



STATE OF CONNECTICUT



GEORGE JEPSEN
ATTORNEY GENERAL

ELIN SWANSON KATZ
CONSUMER COUNSEL

AG Jepsen, Consumer Counsel Katz: PURA Approves \$5M Settlement with Electric Supplier Palmco

For immediate release

THURSDAY, AUGUST 17, 2017

Under a settlement agreement approved by the state Public Utilities Regulatory Authority (PURA) yesterday, electric supply company Palmco Power CT, LLC will pay \$5 million to the state of Connecticut and relinquish its electric supplier license for a period of five years, Attorney General George Jepsen and Consumer Counsel Elin Swanson Katz said.

The settlement resolves an investigation initiated in February 2015 regarding Palmco's business practices. PURA opened the investigative proceeding following a large number of consumer complaints against the company.

Evidence from the PURA proceeding showed that, from January 2011 to October 2015, Palmco systematically and repeatedly deceived consumers by providing false and misleading information about the company's rates and engaged in a pattern of abusive sales tactics. Through door-to-door marketing and telemarketing efforts, sales agents often switched consumers to Palmco without authorization, impersonated utility employees and falsely guaranteed savings. In addition, sales agents inaccurately described how the customer's variable rate prices were determined.

Palmco customers generally paid the highest rates charged by any supplier in Connecticut. Rates were nearly 40 percent higher than the next highest supplier's rates and were triple the standard service rate offered by the state's two utility companies.

"This settlement is an example of our commitment to protecting all Connecticut consumers from deceptive and unfair business practices," said Attorney General Jepsen. "Palmco engaged in systemic efforts to trick electric customers. While we will continue to work to hold accountable those who engage in coercive and misleading sales tactics, consumers themselves must also remain attentive to their bills and know what they're being charged."

"The evidence in PURA's investigation of Palmco demonstrated that Palmco engaged in predatory marketing practices through both its telesales and door-to-door solicitations," said Consumer Counsel Katz. "There is evidence that Palmco's agents went door-to-door pretending to be from Eversource, telling consumers they had to switch. During marketing pitches, they took advantage of consumers who were confused or didn't speak English. The company also insufficiently trained, supervised, and



STATE OF CONNECTICUT



GEORGE JEPSEN
ATTORNEY GENERAL

ELIN SWANSON KATZ
CONSUMER COUNSEL

disciplined its sales force. These tactics are unacceptable in Connecticut. A five million dollar payment and five year loss of the right to do business in our state sends a strong signal that such deceptive and unfair business practices will not be tolerated in Connecticut's retail electric marketplace. I applaud PURA for conducting a comprehensive and fair investigation of Palmco, which laid the foundation for this settlement agreement, and the Attorney General for collaborating with us on this positive result for consumers."

Under the terms of the settlement, Palmco did not admit liability but has agreed to two voluntary payments totaling \$5 million to state of Connecticut. Additionally, Palmco will voluntarily relinquish its electric supplier license for a period of five years, starting from April 15, 2015, when PURA ordered Palmco to cease and desist door-to-door marketing in Connecticut.

Today's settlement also directs the company to transfer its remaining Connecticut customers to their respective electric distribution company's standard service and to notify them by first-class mail of the transfer. Currently, Palmco serves less than 1,000 Connecticut customers. Palmco served a total of 50,424 customers in Connecticut between January 2011 and April 2015.

Attorney General Jepsen and Consumer Counsel Katz urge all Connecticut residents to examine their electric bills carefully. Consumers can check electric rates through the Connecticut Rate Board at EnrizeCT.com or by calling 1-877-WISE USE (877-947-3873).

Assistant Attorneys General John Wright and Michael Wertheimer assisted the Attorney General with this matter. Attorney Lauren Bidra assisted the Consumer Counsel with this matter.

Please click [here](#) to view the settlement documents, and click [here](#) to view PURA's final decision.

###

Media Contacts:

Office of the Attorney General
Samuel Carmody
Samuel.Carmody@ct.gov
860-808-5324 (office)
860-381-9061 (cell)

Office of Consumer Counsel
Consumer Counsel Elin Swanson Katz
Elin.Katz@ct.gov
(860) 827-2910