Contact: Bill Edge
Phone 404-656-2316
Fax 404-656-3020
E-mail: bille@psc.state.ga.us

Georgia Public Service Commission

244 Washington St., S.W.
Atlanta, Georgia 30334
Phone: 404-656-4501
Toll free: 800-282-5813

News Release

PSC Approves Stipulated Agreement to Resolve Alleged Violations by Natural Gas Marketer Energy America

ATLANTA, September 2, 2003– The Georgia Public Service Commission (Commission) today approved the largest assessment ever against a Georgia natural gas marketer in order to resolve 138 allegations of slamming against natural gas marketer Energy America (Company). Slamming is the switching of a consumer's natural gas marketer without the consumer's authorization. The Commission approved the stipulated agreement on a 3-2 vote with Commission Chairman Robert B. Baker, Jr. and Commissioner Angela Speir voting no. Commissioner Speir offered an amendment that would have increased the assessment to $548,000 but a majority of the Commission failed to support her amendment, which Chairman Baker did support.

The stipulation, if accepted by Energy America, would require the Company to contribute $400,000 to the Low Income Heat Energy Assistance Program (LIHEAP) plus $100 credits to each of the 138 customers slammed for a total payment of $413,800. In addition, Energy America would pay $5 to these customers for each day it took the gas marketer to return the customers to their preferred provider after being slammed. The Company would also have 15 days to credit accounts of additional customers identified as being slammed. The Commission approved an amendment offered by Commissioner Doug Everett that would prevent the Company from receiving a tax benefit from its LIHEAP contribution. Commissioner David Burgess noted that customers would receive free gas during the time they were switched from their preferred provider.

To prevent similar problems, the stipulation requires the Company to develop and deliver training on Commission natural gas rules to its employees and agents, and, for the next two years, to submit all proposed direct mail, email, television or billboard advertising to the Commision for its review. The Company is also prohibited from engaging in activities to sign up new or former customers for a 12-month period without prior Commission approval.

In May and August 2003, the Commission held hearings on slamming allegations against Energy America, a subsidiary of Centrica (a Canadian/UK company with over 6,000,000 customers in Europe and North America). The Commission initiated this case when 14 consumers filed complaints after being contacted during the summer and fall of 2002 by a telemarketing firm hired by Energy America. The Commission found that Energy America had engaged in 138 instances of

alleged "slamming," the unauthorized switching of customers' preferred natural gas providers, and other alleged violations of Commission rules. These unauthorized switches occurred even though Energy America had been sanctioned by this Commission in 2000 for unauthorized switching violations related to a door-to-door sales campaign.

###