



Control Number: 56246



Item Number: 7

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SETTLEMENT AGREEMENT AND §
REPORT TO THE COMMISSION §
REGARDING YOUNG ENERGY, LLC'S §
ALLEGED VIOLATIONS OF PURA §
§ 39.101(h), RELATED TO CUSTOMER §
SAFEGUARDS AND 16 TAC §
§§ 25.483(b)(2)(B), RELATED TO §
DISCONNECTIONS OF SERVICE, AND §
25.483(j), RELATED TO §
DISCONNECTION OF SERVICE §

PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

ORDER

This Order addresses the agreement between Commission Staff and Young Energy, LLC regarding Commission Staff's investigation of Young Energy for violations of PURA¹ § 39.101(h) relating to customer safeguards and 16 Texas Administrative Code (TAC) §§ 25.483(b)(2)(B) and (j), related to disconnection of service. The agreement also serves as a report to the Commission under 16 TAC § 22.246(h)(1). Commission Staff recommends that Young Energy pay to the Commission an administrative penalty of \$100,000 and make a total donation of \$100,000 to the City of Fort Worth's Community Action Partners, a charitable organization that provides utility bill payment assistance to low-income individuals. Young Energy agrees to pay the administrative penalty recommended by Commission Staff and to make the charitable contribution recommended by Commission Staff. The Commission approves the administrative penalty to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of facts.

Respondent

1. Young Energy is a Texas limited liability company registered with the Texas secretary of state under filing number 800462790.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

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2. Young Energy is registered with the Commission as an Option 1 retail electric provider (REP) under REP certificate number 10110.

Violations of PURA § 39.101(h) and 16 TAC § 25.483(j)

3. From November 1, 2020, through September 1, 2022, extreme weather emergencies were declared for 60 days in counties in which Young Energy serves residential or small non-residential customers.
4. During the 60 days for which extreme weather emergencies were declared, Young Energy authorized the disconnection for nonpayment of electric service for 1,819 customers located in counties affected by extreme weather emergencies. All disconnections were to be completed during the pendency of the emergencies.
5. The transmission and distribution utilities (TDU) that received Young Energy's authorizations to disconnect service for nonpayment did not complete any of the authorized disconnections.

Violations of 16 TAC § 25.483(b)(2)(B)

6. Prior to authorizing disconnections for non-payment of residential and small non-residential customers, Young Energy was required to file—in Project No. 29760²—an affidavit from an officer of the company affirming that Young Energy understood and had trained its personnel on the Commission's rule requirements related to disconnection and reconnection and had adequately tested all necessary electronic transactions related to disconnections and reconnections of service.
7. Commission Staff asserts that Young Energy failed to file the required affidavit prior to authorizing disconnection of service for non-payment.
8. Young Energy filed the required affidavit in Project No. 29760 on October 6, 2023.

Notice

9. On January 23, 2023, Commission Staff provided Young Energy with notice of the results of its investigation and provided information about Young Energy's right to a hearing and an opportunity to explain its activities.

² *Compliance Filings Relating to Disconnection of Electric Service Pursuant to PUC Subst. R. 25.483(b)(2)(C)*, Project No. 29760 (pending).

10. On November 17, 2023, Commission Staff provided Young Energy with notice of the updated results of its investigation and provided information about Young Energy's right to a hearing and an opportunity to explain its activities.

Agreement

11. Young Energy cooperated with Commission Staff's investigation.
12. Young Energy neither admits to nor denies the allegations of violations detailed in this Order.
13. On February 26, 2024, Commission Staff and Young Energy entered into an agreement regarding the violations described in this Order. Commission Staff recommended, and Young Energy agreed to, the following:
 - a. Young Energy will pay an administrative penalty of \$100,000.
 - b. Young Energy will make a total donation of \$100,000 to the City of Fort Worth's Community Action Partners.
 - c. Young Energy has implemented the following protective measures to prevent future authorizations of disconnections for nonpayment during extreme weather emergencies, and will continue to implement such measures going forward:
 - (1) During 2020, Young Energy's customer information system underwent a major enhancement intended to prevent the release of disconnection requests during weather moratoriums. The enhancements included automatic retrieval and interpretation of National Weather Service (NWS) advisories, text interpretation, set up of weather moratoriums by the TDUs and counties, and the functions needed to intercept any applicable disconnect for non-payment orders to be otherwise submitted to the market.
 - (2) Following the extreme weather events between July 26, 2021 and August 3, 2021, there was another review and overhaul of the customer information system, and Young Energy continued to find and close loopholes in the system to protect consumers and to automatically establish weather moratoriums, blocking any disconnection requests.

- d. Young Energy will implement the following protective measures to further prevent future authorizations of disconnections for nonpayment during extreme weather emergencies:
- (1) Young Energy has elevated the importance of complying with the rules related to disconnection of service. A company officer will directly oversee the processes for establishing weather moratoriums in its systems, reporting on the status of the systems going into a disconnection cycle, and immediate reconnection if any mistakes are made. Additional manual procedures are also under the auspices of the company officer.
 - (2) Young Energy will continue its participation in the Retail Market Subcommittee Market Coordination Team for Texas SET Version Releases. Young Energy will continue to advocate for Texas SET 5.0 to be implemented as soon as possible. Texas SET 5.0 will allow for the exchange of county information from the TDU to Young Energy and other REPs during enrollment. This is expected to vastly improve the accuracy of county assignments in Young Energy's systems.
 - (3) Young Energy will also add more functions and additional new reports to its systems to improve data accuracy and reconnection speed when an inadvertent disconnection request is sent during a weather moratorium. Reports will be designed to better assist in backup manual procedures and data cleanups.
- e. Should Young Energy authorize any disconnections for nonpayment during an extreme weather emergency to be completed during the pendency of the emergency, Young Energy will take all actions necessary to ensure that the disconnections are not completed, including submission of precautionary reconnect orders.
- f. Young Energy agrees to maintain compliance with Commission rules governing extreme weather emergencies.
14. On February 28, 2024, Commission Staff filed a copy of the executed agreement with the Commission's filing clerk.

Seriousness of Alleged Violations

15. When a REP fails to file a required affidavit attesting to compliance with certain Commission rules, the REP bypasses one of the Commission's mechanisms for ensuring compliance with such rules.
16. A REP authorizing disconnection of service to retail customers during an extreme weather emergency causes a hazard or potential hazard to the health and safety of the public by putting customers at risk of exposure to extreme temperatures.

Compliance History and Deterrence of Future Violations

17. Commission records from December 2020 indicate that Young Energy authorized disconnection for nonpayment of electric service for 3,134 customers located in counties affected by extreme weather emergencies between January 1, 2018 and December 31, 2019. The investigation was concluded when Commission Staff issued a warning letter.
18. The agreed administrative penalty of \$100,000 is sufficient and necessary to deter future potential violations of rules governing authorization of disconnections for nonpayment during extreme weather emergencies.

Evidentiary Record

19. In Order No. 1 filed on February 29, 2024, the administrative law judge admitted into evidence the settlement agreement and report to the Commission filed by the parties on February 28, 2024.

Informal Disposition

20. More than 15 days have passed since completion of all notice requirements.
21. No person filed a protest or motion to intervene.
22. Young Energy and Commission Staff are the only parties to this proceeding.
23. No party requested a hearing, and no hearing is needed.
24. Commission Staff recommended approval of the agreement.
25. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under PURA §§ 14.051, 14.054, 15.023, 15.024, 39.101(h), and 39.357.
2. Young Energy is a REP as that term is defined under PURA § 17.002(6) and 16 TAC § 25.5(114).
3. Under 16 TAC § 25.483(b)(2)(B), prior to authorizing disconnections for non-payment of residential and small non-residential customers, Young Energy was required to file an affidavit from an officer of the company—in Project No. 29760 (a project which was established by the Commission for this purpose)—affirming that it understood and had trained its personnel on the Commission’s rule requirements related to disconnection and reconnection, and had adequately tested all necessary electronic transactions related to disconnections and reconnections of service.
4. The facts stipulated to by the parties establish that Young Energy violated 16 TAC § 25.483(b)(2)(B) by failing to file the required affidavit before authorizing disconnections for nonpayment of residential and small non-residential customers.
5. Under PURA § 39.101(h), a REP may not disconnect service to a residential customer during an extreme weather emergency.
6. Under 16 TAC § 25.483(j), a REP having disconnection authority under 16 TAC § 25.483(b), such as Young Energy, must not authorize a disconnection for nonpayment of electric service for any customer in a county in which an extreme weather emergency occurs.
7. Under 16 TAC § 25.483(j)(1), an extreme weather emergency is defined as a day when “the previous day’s highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours anywhere in the county, according to the nearest NWS reports; or the NWS issues a heat advisory for a county, or when such advisory has been issued on any one of the preceding two calendar days in a county.”

8. The facts stipulated to by the parties establish that, from November 1, 2020, through September 1, 2022, Young Energy violated PURA § 39.101(h) and 16 TAC § 25.483(j) when it authorized the disconnection for nonpayment of electric service for 1,819 customers located in counties under extreme weather emergencies to be completed during the pendency of the emergencies.
9. Under PURA § 15.023, the Commission has authority to impose administrative penalties against Young Energy for violations of PURA and Commission rules.
10. Under 16 TAC § 25.8(b)(2)(B), the violation of 16 TAC § 25.483(b)(2)(B) is a class B violation.
11. Under 16 TAC § 25.8(b)(2)(A), the Commission may impose a penalty of up to \$5,000 per violation per day for a class B violation.
12. Under 16 TAC § 25.8(b)(3)(B), the violations of PURA § 39.101(h) and 16 TAC § 25.483(j) are class A violations.
13. Under 16 TAC § 25.8(b)(3)(A), the Commission may impose a penalty of up to \$25,000 per violation per day for a class A violation.
14. Young Energy was provided proper notice of Commission Staff's investigation into this matter, the results of the investigation, information about Young Energy's right to a hearing, and an opportunity to explain its activities, as required by 16 TAC §§ 22.241(a)(2) and 22.246(f)(2).
15. The filing of the agreement meets the requirements of 16 TAC § 22.246(h)(1).
16. The Commission processed this docket in accordance with the requirements of applicable statutes and Commission rules.
17. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the agreed administrative penalty to the extent provided in this Order.
2. Young Energy must comply with the terms of the agreement and this Order.
3. Young Energy must pay an administrative penalty in the amount of \$100,000 to the Commission in eight monthly installments of \$12,500 each. Young Energy is required to remit the monthly installment payments of the administrative penalty beginning on or before 30 calendar days after the date the Commission signs this Order. Payment of the administrative penalty may be made by check payable to the Public Utility Commission of Texas. The check must reference this docket and must be sent to the following address:

Public Utility Commission of Texas
ATTN: Fiscal Services
P.O. Box 13326
Austin, Texas 78711

4. Young Energy must donate \$100,000 to the City of Fort Worth's Community Action Partners in eight monthly installments of \$12,500 each. Young Energy is required to remit the monthly installment donations beginning on or before 30 calendar days after the date the Commission signs this Order. Payment of the donations must be made by check, payable to City of Fort Worth's Community Action Partners. The check must reference this docket and must be sent to the following address:

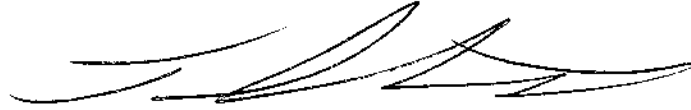
City of Fort Worth's Community Action Partners
200 Texas Street
Fort Worth, TX 76102-6314
Attention: Assistant Director Sonia Singleton

5. Young Energy must file an affidavit of payment in this docket of the administrative penalty and charitable contribution no later than five calendar days after remitting final payment.
6. Young Energy must continue its efforts to prevent authorization of disconnection for non-payment of electric service during extreme weather emergencies.
7. The Commission is not constrained in any matters from requiring additional action or penalties from matters that are not resolved by this Order.
8. This Order resolves only the violations identified in this Order.

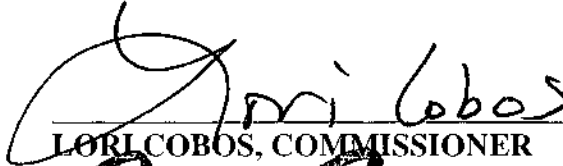
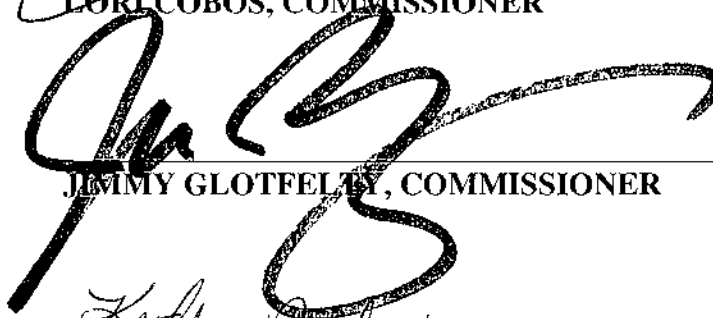
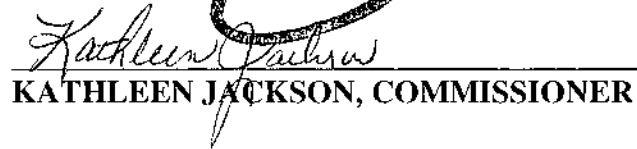
9. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
10. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas on the 16th day of May 2024.

PUBLIC UTILITY COMMISSION OF TEXAS



THOMAS J. GLEESON CHAIRMAN


LORI COBOS, COMMISSIONER
JIMMY GLOTFELTY, COMMISSIONER
KATHLEEN JACKSON, COMMISSIONER