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MADIGAN FILES LAWSUIT AGAINST ALTERNATIVE RETAIL ELECTRICITY SUPPLIER FOR DECEPTIVE MARKETING AND CONSUMER FRAUD

Attorney General Madigan Sues Company for Falsely Promising Lower Electricity Rates

Chicago — Attorney General Lisa Madigan today filed a lawsuit against PALMco Power IL LLC (Palmco), an alternative retail electricity supplier (ARES), for misleading customers about the true cost of switching their electricity supply from ComEd or Ameren to Palmco.

Madigan's lawsuit alleges that starting in at least January 2014, Palmco charged its customers rates consistently higher than ComEd or Ameren's rates after the introductory period ended. In fact, customers' rates increased dramatically after the expiration of the introductory rate to levels that were over 300 percent of what they would have paid if they had stayed with their utility.

"Palmco deceived electric customers into switching their provider and paying much more than they should have," Madigan said. "Palmco needs to be held accountable for violating the law by misleading people about the true cost of their electricity."

Madigan's lawsuit stemmed from Palmco's sales pitch that promised consumers will save money on their electric bills by switching to their electric supply. The company persuaded people to sign up by offering them a low introductory rate for two months. After that initial period, however, Palmco then switched customers to a variable rate that was invariably much higher than customers paid previously with other suppliers.

Madigan's lawsuit also alleged that Palmco sales agents made misrepresentations to consumers over the phone and via door-to-door sales, including representing that they were affiliated with the consumer's utility, that the consumer's utility was going out of business or changing its name, and that the consumer was required to sign up with Palmco. On multiple occasions, the company's sales agents stayed on the phone during the automated third party verification system that Palmco used to complete its sales in violation of state law.

There are at least 96 ARES currently authorized to sell electricity in Illinois, and according to the Illinois Commerce Commission (ICC), ARES customers in the Ameren and ComEd territories paid \$126 million more for electricity than traditional utility customers in 2016 alone. Madigan urged people to research alternative electric suppliers and their offers before switching electricity suppliers and offered the following advice:

- Do not share your utility account number with anyone in person or over the phone, and do not show your utility bill to someone who comes to your door. A marketer must ask for written authorization to access your meter usage.
- Request all marketing offers in writing and wait a few days before enrolling, especially if someone comes to your door.
- Some utilities offer "budget-billing" for consumers who want to spread their costs evenly throughout the year, but these plans can still result in higher costs.
- If you are interested in an alternative pricing plan (such as variable rates), make sure that you read all of the fine print, and make sure that the lower rate is not just an introductory rate.
- Be wary of any offer that promises or guarantees savings.
- Always ask about any monthly fees or additional charges.
- Electric utilities must offer real time pricing plans that charge different rates every hour based on demand. This may be the best way to save money if you are able to lower your electricity use during certain times of the day.
- No alternative supplier is affiliated with or endorsed by your utility or the government. If you sign up for service with an alternative supplier, you are entering a new contract with a different company.

Madigan also offered Illinois residents the following tips when they are deciding whether to choose an alternative energy supplier:

- **Check your utility bill.** Are you purchasing natural gas or electricity from your utility company or an alternative supplier? Delivery will always be from your utility company.
- **Find out how much you are paying.** Find out what type of rate you have. If you are purchasing supply from an alternative supplier, check your contract to see what type of rate you are paying: introductory, variable, or fixed.
- **Compare your rate.** You can find utility and alternative supplier prices at:
 - Electricity prices: <http://www.pluginillinois.org/fixedrate.aspx>
 - Natural gas prices: <http://www.icc.illinois.gov/ags/products.aspx>

Do you need to make a change? If the utility is cheaper, consider switching back to the utility company. You may be charged a fee up to a maximum of \$50 for cancelling with the alternative supplier, but it may save you money in the long run.

Springfield Bureau Chief Elizabeth Blackston and Assistant Attorney General Philip Heimlich are handling the lawsuit for Madigan's Consumer Fraud Bureau.

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