



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

May 12, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: **Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Residents Energy, LLC**
Docket No. M-2017-_____
(Settlement Agreement)

Dear Secretary Chiavetta:

Enclosed for filing is the Settlement Agreement between the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission and Residents Energy, LLC, in the above-captioned proceeding. The Settlement Agreement consists of the Agreement and Appendices A through C consisting of: Appendix A – Proposed Ordering Paragraphs; Appendix B – Statement in Support of the Bureau of Investigation and Enforcement; Appendix C – Statement in Support of Residents Energy, LLC.

Copies have been served on the parties of record in accordance with the enclosed Certificate of Service. Should you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,

Bradley R. Gorter, Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
(717) 783-6150
bgorter@pa.gov

Enclosure

cc: RA-OSA@pa.gov
As per Certificate of Service

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2017 MAY 12 PM 3:19
PA PUC
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FRONT DESK

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement	:	PA PUC SECRETARY'S BUREAU FRONT DESK
v.	:	
Residents Energy, LLC	:	Docket No. M-2017-

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The parties to this Settlement Agreement (“Settlement Agreement” or “Agreement”) are the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement (“I&E”), by its prosecutors, P.O. Box 3265, Harrisburg, PA 17105-3265, and Residents Energy, LLC (“Residents”), by its counsel, Stevens and Lee, with corporate offices located at 520 Broad Street, 17th Floor, Newark, New Jersey 07102.

2. The Pennsylvania Public Utility Commission (“Commission”) is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate utilities within this Commonwealth pursuant to the Public Utility Code (“Code”), 66 Pa.C.S. §§ 101, *et seq.*

3. Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

4. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities.

Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities, Docket No. M-00940593 (Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11); *See also Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011) (delegating authority to initiate enforcement actions to I&E).

5. Residents is a licensed electric generation supplier (“EGS”) as defined by 66 Pa.C.S. §§ 2803. Residents is engaged in offering and furnishing supply electric generation services in territories as authorized by its license within the Commonwealth of Pennsylvania.¹

6. Residents, as a licensed provider of electric generation service, is subject to the power and authority of the Commission pursuant to Sections 501(c) and 2809(e) of the Code.

7. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over Residents’ actions as an EGS that serves customers in Pennsylvania.

8. Section 3301 of the Code, 66 Pa.C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject to the Commission’s authority for violations of the Code or Commission regulations or both. Section 3301 further allows for the imposition of a separate fine for each violation and each day’s continuance of such violation(s). Specifically with regard to the standards

¹ Residents was granted Commission approval to operate as an electric generation supplier on December 18, 2014, at Docket No. A-2014-2433184.

for changing a customer's electric generation supplier, the Commission is empowered to assess fines under the aforementioned 66 Pa.C.S. Chapter 33, pursuant to 52 Pa. Code § 57.177(e).

9. Pursuant to Sections 331(a) and 506 of the Code, 66 Pa.C.S. §§ 331(a) and 506, and Section 3.113 of the Commission's regulations, 52 Pa. Code § 3.113, Commission staff has the authority to conduct informal investigations or informal proceedings in order to gather data and/or to substantiate allegations of potential violations of the Commission's regulations.

10. This matter concerns an informal investigation initiated by I&E prosecutory staff based on information referred to I&E by the Commission's Bureau of Consumer Services ("BCS"). BCS received allegations from a residential customer of Duquesne Light Company ("Duquesne") that the customer had her electric generation service switched to Residents without the customer's authorization. I&E determined that these allegations warranted that a further investigation be conducted to examine whether the actions of Residents or the third-party vendor hired by Residents violated Commission regulations and orders.

11. As a result of negotiations between Residents and I&E (hereinafter referred to collectively as "parties"), the parties have reached an agreement on an appropriate outcome to the investigation as encouraged by the Commission's policy to promote settlements. *See* 52 Pa. Code § 5.231. The duly authorized parties executing this Settlement Agreement agree to the settlement terms set forth herein and urge the

Commission to approve the Agreement as submitted as being in the public interest. Proposed Ordering Paragraphs are attached as Appendix A. Statements in Support of the Settlement expressing the individual views of I&E and Residents are attached hereto as Appendix B and Appendix C, respectively.

II. BACKGROUND

12. On September 28, 2015, BCS received an informal complaint from a residential customer of Duquesne. In the informal complaint, the customer alleged that a male individual came to the customer's door and stated that he was enrolling customers in a Customer Assistance Program ("CAP"), a program designed to assist low income individuals. Because the customer was interested in CAP, the customer agreed to enroll.

13. The male individual, who was employed by a third-party contractor hired by Residents to solicit EGS service on behalf of Residents, then began the third-party verification² ("TPV") process to switch the customer's EGS service to Residents. See 52 Pa. Code § 111.7.

14. During the TPV phone call, the customer inquired of the TPV provider as to whether she was in the process of switching her EGS service.

15. The TPV provider confirmed that the customer's agreement would result in switching her EGS service, the customer stated that she did not want to switch her EGS service and the call ended.

² Verification is a process used to confirm that the customer authorized the transfer of the account to the supplier. Residents uses an independent, third-party agent to verify sales transactions. All TPVs performed over the telephone are recorded.

16. Despite not completing the TPV process, the customer's EGS was switched to Residents, and, by letter dated September 22, 2015, Duquesne confirmed the switch to the customer.

17. The customer received EGS service from Residents for a period of seventeen (17) days, from September 25, 2015 to October 11, 2015.

18. After receiving the confirmation letter from Duquesne, the customer filed an informal complaint with BCS alleging that her EGS service was switched without her authorization.

19. Residents, in response to the informal complaint, investigated and discovered that two separate TPV calls had been made with regard to the customer's EGS service and both alleged to be the customer on the recording.

