

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

|  |   |                        |
|--|---|------------------------|
| In the Matter of the Application of      | ) | Case No. 18-371-EL-WVR |
| AEP Energy, Inc. for a Partial Waiver of | ) |                        |
| OAC Rules 4901:1-29-06 and 4901:1-21-06. | ) | Case No. 18-372-GA-WVR |

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**AEP ENERGY, INC. COMMENTS  
(April 8, 2019)**

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AEP Energy, Inc. (AEPE) is a competitive retail electric services and a competitive retail natural gas services provider as defined in R.C. 4928.01 and 4929.01, respectively, and is certified to provide competitive retail electric service (CRES) and competitive retail natural gas service (CRNGS) under R.C. 4928.08 and 4929.20, and is subject to the jurisdiction of this Commission pursuant to R.C. 4928.16 and 4929.24. On March 6, 2018, AEPE submitted an application to the Commission requesting a partial waiver of the third-party verification (TPV) provision of Ohio Adm. Code 4901:1-21-06(D) and Ohio Adm. Code 4901:1-29-06(D), as it applies to providing for an independent third-party verifier to ensure the validity of the enrollment of a customer through a direct solicitation by door-to-door sales. Specifically, AEPE requested a partial waiver of the provision of the rules that requires a full review of the sales transaction by the TPV entity and to permit the customer to provide a portion of such required information through tablets that provide for the ability for the customers to use their own smart devices to execute the regulatory safeguards in the existing TPV enrollment process.

By an Entry entered in the Journal on March 5, 2019, the attorney examiner granted the Office of Consumer's Counsels' (OCC) intervention in this Application and instructed that all motions to intervene be filed by April 8, 2019, comments on the Application to be filed by April 8, 2019, and any reply comments to be filed by April 22, 2019. Pursuant to this Entry, AEPE submits the following comments.

AEPE is seeking only a partial waiver of the TPV enrollment process. AEPE is proposing to retain the TPV process to verify customer's identity, while using a tablet process to verify the customer's agreement to the commercial terms. The Commission has already granted a more

expansive waiver of these same requirements to a competitor of AEPE – Interstate Gas Supply, Inc. (“IGS”). (See, In Re Application of Interstate Gas Supply, Inc. for a Waiver of Rules 4901:1-10-29(D)(6)(b) and 4901:1-21-06(D)(1)(h) of the Ohio Administrative Code, Case Nos. 14-1740-EL-WVR and 14-1741-GA-WVR, Finding and Order (November 20, 2014)). By this Finding and Order, IGS sought and was granted a waiver of these TPV requirements.

Like IGS and as a key business aspect of this waiver request, AEPE hires as employees and trains in-house its residential field sales agents to ensure high quality of performance and compliance with all regulations. AEPE field sales agents are compensated primarily with base pay (including benefits) and sales commission only represents portion of the total compensation. In these circumstances, the need for TPV is diminished. The tablet enrollment process provides additional safeguards in excess TPV because of the granular information retained regarding each customer enrollment, solicitation, and prompt delivery of terms and conditions of executed contracts via email delivery. This enrollment process significantly benefits customers by providing them with a better and more customer-friendly enrollment experience.

However, unlike the scope of the IGS waiver, AEPE is proposing to retain a portion of the TPV process that verifies the identity of the customer. This added step makes it almost impossible for a fraudulent enrollment to occur because there will be a voice print of the actual customer that is retained to verify the identity of the customer being enrolled. This safeguard is in addition to the GPS locator tracking of the sales presentation, the electronic responses to the commercial transaction details, and the transmittal of terms and conditions to the customer’s email address.

A key aspect to the scope of this waiver request is AEPE’s field sales business model of using in-house employees that are internally trained, compensated, and instructed on the regulatory compliance obligations around door-to-door sales enrollments. Like many of AEPE’s competitors, AEPE previously used third party vendors to staff, compensate and train door-to-door sales personnel. Our experience was the same as that of our competitors who continue

to use this approach – lack of training, significant incentives to enroll customers using any sales tactics, misleading and unsupervised sales pitches, and an overall negative impact on the competitive retail industry. However, AEPE’s field sales business model is achieved only at a higher cost of doing business. Consequently, it is imperative that AEPE be on equal footing for enrollment costs that a third party vendor field sales business model offers (with its inherent drawbacks).

For the foregoing reasons, AEPE respectfully requests that its partial waiver of the TPV requirements be granted.

Respectfully Submitted,



F. Mitchell Dutton  
Regulatory Counsel  
AEP Energy, Inc.  
1 Easton Oval  
Columbus, OH 43219  
Phone (614) 682-4350  
Email

## **CERTIFICATE OF SERVICE**

I hereby certified that a true copy of the foregoing AEP Energy, Inc.'s Comments was served upon the persons listed below via electronic transmission this 8<sup>h</sup> day of April 2019.

/s/ F. Mitchell Dutton

F. Mitchell Dutton

Regulatory Counsel

AEP Energy, Inc.

mdutton@aepenergy.com

## **SERVICE LIST**

john.jones@ohioattorneygeneral.gov

[terry.etter@occ.ohio.gov](mailto:terry.etter@occ.ohio.gov)

[amy.botschner.obrien@occ.ohio.gov](mailto:amy.botschner.obrien@occ.ohio.gov)

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Summary: Comments AEP Energy, Inc.'s Comments 040819  
electronically filed by Mr. F Mitchell Dutton on behalf of AEP Energy, Inc.