PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Consumer Protection and Enforcement Division **Resolution UEB-017**
September 3, 2026

R E S O L U T I O N

RESOLUTION UEB-017: ADMINISTRATIVE CONSENT ORDER AND AGREEMENT OF THE CONSUMER PROTECTION AND ENFORCEMENT DIVISION AND AAA NATURAL GAS, A CORE TRANSPORT AGENT, REGARDING AAA'S FAILURE TO COMPLY WITH ESTABLISHED RULES.

PROPOSED OUTCOME:

Approve Administrative Consent Order and Agreement (ACO) between the Consumer Protection and Enforcement Division (CPED) and AAA Natural Gas (AAA), a core transport agent, to resolve all issues involving AAA's failure to comply beginning in 2023 for total penalty amount of $300,000.

SAFETY CONSIDERATIONS:

There are no safety considerations associated with this resolution.

ESTIMATED COST:

Pursuant to the Administrative Consent Order and Agreement, AAA agrees to pay $300,000 in penalties to the State's General Fund to resolve the alleged violations.

SUMMARY

In this Resolution, the California Public Utilities Commission (Commission) approves an Administrative Consent Order (ACO) and Agreement, included as Exhibit A, between the Consumer Protection and Enforcement Division (CPED) and AAA Natural Gas (AAA), a core transport agent, to resolve all issues involving AAA's failure to comply with the standards for Change in Providers requirements established in the Commission's Decision (D.) 18-02-002 and Resolution UEB-003 beginning in 2023. To resolve CPED's allegations, AAA agreed to pay a total penalty amount of $300,000. This Resolution includes an analysis of the Penalty Assessment Methodology.

BACKGROUND

AAA is a registered core transport agent (CTA) with the Commission and offers gas services to residential and small commercial customers statewide. CPED, through its Utilities Enforcement Branch (UEB), obtained customer data from AAA for all of its enrollments between February 19, 2021 and April 9, 2024. Based on the information provided by AAA, CPED concluded that AAA failed to obtain the date of the customer's request to change providers by either voice, electronically, or in writing and in the customer's primary language prior to switching the customers' gas service as required in D.18-02-002 and Resolution UEB-003 for 9,424 customers between March 22, 2023, and April 9, 2024 - a span of 385 days. Furthermore, AAA's Third-Party Verification (TPV) company failed to obtain the customer's oral confirmation regarding the date of the customer's request to change the providers and record that confirmation as required in D.18-02-002 and Resolution UEB-003

Consequently, CPED alleged that AAA's failures violated D.18-02-002 and Resolution UEB-003. These alleged violations are explained in greater detail in the ACO.

DISCUSSION

Resolution M-4846, issued in November 2020, adopted the Commission Enforcement and Penalty Policy (Enforcement Policy) and authorized Commission staff to negotiate and propose an ACO to resolve an enforcement matter, subject to review and consideration by the Commission.[1] CPED and AAA executed the attached ACO,[2] pursuant to and consistent with the Enforcement Policy, which resolves all issues related to AAA's failure to comply 2023 and 2024 and any enforcement action CPED might have brought related to or arising from this failure. In accordance with the Enforcement Policy, the proposed settlement between CPED and AAA (collectively, Parties) is memorialized in the attached ACO and Agreement. The ACO includes information consistent with the requirements of Section III.A.7 of the Enforcement Policy.

The Enforcement Policy provides that "the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: (1) Equitable factors; (2) Mitigating circumstances; (3) Evidentiary issues; and (4) Other weaknesses in the enforcement action[.]"[3] The Parties explicitly considered these factors in their confidential settlement communications under Rule 12.6 of the Commission's Rules of Practice and Procedure. CPED acknowledges AAA's cooperation with CPED on the negotiation of the ACO, and CPED explicitly considered a range of evidentiary and other matters that would bear upon its pursuit of enforcement actions seeking

[1] Resolution M-4846, Findings and Conclusions #8; Enforcement Policy, p. 11.

[2] The ACO is attached as Attachment A.

[3] Enforcement Policy, p. 15.

penalties or citations on disputed issues of fact and law. When taken as a whole, the Parties agree that the ACO amounts are within the range of reasonable outcomes had the matters proceeded to formal litigation.

The Penalty Assessment Methodology sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: "[s]everity or gravity of the offense, conduct of the regulated entity, financial resources of the regulated entity, including the size of the business, totality of the circumstances in furtherance of the public interest, and the role of precedent."[4] These factors are addressed here.

A. Severity or Gravity of the Offenses

The Commission has stated that the severity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process.

1. Physical and Economic Harm

The Commission has described the physical and economic harm criteria as follows:

> Economic harm reflects the amount of expense which was imposed upon the victims. In comparison, violations that cause actual physical harm to people or property are generally considered the most severe, followed by violations that threaten such harm.[5]

CPED is unaware of any economic harm caused by AAA's violations. CPED does not believe any of the 9,424 customers were enrolled without their authorization. CPED has not issued any unauthorized enrollment citations for the 9,424 enrolled customers that AAA failed to orally obtain the date of the customer's request to change providers. Therefore, no economic harm was discovered.

[4] Enforcement Policy, pp. 16-21.

[5] Enforcement Policy, p. 16.

2. Harm to the Regulatory Process

As part of the severity of the offense factor, the Commission has described the harm to the regulatory process criterion as follows:

> "Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees." (Public Utilities Code § 702).
>
> Such compliance is essential to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.[6]

On February 10, 2021, CPED staff issued an Informal Warning to AAA regarding its TPV recordings not being in compliance with D.18-02-002. Specifically, AAA's TPVs did not obtain the date of the customer request to change providers by either voice, electronically, or in writing and in the customer's primary language. On February 19, 2021, AAA updated its TPV script and added an oral question regarding customer's request to change providers, complying with D.18-02-002. CPED staff confirmed and validated the new script was applied and AAA's TPVs were in compliance in the following years.

However, in 2024, CPED again found AAA's TPVs no longer contained the date of the customer's request to change providers by either voice, electronically, or in writing and in the customer's primary language. AAA informed CPED its former TPV vendor was acquired and the date of the customer's request to change providers question was removed from its TPV script without AAA's knowledge and between March 22, 2023, and April 9, 2024 -a span of 385 days - AAA enrolled 9,424 customers without adhering to the guidelines established in D.18-02-002 by failing to obtain the customer's request to change providers by either voice, electronically, or in writing and in the customer's primary language. This marks AAA's second offense of noncompliance with these requirements, indicating a recurring failure to follow mandated enrollment procedures.

[6] Enforcement Policy, p. 17.

3. Number of Violations

"The number of the violations is a factor in determining the severity."[7] CPED staff determined 9,424 customers were enrolled between March 22, 2023, and April 9, 2024, where the TPV did not obtain the customer's oral confirmation regarding the change, and record that confirmation by obtaining appropriate verification data as required. AAA's number of alleged violations is relatively high.

B. The Conduct of the Utility

In evaluating the conduct of the utility, the Commission has described the following considerations in evaluating the utility's conduct: (1) actions taken to prevent a violation; (2) actions taken to detect a violation; (3) actions taken to disclose and rectify a violation; (4) actions taken to conceal, hide or cover up a violation; and (5) prior history of violations.[8]

AAA was not aware that its TPV recordings failed to capture the date of the customer's request to change provider in 2021 until CPED staff notified AAA on February 10, 2021. After CPED identified the reoccurring problem, AAA informed CPED that its former TPV company was purchased by Answernet in 2022. On or about March 23, 2023, Answernet deleted the oral question regarding the customer's request to change providers from its TPV script. AAA further states it was unaware of any TPV script changes by Answernet. AAA's new TPV failed to capture the date of the customer's request to change provider between March 22, 2023, and April 9, 2024, until CPED staff notified AAA on March 29, 2024.

CPED staff has reviewed all AAA TPV recordings completed on or after March 29, 2024, that were submitted to the Commission during its periodic reviews, and verified the date of enrollments have continued to be orally obtained as required in D.18-02-002 and Resolution UEB-003.

C. Financial Resources of the Utility

The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties. . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence,

[7] Enforcement Policy, p. 17.

[8] Enforcement Policy, p. 17.

> without becoming excessive, based on each regulated entity's financial resources.[9]

The Parties agree for purposes of this ACO that AAA should be required to pay a total of $300,000 to the State's General Fund. Within 30 calendar days of the Commission's approval of this ACO, AAA will pay the total penalty amount. Based on AAA's current financial resources, a penalty in the amount of $300,000 to the General Fund is reasonable and appropriate to achieve the objective of deterrence, without being excessive.

D. Totality of Circumstances in Furtherance of Public Interest

The Commission has described this criterion as follows:

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.
>
> An economic benefit amount shall be estimated for every violation. Economic benefit includes any savings or monetary gain derived from the act or omission that constitutes the violation.14F[10]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. AAA's penalties for the alleged violations should be tailored to the limited harm and mitigating factors of this case.

AAA's has engaged in good faith efforts to rectify its failure. For example, CPED ordered AAA to immediately cease and desist from enrolling customers until its TPV process fully complied with the requirements of D.18-02-002 and Resolution UEB-003.25. On the same day, AAA modified its TPV script informing CPED "AAA immediately took action to make sure the telephone verification states the date and time. This has been corrected within an hour of the cease and desist being received."

[9] Enforcement Policy, p. 19.

[10] Enforcement Policy, p. 19.

E. Consistency with Precedent

The Commission has described the role of precedent as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.

While not binding precedent, prior settlements are useful for comparison, with the acknowledgement that settlements involve compromise positions. CPED and AAA are unaware of prior settlements between CPED and a utility related solely to violations of D.18-02-002 and Resolution UEB-003.