20. The first TPV recording confirmed the allegations in the customer's informal complaint, namely, that she refused to authorize a switch of her EGS.

21. The second TPV recording purported to be the customer and authorized the switch to Residents. As part of Residents' internal investigation, the second TPV recording was played for the customer, after which the customer indicated that the individual authorizing the switch was not the customer.

22. As a result of its investigation, Residents determined that the second TPV recording was a fraudulent recording, and was not a valid TPV for purposes of authorizing a switch to Residents.

23. BCS requested that I&E review the matter. An informal investigation was initiated by I&E into whether Residents enrolled the customer in their electric generation service without proper authorization, which would be contrary to the Commission's regulations related to the "Standards for Changing a Customer's Electricity Generation Supplier" at 52 Pa. Code §§ 57.171-179.

24. By letter dated February 18, 2016, I&E requested that Residents provide responses to data requests related to the above-mentioned slamming allegation. Residents timely complied with I&E's requests.

25. In its responses to I&E's data requests, Residents provided audio recordings of the two TPVs that took place during the incident alleged by the customer.

26. I&E's review of the TPV recordings concluded that the individual who provided authorization in the second TPV is not the same individual as the customer who refused to authorize a switch to Residents in the first recording.

27. As such, I&E concluded that the second TPV, provided by a different individual, was a fraudulent TPV and, therefore, could not satisfy the Commission's requirements for switching EGS service.

28. The door-to-door sales agent, Jeremy Neal, was an independent contractor of Energy Group Consultants, a third-party vendor hired by Residents to conduct door-to-door sales and solicit customers to switch their EGS service to Residents.

29. Mr. Neal conducted door-to-door sales on behalf of Residents between September 15, 2015, and September 29, 2015.

30. Mr. Neal was apparently involved in a scheme, without Residents' knowledge, to obtain third-party verifications by directing the verifications to an accomplice who posed as the customer, thereby enrolling the accounts. Thus, while audio recordings of TPVs were made, the "authorizing" party on the other end was not the customer.

31. Sections 111.3 and 54.43(f) of the Commission's regulations expressly place liability for any violations of the Public Utility Code or the Commission's regulations committed by third party contractors on the certificated utility, regardless of whether the violations are committed with the utility's knowledge of its third party contractors' actions. 52 Pa. Code §§ 54.43(f); 111.3.

32. Upon completing its investigation, Residents refunded to the customer the amount of \$3.14, which was calculated by cost comparison between the rate charged by Residents for the 17 days of service and the Duquesne's default service rate for the same dates.

33. Residents had internal controls in place and required all vendors to abide by them, including monitoring sales agents for compliance, daily review of all TPVs, and regular audits of enrollments. Residents employs a full-time quality control team whose sole responsibility is to contact recently enrolled customers to ensure proper sales and enrollment procedures. Residents operates under a set of Core Values which apply to all employees and contractors working on behalf of the company, and strict adherence to these Values is a condition of employment with Residents.

34. Residents employs a full-time field auditor whose responsibilities include field observation of sales agents, monitoring of contracted vendor trainings and meetings, and suggesting training and remedial measures for agents.

35. As a result of the actions taken by Mr. Neal, Residents instructed Energy Group Consultants to remove Mr. Neal from conducting any marketing on behalf of Residents, and Mr. Neal is ineligible for rehire for any employment with Residents.

36. Prior to this slamming incident, Residents had an otherwise clean compliance history with the Commission.

37. After completing its investigation, I&E concluded that only one customer was affected by the violations committed by Mr. Neal.

38. Residents has cooperated fully and promptly with I&E's investigation into this matter.

III. ALLEGED VIOLATIONS

39. Based on the information obtained through its investigation as described above and a review of the Code and Commission regulations, I&E was prepared to allege in a formal complaint that, as an agent for Residents:

- a. Mr. Neal engaged in fraudulent and deceptive marketing during a door-to-door sales visit with a prospective customer in that he misrepresented his intent by indicating that he was enrolling customers in CAP, when the purpose of his visit was to switch the customer's EGS to Residents.

If proven, this would have violated 52 Pa. Code §§ 54.43(f), 111.9(d)(1) and 111.12(d).

- b. As an agent for Residents, but without Residents' knowledge, Mr. Neal conspired with an accomplice to provide a fraudulent TPV in order to

switch a customer's EGS to Residents after the customer indicated in a separate TPV that the customer was not authorizing the switch.

If proven, this would have violated 52 Pa. Code §§ 54.43(f) and 111.12(d), and the Standards for Changing a Customer's Electricity Generation Supplier at 52 Pa. Code §§ 57.171-177.

- c. As an agent for Residents, but without Residents' knowledge, Mr. Neal initiated the process of switching and caused the actual switching of the EGS on one (1) customer account without the customer's authorization, which resulted in the customer being supplied EGS service by Residents for a period of seventeen (17) days.

If proven, this would have violated 52 Pa. Code §§ 54.42(a)(9) and 54.43(f), and the Standards for Changing a Customer's Electricity Generation Supplier at 52 Pa. Code §§ 57.171-177.

40. If the matter had been litigated, Residents would have contended that its actions did not violate either the Code or Commission regulations, and that it should not be fined or penalized for any offense. To the contrary, Residents would have contended that if there were an offense, the offense took place without Residents knowledge or approval, and that the independent sales agent in question acted fraudulently in its dealings with Residents as well as the customer. In this case, an individual had purposefully and intentionally engaged in conduct that was harmful both to customers and Residents despite Residents' best practices, and industry standard efforts to prevent otherwise.

41. Throughout the entire investigatory process, I&E and Residents remained active in communications and informal discovery, and continued to explore the possibility of resolving this investigation, which ultimately culminated in this Settlement

Agreement. During the investigatory process, Residents complied with I&E's requests for information, documentation and other records.

IV. SETTLEMENT TERMS

42. Residents and I&E desire to: (i) terminate I&E's informal investigation; and (ii) settle this matter completely without litigation. Although Residents disputes or disagrees with the allegations above, it fully acknowledges the seriousness of slamming and recognizes the need to prevent the reoccurrence of a similar situation. Moreover, the parties recognize that this is a disputed claim, and given the inherent unpredictability of the outcome of a contested proceeding, the parties further recognize the benefits of amicably resolving the disputed issues.

43. Residents and I&E, intending to be legally bound and for consideration given, desire to fully and finally conclude this informal investigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement:

- a. Residents will pay a civil penalty in the amount of six thousand dollars (\$6,000) to resolve all allegations of slamming and to fully and finally settle all possible liability and claims of alleged violations of the Code and Commission regulations arising from, or related to, the conduct investigated herein. The civil penalty represents the multiple alleged fraudulent actions committed by Mr. Neal that resulted in multiple days of unauthorized service being provided to the customer. Said payment shall be made by certified check or money order payable to the "Commonwealth

of Pennsylvania” and forwarded to the Commission through the prosecuting attorney within sixty (60) days after the Commission has entered a final order approving the Settlement Agreement. The civil penalty shall not be tax deductible under Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f).

- b. Residents has taken corrective action and is committed to diligently applying its policies, which will act as safeguards against the unauthorized switch of customer accounts initiated by a third-party vendor. Specifically, Residents has terminated its relationship with Mr. Neal and has instructed its third-party vendor not to assign Mr. Neal to any Residents accounts or contracts. Residents has already provided the affected customer with a refund in the amount of \$3.14, representing the difference between the amount charged by Residents and the amount that the customer would have been charged if the customer’s EGS had not been switched to Residents.
- c. Within thirty (30) days after the Commission has entered a final order approving the Settlement Agreement, Residents agrees to refund the affected customer the entire electric generation supply portion of the customer’s bill for the seventeen (17) days that the customer was served by Residents pursuant to 52 Pa. Code 57.177(b) and provide documentation to I&E that such refund has been made. The amount refunded may take into account the refund that Residents already provided, which represented of

the difference between Resident's electric generation supply rate and Duquesne's default service rate. Residents charged an EGS fee to the customer of \$12.36, and, to date, has refunded to the customer \$3.14, leaving an un-refunded amount of \$9.24 owed to the customer.

- d. For each third-party vendor with whom Residents seeks to engage in business, Residents will affirmatively inquire about whether the salesperson, whose actions are the cause of the present matter, is employed by or associated with the company.
- e. Residents shall continue to ensure that its agents are reminded of the Commission's regulations regarding consumer protection, with an emphasis on those prohibiting slamming.
- f. Residents shall provide or confirm a single point of contact to Commission staff for resolution of consumer inquiries and/or complaints received by BCS.
- g. Residents will continue to respond to all consumer inquiries and complaints relating to fraudulent, deceptive or otherwise unlawful acts in the process of marketing supplier products and/or services in accordance with BCS requirements, including providing to BCS staff a copy of the customer contract and any audio recordings of the verification call, when such recordings are available to Residents.

- h. For a term of twelve (12) months starting after the date of entry of the Commission's order approving settlement in this matter, Residents shall provide to staff, in the first week of each calendar quarter, a report for the prior quarter that captures the following data concerning customer complaints filed directly with Residents: (1) the number of complaints by category, i.e. slamming, do-not-call list violations, incorrect charges, etc.; and (2) any process improvements, organizational changes, etc. that were implemented to reduce or eliminate similar complaints going forward.
- i. In exchange for the action taken by Residents described above, I&E agrees not to institute any formal complaint relating to the unauthorized customer enrollments that are the subject of this Settlement Agreement. Nothing contained in this Settlement Agreement shall adversely affect the Commission's authority to receive and resolve any informal or formal complaints filed by any affected party with respect to the incident, except that no penalties beyond the civil penalty amount agreed to herein may be imposed by the Commission for any actions identified herein.
- j. The terms and conditions in this Settlement Agreement cannot be used and will not be admissible in any future proceeding, including, but not limited to, the Commission, the Pennsylvania court system or the federal court system, relating to this or any other matter as proof of unlawful and/or

improper behavior, or as an admission of unlawful and/or improper behavior by Residents.

V. CONDITIONS OF SETTLEMENT

44. The parties submit that a settlement avoids the necessity for the prosecuting agency to prove elements of each violation. In return, the opposing party in a settlement agrees to pay a lesser sum to avoid the possibility of a larger fine or penalty resulting from litigation. This settlement represents a compromise by both Residents and I&E of their respective litigation positions. Any fines and penalties resulting from a litigated proceeding typically are different from payments resulting from a settlement.

45. The Settlement Agreement meets the standards set forth in the Commission's Policy Statement at 52 Pa. Code § 69.1201, which are more fully addressed in the parties respective Statements in Support. The parties submit that the Settlement Agreement is in the public interest because it effectively addresses the slamming issue that was the subject of I&E's investigation, avoids the time and expense of litigation, which entails hearings, travel for witnesses and parties, and the preparation and filing of briefs, exceptions, reply exceptions and possible appeals.

46. With the Commission's approval that the terms and conditions in this Settlement Agreement are in the public interest, Residents agrees to, along with the non-monetary terms set forth above, pay a civil penalty in the amount of \$6,000 within thirty (30) days of the date of the order approving this Settlement Agreement, to completely resolve the allegations raised by I&E's investigation.

47. This Settlement Agreement is a complete and final resolution of the Commission's investigation related to the issues as described above.

48. Residents and I&E have agreed to this settlement in the interests of avoiding formal litigation and moving forward in the conduct of business in Pennsylvania.

49. Residents and I&E have entered into and seek the Commission's approval of the Settlement Agreement pursuant to 52 Pa. Code § 3.113. This Settlement Agreement is subject to all applicable administrative and common law treatments of settlements, settlement offers and/or negotiations. The validity of this Settlement Agreement is expressly conditioned upon the Commission's approval under applicable public interest standards without modification, addition, or deletion of any term or condition herein. Accordingly, this Settlement Agreement is made without any admission against or prejudice to any position which any party might adopt during litigation of this case if this settlement is rejected by the Commission or withdrawn by any of the parties as provided below. This Settlement Agreement is, therefore, a compromise and is conditioned upon the Commission's approval of the terms and conditions contained herein without modification or amendment.

50. This document represents the Settlement Agreement in its entirety. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Agreement shall be construed and interpreted under Pennsylvania law.

51. None of the provisions of the Settlement Agreement or statements herein shall be considered an admission of any fact or of any culpability. I&E acknowledges that this Agreement is entered into with the express purpose of settling the asserted claims regarding the specific alleged violations of the Code and the Commission's regulations.

52. If either party should file exceptions to the tentative or final order of the Commission, the other party shall have the right to file a reply to the exceptions.

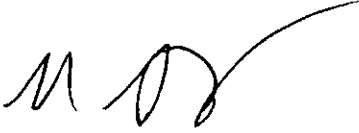
53. If the Commission fails to approve by tentative and final order this Settlement Agreement, including any of the terms or conditions set forth herein, without modification, addition, or deletion, then either party may elect to withdraw from this Settlement Agreement by filing a withdrawal in response to the tentative or final order within twenty (20) days of the date the tentative or final order is entered. None of the provisions of this Settlement Agreement shall be considered an admission of fact or law or be binding upon the parties of one of them files a withdrawal.

WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, and Residents Energy, LLC respectfully request that the Commission adopt an order approving the terms and conditions of this Settlement Agreement as being in the public interest.


Respectfully submitted,

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

Residents Energy, LLC

By: 

Bradley R. Gorter
Prosecutor
PA Public Utility Commission
Bureau of Investigation and Enforcement
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By: 

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Date: May 12, 2017

Date: May 2, 2017

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<p>Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement</p> <p style="text-align: center;">v.</p> <p>Residents Energy LLC</p>	<p>: : : : : : :</p>	<p>Docket No. M-2017-</p>
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PROPOSED ORDERING PARAGRAPHS

1. That the Joint Settlement Petition filed on May 12, 2017, between the Commission's Bureau of Investigation and Enforcement and Residents Energy, LLC is approved in its entirety without modification.

2. That, in accordance with Section 3301 of the Public Utility Code, 66 Pa.C.S. § 3301, within sixty (60) days of the date this Order becomes final, Residents Energy LLC shall pay Six Thousand Dollars (\$6,000), which consists of the entirety of the civil penalty settlement amount. Said payment shall be made by certified check or money order payable to "Commonwealth of Pennsylvania" and shall be sent to:

Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

3. That, in accordance with Section 57.177(b) of the Commission's regulations, 52 Pa.Code § 57.177, within sixty (60) days of the date this Order becomes final, Residents Energy, LLC shall pay to the affected customer Nine And 0.24/1.00 Dollars (\$9.24), which consists of the total generation supply service fee charged to the customer less the amount already refunded.

4. A copy of this Opinion and Order shall be served upon the Financial and Assessment Chief, Office of Administrative Services.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<p>Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement</p> <p style="text-align: center;">v.</p> <p>Residents Energy, LLC</p>	<p>: : : : : : :</p>	<p>Docket No. M-2017-</p>
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**STATEMENT IN SUPPORT OF
BUREAU OF INVESTIGATION AND ENFORCEMENT**

The Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) hereby submits this Statement in Support of the Settlement Agreement (“Settlement”) that was entered into by I&E and Residents Energy, LLC (“Residents”) in the above-captioned matter. The Settlement fully resolves all issues related to I&E’s investigation into the enrollment of a residential customer to receive electric generation supply service from Residents without obtaining proper authorization, a practice known as “slamming.” I&E respectfully submits that the Settlement is in the public interest and requests that the Commission approve the Settlement, including the terms and conditions thereof, without modification.

I. BACKGROUND

This matter involves Residents, an electric generation supplier (“EGS”) licensed by the Commission to operate within the service territories of the following electric distribution companies in Pennsylvania: Duquesne Light Company (“Duquesne”), PECO

Energy Company, PPL Electric Utilities, Pennsylvania Power Company, Metropolitan Edison Company, Pennsylvania Electric Company, and West Penn Power. Residents received its Pennsylvania EGS license on December 18, 2014, at Docket No. A-2014-2433184.

In September 2015, the Commission's Bureau of Consumer Services ("BCS") received an informal complaint filed by a customer complaining of slamming involving a door-to-door salesman who claimed to be enrolling people in a Customer Assistance Program ("CAP") for low-income electric customers. The consumer was interested in CAP, however, as the sales agent advanced the sales pitch to the third-party verification ("TPV"), the customer apparently realized that the agent was actually attempting to switch her EGS service and she declined to proceed further. Nevertheless, the customer's electric account was enrolled with Residents' EGS service. The customer's complaint to BCS indicated that Residents may have enrolled the customer's account without proper authorization to do so, contrary to the "Standards for Changing a Customer's Electricity Generation Supplier" regulations at 52 Pa. Code §§ 57.171-179.

BCS requested that I&E review the matter and, subsequently, an informal investigation was initiated by I&E. I&E's informal investigation concluded that sufficient data had been gathered to substantiate alleged violations of the Public Utility Code and Commission regulations in connection with the complaint that BCS received.

Upon investigation, I&E determined that a single door-to-door sales representative was responsible for the unauthorized switching of the customer's residential electric

account to receive supply service from Residents. The sales agent was employed by a third-party vendor that Residents utilizes to solicit customer accounts and market Residents' programs for potential enrollment. The sales agent willfully circumvented the quality controls of Residents' sales system by using an accomplice who posed as the customer on the telephone to unlawfully verify the switch to Residents.

When Residents became aware of the sales agent's actions, it took steps to sever its business relationship with him and began to conduct an extensive internal investigation. Residents contacted the affected customer and mailed a refund check to the customer because she had experienced a slightly higher rate due to the switching of the customer's electric generation supply service.

In making a determination that the instant settlement was appropriate, I&E weighed the Commission's clear "zero tolerance" mandate¹ regarding slamming against various mitigating circumstances that are present here. Importantly, I&E acknowledges that Residents fully cooperated with I&E's investigation. Residents promptly responded to I&E's requests for information about the customer's complaint and provided I&E with records, correspondence and other documents, as well as audio recordings, associated with the customer's complaint. Moreover, throughout the entire investigatory process, Residents and I&E remained active in communications and informal discovery and

¹ In *Pa. Pub. Util. Comm'n. Bureau of Investigation and Enforcement v. Energy Services Providers, Inc. d/b/a Pa. Gas & Electric and U.S. Gas & Electric, Inc. d/b/a Pa. Gas & Electric*, Docket No. M-2013-2325122 (Order entered October 2, 2014), the Commission imposed a \$1,000 civil penalty for each of the 108 customer accounts that were switched to receive EGS service provided by PaG&E without the customers' authorization.

continued to explore the possibility of resolving this investigation, which ultimately culminated in the Settlement Agreement reached here.

II. TERMS OF SETTLEMENT

I&E alleges that in connection with this slamming incident, Residents committed several violations of the Commission's regulations. While the alleged slamming was committed by an agent or employee of a third-party vendor, the Commission's regulations hold licensees liable for the conduct of third-party vendors. *See* 52 Pa. Code § 54.43(f); *See also* 52 Pa. § Code 111.3(b) (relating to Marketing and Sales Practices for the Retail Residential Energy Market; Supplier Liability for Its Agent). As such, I&E submits that Residents is legally responsible for the alleged violations in this matter.

Based on I&E's allegations, I&E requests that the Commission approve the terms of the Settlement, which include directing Residents to pay a civil penalty in the amount of six thousand dollars (\$6,000), and implement measures that Residents has agreed to perform in order to prevent slamming conducted by an agent of a third-party vendor from happening in the future. Under the terms of the Settlement, Residents and I&E have agreed as follows:

- A. Residents will pay a civil penalty in the amount of six thousand dollars (\$6,000) to resolve all allegations of slamming and to fully and finally settle all possible liability and claims of alleged violations of the Code and Commission regulations arising from, or related to, the conduct investigated herein. The civil penalty represents the multiple alleged fraudulent actions committed by the sales agent that resulted in multiple days of unauthorized service being provided to the customer. Said payment shall be made by certified check or money order payable to the "Commonwealth of Pennsylvania" and forwarded to the Commission through the prosecuting attorney within sixty (60) days after the

Commission has entered a final order approving the Settlement Agreement. The civil penalty shall not be tax deductible under Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f).

- B. Residents has taken corrective action and is committed to diligently applying its policies, which will act as safeguards against the unauthorized switch of customer accounts initiated by a third-party vendor. Specifically, Residents has terminated its relationship with the agent and has instructed its third-party vendor not to assign the agent to any Residents accounts or contracts. Residents has already provided the affected customer with a refund in the amount of \$3.14, representing the difference between the amount charged by Residents and the amount that the customer would have been charged if the customer's EGS had not been switched to Residents.
- C. Within thirty (30) days after the Commission has entered a final order approving the Settlement Agreement, Residents agrees to refund the affected customer the entire electric generation supply portion of the customer's bill for the seventeen (17) days that the customer was served by Residents pursuant to 52 Pa. Code § 57.177(b) and provide documentation to I&E that such refund has been made. The amount refunded may take into account the refund that Residents already provided, which represented of the difference between Resident's electric generation supply rate and Duquesne's default service rate. Residents charged an EGS fee to the customer of \$12.36, and, to date, has refunded to the customer \$3.14, leaving an un-refunded amount of \$9.24 owed to the customer.
- D. For each third-party vendor with whom Residents seeks to engage in business, Residents will affirmatively inquire about whether the salesperson, whose actions are the cause of the present matter, is employed by or associated with the company.
- E. Residents shall continue to ensure that its agents are reminded of the Commission's regulations regarding consumer protection, with an emphasis on those prohibiting slamming.
- F. Residents shall provide or confirm a single point of contact to Commission staff for resolution of consumer inquiries and/or complaints received by BCS.
- G. Residents will continue to respond to all consumer inquiries and complaints relating to fraudulent, deceptive or otherwise unlawful acts in the process of marketing supplier products and/or services in accordance with BCS

requirements, including providing to BCS staff a copy of the customer contract and any audio recordings of the verification call, when such recordings are available to Residents.

- H. For a term of twelve (12) months starting after the date of entry of the Commission's order approving settlement in this matter, Residents shall provide to staff, in the first week of each calendar quarter, a report for the prior quarter that captures the following data concerning customer complaints filed directly with Residents: (1) the number of complaints by category, i.e. slamming, do-not-call list violations, incorrect charges, etc.; and (2) any process improvements, organizational changes, etc. that were implemented to reduce or eliminate similar complaints going forward.
- I. In exchange for the action taken by Residents described above, I&E agrees not to institute any formal complaint relating to the unauthorized customer enrollments that are the subject of this Settlement Agreement. Nothing contained in this Settlement Agreement shall adversely affect the Commission's authority to receive and resolve any informal or formal complaints filed by any affected party with respect to the incident, except that no penalties beyond the civil penalty amount agreed to herein may be imposed by the Commission for any actions identified herein.
- J. The terms and conditions in this Settlement Agreement cannot be used and will not be admissible in any future proceeding, including, but not limited to, the Commission, the Pennsylvania court system or the federal court system, relating to this or any other matter as proof of unlawful and/or improper behavior, or as an admission of unlawful and/or improper behavior by Residents.

