BEFORE

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of The Application of Star Energy Partners, LLC for a Partial Waiver of Rule 4901:1-21-06(D)(1)(H) of the Ohio Administrative Code. | )))) | Case No. 17-2398-EL-WVR |

**COMMENTS OF INTERSTATE GAS SUPPLY, INC.**

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**August 15, 2019**

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1. **INTRODUCTION**

On November 21, 2017, Star Energy Partners, LLC (“Star”) filed an application for waiver of the telephonic third-party verification (“TPV”) requirement for residential door-to-door electric enrollments. Star’s application seeks to replace the telephonic TPV requirement set forth in Ohio Adm. Code 4901:1-21-06(D)(1)(h) with an electronic enrollment verification process initiated by a door-to-door sales *agent* that will confirm customer enrollment via email or text.[[1]](#footnote-1)

In support of its application, Star asks the Public Utilities Commission of Ohio (“PUCO” or “Commission”) to draw a nexus between its waiver proposal and the TPV waiver granted to Interstate Gas Supply, Inc. (“IGS”), which authorized IGS’ *employee* Home Energy Consultants (“HEC”) to perform retail electric and natural gas enrollments and verifications via a mobile internet protocol.[[2]](#footnote-2) Star’s application, however, is markedly different in that it does not offer a door-to-door enrollment and verification process initiated by its own employees. Accordingly, Star’s suggestion that IGS’ approved TPV waiver should serve as precedent in the Commission’s review of its application in this proceeding is misleading and should be dismissed.

While IGS does not oppose any waiver filing that meets the stringent format it is required to follow, IGS submits these comments to make clear that it does not support any waiver request that falls short of utilizing an employee-based sales force to facilitate alternatives to the traditional door-to-door enrollment and verification model.

1. **COMMENTS**

In the *TPV Waiver Case*, IGS obtained a waiver of the electric and natural gas telephonic third-party verification requirement for door-to-door customer enrollments.[[3]](#footnote-3) IGS’ approved electronic enrollment and verification process utilizes proprietary software to capture a customer’s consent to, and verification of, the terms associated with that customer’s electric and/or natural gas enrollment. Of import to this proceeding is that IGS’ electronic enrollment and verification process is facilitated by IGS’ *employee* HECs.[[4]](#footnote-4)

As IGS established in the *TPV Waiver Case*, an HEC enrollment differs from a traditional door-to-door sale in that door-to-door sales are typically conducted by independent sales agents that are compensated on a Commission-only basis.[[5]](#footnote-5) Those agents frequently target and solicit neighborhoods at random to generate sales, and often prioritize sales targets over customer education and/or the sales experience both during and after the sale. In contrast, IGS’ enrollments are facilitated through IGS employees that are compensated primarily with base pay (including benefits) and earn a sales commission that represents only a small portion of the HEC total compensation package. IGS’ HECs are assigned a dedicated sales territory in a specific geographic location to establish relationships with residents and enhance the customer experience long after the sales transaction is complete.

IGS’ use of an internal sales force equipped with proprietary electronic monitoring software is critical, because it offers direct oversight into the employee sales process that almost no other supplier in the industry can provide. The software IGS’ HECs use to perform enrollments and verifications provide management with up-to-the-minute insight into employee behavior and sales practices to ensure compliance with the Commission’s rules. It should come as no surprise then that the Commission granted IGS’ application, in large part, on a finding that IGS’ employee-based process for door-to-door customer enrollment offered enhanced consumer protections that were not contemplated under either the existing CRES or CRNG rules.[[6]](#footnote-6) Despite its best efforts to rely on IGS’ approved waiver application as persuasive authority in this case, Star’s application does not appear to offer a similar degree of oversight into its agents’ behavior.[[7]](#footnote-7)

Indeed, Star’s proposal falls short of offering a door-to-door enrollment and verification process that would be performed by Star employees. Also missing from its application is any insight into the compensation that Star’s third-party agents receive for their enrollment services, or whether those agents will solicit in specifically defined geographic sales territories. Star’s application clearly describes the electronic verification process it proposes to use but does not provide any detail regarding the scope of management and oversight it will have on the agents facilitating those enrollments. As written, Star’s application does not offer the same heightened standards of oversight and consumer protection as that which the Commission authorized in IGS’ *TPV Waiver Case*.

Star’s application should be distinguished from the *TPV Waiver Case* because the waiver IGS obtained is applicable only to the specific *employee* HEC Enrollment process outlined in IGS’ application.[[8]](#footnote-8) For that reason, the Commission should not rely upon the *TPV Waiver Case* for purposes of reviewing Star’s application in this proceeding. Rather, the Commission should focus on whether Star’s application enhances the customer experience, discourages the potential for abuses, and is a suitable replacement for the traditional telephonic TPV. IGS believes that any application for waiver of the traditional TPV requirements should be at least as protective as the enrollment and verification process that the Commission authorized in the *TPV Waiver Case*. Accordingly, any request for waiver of the traditional TVP requirements that falls short of utilizing an employee-based sales force to facilitate alternatives to the traditional door-to-door enrollment and verification model should be dismissed.

1. **CONCLUSION**

IGS supports any waiver filing that meets the stringent employee-based format it is required to follow. IGS appreciates the opportunity to provide Comments and encourages the Commission to require Star to utilize an internal sales force as a condition to approving its Application in this proceeding.

Respectfully submitted,

*/s/ Michael Nugent*

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**CERTIFICATE OF SERVICE**

 The undersigned hereby certifies that a copy of the foregoing *Comments of Interstate Gas Supply, Inc.* was served this 15th day of August 2019 via electronic mail upon the following:

*/s/ Michael Nugent\_\_\_\_*

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1. *In the Matter of the Application of Star Energy Partners, LLC for a Partial Waiver of Rule 4901:1-21-06(D)(1)(h) of the Ohio Administrative Code*, Case No. 17-2398-EL-WVR,at 3 (Nov. 21, 2017) (hereinafter “Application”). [↑](#footnote-ref-1)
2. Application at 6(citing *In re Application of Interstate Gas Supply, Inc. for a Waiver of Ohio Admin. Code 4901:1-29-06(D)(6)(b) and 4901:1-21-06(D)(1)(h)*, Case Nos. 14-1740-GA-WVR, *et* *al.*, Finding and Order (Nov. 20, 2014) (hereinafter “*TPV Waiver Case*”)). [↑](#footnote-ref-2)
3. *TPV Waiver Case*, Finding and Order (Nov. 20, 2014).

 [↑](#footnote-ref-3)
4. *TPV Waiver Case*, Application at 3 (Oct. 1, 2014). [↑](#footnote-ref-4)
5. *TPV Waiver Case*, Memorandum Contra the Office of the Ohio Consumers’ Counsel’s Application for Rehearing, at 2 (January 2, 2015). [↑](#footnote-ref-5)
6. *TPV Waiver Case*, Finding and Order at 3, (Nov. 20, 2014). [↑](#footnote-ref-6)
7. Application at 5. [↑](#footnote-ref-7)
8. *TPV Waiver Case*, Finding and Order (Nov. 20, 2014). [↑](#footnote-ref-8)