

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

February 17, 2015

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

RE: Petition of Interstate Gas Supply, Inc. for
Clarification
Docket No. P-2015-2464976

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate to the Petition of Interstate Gas Supply, Inc. in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Hobart J. Webster".

Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. #314639

Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

*201959

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition for Interstate Gas Supply, Inc. :
for Clarification : Docket No. P-2015-2464976
:
:
:

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 5.61 of the Regulations of the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA) hereby files this Answer to the Petition for Interstate Gas Supply, Inc. (IGS) for Clarification (Petition). The OCA submits the following in support of its Answer:

I. Introduction

On January 28, 2015, IGS filed its Petition requesting the Commission to clarify that its new enrollment mechanisms, including a new verification process, comply with 52 Pa. Code Section 111.7(b)(2).

Section 111.7(b) provides, in pertinent part:

A supplier shall establish a process to verify a transaction that involved an agent. The process shall confirm that the customer authorized the transfer of the customer's account to the supplier ...

(2) The verification process shall be separate from the transaction process and initiated only after the transaction has been finalized. When verifying a transaction that resulted from an agent's contact with a customer at the customer's residence, the verification process shall be initiated only after the agent has physically exited the customer's residence, unless the customer agrees that the agent may remain in the vicinity of the customer during the verification process. Prior to initiating the verification process, the agent shall inform the customer that

the agent may not be in the vicinity during the verification unless the customer agrees to the agent's presence.

52 Pa. Code § 111.7(b).

IGS has recently developed a new process for door-to-door enrollments. IGS states that under the new enrollment process, Home Energy Consultants (HECs) will conduct the door-to-door sales activities of IGS. See Petition at ¶ 3. HECs are employees of IGS and their compensation is primarily derived from salary. Petition at 1. The HECs will be equipped with communications enabled tablet computers that have GPS capabilities, which will allow IGS to track the whereabouts of the HECs and the dates and times of sales. Petition at ¶ 3. The tablet computer will also allow customers to verify their consent to the terms and conditions via electronic signature and enable electronic delivery of executed sales documents to the e-mail address provided by the customer.¹ Id.

Under IGS's proposed door-to-door sales protocol, after the electronic sales transaction and upon the customer's affirmative consent to the HEC remaining on the premises, the HEC will present the customer with the tablet computer and ask him/her to independently answer a series of questions to verify the transaction. Petition at ¶ 4. The customer will be required to answer whether he/she was informed of his/her right to request the HEC to leave the premises during the verification process.² Id. If the customer answers all of the questions appropriately, he/she will sign the verification form and receive an electronic copy of the form. Id. If the customer responds inappropriately to the questions, he/she will receive an error message, and the sale will not be completed. Id. If the customer does not provide consent to the HEC remaining

¹ The Petition provides that if a customer is uncomfortable engaging in the electronic process, a wet signature version on a paper copy is available, and the customer will proceed to a third-party verification process. Petition at ¶ 3.

² In its Petition, IGS notes that the questions on the tablet computer are identical to the questions a customer would be required to answer during a telephonic verification. Petition at ¶ 4.

on the premises, the HEC will leave the premises and the transaction will be completed through a traditional third-party verification process. Id. IGS submits that the new verification process is, in part, an attempt to respond to negative customer feedback regarding its current third-party telephonic verification process. Petition at ¶ 5.

The OCA submits the following in response to the Petition of IGS:

II. Answer

In general, the OCA supports the efforts of IGS to improve its door-to-door marketing practices. The OCA submits that fraud and sales abuses can be particularly prevalent in door-to-door solicitations. Shopping for energy supply requires consideration of a wide range of information, and customers may not have ready access to that information during door-to-door sales contacts. Nonetheless, customers may feel pressured to enter into a sales contract during door-to-door solicitations in light of the sales agents' presence at their homes. To that end, the OCA supports any efforts to improve door-to-door marketing and to properly verify that a willing transaction has been entered into by the customer.

