

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

Pa. Public Utility Commission v.
Energy Service Providers, Inc. d/b/a
Pennsylvania Gas and Electric and
U.S. Gas & Electric, Inc. d/b/a
Pennsylvania Gas & Electric

Public Meeting February 6, 2014
2325122-OSA
Docket No. M-2013-2325122

**JOINT MOTION OF
CHAIRMAN ROBERT F. POWELSON
AND VICE CHAIRMAN JOHN F. COLEMAN, JR.**

Before the Commission today for disposition is an Opinion and Order releasing for comment a Settlement Agreement between the Commission's Bureau of Investigation and Enforcement (I&E) and Energy Service Providers, Inc. d/b/a Pennsylvania Gas & Electric, a licensed natural gas supplier (NGS), as well as U.S. Gas and Electric, Inc. d/b/a Pennsylvania Gas and Electric, a licensed electric generation supplier (EGS) (collectively Pa. Gas & Electric or the Company). This Settlement Agreement is the result of an I&E investigation into alleged violations of the Public Utility Code (Code) and Commission Regulations by Pa. Gas & Electric.

By way of background, during the course of its investigation, I&E alleged that an agent of Pa. Gas & Electric, along with an accomplice that falsified verifications, attempted to illegally and unilaterally switch 319 accounts. Of those 319 accounts, 108 were successfully enrolled with Pa. Gas & Electric for electric or gas supply service. The Settlement Agreement reached by the parties provides that the Company will pay a \$ 75,000 civil penalty and refund the entire electric generation or gas supply portion of the bills to any customers switched. The Company also acknowledged that it made changes to its operating procedures to prevent similar situations from occurring in the future.

While this is certainly not the first instance of alleged slamming that I&E has prosecuted, it is among the most egregious. Moreover, while any supplier could be the victim of a rogue employee or agent, we are troubled that Pa. Gas & Electric did not appear to have any internal controls in place to prevent the volume of slamming that allegedly occurred here.¹

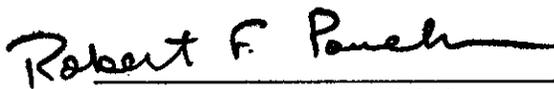
Most offensive, however, is the fact that Pa. Gas & Electric failed to self-report the violations to the Commission. The documents filed with the Commission state that the Company became aware of irregularities in July 2012 and knew with certainty in August 2012 that slamming had occurred. The Commission, however, did not have any knowledge of the situation until September 19, 2012, when PECO Energy Company brought it to the attention of the Commission's Office of Competitive Market Oversight during a routine conference call.

¹ While this matter was not litigated before an Administrative Law Judge, and as such, we certainly do not have all the facts, it is logical to assume that had Pa. Gas & Electric had any controls in place they would have brought them to the Commission's attention in either the Settlement Agreement or its accompanying Statement in Support.

We have said many times that this Commission will not tolerate behavior that erodes the public trust in Pennsylvania's retail energy markets. Due to the severity of the allegations in this case and the Company's apparent lack of mitigating actions, we simply do not believe the \$75,000 civil penalty, even when combined with the corrective actions contained in the settlement, is enough to remedy this situation or to deter potential future violations of the Code or the Commission's regulations. We therefore move that the Settlement Agreement be rejected and that this matter be referred back to I&E for any further actions they deem to be warranted pursuant to our Regulation at 52 Pa. Code Section 3.113(b).

THEREFORE, WE MOVE THAT:

1. The Settlement Agreement be rejected; and
2. The Office of Special Assistants prepare an Opinion and Order consistent with this Motion.



**ROBERT F. POWELSON
CHAIRMAN**



**JOHN F. COLEMAN, JR.
VICE CHAIRMAN**

DATE: February 6, 2014