

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE COMMISSION'S
CONSIDERATION OF A SETTLEMENT
AGREEMENT BETWEEN MAJOR ENERGY
SERVICES LLC, MAJOR ENERGY
ELECTRIC SERVICES LLC, AND THE
COMMISSION'S STAFF.

CASE NO. 21-46-GE-UNC

FINDING AND ORDER

Entered in the Journal on February 24, 2021

I. SUMMARY

{¶ 1} The Commission adopts the joint stipulation and recommendation filed by Major Energy Services LLC, Major Energy Electric Services LLC, and Staff, which resolves the marketing and enrollment issues identified in a notice of probable noncompliance issued by Staff on January 10, 2020.

II. DISCUSSION

{¶ 2} Major Energy Services LLC and Major Energy Electric Services LLC (Major) is an electric services company as defined in R.C. 4928.01 and a retail natural gas supplier as defined in R.C. 4929.01; is certified to provide competitive retail electric service (CRES) under R.C. 4928.08 and to supply competitive retail natural gas service (CRNGS) under R.C. 4929.20; and is subject to the jurisdiction of this Commission pursuant to R.C. 4928.16 and R.C. 4929.24. Accordingly, Major is required to comply with the Commission's minimum CRES standards set forth in Ohio Adm.Code Chapter 4901:1-21, as well as the minimum CRNGS standards set forth in Ohio Adm.Code Chapter 4901:1-29.

{¶ 3} Ohio Adm.Code 4901:1-23-04(A) provides that, if Staff and a CRES provider reach agreement regarding the violation of a rule within Ohio Adm.Code Chapter 4901:1-21, the violation of a Commission order, a proposed corrective action or remedy, or the amount of a forfeiture or other payment, the agreement must be reduced to writing in a settlement agreement and filed with the Commission for approval. Similarly, Ohio Adm.Code 4901:1-34-05(A) provides that, if Staff and a retail natural gas supplier reach

agreement regarding the violation of a rule within Ohio Adm.Code Chapters 4901:1-27 through 4901:1-29, the violation of any provision of R.C. Chapter 4929, the violation of a Commission order, a proposed corrective action or remedy, or the amount of a forfeiture or other payment, the agreement must be reduced to writing and filed with the Commission for approval.

{¶ 4} On January 10, 2020, Staff issued a notice of probable noncompliance (Notice Letter) to Major with respect to certain marketing and enrollment practices. In the Notice Letter, Staff stated that it received complaints from customers disputing their enrollment with Major. In response to the complaints, Staff investigated and found evidence that Major enrolled customers without the authorization of the consumer or a person authorized to make decisions for the consumer. Major was unable to provide a signed contract for the enrollments, and instead provided Staff with “order confirmations” with an unauthorized “signature” depicted. Sales agents from one vendor, Energy Group Consultants, LLC, were involved in the disputed enrollments. As a result, Staff found that Major was in probable noncompliance with R.C. 4928.10, Ohio Adm.Code 4901:1-21-03(A), 4901:1-21-03(C), 4901:1-21-06(C), 4901:1-21-06(D)(1)(a), 4901:1-21-06(D)(1)(h), 4901:1-29-03(A), 4901:1-29-03(D), 4901:1-29-06(B), 4901:1-29-06(D)(1)(a), and 4901:1-29-06(D)(6)(b).

{¶ 5} As proposed corrective actions, Staff recommended that Major audit each door-to-door enrollment completed by Energy Group Consultants, LLC for the last 12 months to ensure that the customer consented and signed a contract. Staff further recommended that for each unauthorized enrollment, Major should reassign the account back to the utility, absolve the customer of charges for the first 30 days of service, and re-rate the customers back to the utility’s price for the remaining months. Staff requested that Major provide Staff with a detailed report of its audit, which should include customer name, account number, agent involved in enrollment, method used to verify consent, and proof of consent or corrective action taken. Staff also proposed that Major provide a compliance plan that should address, at a minimum, enrollment practices, an auditing process for enrollments, and any other corrective actions to be implemented by Major. Staff also recommended that Major cease all door-to-door marketing and enrollment activities in the

state until this matter is resolved. Finally, Staff recommended that a \$230,000 civil forfeiture be imposed against Major for the alleged violations of the Commission's rules.

