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Investigation Originally Prompted By Media Report Of Third-Party Agents Allegedly Stealing Wallet During Door-to-Door Marketing Visit

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Clearview Electric, Inc. d/b/a Clearview Energy ('Clearview' or 'Company') would pay a civil penalty in the amount of \$59,750, and has provided refunds to certain customers, under a settlement with the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement ('I&E') to resolve I&E's allegations that Clearview, among other things, did not conduct criminal background checks of third-party agents in a manner that completely complies with the PUC's regulations, did not notify the PUC of door-to-door marketing during a certain period as required, and switched certain customers without authorization

Clearview Energy provided the following statement concerning the matter

"Clearview worked with Staff at Pennsylvania's Bureau of Investigation & Enforcement (I&E) to resolve allegations from 2017 without any admission of wrongdoing. Clearview's goal in the market is to make it easier for consumers to Live Green by providing 100% renewable energy plans. Third-party surveys show that 96% of Clearview's customers report a 'very

'good' or 'excellent' experience with its sales agents."

--- Statement from Clearview Energy

The settlement provides that, "The Parties agree that the underlying allegations were not the subject of any hearing and that there has been no order, findings of fact or conclusions of law rendered in this proceeding. It is further understood that, by entering into this Settlement Agreement, Clearview has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in any other proceeding that may arise as a result of the circumstances described in the Settlement."

The PUC initiated an investigation of Clearview after a June 2017 report in local media that a Dauphin County resident reported to the Pennsylvania State Police the theft of his wallet, which contained cash, from his home during a door-to-door marketing presentation conducted by two sales agents alleged to have represented Clearview

The settlement states that, "The two aforementioned sales agents were employed by a third-party vendor used by Clearview to market the Company's electric generation supply services. In response to the incident,

Clearview permanently removed the two agents from its marketing campaign."

The settlement states that Clearview relies on third-party marketing companies to complete criminal background investigations of agents before those agents work on behalf of Clearview.

I&E alleges that, "While Clearview's background check policy indicates that its third-party marketers search various criminal databases and perform a 50-state background check, such searches do not specifically include obtaining criminal history records from the Pennsylvania State Police, as required by the Commission's regulations."

I&E also alleged that Clearview failed to notify the PUC's Bureau of Consumer Services (BCS) and the EDCs of door-to-door marketing during certain months in 2017, contrary to the Commission's regulations.

I&E alleged that, "During the third and fourth quarters of 2017, Clearview received approximately fifty (50) customer complaints alleging that customers were switched to received electric generation supplied by Clearview without first providing authorization. Upon Clearview's investigation into those fifty (50) customer

complaints, ten (10) complaints involved accounts in which Clearview confirmed that the customer was switched without his or her authorization. Three (3) out of the ten (10) complaints in which Clearview confirmed that an unauthorized switch occurred contained audio recordings of third-party verifications in which someone other than the customer is posing as the customer and providing falsified authority to effectuate the switch."

I&E also alleged that Clearview uses a third-party electricity shopping comparison website to market its services, and that Clearview enrolled and billed 137 customers in the Duquesne Light and PECO service territories at a rate greater than the Clearview rate that was advertised on such third-party website at the time of the customer's enrollment.

I&E had filed a complaint against Clearview alleging violations of Chapters 54, 57 and 111 of Title 52 of the Pennsylvania Code, 52 Pa. Code §§ 54.1-54.204; 52 Pa. Code §§ 57.1-57.259; and 52 Pa. Code §§ 111.1-111.14.

More specifically, had the matter not been settled, I&E was prepared to allege the following:

a. "Clearview, through the action of its agent or agents,

engaged in fraudulent, deceptive or otherwise unlawful acts in the process of marketing Clearview's electric generation supplier services in that on June 15, 2017, a prospective customer's wallet containing cash was taken by an agent or agents conducting door-to-door sales on behalf of Clearview. If proven, I&E alleges that such conduct violates 52 Pa. Code § 54.43(f) (related to standards of conduct and disclosure for licensees) and 52 Pa. Code § 111.9(b) (related to door-to-door sales). (one count)."

b. "Clearview impermissibly allowed the two agents implicated in the wallet theft incident to conduct door-to-door sales and marketing activities on June 15, 2017, in that Clearview did not first obtain and review their criminal history records from the Pennsylvania State Police. If proven, I&E alleges that such conduct violates 52 Pa. Code § 111.4(b) (related to agent qualifications and standards; criminal background investigations). (two counts)."

c. "Clearview violated the Commission's regulations pertaining to marketing and sales practices for the retail residential energy market in that on each and every day of June 2017, except for June 25, 2017, Clearview conducted door-to-door sales and marketing activities

without first notifying BCS no later than the morning of the day that the activity began. If proven, I&E alleges that such conduct violates 52 Pa. Code § 111.14(a) (related to notification regarding marketing or sales activity). (29 counts)."