The IGS Petition addresses enrollment mechanisms and addresses consumer complaints regarding the third-party telephonic verification process. The OCA acknowledges that the use of communications enabled tablet computers will aid in the efficiency of door-to-door marketing. Furthermore, the OCA supports the employment of HECs to conduct door-to-door sales activities. The use of in-house personnel will help to ensure that IGS maintains control over its door-to-door marketing practices and that the door-to-door marketers receive adequate training. The OCA also supports the fact that the HECs' compensation will be primarily derived from salary, as opposed to commission, as this approach will help to reduce the likelihood of

deception during the sales transaction. To that end, the OCA supports the efforts of IGS to improve its enrollment mechanisms.

The OCA is concerned, though, with certain aspects of the Company's proposal. First, the use of communications enabled tablet computers raises some privacy concerns to the extent that customer information for large regions can potentially be accessed from the tablet computers. The OCA submits that IGS should be required to demonstrate that it has established adequate protections that will help to ensure the privacy of customer information, particularly in the event that a tablet computer is lost or stolen.

Second, the OCA is concerned with the verification process conducted with the tablet computer in the presence of the salesperson. The OCA submits that the verification process serves as an important consumer protection when the consumer is switching service providers by helping to ensure that the consumer was provided necessary and accurate information and gave willing consent to the sales transaction. The verification process is intended to be separate from the transaction process. The OCA submits that the verification process is best implemented as an independent process, without the influence of the sales agent.³ Under the Company's proposal, if a customer affirmatively consents to the HEC remaining on the premises after the electronic sales transaction, the HEC will provide the customer access to the tablet computer and ask him/her to complete a series of questions to verify the transaction. Such a verification process raises some concerns that should be addressed by IGS prior to any approval.

³ In the OCA's view, an independent verification process best serves the purpose of establishing a valid transaction. In a door-to-door sales transaction, customers may feel coerced into allowing a sales agent to remain on the premises and they may feel pressured when answering the questions in the presence of the sales agent. These circumstances make it difficult to ensure that customers have willingly and affirmatively agreed to allow the sales agent to remain on the premises during the verification and it makes it difficult to confirm valid consent before the completion of a sales transaction.

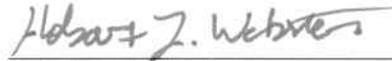
The IGS process requires that a customer affirmatively consent to allow the HEC to remain on the premises and that the HEC hand the tablet computer to the customer so that the customer can physically respond to the questions. IGS should demonstrate that its processes are sufficiently robust to establish this affirmative voluntary consent and to show that the customer responded to the questions on the tablet computer without the assistance of the HEC. Additionally, the IGS process is unclear as to what occurs if the customer responds to a verification question in the negative, *i.e.*, indicating that it is not a valid transaction. IGS should further explain the process, including any informational screen that may be displayed on the tablet computer for the customer.

Additionally, the OCA submits that the questions asked to customers during the verification process should be drafted in a way that will help to ensure that customers have been provided with necessary and accurate information and have given valid consent to the sales transaction. The Commission may want to review the questions IGS intends to ask its customers to help ensure adequate consumer protections.

The OCA submits that IGS's proposed door-to-door sales protocol provides the opportunity for improved consumer protections in what is often a sales technique that can be a cause of significant consumer concern. The OCA welcomes additional protections in the door-to-door sales process. The OCA submits, however, that IGS should more fully demonstrate that this process will ensure that customers have been provided with necessary and accurate information and have provided willing consent to the sales transaction, free of any influence from IGS sales agent.

WHEREFORE, the Office of Consumer Advocate respectfully submits that IGS provide additional information before consideration of the Petition.

Respectfully Submitted,



Kristine E. Robinson
Assistant Consumer Advocate
PA Attorney I.D. # 316479
E-Mail: KRobinson@paoca.org

Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. #314639
E-Mail: HWebster@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: February 17, 2015

201694

CERTIFICATE OF SERVICE

Petition of Interstate Gas Supply, Inc. :
for Clarification : Docket No. P-2015-2464976

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer to the Petition of Interstate Gas Supply, Inc., upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 17th day of February 2015.

SERVICE BY E-MAIL and INTEROFFICE MAIL

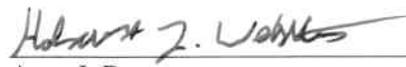
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Office of Law Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Todd S. Stewart, Esq.
Hawke, McKeon, & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101


Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Kristine E Robinson
Assistant Consumer Advocate
PA Attorney I.D. #316479
E-Mail: KRobinson@paoca.org

Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. #314639
E-Mail: HWebster@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
*201960