

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held December 3, 2015

**Pennsylvania Public Utility Commission Bureau
of Investigation and Enforcement**

**2431410-OSA
Docket No. C-2014-2431410**

v.

HIKO Energy, LLC

**The Commonwealth of Pennsylvania, by
Attorney General Kathleen G. Kane, and Tanya
J. McCloskey, Acting Consumer Advocate**

**2427652-ALJ
Docket No. C-2014-2427652**

v.

HIKO Energy, LLC

STATEMENT OF CHAIRMAN GLADYS M. BROWN

Before the Commission are two separate Complaint proceedings involving HIKO Energy, LLC. The first Complaint was made by the Public Utility Commission's (PUC's or Commission's) Bureau of Investigation and Enforcement (I&E). The Second was made by the Commonwealth's Office of Attorney General (OAG) and Office of Consumer Advocate (OCA).

I&E, in its Complaint, alleged that HIKO billed customers a rate in excess of the discounted introductory rate that was guaranteed at the time of enrollment. I&E calculated that HIKO issued 14,689 invoices that did not conform to the Company's promise of guaranteed savings. The presiding ALJs recommend a \$1,836,125 civil penalty be levied against HIKO for its failure to comply with the PUC's Regulations related to electric generation supplier (EGS) marketing, 52 Pa. Code § 54.4(a). HIKO and I&E subsequently filed exceptions to the ALJs' Initial Decision.

OAG and OCA, in their Complaint, averred numerous counts against HIKO, including, but not limited to; misleading and deceptive promises of savings, lack of good faith handling of complaints, failing to provide accurate pricing information, and failure to comply with the Telemarketer Registration Act. OAG, OCA, and HIKO reached a full settlement which the presiding ALJs recommend for approval. The pertinent provisions of the settlement include the following:

- The payment of \$2,025,383.85 in refunds
- The aggregate payment of \$25,000 into the Hardship Funds of the electric distribution companies HIKO was operating in
- Modifications to business practices including the following
 - o a moratorium on variable rate products until July 1, 2016
 - o updated disclosure statements that offer full descriptions of prices
 - o restrictions on variable rate marketing practices that guarantee savings

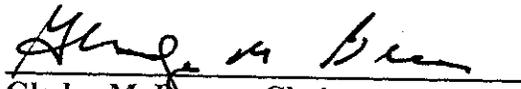
- updated third party verification procedures that include clear and concise questions
- a requirement for a new training program specifically tailored to the requirements of the Public Utility Code, the Consumer Protection Law, and the Telemarketer Registration Act
- increased internal compliance monitoring mandates including the recording of all telephone conversations with customers
- a requirement of three years of quarterly reporting to the OCA and PUC, &
- a mandate to achieve benchmark customer service targets designed to increase communication effectiveness between the Company and its customers.

Today I will be voting to deny the exceptions filed by HIKO and I&E in the I&E Complaint and to approve the Settlement proposal in the OAG & OCA Complaint. I fully believe that this outcome is in the public interest. In whole, the \$1.8 million civil penalty, \$2 million in refunds, \$25 thousand in Hardship Fund contributions, and the significant injunctive measures levied on HIKO are warranted based on the degree of severity of non-compliance with Commission Regulations, as detailed in the relevant proceedings.

The Commission has and will continue to work diligently to foster a robust retail energy market in Pennsylvania. This mission requires the PUC not only to properly design the market, but also to effectively monitor and enforce the market. It is unfortunate that the PUC has come to this juncture with these two Complaints. However, these proceedings serve as an example of the Commission's responsibility to be a retail energy market watchdog. This outcome today serves as a reminder to the retail supply industry that the Commission will not hesitate to take action against bad actors. More importantly, I hope these proceedings provide some consolation to all utility customers that the Commission will always work tirelessly for their protection.

December 3, 2015

Date


Gladys M. Brown, Chairman