{¶ 6} On January 13, 2021, Major and Staff (Signatory Parties) filed a joint stipulation and recommendation (Stipulation), which would resolve all the issues identified by Staff in the Notice Letter issued to Major. Major conducted an audit of Major's door-to-door enrollments completed by Energy Group Consultants, LLC for the 12 months prior to receiving the Notice Letter. The Stipulation states that the Signatory Parties engaged in numerous discussions to address the issues raised in the Notice Letter and reached a resolution after such discussions. The following is a summary of the provisions agreed to by the Signatory Parties and is not intended to replace or supersede the Stipulation:

- 1) For all customers enrolled by Energy Group Consultants, LLC through door-to-door sales during the audit period, Major will absolve all charges for the first 30 days of service. Major will also re-rate the customers back to the utility's price-to-compare for the remaining months of service. This refund totals \$198,385.28, averaging \$165.00 per customer, which will be provided as a prepaid Visa card. These customers were also returned to their distribution utility provider.
- 2) Major will implement the following quality assurance measures to ensure compliance during the enrollment and verification process: (1) enrollments will take place only on company-issued tablets; (2) enrollments will be validated by a third-party verifier with voice analytics; (3) Major will validate customer information obtained during the enrollment process through a three- and four-way matching process; (4) Major will call customers to confirm intent to enroll, confirm certain customer information, and reinforce the contractual relationship; and (5) Major will send welcome packages to new customers through either electronic or paper mail.
- 3) Sales agents will be monitored and customers will be surveyed to analyze the third-party verifiers, and the agents' enrollments and successful completion of third-party verifiers will be monitored. Major will also monitor 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 enrollment requirements and the paper customer contracts will match the tablet contract.
- 5) Customers will be able to choose whether to receive their signed copy of the contract via email or as a paper copy at the time of enrollment. The customer will receive a paper copy of the signed contract in the welcome package.
- 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 ceased and will continue to cease door-to-door enrollments until the Stipulation is approved by the Commission.
- 8) Major agrees to a forfeiture of \$115,000 upon approval of the Stipulation by the Commission. Major agrees to submit payment within 30 days of the issuance of this Finding and Order and shall note on its payment the docket number assigned to this matter.

{¶ 7} The Commission notes that Ohio Adm.Code 4901:1-23-04(A) and 4901:1-34-05(A) permit Major and Staff to enter into a stipulation for the purpose of resolving any alleged violations of the CRES and CRNGS minimum standards and service requirements. We will, therefore, consider the Stipulation pursuant to our enforcement authority under Ohio Adm.Code Chapters 4901:1-23 and 4901:1-34. The issue before the Commission in this case is whether the Stipulation, which embodies considerable time and effort by the Signatory Parties, is reasonable and should be adopted. The Stipulation states that Major has implemented multiple corrective actions in response to the violations alleged in the Notice Letter. The Stipulation further states that Major engaged in numerous discussions with Staff to address the issues raised in the Notice Letter and worked cooperatively during

those discussions to resolve all the issues. Accordingly, we find that the Stipulation represents a reasonable resolution of this matter and that it should be approved and adopted in its entirety.

III. ORDER

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That the Stipulation filed by Major and Staff be adopted and approved. It is, further,

{¶ 10} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 11} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

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

JWS/kck

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

Summary: Finding & Order adopting the joint stipulation and recommendation filed by Major Energy Services LLC, Major Energy Electric Services LLC, and Staff, which resolves the marketing and enrollment issues identified in a notice of probable noncompliance issued by Staff on January 10, 2020 electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio