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December 9, 2013

**Via Electronic Filing and Hand Delivery**

Ms. Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1333 H Street, N.W.  
2<sup>nd</sup> Floor, West Tower  
Washington, DC 20005

**Re: Formal Case No. 1105**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find an original and 15 copies of the **PUBLIC VERSION** of the Unanimous Settlement Agreement & Voluntary Compliance Plan which was e-filed with the Commission this afternoon in the above-referenced proceeding. Please date stamp a copy of this document as having been received by the Commission and return it to the courier in attendance.

Please feel free to contact me should you have any questions regarding this matter.

Sincerely,

Charles A. Zdebski – DC Bar No. 451075  
Gerit F. Hull – DC Bar No. 500736  
Counsel for Starion Energy PA, Inc.

CAZ/le

Enclosures

cc: Parties of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA

In the Matter of the )  
The Investigation into the Business and )  
Solicitation Practices of Starion Energy ) Formal Case No. 1105  
In the District of Columbia )

UNANIMOUS SETTLEMENT AGREEMENT  
& VOLUNTARY COMPLIANCE PLAN

WHEREAS, Starion Energy, PA Inc. (“Starion”) and the Office of the People’s Counsel (“OPC” or the “Office”) (collectively referred to herein as the “Settling Parties” or the “Parties”) are parties in the above-referenced matter, pending before the Public Service Commission of the District of Columbia (“PSC” or the “Commission”);

WHEREAS, the parties desire to settle the aforesaid litigation, in consideration of the matters set forth herein, the Settling Parties, pursuant to Rules 130.10 et. seq. of the Public Service Commission Rules of Practice and Procedure, 15 D.C.M.R. §§ 130.10 et. seq., hereby respectfully propose and submit the following Unanimous Settlement Agreement and Voluntary Compliance Plan (the “Agreement”) for Commission approval;<sup>1</sup>

WHEREAS, by Order No. 17148, issued on May 30, 2013, the Commission, in part, approved OPC’s Petition for Wide-Ranging Investigation of Alternative Energy Suppliers (the “Petition”) and commenced the instant investigation against Starion whereby the Commission noted numerous issues concerning Starion’s business practices to be addressed in this case;

WHEREAS, discovery has been conducted by the parties, concerning the issues noted by the Commission in the above-referenced Order;

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<sup>1</sup> Potomac Electric Power Company (“Pepco”), although not a signatory, has reviewed the Agreement and has no objection to its terms.

WHEREAS, the Settling parties have engaged in extensive settlement negotiations resulting in this Agreement which resolves all issues raised by OPC in the Petition which triggered this proceeding;

WHEREAS, the Settling Parties concur that this Agreement is expressly conditioned upon the Commission's acceptance of all of its terms, without change or modification;

WHEREAS, the Settling Parties concur that this Agreement constitutes a full settlement and compromise of the issues set forth by the Commission in Formal Case No. 1105. Further, the parties agree that this settlement is in the public interest and is a just and reasonable resolution of the concerns and issues raised by the consumers of the District of Columbia (the "District" or "D.C.") who prompted the Office to file the Petition to open this investigation;

WHEREAS, the Settling Parties agree that acceptance by the Commission of this Agreement shall not be deemed nor shall it constitute in any respect a determination by the Commission as to the merits of any of the contentions or allegations which might be made by any parties in the absence of settlement;

WHEREAS, the Settling Parties agree that the discussions which have produced the Agreement have been conducted on the explicit understanding that all offers of settlement and discussions relating thereto are and shall be privileged and confidential, without prejudice to the position of any party or participant presenting any such offer or participating in any discussions, and are not to be used in any manner in connection with this proceeding or otherwise. Since the Agreement is conditioned upon Commission acceptance of its terms including effective dates, in their entirety as aforesaid, the Agreement shall be submitted to the Commission on the condition that, in the event the Commission does not accept and approve it in its entirety, the Agreement

shall be deemed withdrawn and shall not constitute any part of the evidentiary record in this proceeding; and

WHEREAS, the Settling Parties request that the Commission hold an expedited public interest hearing on this Settlement Agreement, such that consumers are able to maximize the use of available funds during the 2014 heating season. The parties will be available to present the Settlement Agreement through their respective counsel and respond to any questions the Commission may have.

WHEREAS, the Settling Parties, in consideration of the provisions set forth herein and intending to be legally bound, hereby agree as follows:

**I. Customer's Application Process**

- A. Within 30 days of approval by the PSC of the Agreement, Starion will submit residential customer contract forms, including terms and conditions and customer "welcome letter" (collectively referred to herein as "the documents"), for OPC's review and input. OPC will review such documents within 30 days and provide Starion with their comments and suggestions regarding same. Once an agreement concerning the language of the documents, including description of Starion's variable rate plan, has been reached, Starion will distribute same at the time of its door-to-door sales and as follow-up correspondence, to be mailed to customers no later than three business days of all sales. A recorded Third-Party Verification ("TPV") will be secured for all residential customers before Starion processes the customer's enrollment. In addition, a written signature will be required for all residential customers enrolling as a result of a door-to-door sale.

- B. Within 30 days of approval by the PSC of this Agreement, Starion will draft a disclosure statement that will be read to each customer at the beginning of the TPV recording. This disclosure statement will be developed collaboratively with OPC. The purpose of this statement is to reaffirm those representations that the Starion sales representatives are responsible for conveying to the prospective customer, namely that: 1. the marketer does not represent the customer's utility, 2. the consumer is choosing to enroll with Starion as their electric supplier, and 3. Starion does not guarantee savings and that the customer's energy rates may fluctuate (contingent upon the plan chosen by the consumer). The customer will have to affirm this statement in order for their enrollment to proceed.
- C. Only after the processes described above in Sec.I A and B have been satisfied, will a request be submitted to Pepco, in the normal course of business, to switch a customer's account to Starion.

## **II. Starion's Response to Customer Concerns or Complaints**

- A. Starion's Compliance Department is responsible for the investigation and response of all informal complaints filed with OPC and PSC. It is Starion's goal to ensure that all cases are properly responded to within the designated timeframe allotted. Starion will reply to OPC and PSC within twenty-four (24) hours of receipt of any complaints forwarded by the respective offices. Effort will be taken to resolve complaints forwarded by OPC and PSC within two (2) business days. In the event that a more extensive investigation is necessary, resolution of a complaint may take up to fourteen (14) business days.

- B. As of the execution of the Settling Parties' Agreement, Starion verifies that it has responded to all informal complaints are current.
- C. Starion will continue its policy of cancellation without assessing a termination fee for all complaints received by OPC and the PSC of alleged slamming, misrepresentation and claims of rate confusion for those customers that were enrolled prior to the implementation of the customer protections described in Sec. I. above.
- D. Following the implementation of the customer protections described in Sec. I. above, Starion will investigate all customer complaints and waive its termination fee when an alleged claim of slamming or misrepresentation has been substantiated, at Starion's discretion, without waiver of the consumer's right to bring an informal or formal complaint before the Commission.
- E. [REDACTED]
- F. Following the implementation of the customer protections described in Sec. I. above, Starion will investigate all customer complaints and recalculate the customer's charges using a rate equal to the standard offer rate if the allegations are substantiated, at Starion's discretion, without waiver of the consumer's right to bring an informal or formal complaint before the Commission. The purpose of this provision is to put consumers who have been the subject of slamming or

misrepresentation in the same financial position that they would have been had they not been enrolled with Starion.

- G. Following the implementation of the customer protections described in Sec. I. above, the parties agree that absent evidence to the contrary, that Starion has acted in good faith and with due diligence, Starion may determine that a rate reduction is not warranted – without waiver of a consumer’s right to bring an informal or formal complaint before the Commission.

**III. Starion’s Marketing Vendors**

Starion will provide the PSC and OPC with updated lists of all marketing vendors utilized in the District of Columbia.

**IV. Existing Complaints to D.C. OPC and PSC**

- A. Starion has compiled a list of all customers who have asserted complaints through the OPC and PSC dated December 15, 2013. See CONFIDENTIAL Attachment A.<sup>2</sup>

- B. [REDACTED]

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<sup>2</sup> The parties agree that any consumer complaints received after this date through final PSC approval would be addressed consistent with the terms of this agreement and that the Attachment will be supplemented as necessary.

C. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

D. For customers identified in Confidential Attachment A and/or who qualify for a recalculation under Sec. IV. C., and are current on their electric bill payments, Starion will issue a refund check to the customer(s) for the Credit Amount over the course of the customer's enrollment with Starion (the "customer's credit").

E. For customers identified in Confidential Attachment A and/or who qualify for a recalculation under Sec. IV. C., who are not current on their electric bill and the customer is still supplied by Starion, to the extent not covered in Sec. IV. G, Starion will submit the customer's credit for the Credit Amount to Pepco through EDI.

F. Starion agrees to forego pursuit of collection actions against those customers who have outstanding balances on their electric bill as of November 26, 2013, where Pepco has returned the right of collection to Starion.

G. For customers identified in Confidential Attachment A and/or who qualify for a recalculation under Sec. IV. C., and with respect to which Pepco has paid the Starion charges under the purchase of receivables program but who have an outstanding balance on their electric bill, Starion will pay to Pepco the Credit Amount to the extent included in the purchased receivable.

- H. In the event that a customer identified in Confidential Attachment A and/or who qualifies for recalculation under Sec. IV. C., comes forward and alleges their credit has been negatively impacted as a result of a negative reporting involving Starion's charges, Starion commits to assisting the customer resolve the matter, including by way of drafting a letter to the appropriate credit agency(ies) requesting that the negative report be removed.
- I. Within 30 days of approval by the PSC of this executed settlement between the parties, Starion agrees to make a voluntary contribution of \$100,000.00 to the Greater Washington Urban League, a nonprofit social services organization which provides assistance to DC residents in need of subsidies for their electric and gas bills.
- J. In reaching a settlement, Starion agrees that additional measures can be taken to ensure compliance with consumer protection regulations and laws. As such, within 30 days of an executed settlement between the parties, Starion and OPC will develop an agreed-upon public messaging related to the settlement. OPC agrees that any public statement issued by OPC will not include proprietary information. Starion agrees that public messaging will not include an admission of guilt or wrong-doing but will acknowledge that by working with OPC in this proceeding, Starion has identified areas that can be improved to provide better service to consumers.

V. **Miscellaneous Compliance Terms**

- A. Going forward, meetings will be scheduled between the Settling Parties to ensure that Starion is in compliance with the D.C. regulations, the terms of this

Voluntary Compliance Plan and to develop Best Practices to allow Starion to lead by example in the industry. These meetings will take place in person or remotely, at OPC's discretion.

- B. Starion and OPC will meet quarterly for a one (1) year period beginning in January 1, 2014 and ending January 1, 2015 (the "probationary period"), at which time Starion will present its residential sales and complaint statistics, and updates on Starion's compliance efforts—including any new programs or procedures being implemented in its sales practice in the District—to OPC.
- C. If during this probationary period, OPC or the PSC receive consumer complaints<sup>3</sup> about Starion in excess of 100 in a six (6) month period,, then Starion agrees to cooperate in developing an expedited process as may be deemed appropriate by the PSC and without waiver of any due process rights.
- D. At the conclusion of the quarterly meetings during the probationary term, the parties will determine whether any future compliance meetings are necessary.
- E. Any practices, policies or procedures that are not specifically itemized herein are not required for fulfillment of this Voluntary Compliance Plan. Should Starion choose to adopt any additional practices, policies or procedures it does so independent of this Agreement.
- F. Starion commits to making a significant effort to hire DC residents in some capacity of its expanding business.

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<sup>3</sup> For the purposes of this Agreement the Settling Parties agree that a consumer complaint is defined as any contact by a customer or his or her designated representative with the Commission or OPC, in which the customer or designated representative registers dissatisfaction of the utility, energy supplier, or telecommunications service provider's service, which requires negotiations between OPC and/or PSC staff and the utility company or energy supplier representatives to resolve disputes, including, but not limited to, quality of service, contract, and billing and/or payment issues, slamming and/or misrepresentation claims.

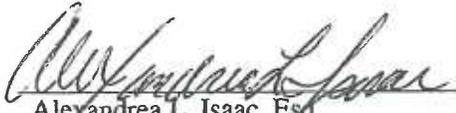
VI. Agreement Construction Provisions

- A. Modifications: No term, condition, or provision of this Agreement shall be modified, waived or changed in any way except in writing and executed (with the same formalities hereof) by the Settling Parties.
- B. Severability: If any provision contained herein shall be held to be illegal or unenforceable, such holding shall not affect the validity or enforceability of the other provisions of this Agreement.
- C. Counterparts: This Agreement may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute a single agreement with the same effect as if the signatures thereto and hereto were upon the same instrument.
- D. Headings: Headings herein are inserted for convenience and shall not be used to interpret or construe the terms of the provisions of this Agreement. No heading shall be admissible for the purpose of proving the intent of the Parties.

WHEREAS this Agreement has been drafted mutually and cooperatively by the Settling Parties for the benefit of same, and shall be construed in such light.

[SIGNATURES ON FOLLOWING PAGE]

Agreed to by:



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Alexandra L. Isaac, Esq.  
General Counsel

On behalf of Starion Energy, PA



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Sandra Mattavous-Frye  
People's Counsel

Office of People's Counsel  
District of Columbia

Dated: December 9, 2013

Unanimous Settlement Agreement & Voluntary Compliance Plan  
Formal Case No. 1105

CONFIDENTIAL ATTACHMENT A

**ALL INFORMATION ON ATTACHMENT A  
IS MARKED CONFIDENTIAL**