and Compliance Manager d) Selected CC's / ACC's. 4. Group meets quarterly after every Quality Assurance report is delivered. 5. Group communicates to SVP/RGM actions taken along with expected timelines to address findings in the report. | <p>Completed- Weekly Reports from QAFS were in existence prior to April 2011.</p> <p>Formal Process completed on May 1, 2012.</p> |
| VI.9 | <p>Address the following items:</p> <p>--> Encourage a Regional Distributor presence in the field.</p> <p>--> Ensure all required permits are obtained before allowing ICs to market in the field. Although NorthStar observed that ICs had proper permits, a number of ICs reported marketing in areas without proper permits.</p> <p>--> As a control, either the regional offices or home office should review the name and signature of the individual signing the contract to identify potential falsified and disputed signature issues or instances where an unauthorized individual has signed the customer up for the program (e.g., roommate or non-spouse family member)..</p> <p>--> Develop a language-skills test to be administered before ICs market in Spanish.</p> <p>--> ICs should leave brochures with customers unless the customer declines.</p> | <p>Regional Distributor:</p> <p>1. New Policy will be in place regarding RD presence in field. — Every RD will be required to shadow their CC/ACC's in Field for one day on a biweekly basis.</p> <p>Permits:</p> <p>1. Process developed and re-communicated March 1st, 2012.</p> <p>New Process for Disputed Signature:</p> <p>1. Process defined and communicated to the Administrative Assistant of Regional Sales Offices on March 1, 2012.</p> <p>Language Skills and Brochure Process:</p> <p>1. Language Skill Set test to be submitted to Sales Support prior to badge being created.</p> <p>2. Final Orientation test to be converted to Spanish. A verbal test will also be conducted to test oral skills.</p> <p>3. All IC's have been informed to leave a Brochure behind unless told otherwise by customer.</p> <p>Regional Distributor (RD):</p> <p>1. New policy and process implemented regarding RD presence in field. - Every RD will shadow Crew Coordinators/Assistant Crew Coordinators in Field for one day biweekly. Incorporates Recommendation VI.6 wherein RD will complete a scorecard for every shadow completed. New Incentive pursuant to Recommendation VI.7 was created for overall sales office performance increase RD focus on compliance and provide incentive to lower complaint ratio.</p> <p>Permits:</p> <p>1. Process developed and re-communicated February 27/28, 2012.</p> <p>New Process for Disputed Signatures:</p> <p>1. Process defined and communicated to the Admin of Regional Offices in Illinois on February 27/28, 2012.</p> | <p>Completed-Permits and New Process for DS was completed with completion of Recommendation IV.3 on February 27/28, 2012.</p> <p>In Progress — Expected Launch for RD Presence and Language Skills Test is August 1, 2012. Completed - Launch RD Presence in the field and Language Skills Test on August 1, 2012.</p> |

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|-------|--|---|--|
| | | <p>Language Skills:</p> <ol style="list-style-type: none"> 1. Orientation Questionnaire (test after Training is completed) converted to Spanish to test comprehension. 2. In addition to the comprehension test, an oral test will be conducted by a Spanish CC/ACC or the ILL Sales. 3. Language Skill Set test will be submitted to Sales Support prior to badge being created. 4. Communicated as part of the meeting held on August 2nd, 2012. <p>Brochure Process:</p> <ol style="list-style-type: none"> 1. All IC's were instructed to leave a brochure behind with a customer unless the customer declines. 2. Requirement included in the Training Material on February 27/28 and added to the Sales Script on February 27/28, 2012. | |
| VII.1 | Modify script language regarding savings and clarify the customer's elected contract term. Suggested language for each question provided in Chapter VII. | <ol style="list-style-type: none"> 1. Modified existing script with suggested positioning found in the Audit Report in Chapter VII, Verification Process. 2. Submitted change to script to ICC Staff. 3. Vendor Management implemented with Vendors and informed the business of implementation date. 4. Communication of script change via memo to the Regional Distributors and Quality Assurance. | <p>Completed- Script changes went live on March 1, 2012, for English and March 12, 2012, for Spanish.</p> <p>Communication sent to RDs on March 1, 2012.</p> |