The closest comparable case is with another CTA - Bolt Energy Services, LLC (Bolt) - that back billed early termination fees for 2,597 customers totaling $452,103; and 206 customers paid back bills totaling $33,194. The Commission adopted Resolution UEB-016 on April 24, 2025, and ordered Bolt to pay $150,000 in penalties to the State's General Fund. AAA had 9,424 affected customers, compared to Bolt's 2,597 in Resolution UEB-016 — a difference of more than threefold, reflecting a 3-to-1 ratio. However, unlike the Bolt case that resulted in customers allegedly being back billed by Bolt for early termination fee, CPED is unaware of AAA customers experiencing similar economic harm.

Thus, the alleged violations at issue present a matter of first impression, and the Parties have cooperated in the settlement negotiation process to determine a penalty believed to be fair and reasonable, and the Parties believe the Agreement resolves UEB's allegations and resolves the issues raised in an expeditious manner, thus resolving CPED's safety concerns and benefiting the public.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, consistent with the law, and in the public interest.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 30 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 30-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

No comments were received.

FINDINGS AND CONCLUSIONS

1. Resolution M-4846 authorized Commission staff to negotiate and propose an ACO to resolve an enforcement matter, subject to review and consideration by the Commission.
2. CPED and AAA have engaged in settlement negotiations and, consistent with Resolution M-4846 and the Enforcement Policy, have memorialized their proposed settlement in the attached ACO.
3. CPED and AAA have agreed that the attached ACO resolves all issues related to CPED's investigations of and any enforcement action CPED might have brought related to or arising from AAA's failure to comply.
4. The agreed-upon fines and remedial actions appropriately resolve all issues related to CPED's investigations and any enforcement action CPED may have brought, are reasonable in light of the circumstances, consistent with the law, and in the public interest.
5. Based on the analysis under the Penalty Assessment Methodology, the agreed-upon fines, safety measures and disallowances are reasonable in light of the circumstances.

THEREFORE, IT IS ORDERED that:

1. The ACO between CPED and AAA relating to AAA's failure to comply with D.18-02-002 and Resolution UEB-003 is adopted.
2. AAA shall pay a monetary penalty of $300,000 within 30 calendar days after the date that this Resolution is final and no longer subject to appeal. Payments must be with a certified check made or wire transfer payable to the ***California Public Utilities Commission*** to:

California Public Utilities Commission
Attn: Fiscal Office
505 Van Ness Avenue
San Francisco, CA 94102-3298

AAA shall state on the face of the check or on the wire transfer: "For deposit to the General Fund per Resolution UEB-017."

3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 13 2026; the following Commissioners voting favorably thereon:

/s/ SHAO PAT TSEN

Shao Pat Tsen
Deputy Executive Director
Consumer Policy, Transportation, and Enforcement

Dated September 3, 2026, at Sacramento, California.

ATTACHMENT A
Administrative Consent Order

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of: AAA Natural Gas (CTA-0033)– re: Failure to Comply with the Standards for Change in Providers Requirements Established in D.18-02-002.	[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT Issued pursuant to Resolution M-4846

[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

April 22, 2026

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[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

This Administrative Consent Order and Agreement (hereinafter "ACO" or Agreement") is entered into and agreed to by and between the Utility Enforcement Branch ("UEB") of the Consumer Protection and Enforcement Division ("CPED") of the California Public Utilities Commission ("CPUC" or "Commission") and AAA Natural Gas ("AAA") (collectively, the "Parties") pursuant to Resolution M-4846 and Resolution UEB-003.

WHEREAS:

- The Commission has authorized CPED "to investigate, negotiate, and draft proposed Administrative Consent Orders, subject to review and consideration by the Commission" via resolution;[1]
- The Commission's Enforcement Policy requires that a "negotiated proposed settlement . . . be memorialized in a proposed Administrative Consent Order," which requires certain items as set forth in Section 2, below;[2]
- Consistent with Resolution M-4846, this ACO is a product of direct negotiations between the Parties to resolve and dispose of all claims, allegations, liabilities, and defenses related to UEB's investigation into AAA's compliance over a one-year period from March 22, 2023, to April 9, 2024 ("Investigation Period") with respect to the guidelines established in Decision (D.) 18-02-002 and Resolution UEB-003. In particular, it is alleged that AAA failed to comply with the Standards for Change in Providers requirements established in D.18-02-002 and Resolution UEB-003 by failing to obtain specific information from the customer by either voice, electronically, or in writing and in the customers primary language.[3] Specifically, the date of the customer's request to change the provider was not obtained as required.[4] Furthermore, AAA's Third Party Verification (TPV) company failed to obtain the customer's oral confirmation regarding the date of the customer's request to change the providers and record that confirmation as required in D.18-02-002 and Resolution UEB-003.[5] AAA contends that the date of the customer's request to change the provider was obtained electronically, as required by D.18-02-002 and made part of the TPV.

[1] Resolution M-4846 at 15 (Findings and Conclusions No. 8).

[2] Resolution M-4846, Enforcement Policy at 10.

[3] D.18-02-002, Appendix B p. 191 and Resolution UEB-003, B.

[4] D.18-02-002, Appendix B p. 192 and Resolution UEB-003, B.6.

[5] D.18-02-002, Appendix B p. 193 and Resolution UEB-003, D.3.

