



## CITIZENS UTILITY BOARD

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**FOR IMMEDIATE RELEASE**

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### **CUB COMPLAINT CHARGES PEOPLES ENERGY IS MISLEADING CONSUMERS, ASKS ICC TO HALT ILLEGAL MARKETING, FINE COMPANY**

Peoples Energy Services is misleading consumers into signing up for a plan that offers a “fixed price” for natural gas until 2005—even though the price isn’t fixed at all, the Citizens Utility Board (CUB) is charging.

In a complaint filed with the Illinois Commerce Commission (ICC) late Tuesday, CUB said the company’s marketing of the plan violates the state’s Consumer Fraud Act. The complaint asks the agency to order the company to stop the misleading marketing of the offer, honor the advertised price and allow customers who have already signed up to cancel the contract without a penalty.

“Peoples Energy is using sales tactics usually associated with fly-by-night companies,” CUB Executive Director Martin Cohen said. “This type of behavior is not just dishonest, it’s illegal and the ICC should put a stop to it immediately. They’re not peddling magazine subscriptions here, they’re selling a vital commodity that every household in the region depends on.”

The company, which is an unregulated affiliate of Chicago-based utility Peoples Gas, made the offer in a letter sent to consumers earlier this month. The letter warns customers of impending high natural gas prices and offers to lock in a price of 62 cents per therm for two years.

But the two-year contract customers are asked to sign contains an escape clause that allows the company to cancel the contract or raise the price at any time. However, consumers who want out of the agreement must pay a “termination fee” that could total several hundred dollars, depending on when they cancel it.

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The company's marketing of the plan cautions that only the first 2,000 customers who respond to the offer will get the fixed price. But a Peoples Energy spokesperson said publicly that the company may offer it to more than 2,000 customers. Such a false claim, according to CUB's complaint, also violates the Consumer Fraud Act.

By using the same name and logo as Peoples Gas, consumers are misled into thinking the offer comes from the utility, which is regulated by the ICC. In fact, Peoples Energy Services is an unregulated company, whose rates and offerings are not overseen by the commission.

Under state law, the ICC does have authority to ensure that the marketing materials of alternative gas suppliers like Peoples Energy Services "adequately disclose the prices, terms and conditions" of the products or services being offered. The Peoples Energy materials violate this mandate, CUB's complaint concludes.

In addition to halting the misleading marketing of the plan, CUB is asking the ICC to fine the company \$100 per solicitation, up to \$1 million, and to rule on the case in an expedited proceeding.

CUB is a nonprofit, statewide utility watchdog organization created by the Illinois legislature to represent the interests of residential and small-business utility consumers. For more information on CUB, visit [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org) or call CUB's Consumer Hotline at 1-800-669-5556.

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