

**Consumer Services Division and Office of Retail Market Development**  
**Staff Report to the Commission**

**August 2014**

**SUBJECT:** Staff concerns regarding Major Energy Electric Services LLC's Failure to Adhere to its Obligations under the Public Utilities Act, Illinois Commerce Commission Rules, and the Consumer Fraud and Deceptive Business Practices Act.

**Introduction**

Major Energy Electric Service LLC ("Major Energy" or the "Company") is certified in Illinois as an Alternative Retail Electric Supplier ("ARES"), pursuant to 220 ILCS 5/16-115 of the Public Utilities Act ("Act").<sup>1</sup> Under that Section, in order to obtain certification, all ARES are required, among other things, to "comply with all applicable federal, State, regional and industry rules, policies, practices and procedures for the use, operation, and maintenance of the safety, integrity and reliability, of the interconnected electric transmission system." 220 ILCS 5/16-115(d)(2). Additionally, once certified, all ARES must (1) "continue to comply with the requirements for certification stated in subsection (d) of Section 16-115"; (2) "obtain verifiable authorization from a customer, in a form or manner approved by the Commission consistent with Section 2EE of the Consumer Fraud and Deceptive Business Practices Act, before the customer is switched from another supplier"; (3) "adequately disclose[] the prices, terms and conditions of the products or services that the alternative retail electric supplier is offering or selling to the customer" in any marketing materials which make statements concerning prices, terms, and conditions of service; and (4) "give the customer written information that adequately discloses, in plain language, the prices, terms and conditions of the products and services being offered and sold to the customer" before any customer is switched from another supplier. 220 ILCS 5/16-115; 220 ILCS 5/16-115A(a)(ii), (b), (e)(i), (e)(ii); see 815 ILCS 505/2EE.

Additionally, Major Energy is required to comply with 83 Ill. Admin. Code Part 412: Obligations of Retail Electric Suppliers. 83 Ill. Admin. Code Part 412 ("Part 412"); 220 ILCS 5/16-115A(a)(2); 220 ILCS 5/16-115(d)(2). More specifically, Part 412 addresses, among other things: (1) minimum contract terms and conditions; (2) door to door marketing; and (3) training of retail electric supplier ("RES") agents to comply with Illinois regulations and statutes on energy sales. 83 Ill. Admin. Code §§ 412.110, 412.130, 412.170.

Moreover, all ARES are obliged to "continue to comply with the requirements for certification stated in subsection (d) of Section 16-115." 220 ILCS 5/16-115A(a)(2). Subsection (D) of Section 16-115 requires "[t]hat the [ARES] will comply with all applicable federal, State, regional and industry rules, policies, practices and procedures for the use, operation, and

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<sup>1</sup> Major Energy's Alternative Retail Electric Supplier certificate was granted on April 4, 2012 (ICC Docket No. 12-0184).

maintenance of the safety, integrity and reliability, of the interconnected electric transmission system.” 220 ILCS 5/16-115(d)(2).

Finally, the Commission was granted jurisdiction to entertain and dispose of any complaint against an ARES alleging, among other things, “that the alternative retail electric supplier has violated or is in nonconformance with any applicable provisions of Section 16-115 through Section 16-115A.” 220 ILCS 5/16-115B(a). