

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of Major Energy Services LLC) Case No. 21-0046-GE-UNC
and Major Energy Electric Services LLC)**

JOINT STIPULATION AND RECOMMENDATION

Ohio Adm.Code 4901-1-30 provides that two or more parties to a Public Utilities Commission of Ohio (“Commission”) proceeding may enter into a written stipulation concerning the issues presented in the proceeding.¹ This Joint Stipulation and Recommendation (“Stipulation”) sets forth the understanding of Major Energy Services LLC and Major Energy Electric Services LLC (“Major” or “Company”) and the Staff of the Commission (“Staff”), each of whom is a “Signatory Party” and together constitute the “Signatory Parties.” The Signatory Parties recommend that the Commission approve and adopt this Stipulation, which will resolve all of the issues identified by the Staff in its Notice of Probable Non-Compliance dated January 10, 2020 (“Notice Letter”), attached hereto as Exhibit A.

The Stipulation represents a just and reasonable resolution of the issues raised in these proceedings, violates no regulatory principle or precedent, and is the product of bargaining among knowledgeable and capable parties in a cooperative process, encouraged by this Commission and undertaken by the parties representing a wide range of interests, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised

¹ Pursuant to Ohio Adm.Code 4901-1-10(C), the Staff is considered a party for purposes of Ohio Adm.Code 4901-1-30.

by this proceeding, the Signatory Parties stipulate, agree and recommend as set forth below.

This Stipulation is the product of an open process in which all parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by the Signatory Parties with diverse interests. The only parties to the proceeding, Major and the Commission Staff, have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits customers and is in the public interest. The Signatory Parties agree that the settlement does not violate any important regulatory principle or practice. Pursuant to Ohio Adm.Code 4901-1-30, the Signatory Parties hereby stipulate, agree, and recommend that the Commission make the following findings and issue its Opinion and Order in this case approving this Stipulation in accordance with the following:

HISTORY

1. Major provides competitive retail electric services and competitive retail natural gas services, as defined in R.C. 4928.01 and 4929.01, respectively, and is subject to the jurisdiction of this Commission.
2. On January 10, 2020, Staff issued the Notice Letter to Major regarding several issues identified therein, which is attached hereto as Exhibit A.
3. Major ceased all door-to-door marketing and enrolling activities in Ohio until all matters are resolved.
4. Major conducted an audit of each door-to-door enrollment completed by the Company within the 12 months prior to the Notice Letter to determine whether the customers were enrolled properly.
5. Major and Staff engaged in numerous discussions to address the issues raised in Staff's Notice Letter, worked cooperatively during their

discussions, and have reached a resolution of all issues.

JOINT RECOMMENDATION OF SIGNATORY PARTIES

NOW, THEREFORE, in consideration of the terms and mutual promises set forth herein, the Signatory Parties hereby agree, as follows:

1. The Signatory Parties agree that in order to resolve the issues found in the audit, Major will absolve all customers enrolled by Major through door-to-door sales during the period audited of all charges for the first 30 days of Major supplying service and re-rate all of these customers back to the utility's price-to-compare for the remaining months that the customers were enrolled with Major. This refund totals \$198,385.28 to all customers, averaging \$165.00 per customer. The refund will be provided via a prepaid Visa card.²
2. Major will implement the following additional quality assurance measures to ensure compliance during the enrollment and verification process:
 - Enrollments will take place only on company-issued tablets;
 - Enrollments will be validated by an enhanced third-party verifier ("TPV") with voice analytics;
 - The Company will validate customer information obtained during the enrollment process through a three- and four-way matching process;
 - Major will call customers to confirm the customer's intent to enroll; confirm certain customer information, and reinforce the contractual relationship; and
 - The Company will send welcome packages to customers through either electronic or paper mail.
3. Sales agents will be monitored and customers will be surveyed in order to analyze TPVs, the agents' actual enrollments and successful competition of TPVs, the number of customer contacts with Major's call center, customer churn, and customer complaints.
4. Major will implement a new tablet enrollment process that includes Ohio's specific requirements and the paper customer contracts will match the tablet contract.
5. Customers will have the option to receive the signed contract via email or a paper copy at the time of enrollment. The customer will receive a paper copy of the signed contract in the welcome package.

² These customers have been returned to their distribution utility provider.

6. The tablet enrollment process will include a section for confirming the customer's agreement to receive communications from Major electronically through email, text, or digitally.
7. Major has and will continue to cease door-to-door enrollments until this Stipulation and Recommendation is approved by the Commission.
8. Major agrees to make a payment of \$115,000 to the State of Ohio upon approval of this Stipulation by the Commission. Major agrees to submit payment, by certified check or money order made payable to "Treasurer, State of Ohio," to:

Public Utilities Commission of Ohio
Attention: Fiscal Division
180 E. Broad Street
Columbus, OH 43215-3793

The payment shall be paid within thirty (30) days of the entry approving this Stipulation and shall note the docket number assigned to this matter.

