



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

July 11, 2014

Via E-Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission, Bureau of Investigation
and Enforcement v. HIKO Energy, LLC
Docket No. C-2014-2431410

Dear Secretary Chiavetta:

Enclosed for filing is the Formal Complaint of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission against HIKO Energy, LLC in the above-referenced matter. Copies have been served on the parties of record in accordance with the Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Michael L. Swindler
Prosecutor
PA Attorney ID No. 43319

Enclosure

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION, BUREAU OF	:	
INVESTIGATION AND ENFORCEMENT,	:	
Complainant	:	
	:	
v.	:	DOCKET NO. C-2014-2431410
	:	
HIKO ENERGY, LLC,	:	
Respondent	:	

FORMAL COMPLAINT

NOW COMES the Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement (I&E), by its prosecutors, pursuant to Section 701 of the Public Utility Code, 66 Pa.C.S. § 701, and files this Formal Complaint against HIKO Energy, LLC (HIKO or Company or Respondent) alleging violations of the Pennsylvania Code and/or Public Utility Code. In support of its Formal Complaint, I&E respectfully represents the following:

Commission Jurisdiction and Authority

1. The Pennsylvania Public Utility Commission (Commission), with a mailing address of P.O. Box 3265, Harrisburg, PA 17105-3265, is a duly constituted agency of the

Commonwealth of Pennsylvania empowered to regulate public utilities within the Commonwealth pursuant to the Public Utility Code, 66 Pa.C.S. §§101, *et seq.*

2. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities.

Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities,

Docket No. M-00940593 (Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11). Complainant's attorneys are as follows:

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3. Respondent is HIKO Energy, LLC, which maintains a principal place of business at 12 College Road, Suite 100, Monsey, NY 10952.

4. HIKO is a jurisdictional electric generation supplier (EGS)¹ licensed by the Commission at Docket No. A-2012-228994 to operate in the service territories of all electric distribution companies in Pennsylvania.

5. HIKO, as an EGS in Pennsylvania, is a public utility as defined by Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, only for the limited purposes as described in Sections 2809 and 2810 of the Competition Act, 66 Pa.C.S. §§ 2809-10.

6. HIKO, as a provider of electric generation service for compensation, is subject to the power and authority of the Commission and must observe, obey and comply with the Commission's regulations and orders pursuant to Section 501(c) of the Public Utility Code, 66 Pa.C.S. § 501(c).

7. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over the subject matter and the actions of HIKO in its capacity as an EGS serving consumers in Pennsylvania.

8. Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

9. Section 3301 of the Code, 66 Pa.C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject

¹ "Electric generation supplier" is defined in Section 2803 of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812 (Competition Act); See also, 52 Pa. Code § 57.171.

to the Commission's authority for violations of the Code or Commission regulations or both. Section 3301 further allows for the imposition of a separate fine for each violation and each day's continuance of such violation(s).

Background

10. HIKO was granted Commission approval as an alternative retail electric supplier in the electric distribution company (EDC) service territories of Duquesne Light Company (Duquesne), Metropolitan Edison Company (Met-Ed), PECO Energy Company (PECO) and PPL Electric Utilities (PPL), where HIKO initiated its supplier offerings on or about December 31, 2012, and in the service territories of Pennsylvania Electric Company (Penelec) and West Penn Power (West Penn), where HIKO initiated its supplier offerings on or about August 15, 2013.

11. I&E initiated an informal investigation of HIKO on March 31, 2014, as a result of customer complaints received by the Commission's Bureau of Consumer Services related to allegations that HIKO billed rates that were higher than the rates promised by the Company.

12. I&E served and HIKO, through counsel, responded to three sets of I&E data requests in addition to numerous informal requests for information. The allegations set forth below are the result of I&E's investigation, including the Company's responses to I&E's data requests.

13. In the marketing of electric supply to potential customers, HIKO offered several variable rate EGS price offerings to residential electric customers in Pennsylvania and no fixed rate EGS price offerings.