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- Part I of the Appendix to this ACO contains relevant stipulated facts relating to AAA's compliance with D.18-02-002 and Resolution UEB-003 requirements;
- Part II of the Appendix to this ACO contains the alleged facts that form the basis for CPED's alleged violations, and AAA's responses thereto. CPED's findings are contained in an investigative staff report (see Appendix II, Summary of Allegations);
- This ACO is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of an evidentiary hearing, any further enforcement proceedings, and/or any subsequent appeals, and with the Parties having taken into account the possibility that each of the Parties may or may not prevail on any given issue, and to expedite timely action on initiatives that benefit California consumers; and
- The Parties agree to the following terms and conditions as a complete and final resolution of all claims which have been, or might have been, brought by UEB related to or arising from non-compliance with D.18-02-002 and Resolution UEB-003, and all of AAA's defenses thereto, based on the information available to the Parties, and without trial and adjudication of any issue of law or fact.

NOW, THEREFORE, it is agreed that this ACO is made and entered as follows:

I. PARTIES

The parties to this ACO are CPED and AAA Natural Gas. CPED's UEB enforces compliance with the Public Utilities Code and other relevant utility laws and the Commission's rules, regulations, orders, and decisions.

AAA Natural Gas is a core transport agent ("CTA") registered with the Commission. The CPUC's jurisdiction over CTAs is set forth in Public Utilities Code Sections 980 through 989.5. The Commission granted AAA its registration certificate to operate as a CTA in the State of California on May 19, 2017. AAA's Registration Application indicated that it plans to offer gas services to residential and commercial customers statewide.

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II. ELEMENTS REQUIRED BY SECTION III.A.7 OF THE COMMISSION'S ENFORCEMENT POLICY FOR ADMINISTRATIVE CONSENT ORDERS

Section III.A.7. of the CPUC Enforcement Policy requires every ACO to include (a) the law or Commission order, resolution, decision, or rule violated by the regulated entity; (b) the facts that form the basis for each violation; (c) the number of violations, including the dates on which violations occurred; (d) information related to the potential for additional or ongoing violations; (e) an agreement by the regulated entity to correct each violation; (f) a date by which the regulated entity must certify it corrected all violations; and (g) an agreement by the regulated entity to pay any penalty by a date specified. The Parties address each of these elements below.

Except as explicitly stated herein, the Parties expressly agree and acknowledge that neither this ACO nor any act performed hereunder is, or may be deemed, an admission or evidence of the validity or invalidity of any allegations or claims of CPED, nor is the Agreement or any act performed hereunder to be construed as an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of AAA. This is a negotiated settlement of disputed matters.

A. The Law or Commission Order, Resolution, Decision, or Rule Violated by the Regulated Entity

Part II of the Appendix to this ACO sets forth AAA's alleged violations of Commission rules. Specifically, UEB's allegations arise from its investigation into AAA's compliance with D.18-02-002 and Resolution UEB-003: "*Adoption Of A Core Transport Agent Citation Program To Enforce Compliance With The Standards For Verification Of Change In Provider In Commission Decision 18-02-002, Pursuant To Public Utilities Code Section 985*."

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B. The Facts that Form the Basis for Each Violation

The factual basis of CPED staff's allegations are set forth in its investigative report (summarized in Appendix II). Part I of the Appendix to this ACO contains relevant stipulated facts relating to AAA's compliance with D.18-02-002 and Resolution UEB-003. Part II of the Appendix to this ACO contains the facts that form the basis for CPED's alleged violations, and AAA's responses thereto.

C. The Number of Violations Including the Dates on Which Violations Occurred

CPED alleges that between March 22, 2023, and April 9, 2024—a span of 385 days – AAA enrolled 9,424 customers, but failed to comply with the Standards for Change in Providers requirements established in D.18-02-002 and Resolution UEB-003 by failing to obtain specific information from the customer by either voice, electronically, or in writing and in the customers primary language.[6] Specifically, the date of the customer's request to change the provider was not obtained as required.[7] Furthermore, AAA's TPV company failed to obtain the customer's oral confirmation regarding the date of the customer's request to change the providers and record that confirmation as required in D.18-02-002 and Resolution UEB-003.[8] AAA contends that the date of the customer's request to change the provider was obtained electronically, as required by D.18-02-002 and made part of the TPV. (Part II of the Appendix to this ACO sets forth CPED's alleged violations, with corresponding dates.)

[6] D.18-02-002, Appendix B p. 191 and Resolution UEB-003, B.
[7] D.18-02-002, Appendix B p. 192 and Resolution UEB-003, B.6.
[8] D.18-02-002, Appendix B p. 193 and Resolution UEB-003, D.3.

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D. Information Related to the Potential for Additional or Ongoing Violations

The Parties intend this Agreement to be a complete and final resolution of all claims which have been, or might have been, brought by CPED related to AAA's ongoing compliance with D.18-02-002 and Resolution UEB-003, based on the information known, or that could have been known, by the Parties.

E. An Agreement by the Regulated Entity to Correct Each Violation

AAA Natural Gas asserts and agrees that it has remediated any alleged continuing violations that it has agreed, solely for purposes of this ACO, to not contest. Further, AAA is implementing corrective actions to enhance compliance with D.18-02-002 and Resolution UEB-003 subject to the Commission's approval of this Agreement. Specifically, AAA stated that it performs quality control checks by reviewing a random sample of approximately 10 to 15 TPVs each week to ensure adherence to the TPV script, including an oral question about the date of the request to change providers as required in D.18-02-002 and Resolution UEB-003.

1. An Agreement by the Regulated Entity to Pay Any Penalty by a Date Specified

AAA agrees to corrective actions and penalties totaling $300,000 (Three Hundred Thousand Dollars) (the "Settlement Payment") in one lump sum. The Settlement Payment is the total penalty payable under this Agreement, and no additional payment shall be made by AAA Natural Gas or any of its affiliated entities in regards to D.18-02-002 and Resolution UEB-003 matters during the Investigation Period and up through the date this Agreement is approved or rejected by the Commission through a resolution or decision resolving this ACO ("Settlement Period") for the following alleged violation:

- Failing to obtain specific information from the customer by either voice, electronically, or in writing and in the customer's primary language.

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Specifically, the date of the customer's request to change the provider was not obtained as required.

- Failing to obtain the customer's oral confirmation regarding the date of the customer's request to change the providers and record that confirmation as required in D.18-02-002 and Resolution UEB-003.

2. Penalty to the General Fund

AAA shall deliver the Settlement Payment of $300,000 to the Commission by check or money order payable to the California Public Utilities Commission, mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102, within thirty (30) days of the Commission issuing a final decision approving this Agreement (as further defined in Section IV.E. below). The Commission shall thereafter deposit the Settlement Payment into the State's General Fund.

3. Corrective Actions

AAA agrees to the following corrective actions:

AAA will conduct weekly reviews of 15 random Third Party Providers (TPV) to confirm compliance with the script, including the date-of-request question (in the event of fewer than 15 enrollments in a week, AAA will review each TPV from that week).

III. ADDITIONAL TERMS

A. Confidentiality and Public Disclosure Obligations

The Parties agree to continue to abide by the confidentiality provisions and protections of Commission Rule 12.6, which governs the discussions, admissions, concessions, and offers to settle that preceded execution of this ACO and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Parties shall not disclose them outside the negotiations without the consent of both Parties. The Parties agree to coordinate as to the timing and content of mutual and/or individual

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public communications. Notwithstanding the foregoing, AAA may make any disclosures it deems appropriate, in its sole discretion, to satisfy its obligations under securities laws.

B. Future Proceedings

The Parties agree to avoid and abstain from making any collateral attacks on this ACO or taking positions in other venues that would undermine the effect or intent of the ACO.

The Parties agree this Agreement releases and discharges AAA from claims relating to any and all actual or alleged actions or omissions by AAA with respect to compliance with D.18-02-002 and Resolution UEB-003 through the Settlement Period.

Nothing in this ACO constitutes a waiver by CPED or UEB of the legal obligations, authority, or discretion to investigate and enforce applicable safety requirements and standards as to other conduct by AAA unrelated to this ACO that UEB may identify as the basis for any alleged violation(s). UEB shall retain such authority regardless of any factual or legal similarities that other AAA conduct, and any alleged violation(s), may have to UEB's conduct/alleged violations related to compliance with D.18-02-002 and Resolution UEB-003. Accordingly, any such similarities shall not preclude UEB from using other conduct and alleged violation(s) as a basis for seeking future enforcement actions.

C. Regulatory Approval Process

Pursuant to Resolution M-4846, this ACO shall be submitted for public notice and comment. Upon approval or ratification of this ACO, the final resolution will "validate[] the order, which becomes an act of the Commission itself."[9]

By signing this ACO, the Parties acknowledge that they pledge support for Commission Approval and subsequent implementation of all the provisions of this ACO. The Parties shall

[9] Resolution M-4846 at 8.

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use their best efforts to obtain Commission Approval of this ACO without modification, and agree to use best efforts to actively oppose any modification thereto. Should any Alternate Draft Resolution seek a modification to this ACO, and should either of the Parties be unwilling to accept such modification, that Party shall so notify the other Party within five business days of issuance of the Alternate Draft Resolution. The Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Parties and shall promptly seek approval of the resolution so achieved. Failure to resolve such modification to the satisfaction of either of the Parties, or to obtain approval of such resolution promptly thereafter, shall entitle either Party to terminate this Agreement through prompt notice to the other Party. (See also Section IV.D. below.)

If Commission Approval is not obtained, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in any future enforcement action or proceeding related to AAA's compliance with D.18-02-002 and Resolution UEB-003.

D. Admissibility

If this ACO is not adopted by the Commission, its terms are inadmissible for any evidentiary purpose unless their admission is agreed to by the Parties.

IV. GENERAL PROVISIONS

A. Full Resolution

Upon Commission Approval, this ACO fully and finally resolves any and all claims and disputes between CPED and AAA and its predecessors, successors, subsidiaries, affiliates, assigns, current and former agents, employees, independent contractors, representatives, officers, directors, insurers, accountants, and attorneys related to compliance with D.18-02-002 and Resolution UEB-003 between March 22, 2023, and April 9, 2024, through the Settlement Period, and provides for consideration in full settlement and discharge of all disputes, rights,

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enforcement actions, notices of violations, citations, claims, and causes of action which have, or might have been, brought by CPED related to AAA's compliance with D.18-02-002 and Resolution UEB-003 during the Settlement Period based on the information known, or that could have been known, to CPED at the time that CPED executes this ACO.

B. Non-Precedent

This ACO is not intended by the Parties to be precedent for any other proceeding, whether pending or instituted in the future. The Parties have assented to the terms of this ACO only for the purpose of arriving at the settlement embodied in this ACO. Each of the Parties expressly reserves its right to advocate, in other current and future proceedings, or in the event that the ACO is not adopted by the Commission, positions, principles, assumptions, arguments, and methodologies which may be different than those underlying this ACO. The Parties agree and intend that, consistent with Commission Rule 12.5, a final Commission resolution approving this ACO should not be construed as a precedent or statement of policy of any kind for or against either Party in any current or future proceeding with respect to any issue addressed in this ACO.

C. General Considerations for Settlement

Section III.B of the Commission's Enforcement Policy states that "the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: 1. [e]quitable Factors; 2. [m]itigating circumstances; 3. [e]videntiary issues; and 4. [o]ther weaknesses in the enforcement action[.]"[10] The Parties explicitly considered these factors in their confidential settlement communications. Without waiving the protections of Commission Rule 12.6, the Parties represent that they took these factors into account, and each Party considered the risks and weaknesses of their positions. When taken as a whole, the Parties

[10] Resolution M-4846, Enforcement Policy at 15.

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agree that the ACO Amounts set forth in Section II are within the range of reasonable outcomes had this matter proceeded to formal litigation.

D. Incorporation of Complete ACO

The Parties have bargained in good faith to reach the ACO terms set forth herein, including in the Appendix. The Parties intend the ACO to be interpreted as a unified, integrated order and agreement, so that, consistent with Section III.C. above, if the Commission rejects or modifies any portion of this ACO or modifies the obligations placed upon AAA or CPED from those that the ACO would impose, each of the Parties shall have a right to withdraw. This ACO is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Parties acknowledge that changes, concessions, or compromises by a Party in one section of this ACO resulted in changes, concessions, or compromises by the other Party in other sections. Consequently, consistent with Section III.C. above, the Parties agree to actively oppose any modification of this ACO, whether proposed by any Party or non-Party to the ACO or proposed by an Alternate Draft Resolution, unless both Parties jointly agree to support such modification.

E. Commission Approval

"Commission Approval" means a resolution or decision of the Commission that is (a) final and no longer subject to appeal, which approves this ACO in full; and (b) does not contain conditions or modifications unacceptable to either of the Parties.

F. Governing Law

This ACO shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

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G. Other

1. The representatives of the Parties signing this ACO are fully authorized to enter into this Agreement.

2. The Parties agree that, notwithstanding any inference to the contrary, this ACO will constitute one (1) UEB Action in 2026 when CPED provide information to the CPUC's Energy Division for calculating the Annual Fee in 2027 (or, should the Commission alter the calculation of the Annual Fee, this ACO shall count as a single violation of D.18-02-002);

3. The Parties agree that no provision of this ACO shall be construed against either of the Parties because a particular Party or its counsel drafted the provision.

4. This ACO constitutes the entire agreement between the Parties and, supersedes all prior or contemporaneous agreements, negotiations, representations, warranties, and understandings of the Parties with respect to the subject matter set forth herein.

5. The rights conferred and obligations imposed on either of the Parties by this ACO shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee was itself a party to this ACO.

6. Should any dispute arise between the Parties regarding the manner in which this ACO or any term shall be implemented, the Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Parties in entering into this ACO.

7. This ACO may be executed in counterparts.

8. The provisions of Paragraph III.C. shall impose obligations on the Parties immediately upon the execution of this ACO.

V. DISCUSSION OF PENALTY ASSESSMENT METHODOLOGY FACTORS

The Penalty Assessment Methodology appended to the Commission's Enforcement Policy sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: (1) severity or gravity of the offense; (2) conduct of the regulated entity; (3) financial resources of the regulated entity; (4) totality of the circumstances

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in furtherance of the public interest; and (5) the role of precedent.[11] This ACO was the result of arms-length negotiation between CPED and AAA, which was guided by the factors set forth in the Penalty Assessment Methodology. As discussed below, consideration of those factors supports a Commission finding that the ACO is reasonable and in the public interest. The Appendix to this ACO includes stipulated facts, as well as facts in dispute, which provide a record basis for the Commission's determination.

Severity or Gravity of the Offense. The Commission has stated that the severity or gravity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process. Violations that caused actual physical harm to people or property are considered particularly severe.[12] CPED's investigation into AAA's compliance with D.18-02-002 and Resolution UEB-003 does not allege physical harm to people. Furthermore, CPED is unaware of any economic harm caused by AAA's alleged violation. The ACO acknowledges and reflects a minimal penalty from lack of physical and economic harm.

The Conduct of the Utility. In evaluating the conduct of the utility, the Commission considers the utility's conduct in preventing the violation, detecting the violation, and disclosing and rectifying the violation.[13] AAA has conducted itself appropriately in rectifying the violation and cooperating with the CPED regarding the alleged violations.

For example, CPED staff issued a Cease and Desist and Notice of Violation (C&D-NOV Notice) to AAA on March 29, 2024, advising that Core Transport Agents (CTA) are required to

[11] Resolution M-4846, Enforcement Policy at 16-21; *see also* D.22-04-058 at 3–4 (affirming that consideration of the Penalty Assessment Methodology provides a basis for the Commission to determine that a negotiated settlement under the Commission's Enforcement Policy is reasonable and in the public interest).

[12] D.20-05-019 at 20; Resolution M-4846, Enforcement Policy at 16.

[13] Resolution M-4846, Enforcement Policy at 17.

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comply with the verification of change in provider requirements as specified in Commission D.18-02-002 and Resolution UEB-003. The notice stated that CTAs are required to verify the customer's change in provider by obtaining specific information - whether obtained by voice, electronically, or in writing – from the customer, in the customer's primary language, including the date of the customer's request to change providers. On the same day, AAA informed CPED that it had taken action to modify its TPV script to include the date and time. CPED staff has reviewed all AAA TPV recordings that were submitted to the Commission during its periodic reviews after the C&D-NOV was issued to AAA, and has verified all requirements, including the date of enrollment, have continued to be orally obtained as required in D.18-02-002 and Resolution UEB-003. AAA initiated corrective actions prior to entering into the Settlement Agreement, and has agreed to pay a fine and take further corrective actions.

Although, solely for the purposes of this ACO, AAA agrees to not contest CPED's alleged violations, AAA does not admit that the facts alleged by CPED are sufficient to show the total number of violations alleged. The details of this factor, such as the Parties' evaluations of their respective litigation risk, were the focus of negotiations subject to the confidentiality provisions of Commission Rule 12.6, and are not described here.[14] Nevertheless, without waiving the protections of Commission Rule 12.6, the Parties considered, among other things, AAA's conduct in preventing the alleged violations, detecting the alleged violations, and disclosing and rectifying the alleged violations.

[14] This is consistent with the Enforcement Policy, which states that a "range of considerations" may be relevant in negotiating a proposed settlement, including "[e]quitable factors; [m]itigating circumstances; [e]videntiary issues; and [o]ther weaknesses in the enforcement action that the division reasonably believes may adversely affect the ability to obtain the calculated penalty." Resolution M-4846, Enforcement Policy at 15.

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Financial Resources of the Utility. The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties . . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence, without becoming excessive, based on each regulated entity's financial resources.[15]

In determining the reasonableness of the settlement, CPED took AAA's financial resources into consideration. The ACO Amount described above, totaling $300,000, is reasonable and appropriate in light of AAA's financial condition.

Totality of Circumstances in Furtherance of Public Interest. The Commission has described this criterion as follows:

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.[16]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. The ACO Amounts described above were tailored to the unique facts of the case and are reasonable. The Parties have negotiated in good faith and submit that the totality of the circumstances in furtherance of the public interest supports approval of this ACO.

It is in the public interest to resolve this matter now. Approving the ACO would obviate the need for CPED to initiate an enforcement proceeding and for the Commission to hold

[15] Resolution M-4846, Enforcement Policy at 19.

[16] Resolution M-4846, Enforcement Policy at 19.

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evidentiary hearings to adjudicate the disputed facts, alleged violations, and appropriate penalty amounts related to CPED's investigation into AAA's compliance with D.18-02-002 and Resolution UEB-003. Approval of the ACO promotes administrative efficiency, preventing further expenditure of substantial time and resources on litigation of a matter that the Parties have satisfactorily and reasonably resolved.

The Role of Precedent. The Commission has described this criterion as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.[17]

While not binding precedent, prior settlements are useful for comparison, with the acknowledgement that settlements involve compromise positions. CPED and AAA are unaware of prior settlements between CPED and a utility related solely to violations of D.18-02-002 and Resolution UEB-003. The closest comparable case is with another CTA - Bolt Energy Services, LLC (Bolt) - that back billed early termination fees for 2,597 customers totaling $452,103; and 206 customers paid back bills totaling $33,194. The Commission adopted Resolution UEB-016 on April 24, 2025, and ordered Bolt to pay $150,000 in penalties to the State's General Fund. AAA had 9,424 affected customers, compared to Bolt's 2,597 in Resolution UEB-016 — a difference of more than threefold, reflecting a 3-to-1 ratio. However, unlike the Bolt case that resulted in customers allegedly being back billed by Bolt for early termination fee, CPED is unaware of AAA customers experiencing similar economic harm.