| VII.2 | Add additional dialogue to all the TPV scripts to more clearly seek permission to switch suppliers from the customer's current supplier to JE Illinois Sample language is provided: --> "Please also confirm that you are requesting that Just Energy become your commodity supplier for natural gas? (Pause for positive acknowledgment)", or --> "Do you understand that you are | <ol style="list-style-type: none"> 1. Modified existing script with suggested positioning found in the Audit Report in Chapter VII, Verification Process. 2. Submitted change to script to ICC Staff. 3. Vendor Management implemented with Vendors and informed the business of implementation date. 4. Script change communicated via memo to the RDs and Quality Assurance. | <p>Completed- Script changes went live on March 1, 2012, for English and March 12, 2012, for Spanish.</p> <p>Communication sent to RDs on March 1, 2012.</p> |

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|--------|---|---|--|
| | switching gas suppliers to Just Energy?" | | |
| VII.3 | Provide additional training and coaching to the TPV customer service representatives (CSRs). The CSRs should listen to the interaction between the IC and the customer and should log the appropriate feedback in the event the IC is heard coaching the customer. These cases should then be investigated by CCR. | <ol style="list-style-type: none"> 1. Training material developed (included a spreadsheet of when to use specific complaint classifications similar to CS model) and communicated to the Vendors. Retrained TPV vendors on complaint logging and classification, including IC coaching. 2. Existing Q&A document modified to address customer questions over new product. 3. Logging the appropriate feedback pursuant to training will trigger CCR investigation. | Completed- Vendor Meeting completed on February 27/28, 2012 for all vendors. |
| VII.4 | Coach ICs to address both usage and the rate when explaining to customers why they cannot guarantee savings. | See Actions Taken for IV.3 | <p>Completed- Sales Training Material (including Sales Script) and Role Play process completed on February 24, 2012.</p> <p>Training on changes to material and introduction of processes (Role Play) completed February 27/28, 2012.</p> |
| VIII.1 | <p>Conduct a cost-benefit analysis of the potential elimination of the termination fee. Fees are frequently waived, and eliminating them would reduce complaints.</p> <p>The analysis should consider the following:</p> <ul style="list-style-type: none"> -> The number of customers for whom the fee is already waived and the potential increase in the number of customers that might sign-up for the program if there were no fee. -> The potential lost revenue from customers for whom the termination fee currently acts as a deterrent. | 1. Business Decision to remove termination fee from current door-to-door marketed natural gas product started on March 1, 2012 for English contracts and March 12, 2012 for Spanish Contracts. | Completed – removed termination fee for currently marketed door-to-door natural gas product on March 12, 2012. |

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| | -> Wholesale issues associated with the elimination of exit fees from retail contracts. | | |
| VIII.2 | Reinforce listening and appropriate probing with the Customer Service Representatives (CSRs). | <p>Modified Training Materials, trained New and Existing CSRs, and implemented Ongoing Refresher training via class / team huddles to address Recommendations VIII.2 through VIII.6.</p> <p>Specifically, the following actions were undertaken:</p> <ol style="list-style-type: none"> 1. CSR Probing Questions updated. 2. Job Aid for revised training and short quiz were added to ELearning site on February 24th to ensure CSR retention of training. 3. Existing CSR's completed Refresher Training via E-Learning Job Aid. Week of March 1st, 2012. 4. List of completion provided on March 7, 2012 5. Voluntarily implemented a second phase of ongoing classroom training on listening and probing for new and existing CSRs every three months. | Completed Week of March 1, 2012. |
| VIII.3 | Address appropriate sales/retention techniques and the Code of Compliance with the CSRs. (Compliant Classifications) | See Actions Planned/Taken for Recommendation VIII.2 | Completed Week of March 1, 2012. |
| VIII.4 | Reiterate the need to address the customer's issue before trying to preempt a future cancellation. | See Actions Planned/Taken for Recommendation VIII.2 | Completed Week of March 1, 2012. |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| VIII.5 | Address misleading, misrepresentative or potentially confusing statements regarding prices and savings by CSRs | See Actions Planned/Taken for Recommendation VIII.2 | Completed Week of March 1, 2012. |
| VIII.6 | When explaining that the customer will "remain" with the LDC, the CSR should clarify that it is only for delivery purposes and that the customer will be switching suppliers. | See Actions Planned/Taken for Recommendation VIII.2 | Completed Week of March 1, 2012. |
| IX.1 | Ensure that CCR addresses any, and all, issues raised during a customer complaint call or TPV call and not just the assigned allegation type. | <p>Updated CCR documents to incorporate the already existing process of addressing multiple allegations in a single complaint, communicated the expectations to each CCR Specialist and to the business (including all corporate departments of the Midwest Region and Regional Distributors) and updated systems to associate multiple complaints for one customer per interaction.</p> <p>A Process document was created to explain initial manual implementation. Required manual review of complaint narrative to determine how best to disposition complaint and account for multiple issues associated with one complaint.</p> <p>Long Term Process requirements were sent February 27, 2012, to Application Support to implement an automated process. Automated process that allows for multiple complaint classifications to be logged for a single interaction in the complaint handling system.</p> <p>Launched automated process on June 14, 2012.</p> | <p>Completed- Manual Implementation completed March 1, 2012.</p> <p>Automation completed June 14, 2012.</p> |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| IX.2 | <p>Adhere to the Illinois compliance matrix. If any IC, AC, CC, or Regional Distributor is recommended for termination due to compliance violations, terminate them. Do not move them or pardon them, except in accordance with an approved review process, as suggested below.</p> <p>-> NorthStar believes a forum for ICs and Regional Distributors to challenge the results of misconduct investigation is appropriate and a critical element of the control process. However, unless the investigation results are changed and documented, consequences must be assessed in accordance with the compliance matrix and the CD requirements.</p> | <p>Undertook the following actions regarding communicating resolutions to allegations:</p> <ol style="list-style-type: none"> 1. Formalized and documented the process of communicating allegation resolutions. 2. Move to automated notification to Regional Distributor via extranet instead of email. 3. Communicated new process of complaint resolution notification to Midwest Region and Regional Distributors. <p>Undertook the following actions to develop a process for salespersons to dispute complaint resolutions:</p> <ol style="list-style-type: none"> 1. Formalized and documented process of disputing complaint resolutions. 2. Communicated the process to the Midwest Region business unit and RDs obtaining sign off. 3. Formalized Service Level Agreements and communicated new policy. | <p>Completed-</p> <p>1. Process completed and approval obtained. Executed on February 27, 2012.</p> <p>2. Process was already in existence. Steps required to dispute complaint resolutions were re-communicated in meeting with RDs and process was resent on March 19th, 2012.</p> |
| IX.3 | <p>Investigate cases and assess consequences on a timely basis. ICs with conduct issues should not be allowed to continue to market in Illinois as a result of delays in the investigation process.</p> <ul style="list-style-type: none"> · System issues and managerial changes to the matrix should not result in the failure to assess consequences in a timely manner or the “grandfathering” of ICs. · While there are exceptions to this, based on NorthStar’s review of compliance records, the ICs that are terminated for violations of the compliance matrix frequently exhibit a pattern of behavior: a high number of allegations are registered in a relatively short timeframe. <p>--> If cases are not investigated and consequences are not assessed in a timely manner, the IC continues to market unchecked and complaints continue. In the case of an IC that simply needs additional coaching; a delay in the investigation may result in the IC hitting a termination threshold</p> | <p>Compliance system has been modified to allow disputed cases by IC or RD to be removed from the batching process to ensure batching schedule is not disrupted by disputed cases. Compliance system modification completed March 15, 2012.</p> <p>CCR and IT established automated reporting on unresolved/pending complaints. Daily and weekly reports are generated and reviewed by management on an ongoing basis to ensure service levels are maintained. See also actions take to address Recommendation IX.4</p> | <p>Completed</p> <p>March 15, 2012.</p> |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| | before this training can take place. | | |