14. One such variable rate price offering to residential electric customers in Pennsylvania provided that the customer would experience a guaranteed rate for “the first six monthly billing cycles” (the introductory period) that would be “1-7% less” than the local EDC’s price to compare (PTC)(referred to hereafter as the “price offering”).

15. HIKO enrolled customers in its price offering in the service territories of Duquesne, Met-Ed, PECO, Penelec, PPL and West Penn. As such, for each enrolled customer’s first six billing cycles, HIKO guaranteed that the customer’s price for electric supply from HIKO would be one to seven percent less than the EDC’s PTC.

16. HIKO issued a Welcome Letter to each customer who enrolled in its price offering which stated:

Guaranteed Savings! You have been enrolled onto a variable rate, which is guaranteed to be 1-7% less than your local Utility’s price to compare, for the first six monthly billing cycles. After the six-month introductory rate plan, you will be automatically rolled over onto a competitive variable rate, which will be determined by HIKO Energy, based on numerous key factors, including current market conditions and climate. The variable rate can change regularly.

17. HIKO also issued a Disclosure Statement to each customer who enrolled in its price offering, which provided that the rate is the “price stated at sign-up and confirmed in your written Welcome Letter from HIKO.”²

18. When a customer was first enrolled in the price offering, HIKO was obligated to put the customer on an introductory rate for the first six months of service. After the first six months, the rate automatically changed to the Company’s standard variable rate.

19. According to HIKO, the winter season of 2013-2014 brought unprecedented costs related to what has been generally referred to as the “polar vortex” and, as a result, there was a period of time when HIKO’s rates did not reflect the offer guaranteed in its price offering.

Violations

20. HIKO admitted in its data responses that from January 2014 through April 2014, HIKO billed a large number of customers within the service territories of Duquesne, Met-Ed, PECO, Penelec, PPL and West Penn a unit rate for electricity supply during the customers’ introductory period that exceeded, and sometimes far exceeded, the discounted introductory rate that was “guaranteed” at the time of each customer’s enrollment as a HIKO supply customer.

² HIKO’s applicable Welcome Letter and Disclosure Statement are not attached to this Complaint pursuant to 52 Pa. Code § 5.22(a)(7) because the documents were marked “Confidential” when provided by the Company in response to I&E’s data requests.

21. HIKO's price offering, designated as rate class "[EDC]-SAV1-7," guaranteed a HIKO EGS customer a rate for "the first six monthly billing cycles" (the introductory period) that would be "1-7% less" than the local EDC's price to compare.³

22. HIKO failed to bill prices to reflect the marketed prices and the agreed upon prices in the Disclosure Statement in that HIKO guaranteed in its Disclosure Statement and Welcome Letter to customers enrolled in its 1-7% discount rate plan that the customer would experience a guaranteed rate for "the first six monthly billing cycles" (the introductory period) that would be "1-7% less" than the local EDC's price to compare but, instead, charged its residential customers a rate per kilowatt hour (kWh) that far exceeded the guaranteed discounted rate. See Attachment A.

23. The applicable Commission regulation, 52 Pa. Code § 54.4(a), reads:

(a) EGS prices billed must reflect the marketed prices and the agreed upon prices in the disclosure statement.

The violations specifically alleged are as follows:

Duquesne – January 2014 Customer Invoices⁴

24. January 2014 retail electric bills to residential customers noted a Duquesne PTC of \$0.06590 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class HK001 were guaranteed a rate not to exceed \$0.06524 per kWh (minimum guaranteed discount of 1% off of the EDC's PTC).

³ This price offering was designated by HIKO in each applicable EDC service territory as follows: HK001 (Duquesne), METE-SAV1-7 (Met-Ed), PECE-SAV1-7 (PECO), PENE-SAV1-7 (PENELEC), PPLE-SAV1-7 (PPL) and WPPE-SAV1-7 (West Penn).

⁴ "Customer invoices" refers to the EGS charges which appear on the retail electric bills of residential customers.

25. In Duquesne's January 2014 electric bills, many customers enrolled in HIKO's HK001 price offering were charged a generation rate ranging from \$0.1090 to \$0.1690, even though the customers were within their 6-month introductory period.

26. The generation rate billed by HIKO of 10.9 to 16.9 cents per kWh was, therefore, not 1-7% less than the 6.59 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

27. I&E's investigation revealed that at least 12 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

28. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (12), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Duquesne's service territory for January's invoice.

Duquesne – February 2014 Customer Invoices

29. February 2014 retail electric bills to residential customers noted a Duquesne PTC of \$0.06590 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class HK001 were guaranteed a rate not to exceed \$0.06524 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

30. In Duquesne's February 2014 electric bills, many customers enrolled in HIKO's HK001 price offering were charged a generation rate ranging from \$0.1690 to \$0.2990, even though the customers were within their 6-month introductory period.

31. The generation rate billed by HIKO of 16.9 to 29.9 cents per kWh is not 1-7% less than the 6.59 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

32. I&E's investigation revealed that at least 96 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

33. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (96), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in this EDC's service territory for February's invoice.

Duquesne – March 2014 Customer Invoices

34. March 2014 retail electric bills to residential customers noted a Duquesne PTC of \$0.06590 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class HK001 were guaranteed a rate not to exceed \$0.06524 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

35. In Duquesne's March 2014 electric bills, many customers enrolled in HIKO's HK001 price offering were charged a generation rate of \$0.2990, even though the customers were within their 6-month introductory period.

36. The generation rate billed by HIKO of 29.9 cents per kWh is not 1-7% less than the 6.59 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

37. I&E's investigation revealed that at least 92 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the March 2014 invoice at the above rates and were therefore overcharged.

38. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (92), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Duquesne's service territory for March's invoice.

Duquesne – April 2014 Customer Invoices

39. April 2014 retail electric bills to residential customers noted a Duquesne PTC of \$0.06590 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class HK001 were guaranteed a rate not to exceed \$0.06524 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

40. In Duquesne's April 2014 electric bills, many customers enrolled in HIKO's HK001 price offering were charged a generation rate ranging from \$0.1090 to \$0.2990, even though the customers were within their 6-month introductory period.

41. The generation rate billed by HIKO of 10.9 to 29.9 cents per kWh is not 1-7% less than the 6.59 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

42. I&E's investigation revealed that at least 64 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the April 2014 invoice at the above rates and were therefore overcharged.

43. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (64), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Duquesne's service territory for April's invoice.

Met-Ed – January 2014 Customer Invoices

44. January 2014 retail electric bills to residential customers noted a Met-Ed PTC of \$0.08184 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class METE-SAV1-7 were guaranteed a rate not to exceed \$0.08102 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

45. In Met-Ed's January 2014 electric bills, many customers enrolled in HIKO's METE-SAV1-7 price offering were charged a generation rate ranging from \$0.0990 to \$0.1290, even though the customers were within their 6-month introductory period.

46. The generation rate billed by HIKO of 9.9 to 12.9 cents per kWh is not 1-7% less than the 8.2 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

47. I&E's investigation revealed that at least 269 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

48. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (269), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Met-Ed's service territory for January's invoice.

Met-Ed – February 2014 Customer Invoices

49. February 2014 retail electric bills to residential customers noted a Met-Ed PTC of \$0.08184 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class METE-SAV1-7 were guaranteed a rate not to exceed \$0.08102 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

50. In Met-Ed's February 2014 electric bills, many customers enrolled in HIKO's METE-SAV1-7 price offering were charged a generation rate ranging from \$0.1290 to \$0.2890, even though the customers were within their 6-month introductory period.

51. The generation rate billed by HIKO of 12.9 to 28.9 cents per kWh is not 1-7% less than the 8.2 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

52. I&E's investigation revealed that at least 927 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

53. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (927), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Met-Ed's service territory for February's invoice.

Met-Ed – March 2014 Customer Invoices

54. March 2014 retail electric bills to residential customers noted a MET-Ed PTC of \$0.08184 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class METE-SAV1-7 were guaranteed a rate not to exceed \$0.08102 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

55. In Met-Ed's March 2014 electric bills, many customers enrolled in HIKO's METE-SAV1-7 price offering were charged a generation rate ranging from \$0.1290 to \$0.2890, even though the customers were within their 6-month introductory period.

56. The generation rate billed by HIKO of 12.9 to 28.9 cents per kWh is not 1-7% less than the 8.2 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

57. I&E's investigation revealed that at least 441 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the March 2014 invoice at the above rates and were therefore overcharged.

58. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (441), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Met-Ed's service territory for March's invoice.

PECO – January 2014 Customer Invoices

59. January 2014 retail electric bills to residential customers noted a PECO PTC of \$0.09770 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PECE-SAV1-7 were guaranteed a rate not to exceed \$0.09672 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

60. In PECO's January 2014 electric bills, many customers enrolled in HIKO's PECE-SAV1-7 price offering were charged a generation rate ranging from \$0.1090 to \$0.1390, even though the customers were within their 6-month introductory period.

61. The generation rate billed by HIKO of 10.9 to 13.9 cents per kWh is not 1-7% less than the 9.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

62. I&E's investigation revealed that at least 438 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

63. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (438), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in PECO's service territory for January's invoice.

PECO – February 2014 Customer Invoices

64. February 2014 retail electric bills to residential customers noted a PECO PTC of \$0.09770 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PECE-SAV1-7 were guaranteed a rate not to exceed \$0.09672 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

65. In PECO's February 2014 electric bills, many customers enrolled in HIKO's PECE-SAV1-7 price offering were charged a generation rate ranging from \$0.1090 to \$0.2890, even though the customers were within their 6-month introductory period.

66. The generation rate billed by HIKO of 10.9 to 28.9 cents per kWh is not 1-7% less than the 9.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

67. I&E's investigation revealed that at least 1,160 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

68. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (1,160), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in PECO's service territory for February's invoice.

Penelec – January 2014 Customer Invoices

69. January 2014 retail electric bills to residential customers noted a Penelec PTC of \$0.07172 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PENE-SAV1-7 were guaranteed a rate not to exceed \$0.0710 per kWh minimum guaranteed discount of 1% off of the EDC PTC).

70. In Penelec's January 2014 electric bills, many customers enrolled in HIKO's PENE-SAV1-7 price offering were charged a generation rate ranging from \$0.0797 to \$0.1190, even though the customers were within their 6-month introductory period.

71. The generation rate billed by HIKO of 7.9 to 11.9 cents per kWh is not 1-7% less than the 7.1 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

72. I&E's investigation revealed that at least 469 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

73. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (469), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Penelec's service territory for January's invoice.

Penelec – February 2014 Customer Invoices

74. February 2014 retail electric bills to residential customers noted a Penelec PTC of \$0.07172 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PENE-SAV1-7 were guaranteed a rate not to exceed \$0.0710 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

75. In Penelec's February 2014 electric bills, many customers enrolled in HIKO's PENE-SAV1-7 price offering were charged a generation rate ranging from \$0.1190 to \$0.2840, even though the customers were within their 6-month introductory period.

76. The generation rate billed by HIKO of 11.9 to 28.4 cents per kWh is not 1-7% less than the 7.1 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

77. I&E's investigation revealed that at least 518 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

78. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (518), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Penelec's service territory for February's invoice.

Penelec – March 2014 Customer Invoices

79. March 2014 retail electric bills to residential customers noted a Penelec PTC of \$0.07172 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PENE-SAV1-7 were guaranteed a rate not to exceed \$0.0710 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

80. In Penelec's March 2014 electric bills, many customers enrolled in HIKO's PENE-SAV1-7 price offering were charged a generation rate ranging from \$0.0890 to \$0.2840, even though the customers were within their 6-month introductory period.

81. The generation rate billed by HIKO of 8.9 to 28.4 cents per kWh is not 1-7% less than the 7.2 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

82. I&E's investigation revealed that at least 504 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the March 2014 invoice at the above rates and were therefore overcharged.

83. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (504), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Penelec's service territory for March's invoice.

Penelec – April 2014 Customer Invoices

84. April 2014 retail electric bills to residential customers note a Penelec PTC of \$0.077090 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PENE-SAV1-7 were guaranteed a rate not to exceed \$0.0763 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

85. In Penelec's April 2014 electric bills, many customers enrolled in HIKO's PENE-SAV1-7 price offering were charged a generation rate ranging from \$0.1190 to \$0.2840, even though the customers were within their 6-month introductory period.

86. The generation rate billed by HIKO of 11.9 to 28.4 cents per kWh is not 1-7% less than the 7.2 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

87. I&E's investigation revealed that at least 309 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the April 2014 invoice at the above rates and were therefore overcharged.

88. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (309), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in Penelec's service territory for April's invoice.

PPL – January 2014 Customer Invoices

89. January 2014 retail electric bills to residential customers noted a PPL PTC of \$0.08754 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PPLE-SAV1-7 were guaranteed a rate not to exceed \$0.08667 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

90. In PPL's January 2014 electric bills, many customers enrolled in HIKO's PPLE-SAV1-7 price offering were charged a generation rate ranging from \$0.0990 to \$0.1190, even though the customers were within their 6-month introductory period.

91. The generation rate billed by HIKO of 9.9 to 11.9 cents per kWh is not 1-7% less than the 8.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

92. I&E's investigation revealed that at least 1,641 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

93. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (1,641), or \$1,000 for each instance where a customer was

overbilled in violation of 52 Pa. Code § 54.4(a) in PPL's service territory for January's invoice.

PPL – February 2014 Customer Invoices

94. February 2014 retail electric bills to residential customers noted a PPL PTC of \$0.08754 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PPLE-SAV1-7 were guaranteed a rate not to exceed \$0.08667 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

95. In PPL's February 2014 electric bills, many customers enrolled in HIKO's PPLE-SAV1-7 price offering were charged a generation rate ranging from \$0.1190 to \$0.2990, even though the customers were within their 6-month introductory period.

96. The generation rate billed by HIKO of 11.9 to 29.9 cents per kWh is not 1-7% less than the 8.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

97. I&E's investigation revealed that at least 3,174 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

98. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (3,174), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in PPL's service territory for February's invoice.

PPL – March 2014 Customer Invoices

99. March 2014 retail electric bills to residential customers noted a PPL PTC of \$0.08754 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PPLE-SAV1-7 were guaranteed a rate not to exceed \$0.08667 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

100. In PPL's March 2014 electric bills, many customers enrolled in HIKO's PPLE-SAV1-7 price offering were charged a generation rate ranging from \$0.1190 to \$0.2990, even though the customers were within their 6-month introductory period.

101. The generation rate billed by HIKO of 11.9 to 29.9 cents per kWh is not 1-7% less than the 8.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

102. I&E's investigation revealed that at least 2,175 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the March 2014 invoice at the above rates and were therefore overcharged.

103. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (2,175), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in PPL's service territory for March's invoice.

PPL – April 2014 Customer Invoices

104. April 2014 retail electric bills to residential customers noted a PPL PTC of \$0.08754 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class PPLE-SAV1-7 were guaranteed a rate not to exceed \$0.08667 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

105. In PPL's April 2014 electric bills, many customers enrolled in HIKO's PPLE-SAV1-7 price offering were charged a generation rate ranging from \$0.1290 to \$0.1790, even though the customers were within their 6-month introductory period.

106. The generation rate billed by HIKO of 12.9 to 17.9 cents per kWh is not 1-7% less than the 8.8 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

107. I&E's investigation revealed that at least 1,069 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the April 2014 invoice at the above rates and were therefore overcharged.

108. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (1,069), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in PPL's service territory for April's invoice.