Thus, the alleged violations at issue present a matter of first impression, and the Parties have cooperated in the settlement negotiation process to determine a penalty believed to be fair

[17] Resolution M-4846, Enforcement Policy at 21.

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and reasonable, and the Parties believe the Agreement resolves UEB's allegations and resolves the issues raised in an expeditious manner, thus resolving CPED's concerns and benefiting the public.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, consistent with the law, and in the public interest.

IT IS HEREBY AGREED.

[Signatures immediately follow this page]

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DATED: 6/3/2026

Jonathan Burris

By: Signed by: Jonathan Burris F5B5502B1BDB4A0...

AAA Natural Gas

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DATED: 06/10/2026

Consumer Protection & Enforcement Division
California Public Utilities Commission

By: 

Rudy Sastra
Chief / Designee
Utilities Enforcement Branch

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APPENDIX

I. STIPULATED FACTS RELATED TO UEB's INVESTIGATION

For purposes of this Administrative Consent Order and Agreement ("ACO"), the Utility Enforcement Branch ("UEB") of the Consumer Protection and Enforcement Division ("CPED") of the California Public Utilities Commission ("Commission") and AAA Natural Gas ("AAA") (collectively, the "Parties") have stipulated to the facts set forth below.

1) On February 10, 2021, CPED staff issued an informal warning to AAA regarding its TPV recordings not being in compliance with D.18-02-002. Specifically, AAA's TPVs did not orally obtain the date of the customer request to change providers either voice, electronically, or in writing and in the customer's primary language. On February 19, 2021, AAA updated its TPV script and added an oral question regarding customer's request to change providers, complying with D.18-02-002. CPED staff confirmed and validated the new script was applied and AAA's TPVs were in compliance in the following years.

2) In March 2024, CPED again found AAA's TPVs no longer contained question by voice confirming the date of the customer's request to change providers in the customer's primary language.

3) CPED staff issued a Cease and Desist and Notice of Violation (C&D-NOV Notice) to AAA on March 29, 2024, advising that CTAs are required to comply with the verification of change in provider requirements as specified in Commission D.18-02-002 and Resolution UEB-003. The notice stated that CTAs are required to verify the customer's change in provider by obtaining specific information - whether obtained by voice, electronically, or in writing – from the customer, in the customer's primary language, including the date of the customer's request to change providers.

4) On the same day, AAA informed CPED that it had taken action to modify its TPV script to include the date and time.

5) CPED staff determined that the relevant investigation period would start from February 19, 2021 (the date AAA revised its script following an informal warning from CPED) to March 29, 2024 (the date AAA reintroduced the enrollment date to its TPV script after receiving the C&D-NOV Notice).

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6) AAA informed CPED that its former TPV vendor, TrustedTPV, was purchased by Answernet in 2022. On or about March 23, 2023, Answernet deleted the oral question regarding the date of the customer's request to change providers from its TPV script. AAA informed CPED it was unaware of any TPV script changes by Answernet.

   In further response, AAA provided CPED with a sample record as evidence showing that Answernet obtained an electronic record, as part of the data associated with each TPV, showing the date of the change of service.

7) CPED staff identified 9,424 customers that were enrolled between March 22, 2023, and April 9, 2024, where the TPV did not orally obtain the date of the customer's request prior to switching gas providers as required in D.18-02-002 and Resolution UEB-003.

8) CPED staff found that 141 of the 9,424 customers filed complaints with the Commission's Consumer Affairs Branch, and 62 of the 141 customers alleged an unauthorized enrollment. AAA provided CPED with the TPV recording for each of the 62 customers as proof of enrollment authorization. Based on its review, CPED staff found that the date of the customer's request to change providers was not orally obtained in 62 TPV recordings.

   CPED did not request, nor did AAA provide, the electronic information obtained by Answernet for the 62 TPV recordings reviewed by CPED.

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II. SUMMARY OF CPED'S ALLEGATIONS

The following is a summary of the CPED's Staff Report, *Investigation of AAA's Failure to Comply with the Standards for Change in Providers Requirements Established in D.18-02-002:*

> Between March 22, 2023, and April 9, 2024 - a span of 385 days – AAA enrolled 9,424 customers, but failed to comply with the Standards for Change in Providers requirements established in D.18-02-002 and Resolution UEB-003 by failing to obtain specific information from the customer by either voice, electronically, or in writing and in the customers primary language.[18] Specifically, the date of the customer's request to change the provider was not obtained as required.[19] Furthermore, AAA's TPV company failed to obtain the customer's oral confirmation regarding the date of the customer's request to change the providers and record that confirmation as required in D.18-02-002 and Resolution UEB-003.[20] AAA contends that the date of the customer's request to change the provider was obtained electronically, as required by D.18-02-002 and made part of the TPV.

[18] D.18-02-002, Appendix B p. 191 and Resolution UEB-003, B.
[19] D.18-02-002, Appendix B p. 192 and Resolution UEB-003, B.6.
[20] D.18-02-002, Appendix B p. 193 and Resolution UEB-003, D.3.