



Public Utilities Commission

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June 29, 2020

Docketing Division
Public Utilities Commission of Ohio
180 East Broad St.
Columbus, Ohio 43230

RE: *In the Matter of the Commission's Investigation into SFE Energy Ohio, Inc. and Statewise Energy Ohio LLC's Compliance with the Ohio Revised Code, Ohio Administrative Code and Potential Remedial Action.*

Dear Docketing Division:

Staff of the Commission's Service Monitoring and Enforcement Division (SMED) is investigating the marketing, sales, and enrollment practices of SFE Energy Ohio, Inc. (SFE Energy) and Statewise Energy Ohio, LLC (Statewise). Although Staff's investigation is ongoing, Staff is concerned that the nature of SFE Energy and Statewise's deceptive and misleading tactics need to be immediately addressed by the Commission. Based on video evidence provided to Staff, as described below, Staff is deeply concerned that CRES and CRNGS providers in Ohio would prey upon customers' anxiety and fears in the middle of the current global pandemic. For the reasons set forth below, Staff asks the Commission to formally open a proceeding for Staff to continue its investigation, and to suspend Statewise and SFE Energy's certificates to operate in Ohio pending resolution of Staff's investigation.¹

Background

On March 4, 2020, SFE Energy received a renewal certificate authorizing SFE Energy as a competitive retail natural gas (CRNGS) provider to provide retail natural gas marketer and aggregator services within the State of Ohio (See Case No. 16-0056-GA-CRS). SFE Energy's CRNGS certificate is effective from February 14, 2020 to February 14, 2022. On February 26, 2020, SFE Energy received a renewal certificate authorizing SFE Energy as a competitive retail electric service (CRES) provider to provide power marketer service within the State of Ohio (See Case No. 16-0053-EL-CRS). SFE Energy's CRES certificate is effective from February 13, 2020 to February 13, 2022. Therefore, SFE Energy is subject to the jurisdiction of the Public Utilities Commission of Ohio (PUCO) pursuant to R.C.4928.16 and 4929.24.

On January 28, 2019, Statewise received a renewal certificate authorizing Statewise as a CRNGS provider to provide retail natural gas marketer services in Ohio. (See Case No. 16-2042-GA-CRS). Statewise's CRNGS certificate is effective from November 12, 2018 to November 12, 2020. On January 25, 2019, Statewise received a renewal certificate authorizing Statewise as a CRES provider to provide power marketer service within the State of Ohio (See Case No. 16-2113-EL-CRS). Statewise's CRES certificate is

¹ Staff would not be opposed to the Commission allowing SFE Energy and Statewise to continue to serve their current customers, but the companies should be prohibited from marketing, soliciting, and enrolling new customers in Ohio.

effective from January 25, 2019 to January 25, 2021. Therefore, Statewise is subject to the jurisdiction of the PUCO pursuant to R.C. 4928.16 and 4929.24.

SFE Energy and Statewise are affiliates. SFE Energy, Inc. is the parent company of both entities, owning 100% of SFE Energy and 51% of Statewise. Both SFE Energy and Statewise operate under the same Directors and Officers (see Exhibit A-10 to the renewal applications in the cases noted above), except for Robert Gibb, Chairman of the Board for SFE Energy. Statewise and SFE Energy share the same address, regulatory and complaint contacts as well. Therefore, Staff is filing this letter to open investigations into both companies.

Staff's Review

Between January 1, 2020 and June 26, 2020, SMED's call center received 49 customer contacts regarding SFE Energy's provision of CRES and CRNGS, and 76 contacts regarding Statewise, for a total of 125 contacts. During the course of Staff's investigation into many of these contacts, Staff identified a pattern of misleading and deceptive practices, disputed enrollments, and possible violation of the Commission's June 17, 2020 Entry allowing CRES and CRNGS marketers to resume door-to-door marketing in Case No. 20-591-AU-ORD (Commission's Door-to-Door Entry). Due to the nature of these complaints, Staff began investigating SFE's and Statewise's marketing and enrollment practices in Ohio.

Staff received several customer contacts regarding Statewise agents engaging in misleading and deceptive door-to-door sales practices. Customers alleged that Statewise agents were promising that the customer's bills would be lower by enrolling with Statewise. Also, Staff has recently received additional customer contacts regarding misleading telemarketing calls. Customers are advised that they are being over-charged or eligible for a thirty percent discount on their bill. Staff continues to investigate these complaints and requested sales calls and corresponding documentation.

While that investigation is ongoing, on June 24, 2020, in the course of SMED Staff investigating a customer complaint, the customer sent Staff a video, recorded by the customer's doorbell camera, of an SFE Energy agent at the customer's home attempting to get information from the customer's utility bills. In the video, the SFE Energy agent is not wearing a mask, in possible violation of the Commission's Door-to-Door Entry. Further, the SFE Energy agent does not leave the customer's doorstep when asked by the customer and continues to make false and misleading statements. During the exchange, the SFE Energy agent makes statements that:

- The agent is there on behalf of the customer's gas and electric local distribution utilities to complete a service check;
- The agent is there to check what tariff code is on the customer's bill; and
- The customer's utility bills may go up because of the coronavirus and COVID-19.

on June 26, 2020, a utility notified Staff that SFE Energy agents were engaging in unconscionable and egregious door-to-door sales tactics. The utility sent Staff a video, recorded by a doorbell camera, of an SFE Energy agent at a customer's home. In the video, the SFE Energy agent is talking to the customer through the doorbell camera, attempting to obtain a copy of the customer's bill. The SFE Energy agent is not wearing a mask, in possible violation of the Commission's Door-to-Door Entry. The SFE Energy

agent makes several false, misleading, and unconscionable statements to the customer during the exchange, including statements that:

- The agent is there on behalf of the customer's gas and electric local distribution utilities;
- The purpose of the agent's visit is to verify that the customer is being billed under the proper code; and
- The customer's bill is going to increase in one to two billing cycles due to the coronavirus and COVID-19.

Staff Recommendation

Due to the nature of SFE Energy's actions, and the numerous complaints regarding Statewise, Staff recommends that a case be opened with a case code of "Commission Ordered Investigation" (COI) in order for Staff to continue to analyze Statewise and SFE Energy's conduct and present a case before the Commission to consider the remedies outlined in Ohio Adm.Code 4901:1-23 and 4901:1-34. Further, due to the egregious nature of the conduct at issue, Staff also recommends that during the pendency of Staff's investigation the Commission consider one of the following actions: a suspension of SFE and Statewise's certificates; conditional rescission of its certificates; or rescission of its certificates, in accordance with Ohio Adm.Code 4901:1-21-12(A)(2), 4901:1-24-13; 4901:1-27-13 and 4901:1-34-08(D).

Sincerely,



Robert Fadley
Dir. of the Service Monitoring and Enforcement Dept.
Public Utilities Commission of Ohio

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Case No(s). 20-1216-GE-COI

Summary: Letter of Notification Staff Letter electronically filed by Mrs. Barbara J Bossart on behalf of PUCO Staff