

**STEVENS & LEE**  
**LAWYERS & CONSULTANTS**

17 North Second Street  
16th Floor  
Harrisburg, PA 17101  
(717) 234-1090 Fax (717) 234-1099  
www.stevenslee.com

Direct Dial: (717) 255-7365  
Email: mag@stevenslee.com  
Direct Fax: (610) 988-0852

December 20, 2011

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**Re: Marketing and Sales Practices for Retail Residential Energy Market  
Docket No. L-2010-2208332**

Dear Secretary Chiavetta:

In accordance with the February 10, 2011 Order in this matter, and the notice published in the Pennsylvania Bulletin on October 22, 2011, enclosed for filing please find the Comments of Washington Gas Energy Services, Inc. on the proposed regulations related to Marketing and Sales Practices for the Retail Residential Energy Market. These Comments were filed electronically through the Pennsylvania Public Utility Commission's e-File system today.

If you have any questions, please do not hesitate to contact me. Thank you.

Best Regards,

STEVENS & LEE

  
Michael A. Gruin

Encl.

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Rulemaking Re: Marketing and Sales )  
Practices for the Retail Residential )     Docket No. L-2010-2208332  
Energy Market )**

**COMMENTS OF  
WASHINGTON GAS ENERGY SERVICES, INC.**

Washington Gas Energy Services, Inc. (“WGES”) hereby files these comments on the proposed rules applicable to the marketing and sales practices of electric generation suppliers and natural gas suppliers participating in the residential retail market as set forth in the Proposed Rulemaking Order issued February 10, 2011 in the captioned docket and published in the Pennsylvania Bulletin on October 22, 2011. WGES is a licensed electric generation supplier (EGS) in the Commonwealth of Pennsylvania serving commercial and residential customers on the systems of Pennsylvania Power & Light Company (PPL), the Philadelphia Electric Company (PECO) and the First Energy Companies (FE), and participated in the working groups that developed the Interim Guidelines on which the instant rulemaking is based.

WGES continues strongly to support the Commission’s efforts to establish fair and feasible rules and regulations that balance consumer protection with the advancement of viable, robust retail electricity and gas supply markets in Pennsylvania as the proposed regulations set forth in Annex A of the February 10th Order do. Those regulations with one rather minor instance in WGES’s view are clear and sound rules that will facilitate the conduct of the retail energy market in Pennsylvania. WGES therefore strongly

supports the adoption of regulations with one suggested clarification regarding supplier compensation of marketing and sales agents as noted below.

Proposed § 111.6 (a) states:

“A supplier shall design its agent compensation program to ensure that it does not promote, encourage or reward behavior that runs counter to the practices established in these regulations and to the general obligation of fair dealing and good faith that a supplier should exercise when interacting with customers.”

WGES fully agrees with what seems to be the intent of this proposed rule but is not clear as to what is meant by the “design” of an agent compensation program.

WGES does not believe the Commission is intending to weigh in on what level of compensation a supplier should pay its marketing and sales agents. A supplier has a duty and an incentive to hire agents that are able to receive training in Commission regulations and sound sales practices, that demonstrate sales skills, that are ethical in customer interactions and that are compensated in accordance with market conditions. A compensation program in line with industry or market standards would not undercut the training, the skill and the ethical behavior that agents are required to demonstrate in interacting with customers.

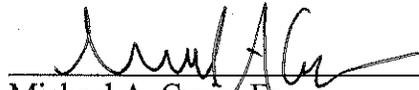
The proposed rule seems intended to legislate that agents not be paid for sales transactions that they consummate on behalf of a supplier that are obtained in an inappropriate way such as by slamming or misrepresentation. Such inappropriate practices should be eliminated through agent selection and training and supplier contracts with agents that bar payment for slamming or defrauding customers.

For clarity, WGES suggests § 111.6 (a) should be revised to read:

“A supplier shall not compensate ~~design~~ its marketing and sales agents for soliciting and obtaining contracts with customers on behalf of the supplier if the agent’s behavior and manner of interacting with customers ~~compensation program to ensure that it does not~~ ~~promoted, encourage or reward behavior~~ that runs counter to the practices established in these regulations and to the general obligation of fair dealing and good faith that a supplier should exercise when interacting with customers.”

Wherefore, WGES supports the adoption of the proposed regulations in Annex A of the February 10 Order modified to clarify § 111.6 (a) as noted above.

Respectfully Submitted



Michael A. Gruin, Esq.

PA ID No. 78625

Linda R. Evers, Esq.

PA ID No. 81428

17 North Second Street, 16th Floor

Harrisburg, PA 17101

717-255-7365 - Telephone:

610-988-0852 - Fax

[mag@stevenslee.com](mailto:mag@stevenslee.com)

Attorneys for Washington Gas Energy Services, Inc.

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