PROCEDURAL MATTERS

1. Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Signatory Party or the Commission itself. This Stipulation is not an admission or a finding of liability. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken if these issues had been fully litigated.³
2. This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation,⁴ the Signatory Parties shall have the right, within thirty (30) days of issuance of the Commission's Order, to file an application for rehearing. Should the Commission, in issuing an entry on rehearing, not adopt the Stipulation in its entirety and without material modification, any Signatory Party may withdraw from the Stipulation. Such

³ This includes Major's position that the records and data do not indicate a pattern of noncompliant behavior, a trend, or a developing issue.

⁴ The determination of what constitutes a material modification is within the sole discretion of the Signatory Party exercising its right to file an application for rehearing and/or its right to terminate and withdraw from the Stipulation.

withdrawal shall be accomplished by filing a notice with the Commission, including service to all parties, in the docket within thirty (30) days of the Commission's entry on rehearing. Prior to the filing of such a notice, the Signatory Party wishing to withdraw agrees to work in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Signatory Party wishing to withdraw, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Signatory Parties to the present Stipulation, and a Signatory Party files a notice to withdraw from the Stipulation, then the Commission will convene an evidentiary hearing such that the withdrawing party will be afforded the opportunity to contest the Stipulation by presenting evidence through witnesses and cross-examination, presenting rebuttal testimony, and briefing all issues that the Commission shall decide based upon the record and briefs.

3. The Signatory Parties will support the Stipulation if the Stipulation is contested, and no Signatory Party will oppose an application for rehearing designed to defend the terms of this Stipulation. If the Stipulation is adopted by the Commission, the Signatory Parties will support the Stipulation in any appeal of the decision.

CONCLUSION

WHEREFORE, the Signatory Parties agree and recommend this 13th day of January 2021 that the Commission find that the Stipulation represents a reasonable resolution of all issues in this matter, and that the Stipulation should be adopted and approved in its entirety.

On behalf of the Staff of the Public Utilities
Commission of Ohio

On behalf of Major Energy Services LLC
and Major Energy Electric Services LLC

/s/ Jodi J. Bair

Jodi J. Bair

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*Counsel for Staff of the Public Utilities
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/s/ Gretchen L. Petrucci

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*Counsel for Major Energy Services LLC
and Major Energy Electric Services LLC*



Public Utilities Commission

Mike DeWine, Governor
Sam Randazzo, Chairman

Commissioners

M. Beth Trombold
Lawrence K. Friedeman
Dennis P. Deters
Daniel R. Conway

January 10, 2020

Martha Lopez
Regulatory Manager
Major Energy Services, LLC
Major Energy Electric Services, LLC
12140 Wickchester Ln Suite 100
Houston, TX 77079

Dear Ms. Lopez:

Pursuant to Ohio Administrative Code ("Ohio Adm.Code") 4901:1-23-02 and 4901:1-34-03, this letter is a notice of probable non-compliance to Major Energy Services, LLC and Major Energy Electric Services, LLC (collectively, "Major Energy"). Based on our investigation of consumer complaints, Staff of the Public Utilities Commission of Ohio ("Staff") finds that Major Energy is in probable non-compliance with certain sections of the Ohio Administrative Code. Staff's review of customer complaints revealed a pattern of deceptive behavior from agents representing Major Energy.

Between October 1, 2019 and December 17, 2019, the Commission's call center received 14 contacts from consumer's disputing their enrollment with Major Energy. During Staff's investigation into these contacts, Staff found evidence that someone other than the consumer, or a person authorized to make decisions for the consumer, enrolled the consumer's account with Major Energy. When Staff requested the signed contract for the enrollment, Major Energy provided a document which appears to be an "order confirmation" with a "signature" depicted, but was unable to provide the requested signed contract. During the investigation, Staff noticed that several door-to-door sales agents from one vendor, Energy Group Consultants, LLC, were involved in the disputed enrollments.

Probable Non-Compliance Violations

1. Ohio Revised Code (R.C.) 4928.10 states, in part, that "Rules adopted under this section shall include a prohibition against unfair, deceptive, and unconscionable acts and practices in the marketing, solicitation, and sale of such a competitive retail electric service and in the administration of any contract for service, and also shall include additional consumer protections * * *."
2. Ohio Adm.Code 4901:1-21-03(A) "Competitive retail electric service (CRES) providers shall not engage in unfair, misleading, deceptive or unconscionable acts or practices related to, without limitation the following activities: (1) Marketing, solicitation, or sale of a CRES. (2) Administration of contracts for CRES (3) Provision of CRES, including interactions with consumers."

