



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

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September 23, 2014

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SENT VIA USPS FIRST CLASS MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

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

Dear Secretary Chiavetta:

Enclosed please find the Office of Attorney General Bureau of Consumer Protection's Prehearing Memorandum in the above-referenced proceeding. Copies have been served as indicated on the enclosed Certificate of Service.

Very truly yours,

John M. Abel
Senior Deputy Attorney General
PA Attorney I.D. #47313

Enclosures

cc: Honorable Elizabeth Barnes, ALJ
Honorable Joel Cheskis, ALJ
Certificate of Service

PA P.U.C.
SECRETARY'S BUREAU

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION, BUREAU OF
INVESTIGATION AND ENFORCEMENT,
Complainant

v.

HIKO ENERGY, LLC,

Respondent

Docket No. C-2014-2431410

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PREHEARING MEMORANDUM OF THE OFFICE OF ATTORNEY GENERAL

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and the August 25, 2014 Prehearing Conference Order, the Office of Attorney General, Bureau of Consumer Protection (OAG) provides the following information in this matter:

I. INTRODUCTION

On July 11, 2014, the Bureau of Investigation and Enforcement (I&E) filed a Formal Complaint against HIKO Energy, LLC. In the Complaint, I&E alleges that HIKO violated the Public Utility Commission's (Commission) regulations at 52 Pa. Code § 54.4(a) for failing to charge prices to customers that matched the prices marketed and agreed upon. By way of relief, I&E seeks that the Commission order a civil penalty in the amount of \$14,780,000, refunds to customers of the difference between the promised price and the price HIKO charged and revocation of HIKO's license.

On July 31, 2014, HIKO filed Preliminary Objections to the Complaint arguing that I&E's Complaint should be dismissed, stayed or consolidated with the pending Joint Complaint of the OAG and the Office of Consumer Advocate (OCA) at Docket No. C-2014-2427652.

HIKO also argued that I&E's request for restitution or refunds should be dismissed for lack of Commission authority to order such relief. On August 11, 2014, I&E filed its Answer to HIKO's Preliminary Objections, wherein I&E argued that HIKO's Preliminary Objections lacked merit. By Order dated September 2, 2014, Administrative Law Judges Elizabeth Barnes and Joel H. Cheskis (ALJs) dismissed HIKO's Preliminary Objections.

Also on July 31, 2014, HIKO filed its Answer and New Matter to I&E's Formal Complaint. On August 8, 2014, the OCA filed a Notice of Intervention in this matter. On August 18, 2014, I&E filed its Reply to New Matter and the OAG filed a Notice of Intervention.

The OAG submits this Prehearing Memorandum pursuant to the ALJs' Prehearing Conference Order dated August 25, 2014. The Prehearing Conference is scheduled in this matter for September 29, 2014, at 2:30 p.m.

II. ISSUES

The issues in this matter center around HIKO's dealings with its customers and HIKO's failure to comply with the Commission's regulations, specifically 52 Pa. Code § 54.4(a), which state that "EGS prices billed must reflect the marketed prices and the agreed upon prices in the disclosure statement." See 52 Pa. Code § 54.4(a). I&E alleges that HIKO failed to honor introductory rates guaranteeing savings over the Price to Compare that customers were promised.

In their Prehearing Conference Order dated August 25, 2014, the ALJs directed that the parties be prepared to discuss whether this matter should be consolidated with the Joint Complaint of the OAG and the OCA, at Docket No. C-2014-2427652, for purposes of evidentiary hearings. See Prehearing Conf. Order at ¶ 7. The OAG takes no position on the

consolidation of this matter with the Joint Complaint at Docket No. C-2014-2427652. The OAG will work with the ALJs and parties to implement the ALJs' ruling regarding consolidation.

III. SERVICE ON THE OAG

John M. Abel and Nicole R. Beck will represent the OAG in this case. Copies of all documents should be served on the OAG as follows:

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IV. DISCOVERY MODIFICATIONS

The OAG does not propose any discovery modifications in this matter.

V. SETTLEMENT

Settlement discussions are scheduled in this matter. The OAG is willing to engage in settlement discussions with the parties.

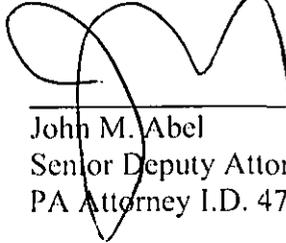
VI. PROPOSED SCHEDULE

The OAG is willing to work with the ALJs and the parties to reach a mutually agreeable litigation schedule in this matter.

VII. WITNESSES

At this time the OAG has not determined whether to present a witness in this matter. The OAG reserves the right to cross-examine other witnesses in this matter and possibly introduce exhibits into the record through such examination. Should the OAG determine that it would call a witness or witnesses, the OAG will notify the ALJs and parties as soon as possible after any such determinations are made.

Respectfully Submitted,



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Senior Deputy Attorney General
PA Attorney I.D. 47313

Nicole R. Beck
Deputy Attorney General
PA Attorney I.D. 315325

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DATE: 9.23.14

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