

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter, on the Commission's own motion, |) | |
| of the investigation into the marketing and business |) | |
| practices of REALGY, LLC, d/b/a REALGY |) | Case No. U-20978 |
| ENERGY SERVICES. |) | |
| _____ |) | |

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| In the matter of the application of REALGY, |) | |
| LLC, d/b/a REALGY ENERGY SERVICES, |) | Case No. U-15419 |
| for a license as an alternative gas supplier. |) | |
| _____ |) | |

At the February 18, 2021 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

Over the last year, the Commission Staff (Staff) has been made aware of a number of issues, raising concerns about Realgy, LLC, d/b/a Realgy Energy Service's (Realgy's) marketing and business practices under its alternative gas supplier (AGS) license that the Commission granted in an order dated April 1, 2008, in Case No. U-15419 (April 1 order). These issues were brought to the Staff's attention from informal customer complaints and the subsequent informal investigation that followed. Many of the customers who have contacted the Commission alleged overreaching sales tactics or misleading representations made by Realgy agents to solicit residential customers.

According to the Staff, Realgy's customers have contacted the Commission alleging problems including, but not limited to, the following:

- Realgy has secured residential customer authorization to switch to Realgy by misleading or false representations.
- Realgy has made various misrepresentations regarding the amount of savings a customer will initially realize by switching the customer's gas service to Realgy.
- Realgy has made statements regarding future prices and savings that are misleading or false.
- Realgy has failed to clearly disclose that it is not a regulated utility.
- Realgy has failed to clearly inform customers that they are entering into a contract with a third party.
- Realgy has failed to respond to customer complaints in a timely manner as required by Commission tariffs.

The Staff has also confirmed that during the time period of these complaints Realgy was using marketing scripts that were not reviewed by the Staff, as required by the tariff. These scripts included deceptive language that is detailed in some of the customer experiences described above.

While the existence of a few isolated customer contacts would not, by itself, equate to a finding of institutional misconduct, the number, trend, and types of concerns recently received by the Staff indicate potential problems that warrant Commission investigation.

2002 PA 634 (Act 304), MCL 460.9(6) provides that "[a]n alternative gas supplier or natural gas utility shall not solicit or enter into contracts subject to this section with customers in this state in a misleading, fraudulent, or deceptive manner."

MCL 460.9b(1) authorizes the Commission to establish by order "a licensing procedure for all alternative gas suppliers participating in any natural gas customer choice program approved by the commission." Licensing procedures were established by the Commission in its March 12, 2003 order in Case No. U-13694. The April 1 order granting Realgy an AGS license was explicitly

“conditioned upon compliance with all of the applicable provisions of Act 304; the Commission’s orders and administrative rules; and the compliance statements for each of the delivering natural gas utilities’ tariffs.” April 1 order, p. 3. Furthermore, in granting the license, the Commission stated that, “Failure to comply with any of these provisions may result in revocation of the license or other penalties.” *Id.*

Because of concerns about the number of contacts that the Commission has received pertaining to Realgy’s gas marketing and operations under the Commission’s Gas Customer Choice program, MCL 460.9 *et seq.*, the Commission finds that it should open a formal investigation into the marketing and customer service policies and practices of Realgy.

Accordingly, the Commission directs Realgy to submit a proposed action plan to the Staff detailing the company’s procedures and methods addressing the alleged problems that have arisen under the company’s current marketing efforts. The proposed action plan is due 30 days after the date of this order. Progress reports on implementation of Realgy’s action plan shall be submitted to the Staff every three months thereafter for one year. After Realgy files its proposed action plan, the Staff shall review and evaluate Realgy’s proposed action plan and recommend to the Commission modifications or additions to the plan. The Staff shall also review each subsequent report and evaluate Realgy’s progress on implementation of the action plan since the previous report and shall determine whether, and to what extent, Realgy has eliminated the root causes of customer complaints and otherwise complied with AGS regulatory requirements.

If at any point the Staff determines that Realgy is not making satisfactory progress in correcting alleged problems with its marketing, business, and customer service, the Staff shall file a report in Case No. U-20978 recommending further action by the Commission. If necessary, the Staff may recommend that the Commission hold a hearing to determine the appropriateness of the

imposition of fines and costs on Realgy or whether the Commission should commence a proceeding to revoke Realgy's license to operate as an AGS in Michigan.

THEREFORE, IT IS ORDERED that:

A. Realgy LLC, d/b/a Realgy Energy Services, shall submit by March 18, 2021, and every three months thereafter for a year from the date of this order, a proposed action plan detailing its plans for avoiding the alleged problems that have arisen under the company's current marketing and business efforts. The proposed action plan shall include a description of common types or patterns of misconduct alleged in the customer contacts, actions taken by management to identify root causes of concerns, and measures implemented by management to correct company policies, practices, or inactions underlying the root causes.

B. After Realgy LLC, d/b/a Realgy Energy Services, files each plan required by this order, the Commission Staff shall review the plans and, if necessary, make recommendations for further action to the Commission.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of February 18, 2021.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

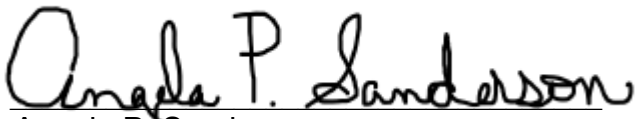
Case No. U-20978 *et al.*

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on February 18, 2021 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 18th day of February 2021.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-15419

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Consumers Energy Company
SEMCO Energy Gas Company
Superior Energy Company
Upper Michigan Energy Resources Corporation
Upper Peninsula Power Company
Upper Peninsula Power Company
Midwest Energy Coop
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Alger Delta Cooperative
Cherryland Electric Cooperative
Great Lakes Energy Cooperative
Great Lakes Energy Cooperative
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Ontonagon County Rural Elec
Presque Isle Electric & Gas Cooperative, INC
Thumb Electric
Bishop Energy
AEP Energy
CMS Energy
Just Energy Solutions
Constellation Energy
Constellation Energy
Constellation New Energy
DTE Energy
First Energy
My Choice Energy
Calpine Energy Solutions
Santana Energy
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