180 East Broad Street
Columbus, Ohio 43215-3793

(614) 466-3016
www.PUCO.ohio.gov

3. Ohio Adm.Code 4901:1-21-03(C)“CRES providers shall not change or authorize the changing of a customer’s supplier of retail electric service without the customer’s prior consent, as provided for under rule 4901:1-21-06 of the Administrative Code.”
4. Ohio Adm.Code 4901:1-21-06(C) “CRES providers are prohibited from enrolling potential customers without their consent and proof of that consent as delineated in paragraph (D) of this rule.”
5. Ohio Adm.Code 4901:1-21-06(D)(1)(a) “Where enrollment occurs by mail, facsimile, or direct solicitation, the customer’s signature on a contract shall constitute consent.”
6. Ohio Adm.Code 4901:1-21-06(D)(1)(h), which requires that residential customers enrolled through door-to-door solicitation complete an independent third party verification.
7. Ohio Adm.Code 4901:1-29-03(A) “A retail natural gas supplier [“CRNGS”] or governmental aggregator shall not engage in unfair, misleading, deceptive, or unconscionable acts of practices related to, without limitation, the following activities: (1) Marketing, solicitation, or sale of a competitive retail natural gas service. (2) Administration of contracts for such service. (3) Provision of such service, including interactions with customers.”
8. Ohio Adm.Code 4901:1-29-03(D) “A retail natural gas supplier or governmental aggregator shall not change or authorize the changing of a customer’s supplier of competitive retail natural gas service without the customer’s prior consent, as provided for under rule 4901:1-29-06 of the Administrative Code.”
9. Ohio Adm.Code 4901:1-29-06(B) “A retail natural gas supplier and governmental aggregator is prohibited from enrolling potential customers without consent and proof of that consent as delineated in paragraphs (C), (D), and (E) of this rule.”
10. Ohio Adm.Code 4901:1-29-06(D)(1)(a) “Where enrollment occurs by mail, facsimile, or direct solicitation, the customer’s signature on a contract shall constitute consent.”
11. Ohio Adm.Code 4901:1-29-06(D)(6)(b), which requires that residential customers enrolled through door-to-door solicitation complete an independent third party verification.

Proposed Corrective Action

To address these issues of probable non-compliance, Staff proposes that Major Energy take the following corrective actions:

1. Audit each door-to-door enrollment completed by Energy Group Consultants, Inc. for the last twelve months to ensure that customers are aware they were enrolled with Major Energy and proper affirmative consent in the form of a signed contract was obtained.
 - a. For each unauthorized enrollment, immediately:
 - i. Drop the account back to the utility,
 - ii. Absolve the customer of all charges billed for the first 30 days of supply service, and
 - iii. For the remaining months, re-rate the customers back to the utility’s price to compare.
 - b. Provide Staff with a detailed report of this audit, including:
 - i. Customer name,

- ii. Account number,
 - iii. Agent involved in enrollment,
 - iv. Method of contact used by Major Energy to verify consent, and
 - v. Whether affirmative consent was obtained,
 1. If no, the action taken by Major Energy.
 2. If yes, the proof of customer consent.
2. Provide Staff with a plan to come into compliance with Commission rules. The plan should address, at a minimum, enrollment practices, an auditing process for enrollments, and any corrective action to be implemented by Major Energy.

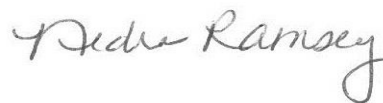
Additionally, Staff recommends that Major Energy cease all door-to-door marketing and enrolling activities in the State of Ohio until this matter is resolved. In accordance with R.C. 4905.54, Ohio Adm.Code 4901:1-21-15(A)(1), and Ohio Adm.Code 4901:1-34-08, Staff will view any continuation in Major Energy's door-to-door marketing or enrollments that result in violations to constitute additional offenses, which may result in additional enforcement actions, including rescission of Major Energy's CRES and CRNG certificates and forfeitures to the state of up to ten thousand dollars (\$10,000) per offense per day.

Proposed Forfeiture

Finally, Staff is proposing a forfeiture of \$230,000.00 against Major Energy for the above-mentioned failures to comply with the requirements found in the Ohio Administrative Code and Ohio Revised Code.

By Friday, January 24, 2020, please respond to this notice of probable non-compliance with Major Energy's plan to address the above-mentioned areas of probable non-compliance.

Sincerely,



Nedra Ramsey
Public Utilities Administrator 2
Reliability and Service Analysis Div.
Service Monitoring and Enforcement Dept.
Public Utilities Commission of Ohio

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 21-0046-GE-UNC

Summary: Stipulation Joint Stipulation and Recommendation electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO