



August 25, 2017

MADIGAN FILES LAWSUIT AGAINST ALTERNATIVE RETAIL ELECTRIC SUPPLIER FOR LURING CUSTOMERS INTO EXPENSIVE CONTRACTS

Sperian Energy Charged Customers More than \$12 Million More for Electricity than Traditional Utility Companies

Chicago – Attorney General Lisa Madigan today filed a lawsuit against Sperian Energy Corp. (Sperian), an alternative retail electric supplier, for misleading customers about all aspects of the company's costly electricity contracts, including the price, length of the contract and even the identity of the company.

Madigan's lawsuit, filed in Cook County Circuit Court earlier today, alleged that Sperian and its sales representatives used aggressive and deceptive sales tactics to enroll customers in the ComEd territory into expensive contracts for electricity supply. Sperian sales agents failed to disclose information, including the price and length of the contracts and that customers would be charged a new monthly fee. Madigan alleged many customers were given the false impression they were signing up for a discounted rate from ComEd or that they were going to save money through a made-up energy choice program. In reality, Sperian customers routinely paid higher prices for their electricity.

"Sperian's deception is an egregious example of an alternative electric supplier duping customers into believing they will save money when instead they needlessly pay more," Madigan said. "Sperian needs to be held accountable for violating the law and misleading people about the prices it charged for electricity."

Madigan's lawsuit stems from Sperian's sales pitches, mainly delivered through telemarketing calls, which misinformed customers that the alternative supplier would give them a lower rate because of changes to the law due to deregulation. However, Sperian customers have consistently paid more for electricity. Since 2012, Sperian customers have paid \$12 million more in rates and extra fees than they would have paid if they had remained with the regulated utility.

Madigan's lawsuit also alleged Sperian's sales agents failed to inform customers that fixed rates only applied for a certain period of time, after which the customer would be switched to a month-to-month variable rate plan that was far more expensive. Sperian's notices to customers at the end of the fixed-rate period failed to disclose that the customer would be switched to a variable rate if they did not respond. In fact, Sperian's telemarketing scripts were designed to "bury" these types of disclosures from customers.

Currently in Illinois, there are at least 96 alternative retail electric suppliers, or ARES, authorized to sell electricity in Illinois and data shows their customers are paying higher prices than customers with traditional utilities. According to the Illinois Commerce Commission (ICC), ARES customers in the ComEd territory as a whole have paid more than \$152 million more for electricity than traditional utility customers from June 1, 2016 through May 31, 2017. Statewide, residential and small commercial customers enrolled with ARES have paid almost \$400 million more in electricity costs in the last three years.

The Joint Committee on Administrative Rules (JCAR) is expected to rule in mid-September on new rules proposed by the ICC that would hold ARES more accountable for their business practices by requiring them to make additional disclosures to potential customers, use stronger enrollment verification processes and maintain recordings of telemarketing calls that result in a sale.

Madigan urged Illinois residents to research offers from ARES 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 do not enroll on the spot, especially if someone comes to your door.

- If you are interested in an alternative pricing plan (such as a variable rate), make sure that you read all of the fine print and 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.
- 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 the following tips to help decide whether to choose an alternative energy supplier:

- Check your utility bill to determine if you are 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>

If you need to make a change, 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.

Assistant Attorneys General Anna Crane, Ron Jolly, Caitlyn McEllis and Aaron Chait are handling the lawsuit for Madigan's Public Interest Division.

**Note: An audio recording of a Sperian sales call is available upon request.*

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