West Penn – January 2014 Customer Invoices

109. January 2014 retail electric bills to residential customers noted a West Penn PTC of \$0.05610 per kWh. Consequently, HIKO customers within their 6-month

introductory period under rate class WPPE-SAV1-7 were guaranteed a rate not to exceed \$0.05554 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

110. In West Penn's January 2014 electric bills, many customers enrolled in HIKO's WPPE-SAV1-7 price offering were charged a generation rate ranging from \$0.0599 to \$0.0990, even though the customers were within their 6-month introductory period.

111. The generation rate billed by HIKO of 5.9 to 9.9 cents per kWh is not 1-7% less than the 5.6 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

112. I&E's investigation revealed that at least 334 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the January 2014 invoice at the above rates and were therefore overcharged.

113. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (334), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in West Penn's service territory for January's invoice.

West Penn – February 2014 Customer Invoices

114. February 2014 retail electric bills to residential customers noted a West Penn PTC of \$0.05610 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class WPPE-SAV1-7 were guaranteed a rate not to exceed \$0.05554 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

115. In West Penn's February 2014 electric bills, many customers enrolled in HIKO's WPPE-SAV1-7 price offering were charged a generation rate ranging from \$0.0990 to \$0.1990, even though the customers were within their 6-month introductory period.

116. The generation rate billed by HIKO of 9.9 to 19.9 cents per kWh is not 1-7% less than the 5.6 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

117. I&E's investigation revealed that at least 421 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the February 2014 invoice at the above rates and were therefore overcharged.

118. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (421), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in West Penn's service territory for February's invoice.

West Penn – March 2014 Customer Invoices

119. March 2014 retail electric bills to residential customers noted a West Penn PTC of \$0.05610 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class WPPE-SAV1-7 were guaranteed a rate not to exceed \$0.05554 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

120. In West Penn's March 2014 electric bills, many customers enrolled in HIKO's WPPE-SAV1-7 price offering were charged a generation rate ranging from

\$0.1350 to \$0.1990, even though the customers were within their 6-month introductory period.

121. The generation rate billed by HIKO of 13.5 to 19.9 cents per kWh is not 1-7% less than the 5.6 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

122. I&E's investigation revealed that at least 457 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the March 2014 invoice at the above rates and were therefore overcharged.

123. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (457), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in West Penn's service territory for March's invoice.

West Penn – April 2014 Customer Invoices

124. April 2014 retail electric bills to residential customers noted a West Penn PTC of \$0.04932 per kWh. Consequently, HIKO customers within their 6-month introductory period under rate class WPPE-SAV1-7 were guaranteed a rate not to exceed \$0.04883 per kWh (minimum guaranteed discount of 1% off of the EDC PTC).

125. In West Penn's April 2014 electric bills, many customers enrolled in HIKO's WPPE-SAV1-7 price offering were charged a generation rate ranging from \$0.0790 to \$0.1350, even though the customers were within their 6-month introductory period.

126. The generation rate billed by HIKO of 7.9 to 13.5 cents per kWh is not 1-7% less than the 4.9 cents per kWh PTC, as guaranteed by HIKO to the customers within this rate class.

127. I&E's investigation revealed that at least 210 HIKO customers enrolled in this price offering were within their 6-month introductory period for the service period billed on the April 2014 invoice at the above rates and were therefore overcharged.

128. I&E's proposed civil penalty for this violation pursuant to 66 Pa.C.S. § 3301 is \$1,000 per violation (21), or \$1,000 for each instance where a customer was overbilled in violation of 52 Pa. Code § 54.4(a) in West Penn's service territory for April's invoice.

Requested Relief

129. I&E proposes that HIKO pay a civil penalty of \$1,000 for each of the 14,780 violations set forth in this Complaint for a total civil penalty of Fourteen Million Seven Hundred Eighty Thousand Dollars (\$14,780,000.00).

130. I&E proposes that HIKO provide a refund to each of the 14,780 customer accounts to which a refund has not already been provided, consisting of the difference between the amount each customer was billed and the minimum guaranteed discounted rate the customer was entitled to receive.

131. I&E proposes that Respondent's authority to do business as an EGS in Pennsylvania be rescinded.

WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement hereby requests that the Commission: (1) find Respondent to be in violation of 52 Pa. Code § 54.4(a) for each of the 14,780 counts set forth herein; (2) impose a cumulative civil penalty upon Respondent in the amount of Fourteen Million Seven Hundred Eighty Thousand Dollars (\$14,780,000.00); (3) rescind the authority of Respondent to do business as an EGS in Pennsylvania; (4) direct Respondent to provide a refund to each customer consisting of the difference between the amount the customer was billed and the guaranteed discounted rate the customer was entitled to receive; and (5) order such other remedy as the Commission may deem to be appropriate.

Respectfully submitted,



Michael L. Swindler
Prosecutor
PA Attorney ID No. 43319

Stephanie M. Wimer
Prosecutor
PA Attorney ID No. 207522

Wayne T. Scott
First Deputy Chief Prosecutor
PA Attorney ID No. 29133

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: July 11, 2014


Dated: July 11, 2014

VERIFICATION

I, Daniel Mumford, Manager – Informal Compliance and Competition Unit - Bureau of Consumer Services, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect that Complainant will be able to prove same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 relating to unsworn falsification to authorities.

Date: _____

7/11/13



Daniel Mumford
Manager – Informal Compliance and
Competition Unit
Bureau of Consumer Services

NOTICE

A. You must file an Answer within 20 days of the date of service of this Complaint.

The date of service is the mailing date as indicated at the top of the Secretarial Letter. *See* 52 Pa. Code §1.56(a). The Answer must raise all factual and legal arguments that you wish to claim in your defense, include the docket number of this Complaint, and be verified. You may file your Answer by mailing an original to:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Or, you may eFile your Answer using the Commission's website at www.puc.pa.gov. The link to eFiling is located under the Filing & Resources tab on the homepage. If your Answer is 250 pages or less, you are not required to file a paper copy. If your Answer exceeds 250 pages, you must file a paper copy with the Secretary's Bureau.

Additionally, a copy should either be mailed to:

Wayne T. Scott, First Deputy Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

Or, emailed to Mr. Scott at:

RA-PCCmplntResp@pa.gov

B. If you fail to answer this Complaint within 20 days, the Bureau of Investigation and Enforcement will request that the Commission issue an Order imposing the penalty.

C. You may elect not to contest this Complaint by paying the civil penalty within 20 days. Your check or money order for the civil penalty should be payable to the Commonwealth of Pennsylvania and mailed to:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

D. If you file an Answer which either admits or fails to deny the allegations of the Complaint, the Bureau of Investigation and Enforcement will request the Commission to issue an Order imposing the penalty set forth in this Complaint.

E. If you file an Answer which contests the Complaint, the matter will be assigned to an Administrative Law Judge for hearing and decision. The Judge is not bound by the penalty set forth in the Complaint, and may impose additional and/or alternative penalties as appropriate.

F. If you are a corporation, you must be represented by legal counsel. 52 Pa. Code §1.21.

G. Alternative formats of this material are available for persons with disabilities by contacting the Commission's ADA Coordinator at 717-787-8714.

HIKO Energy, LLC
Number of Overcharged Invoices Under Rate Class [EDC]E-SAV1-7
January – April 2014

Service Territory	Jan	Feb	Mar	Apr	Total
Duquesne	12	96	92	64	264
Met Ed	269	927	441	-	1,637
PECO	438	1,160	-	-	1,598
Penelec	469	518	504	309	1,800
PPL	1,641	3,174	2,175	1,069	8,059
West Penn	334	421	457	210	1,422
				Grand Total	14,780

C-2014-2431410

ATTACHMENT A

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Service by E-mail and First Class Mail:

Andrew Dressel, Esquire
Boies, Schiller & Flexner LLP
333 Main Street
Armonk, NY 10504



Michael L. Swindler
Prosecutor
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265
717.783.6369
mwindler@pa.gov

Dated: July 11, 2014