| IX.4 | <p>Establish and adhere to targets for CCR investigation case closures and response/signature by the Regional Distributor and IC, and report performance against the targets. Targets should address:</p> <p>--> Duration from the complaint date to the date the investigation is completed and the IC and Regional Distributor are notified (e.g., 85 percent of all cases closed within 5 business days, all cases closed within 10 business days).</p> <p>--> Duration from the date the Regional Distributor is notified of the results of an allegation and consequences are assessed to the date the IC acknowledges the results (no more than 5 business days).</p> <p>--> Different CCR performance targets could be established depending on the type of allegation/investigation requirements and whether customer input is required.</p> | <p>Current Service Levels have been developed regarding allegation investigation and resolution. JE is also automating monitoring of status of responses/signatures from Regional Distributors.</p> <p>See also actions taken to address Recommendation IX.3</p> | <p>Completed May 1, 2012.</p> |
| IX.5 | <p>Develop formal processes/procedures and carefully screen all current and former JE ICs, ACCs, CCs and Regional Distributors (collectively sales personnel) to assess compliance history prior to allowing them to market in Illinois. Compliance should be a strong consideration in hiring decisions. Specifically, no sales personnel should be allowed to market in Illinois if they</p> | <ol style="list-style-type: none"> 1. Cross Marketing Document created and communicated to Midwest Region including CCR. 2. Document was sent to Regulatory and CCR in November 2011 and changes were made based on feedback. 3. Re-communicated the process with RDs and Midwest Staff on March 27, 2012. 4. 4. System changes in CARE developed to have the compliance history track across markets. Launch date was April 1, 2012 | <p>Completed- Process completed November 29, 2011.</p> <p>System Development for Automation Completed by April 1, 2012.</p> |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| | <p>have been terminated in another state for violating the compliance matrix or if they have violations of the compliance matrix that would have been sufficient to warrant termination had they been operating in Illinois.</p> | | |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| IX.6 | Create more direct accountability for compliance throughout the organization. | See below actions relevant to each bullet point set forth in Recommendation IX.6 | See below |
| IX.6 first bullet point | Create compliance and customer service related key performance indicators (KPI). Develop monthly dashboards reporting performance. This information should be communicated to the regional sales offices for discussion with ICs. | <p>Dependent on defined metrics set in Recommendations IX.6 second through fourth bullet points below</p> <p><u>CCR:</u></p> <ol style="list-style-type: none"> 1. CCR Manager will review workflow report weekly to ensure resourcing and systems are maintained. 2. CCR Manager will review with Executive Level monthly. <p><u>CS:</u></p> <ol style="list-style-type: none"> 1. Midwest requested change to current reporting structure to Business Intelligence in May 2012 to incorporate month over month trending for complaints in Illinois. Change in report is pending. a) Bi-Weekly meetings continue to be held with Customer Service, Customer Experience and Operations group. 2. Once completed, monthly meetings will be held at the Executive Level. | <p>In progress - Dashboard items completed May 1, 2012.</p> <p>Dashboard items added to test environment on July 25, 2012.</p> |
| IX.6 second bullet point | Create shared objectives for compliance (verified and allegation ratios) and customer complaints/service for the SVP/RGM and EVP Consumer Sales. Objectives should include specific metrics, and be tied to performance evaluations and bonuses. | <ol style="list-style-type: none"> 1. Organization structure defined in Recommendation III.5, once approved, will be outlined on Intranet/Extranet 2. Accountability will be documented with the Roles and Responsibilities of the SVP/RGM and revised in Recommendation III.5. 3. SVP/RGM still to meet with HR <p>This is tied to the actions taken in connection with Recommendation IX.6 first bullet point.</p> | <p>In Progress - Meeting scheduled with HR in the beginning of August 2012 to discuss objectives.</p> |