d. "Clearview violated the Commission's regulations pertaining to marketing and sales practices for the retail residential energy market in that on each and every day of June 2017, except for June 25, 2017, Clearview conducted door-to-door sales and marketing activities without first notifying the local distribution company with general, nonproprietary information about the activities no later than the morning of the date that the sales and marketing activities began. If proven, I&E alleges that such conduct violates 52 Pa. Code § 111.14(b) (related to notification regarding marketing or sales activity). (29 counts)."

e. "During the third and fourth calendar year quarters of 2017, Clearview switched ten (10) customers to receive electric generation service supplied by Clearview without the customers' authorization in that the customers did not consent to being switched. If proven, I&E alleges that such conduct violates 52 Pa. Code § 54.42(a)(9) (permitting a civil penalty to be imposed

upon a supplier who transfers a customer without the customer's consent); 52 Pa. Code §§ 57.171-177 (related to the standards for changing a customer's electricity generation supplier); and 52 Pa. Code § 111.7 (related to customer authorization to transfer account; transaction; verification; documentation). (10 counts)."

f. "Clearview violated the Commission's regulations pertaining to electricity generation customer choice information in that Clearview marketed a certain fixed rate for its electric generation service in the Duquesne Light and PECO service territories on [third party comparison site] and then billed customers a rate greater than the rate that was advertised on [third party comparison site] at the time of the customers' enrollments. If proven, I&E alleges that such conduct violates 52 Pa. Code § 54.4(a) (requiring that EGS prices billed reflect the marketed prices). I&E's proposed civil penalty for this violation is \$137,000 (137 counts)."

In its original complaint, I&E originally sought a civil penalty of \$208,000

As noted, the settlement provides that Clearview will pay a total civil penalty in the amount of \$59,750. The

civil penalty represents the following: \$1,000 to resolve the alleged violation of 52 Pa. Code § 54.43(f) and 52 Pa. Code § 111.9(b); \$2,000 to resolve the two (2) alleged violations of 52 Pa. Code § 111.4(b); \$10,875 to resolve the twenty-nine (29) alleged violations of 52 Pa. Code § 111.14(a); \$10,875 to resolve the twenty-nine (29) alleged violations of 52 Pa. Code § 111.14(b); \$10,000 to resolve the ten (10) alleged violations of 52 Pa. Code § 54.42(a)(9), 52 Pa. Code §§ 57.171-177 and 52 Pa. Code § 111.7; and \$25,000 to resolve the one hundred and thirty-seven (137) alleged violations of 52 Pa. Code § 54.4(a).

Clearview has provided to each of the customers, who had one or more of the ten (10) accounts switched to Clearview's electric generation supply service without authorization, a refund for the entire electric generation supply portion on the customer's bill for the first two (2) billing periods that the customer was switched to Clearview, pursuant to 52 Pa. Code § 57.177(b).

Clearview has agreed to refund cancellation fees or early termination fees imposed by other electric generation suppliers ('EGS') and incurred by the customers who were switched to Clearview without authorization, pursuant to 52 Pa. Code § 57.177(c),

upon request and the presentation of documentation by the customers.

Clearview has provided refunds to each of the customer accounts in the Duquesne Light Company and PECO Energy Company service territories for overcharges incurred between October 2017 and February 2018, consisting of the cumulative difference between the amount each customer was billed and the amount each customer was entitled to receive pursuant to the advertised rate on the third-party shopping website

Clearview has revised its policies and practices to ensure that customers are billed the rate for which they enrolled, that the Company obtains and reviews criminal background checks of prospective sales agents from the Pennsylvania State Police, and that the Company notifies the Commission's Bureau of Consumer Services and local electric distribution companies of door-to-door sales and marketing activities no later than the morning of the day that such activities occur.

In a statement in support of the settlement agreement filed with the PUC, Clearview said that, "Clearview has conceded that its sales team, without the knowledge of

management, temporarily ceased providing notifications of its door-to-door marketing and sales activities to BCS and EDCs in 2017."

The settlement also noted that Clearview's sales team has been completely replaced since the alleged violations of the door-to-door notice requirement

As to the allegations relating to the criminal background checks, Clearview said in the statement of support that, "The criminal background checks performed by Clearview searched the databases of all 50 states.

While those checks may not have specifically included a review of Pennsylvania State Police records, issues are in dispute as to whether they produced similar results and substantially complied with the regulations. Notably, I&E has not suggested that if Clearview's search had included a review of these records that the sales agents implicated in the alleged theft of a prospective customer's wallet would have been ineligible to participate in the door-to-door marketing and sales campaign in June 2017."

Concerning the application of an incorrect rate for some customers, Clearview said in the statement of support that, "Moreover, despite Clearview's admission that it charged one hundred thirty seven customers a price

that was higher than that advertised on [the third party website], Clearview has contended that this was unintentional, in that it occurred because of a timing issue in connection with updating the price on the website. Clearview has also noted that customers were billed a price that matched their disclosure statement and that it proactively refunded the difference between advertised and billed prices to the affected customers upon learning of the error."

Docket No. C-2020-3020127

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