The terms of the Settlement are designed to act as additional safeguards, beyond Residents' existing internal controls, to prevent slamming in the future. Consequently, the terms of the Settlement will benefit the Pennsylvania retail electric and natural gas markets.

III. FACTORS UNDER THE COMMISSION'S POLICY STATEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements

decrease the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. “The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a ‘burden of proof’ standard, as is utilized for contested matters.” *Pa. Public Utility Commission, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *See Pa. Public Utility Commission v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

I&E submits that approval of the Settlement in this matter is consistent with the Commission’s Policy for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations (“Policy Statement”), 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic Pa., Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission’s Policy Statement sets forth ten factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

These factors are: (i) Whether the conduct at issue was of a serious nature; (ii) Whether the resulting consequences of the conduct at issue were of a serious nature; (iii) Whether the conduct at issue was deemed intentional or negligent; (iv) Whether the

regulated entity made efforts to modify internal policies and procedures to address the conduct at issue and prevent similar conduct in the future; (v) The number of customers affected and the duration of the violation; (vi) The compliance history of the regulated entity that committed the violation; (vii) Whether the regulated entity cooperated with the Commission's investigation; (viii) The amount of the civil penalty or fine necessary to deter future violations; (ix) Past Commission decisions in similar situations; and (x) Other relevant factors. 52 Pa. Code § 69.1201(c).

The Commission will not apply the standards as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b). While many of the same factors may still be considered, in settled cases, the parties "will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest." 52 Pa. Code § 69.1201(b).

The first factor considers whether the conduct at issue was of a serious nature and, if so, whether the conduct may warrant a higher penalty. I&E alleges that the conduct in this case is the following: an agent of a third-party vendor that Residents utilizes to solicit customers via door-to-door sales switched, without authorization, a customer's electric generation account to receive EGS service from Residents. The agent fraudulently marketed the service as enrollment into CAP. When the customer apparently realized that the service was not CAP, but instead electric generation supply, she expressly declined it. Nevertheless, the agent employed an accomplice to fraudulently make a TPV telephone call to authorize the switch. The customer received EGS service from

Residents for a total of 17 days. Due to the fraudulent and willful misconduct of this agent, I&E submits that the alleged slamming is of a very serious nature and was considered in arriving at the civil penalty in this Settlement.

The second factor considered is whether the resulting consequences of the conduct in question were of a serious nature. I&E's investigation has determined that the customer who received electricity from Residents before being switched back to default service may have experienced a more expensive rate. However, Residents promptly rectified the situation by sending a refund check to the customer consisting of the difference between the amount charged by Residents and the amount the customer would have been charged if the customer's EGS has not been switched to Residents.

Nevertheless, the enrollment was unauthorized and the act of enrolling customers to receive supply service without proper customer authorization has been recognized by the Commission as a serious consequence. *See Pa. Pub. Util. Comm'n, Bureau of Investigation and Enforcement v. Energy Services, Providers, Inc. d/b/a Pa. Gas & Electric and U.S. Gas & Electric, Inc. d/b/a Pa. Gas & Electric, Docket No. M-2013-2325122 (Order entered October 2, 2014)* Accordingly, I&E asserts that the resulting consequence of the action of Residents or its agent was of a serious nature.

The third factor considers whether the conduct at issue was deemed intentional or negligent. This factor is only to be considered when evaluating litigated cases. 52 Pa. Code § 69.1201(c)(3). Therefore, this factor does not apply to the present case because this proceeding is a settled matter.

The fourth factor to be considered is whether Residents made efforts to modify internal policies and procedures to address the alleged conduct at issue and to prevent similar conduct in the future. Residents had internal controls in place and required all vendors to abide by them, including monitoring sales agents for compliance, daily review of all TPVs, and regular audits of enrollments. Residents employs a full-time quality control team whose sole responsibility is to contact recently enrolled customers to ensure proper sales and enrollment procedures. Residents operates under a set of "Core Values" which apply to all employees and contractors working on behalf of the company, and strict adherence to these values is a condition of employment with Residents. Further, Residents instructed its third-party vendor, Energy Group Consultants, to remove Mr. Neal from conducting any marketing on behalf of Residents, and Mr. Neal is ineligible for rehire for any employment with Residents. Residents has pledged to strenuously enforce these policies and procedures, which are designed to prevent future conduct of this nature.

The fifth factor considers the number of customers affected and the duration of the violation. In this matter, one account of a single customer was physically switched to receive electric generation from Residents without authorization. The customer received EGS service from Residents for seventeen (17) days.

The sixth factor considers the compliance history of the company. This slamming incident was the first infraction on Residents' otherwise clean compliance history in Pennsylvania.

The seventh factor to be considered is whether the regulated entity cooperated with the Commission's investigation. Residents has cooperated with I&E throughout all phases of this investigation and settlement process.

The eighth factor is the amount of the civil penalty or fine necessary to deter future violations. I&E submits that a civil penalty in the amount of \$6,000 is substantial and sufficient to deter Residents from committing future violations.

The ninth factor examines past Commission decisions in similar situations. The agreement between I&E and Residents provides a civil penalty of \$1,000 for multiple violations for the customer account that was physically switched to Residents' supply service without authorization, for a total of \$6,000. This amount is similar to the Commission's decisions in the *Pa. Pub. Util. Comm'n, Bureau of Investigation and Enforcement v. Energy Services, Providers, Inc. d/b/a Pa. Gas & Electric and U.S. Gas & Electric, Inc. d/b/a Pa. Gas & Electric, Docket No. M-2013-2325122 (Order entered October 2, 2014)* case where the alleged slamming was intentional in nature and a \$1,000 penalty per account switched was imposed. I&E identified multiple separate and distinct violations related to this account and the actions taken by Residents' agent, and submits that a \$1,000 per violation penalty is an appropriate amount given the seriousness of the agent's misconduct. Further, just as was the case in previous slamming matters, Residents agreed to undertake additional non-monetary corrective actions designed to prevent similar misconduct from occurring in the future.