| IX.6 third bullet point | Establish specific compliance targets for the SVP/RGM and the newly proposed Illinois Sales Manager (NorthStar recommended position). A portion of the incentive compensation (short-term and long-term bonuses) for these positions should be directly tied to achievement of the compliance objectives. The percentage should be specifically quantified (i.e., X percent of the bonus should only be awarded if the goals are met), and should be of sufficient level to provide a meaningful incentive. The targets should be realistic but aggressive. | <ol style="list-style-type: none"> 1. Roles and Responsibilities will be updated with new required targets once defined. 2. Performance Evaluation for identified employees will be revised to include new metric for F2013. 3. SVP/RGM to meet with HR. <p>This is tied to the actions taken in connection with Recommendation IX.6 first bullet point.</p> | <p>In progress - Meeting scheduled with HR beginning of August 2012 to discuss objectives.</p> |

| # | <u>Audit Report Recommendation</u> | <u>Just Energy (JE) Actions Planned/Taken</u> | <u>Status</u> |
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| IX.6 fourth bullet point | Add a measurable compliance objective to all other JE employees that have any direct involvement with sales activities at the Illinois market level, including up to the CEO. | <ol style="list-style-type: none"> 1. Roles and Responsibilities will be updated with new required targets once defined. 2. Performance Evaluation for identified employees will be revised to include new metric for F2013. 3. RGM to meet with HR. This is tied to the actions taken in connection with Recommendation IX.6 first bullet point. | In progress - Meeting scheduled with HR beginning of August 2012 to discuss objectives. |
| IX.6 fifth bullet point | As recommended by the QAFS (see Chapter 7: Door to Door Sales), consider subjecting the CC to higher standards than an IC. This includes the increase in consequence for failure to comply with regulatory policies. CCs could be assessed monetary consequences for verified allegations of the ICs working under them. | <ol style="list-style-type: none"> 1. Meeting held between Midwest Business Unit and CCR to change the compliance matrix such that CCs are assessed monetary consequences for verified allegations of ICs working under them. Decision was to implement penalties for ACC's/CC's when ICs that are working under them have a deemed verified allegation. 2. Matrix sent to AGM to define monetary penalty. 3. Update related process documentation and compliance matrix. 3. Communicate changes to Midwest Region and Regional Distributors. | Completed - Decision was made June 8, 2012. In progress - Compliance Matrix will be updated and updates anticipated to be communicated on August 1, 2012 in concert with addressing Recommendation VI.7 |
| IX.7 | Increase the visible focus on compliance in the Illinois sales offices. · Add posters and/or charts depicting: key compliance measures/elements, Code of Compliance and compliance matrix reminders, best compliance practices, trend data showing compliance ratios (verified and allegations) over time by U.S. Region, and office, and top compliance performers. --> Add compliance elements to the IC biweekly Momentum newsletter, or any other form of communication (newsletters, web pages, text, etc.). Topics could include: a feature article on the best-performing IC or office from a compliance standpoint; reminders of key compliance elements and suggestions for addressing “tricky situations”; best compliance practices, and trend data showing compliance metrics for the U.S., each region and each office. | <ol style="list-style-type: none"> 1. Corporate Sales worked with CCR and Marketing to develop posters and weekly reporting for the offices to display the following: <ol style="list-style-type: none"> a) Compliance Matrix Poster b) Code of Conduct Poster c) Weekly reports displaying a 12 month rolling allegation history on active IC's per office that is currently being sent out weekly, and a quarterly report 2. Offices had posters displayed effective May 1, 2012. 3. Internal Momentum Newsletter periodically addresses compliance and the importance of providing positive customer experiences. | Completed May 1, 2012. |