



## STATE OF CONNECTICUT

# NEWS RELEASE

Consumer Counsel Elin Swanson Katz

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### **CONSUMER COUNSEL ELIN SWANSON KATZ SEEKS CEASE & DESIST ORDER FROM PURA PROHIBITING LIBERTY POWER FROM MARKETING TO CONNECTICUT RESIDENTS DURING INVESTIGATION OF ILLEGAL & DECEPTIVE MARKETING PRACTICES**

**NEW BRITAIN, Conn. (April 19, 2018)** Citing to evidence of illegal and deceptive marketing of alternative electric services to Connecticut residents and over \$7.7 million in excess costs paid by consumers, Consumer Counsel Elin Swanson Katz today filed a [motion](#) requesting that the Public Utilities Regulatory Authority (PURA) order Liberty Power Holdings, LLC (Liberty) to cease and desist from conducting telesales and door-to-door marketing to protect Connecticut consumers. In addition, Consumer Counsel Katz is requesting that PURA order Liberty to issue a Customer Notice Letter notifying each of its existing customers in Connecticut of the rate that Liberty is currently charging the customer for electric generation service and the utility standard service rate available to that customer at the time of the notice.

“Liberty has an established record of abusive, deceptive, and illegal marketing practices,” Consumer Counsel Katz said. “Many of Liberty’s Connecticut customers either may not even realize that they are enrolled with Liberty or are enrolled with Liberty due to overly aggressive solicitations that included false promises of savings. The financial harm to Connecticut consumers is substantial: during the years 2015 to 2017, Liberty customers in Connecticut paid approximately \$7,719,948 more than they would have if they had been on the utility standard service rate.”

Consumer Counsel Katz stated that her staff has reviewed voluminous evidence—including hundreds of actual recordings and written transcripts of Liberty’s telesales and door-to-door marketing solicitations—that revealed a disturbing pattern of Liberty employing abusive sales tactics.

“The predatory practices include impersonating utility workers to confuse customers and gain access to customer account numbers, misrepresenting the nature of the utility standard service

rate, falsely stating that the utility provides a ‘welcome letter’ to Liberty and thereby fabricating a business partnership between the utility and Liberty, and falsely guaranteeing savings,” Katz said. “Such tactics cannot be tolerated in Connecticut’s retail electric marketplace, and consumers must be protected while PURA fully adjudicates this proceeding during the coming months. I applaud PURA for opening this investigation to examine the serious consumer allegations against Liberty, which has an extensive record of complaints alleging consumer fraud and abuse both here and in other states.”

Liberty recently settled an investigation with similar allegations in New York. On April 11, 2018, the New York Attorney General announced a [settlement](#) with Liberty, under which Liberty agreed to implement new restrictions on its marketing practices to prevent future frauds and pay \$550,000 to refund eligible New York consumers. The New York Attorney General found that Liberty’s contractors and subcontractors lured consumers with false promises of savings and other deceptive means to enroll consumers, such as falsely claiming to represent the consumer’s current utility provider. In 2013, the New York Public Service Commission suspended Liberty’s authorization to conduct door-to-door marketing in New York after finding that Liberty exhibited a pattern of marketing that appeared to include misrepresentations and unauthorized account transfers. Liberty is also under investigation by the Massachusetts Attorney General Maura Healey, who recently issued a [report](#) calling for an end to the competitive electricity supply market for individual residential customers in Massachusetts.

Consumer Counsel Katz said that consumers can take steps to protect themselves from predatory marketing of alternative electric services. She reminded consumers to check their electric bills every month to review the “generation” supply rate they are being charged and the company from whom they received supply services. Consumers do not have to sign up with an alternative electric supplier, but can instead remain on the default utility standard service rate from Eversource Energy (Eversource) or United Illuminating (UI), which only changes every six months on January 1 and July 1. To prevent being tricked by marketers pretending to be affiliated with their electric utility, customers should be aware that Eversource and UI do not solicit door-to-door or on the phone on behalf of electric suppliers, almost never make unsolicited house visits, and will show you their Eversource or UI badge upon request. Consumer Counsel Katz further reminded consumers to always ask questions about an electric supply offer being marketed by a supplier, and that consumers should not provide their utility account number unless they consent to a contract with a supplier.

On September 7, 2017, PURA opened a proceeding, Docket No. 06-12-07RE07, to investigate numerous consumer complaints regarding Liberty’s marketing practices, including that Liberty used deceptive or misleading sales tactics during telemarketing and door-to-door enrollment processes. PURA opened this enforcement proceeding pursuant to its statutory authority to revoke or suspend electric supplier licenses and levy civil penalties against those suppliers who do not comply with Connecticut law. In addition, on December 28, 2017, the Superior Court for the Judicial District of New Britain issued a Memorandum of Decision in which it upheld PURA’s Decision in Docket No. 06-12-07RE05 finding that Liberty illegally back-billed customers, for which statutory violations Liberty was assessed a civil penalty by PURA.

Members of the public wishing to provide public comment about their experience with Liberty or file a complaint against Liberty are encouraged to contact PURA at: Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, CT 06051, or via e-mail at [pura.executivesecretary@ct.gov](mailto:pura.executivesecretary@ct.gov), referencing Docket No. 06-12-07RE07. Consumers may also contact PURA by calling 1-800-382-4586 (toll free within Connecticut); 1-860-827-2622

(outside Connecticut); or TDD 860-827-2837.

Consumer Counsel Katz thanked the team at the Office of Consumer Counsel (OCC) that worked diligently to compile and evaluate the voluminous evidence for the Cease and Desist motion, which included Attorneys Lauren Henault Bidra, Andrew Minikowski, and Joseph Rosenthal; Associate Rate Specialist Taren O'Connor; Economist John Viglione; and Paralegal Specialist Megan Sullo.

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*The Office of Consumer Counsel (OCC) is the State of Connecticut's advocate for consumers on issues relating to electricity, natural gas, water, and telecommunications. For more information, visit [www.ct.gov/occ](http://www.ct.gov/occ).*