It should also be noted that mitigating circumstances unique to this case exist. The unauthorized switching was performed by a single sales representative and there is no indication that these actions were a company-wide problem. Residents promptly identified this individual and severed business relations with him. Residents also promptly issued a refund to the customer. For all of these reasons, I&E submits that this Settlement is consistent with past Commission actions and presents a fair and reasonable outcome.

Finally, the tenth factor considers any other relevant factor. I&E submits that an additional relevant factor – whether the case was settled or litigated – is of pivotal importance to this Settlement Agreement. A settlement avoids the necessity for the governmental agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a lesser fine or penalty, or other remedial action. Both parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Reasonable settlement terms can represent economic and programmatic compromise but allow the parties to move forward and to focus on implementing the agreed upon remedial actions.

I&E and Residents fully support the terms and conditions of this Settlement Agreement. The foregoing terms of this Agreement reflect a carefully balanced compromise of the interests of the parties in this proceeding. The parties believe that approval of this Settlement Agreement is in the public interest. Acceptance of this

Settlement Agreement avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the parties.

WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement fully supports the Settlement Agreement and respectfully requests that the Commission adopt an order approving the terms and conditions of this Settlement Agreement in its entirety.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'BRADLEY R. GORTER', written over a horizontal line.

Bradley R. Gorter
Prosecutor
PA Attorney ID No. 312666

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: May 12, 2017

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement	:	
v.	:	
Residents Energy, LLC	:	Docket No. M-2016-
	:	
	:	
	:	

STATEMENT IN SUPPORT OF SETTLEMENT OF RESIDENTS ENERGY, LLC

Residents Energy, LLC (“Residents” or “Company”) hereby submits its Statement in Support of the Joint Petition for Settlement (“Settlement”) of the above-referenced informal investigation of the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement (“I&E”). Residents has fully cooperated with the investigation, and Residents would like to acknowledge the thoroughness and professionalism of I&E in its handling of this matter. Residents has also conducted its own internal investigation of this matter, both before and after the opening of I&E’s investigation, and for the reasons set forth below, Residents believes that the Settlement is in the public interest and should be approved.

The I&E investigation underlying this settlement stems from an unfortunate incident on September 17, 2015, in which a door-to-door sales agent employed by a third party vendor conducting marketing on behalf of the Company appears to have fraudulently completed a Third Party Verification call in order to enroll a customer’s account for electricity generation supply. The Company became aware of the incident

on September 24, 2015, when the customer in question contacted Residents to dispute her enrollment. Upon being contacted by the customer, the Company took the following steps:

- The Company immediately submitted the account for cancellation, and offered to perform an investigation. In accordance with the Electric Distribution Company processes in effect at the time, the customer was returned to default service effective on October 11, 2015.
- The Company contacted the customer in question on September 28, 2015, and played the Third-Party Verification call recording for the customer. At that time, the customer stated that the person on the recording was not her.
- Residents offered the customer a refund of her Residents Energy charges, but the customer declined and instead stated that she only wanted to be placed on the Company's internal "do not solicit" list. Residents immediately complied with this request.
- Residents contacted the independent marketing vendor that employed the agent in question, and demanded that the agent be immediately and permanently prohibited from marketing on behalf of Residents.
- Even though the customer did not insist on a refund, Residents calculated the difference between the Residents' electric generation supply price that the customer was charged between September 25, 2015 and October 11, 2015 and the default service price in effect for the same time period.

Sales and marketing regulatory compliance is of paramount importance to Residents, and the Company continually reinforces its compliance requirements to all third party vendors that conduct sales activities on behalf of the Company. All contracted sales agents are required to adhere to all of Residents Energy's sales policies, including a clearly stated anti-slamming policy. Strict adherence to all of Residents Energy's marketing policies is a condition of employment with the Company and for any contracted vendors.

THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED BY THE COMMISSION

It is the Commission's policy to encourage settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case, and they also conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a "burden of proof" standard, as is utilized for contested matters. *Pa. Pub. Util. Comm'n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Opinion and Order entered July 14, 2011). The Commission must review proposed settlements to determine whether the terms are in the public interest. *Pa. Pub. Util. Comm'n LBPS v. PPL Utilities Corporation*, M-2009-2058182 (Opinion and Order November 23, 2009); *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, M-00031768 (Opinion and Order January 7, 2004); 52 Pa. Code § 69.1201; *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996); *Pa. Pub. Util. Comm'n v. CS Water and Sewer Associates*, 74 Pa. PUC 767 (1991).

Section 69.1201 of the Commission's regulations provides a Policy Statement regarding factors and standards to be used when evaluating litigated and settled proceedings. 52 Pa. Code § 69.1201. The Policy Statement notes that "these factors and standards will be utilized by the Commission in determining if a fine for violating a Commission order, regulation or statute is appropriate, as well as if a proposed settlement for a violation is reasonable and approval of the settlement agreement is in the public interest." 52 Pa. Code § 69.1201(a). The Policy Statement notes that "when applied in settled cases, these factors and standards will not be applied in as strict a fashion as in a litigated proceeding. The parties in settled cases will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest." 52 Pa. Code § 69.1201(b).

The Company submits that the Settlement is in the public interest because it is a complete and final resolution of this proceeding, effectively addresses the issues that were the subject of the investigation, and avoids the time and expense of litigation and possible appeals. Residents further submits that approval of this Settlement is consistent with the factors and standards for evaluating litigated and settled proceedings, as articulated in *Rosi v. Bell Atlantic-Pa., Inc. and Sprint Communications Company*, Docket No. C-0092409 (Final Order entered February 10, 2000) and codified in the Commission's Policy Statement at 52 Pa. Code § 69.1201.

The ten factors of the Policy Statement, as applied to this Settlement, are addressed below:

The first factor to be considered under the Policy Statement is whether the alleged actions were of a serious nature, such as willful fraud or misrepresentation, or were merely administrative or technical errors. 52 Pa. Code § 69.1201(c)(1). The actions alleged in this case are serious in nature, as they involved a fraudulent enrollment by a sales representative.

The second factor to be considered under the Policy Statement is whether the resulting consequences of the actions were of a serious nature. 52 Pa. Code § 69.1201(c)(2). I&E did not allege that any actions resulted in personal injuries or property damage. The consequences involved the improper enrollment of one customer for a period of approximately 17 days. The consequences of the actions were therefore contained and the Settlement includes terms that address the consequences to the affected customer. The Settlement also includes ongoing compliance and reporting requirements to monitor the Company's sales activities.

The third factor to be considered under the Policy Statement is whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). "This factor may only be considered in evaluating litigated cases." *Id.* Since this matter is being resolved by settlement of the parties, this factor is not relevant here. But in any event, the actions in this instance were not intentional or negligent with respect to Residents, but rather were the result of fraudulent activity undertaken without the knowledge or consent of Residents.

The fourth factor to be considered under the Policy Statement is whether the Respondent has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). As discussed above, Residents began taking actions in response to the incident immediately by terminating the customer's enrollment, issuing her a partial refund, and demanding permanent removal of the agent in question. The Settlement reinforces these actions by requiring an additional refund and by requiring the Company to affirmatively inquire about whether the salesperson whose actions are the cause of the present matter, is employed by or associated with the company.

The fifth factor to be considered under the Policy Statement relates to the number of customers affected by the Company's actions and the duration of its violations. 52 Pa.

Code § 69.1201(c)(5). As set forth above, only one customer was affected, which weighs in favor of a lower penalty.

The sixth factor to be considered under the Policy Statement is the compliance history of the regulated entity. 52 Pa. Code § 69.1201(c)(6). Residents has a satisfactory compliance history with the Public Utility Code and the Commission's regulations, and has never been found to be in violation of the Public Utility Code or the Commission's regulations.

The seventh factor to be considered under the Policy Statement relates to whether the Respondent cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7). Residents fully cooperated with I&E throughout this matter.

The eighth factor to be considered is the amount of the civil penalty necessary to deter future violations as well as past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(8). With respect to this factor, Residents submits that the civil penalty amount in this case is proportionate to the nature of the incident and the number of customers affected and is sufficient to deter future violations.

The ninth factor to be considered under the Policy Statement relates to past Commission decisions in similar matters. 52 Pa. Code § 69.1201(c)(9). Residents submits that the civil penalty amount and other settlement provisions are consistent with remedies imposed in connection with other I&E investigations related to allegedly improper EGS sales activities by independent agents.

The tenth factor to consider is "other relevant factors." 52 Pa. Code § 69.1201(c)(10). It goes without saying that all settlements avoid the time, expense, and uncertainty of litigation, which is why the Commission generally encourages settlements as being in the public interest. Residents sincerely regrets that

an independent agent apparently engaged in fraudulent activity while conducting sales on behalf of the Company. This action was undertaken by a rogue agent without Resident's knowledge and clearly violated Resident's sales and marketing policies. Upon being contacted by the customer in question Residents pro-actively took steps to issue the customer a refund and to take disciplinary action against the agent in question. Residents also fully cooperated with I&E's investigation of the incident and took immediate remedial action in response to the incident, as reflected in the Settlement. Residents did not receive any other complaints or customer contacts regarding the sales agent in question, and the agent only marketed on behalf of Residents for a period of 14 days before Residents demanded his removal.

In summary, Residents respectfully submits that an evaluation of the Settlement Agreement under the factors and standards enunciated in the Commission's Policy Statement justifies expeditious approval of the Settlement without modification. While the action underlying this investigation was undertaken by a rogue agent without Resident's knowledge and clearly violated Resident's sales and marketing policies, Residents recognizes the Company can be found to be in violation of the Commission's regulations as a result of the activities of sales agents acting on its behalf. Accordingly, Residents is willing to accept a \$6,000 civil penalty as a result of the incident, and is willing to provide the affected customer with the additional refund set forth in the Settlement Agreement. The remedial measures taken by Residents and the resolution of I&E's investigation through the Settlement are in the public interest. The Settlement allows this investigation to be completed without the need for a formal proceeding and the associated time and cost of fully

litigating this matter, while still providing consequences for the inappropriate actions of a sales agent operating on behalf of a licensed supplier. This is in the public interest because it will conserve both Residents and Commission resources to focus attention on their responsibilities of assuring safe, adequate and reliable utility service to the citizens of the Commonwealth, and of ensuring that the Commission's electricity supplier sales and marketing regulations are adhered to. Residents therefore believes that the Joint Petition for Settlement is in the public interest and should be approved by the Commission.

Respectfully Submitted,

Residents Energy, LLC

By: 

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Attorney for Residents Energy, LLC

Date: May 2, 2017

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement,	:	
	:	
Complainant	:	
v.	:	Docket No. M-2017-
	:	
Residents Energy, LLC,	:	
	:	
Respondent	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Service by First Class Mail:

Michael A. Gruin, Esq.
Stevens & Lee
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Harrisburg, PA 17101



Bradley R. Gorter
Prosecutor
PA Attorney ID No. 312666

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
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Dated: May 12, 2017

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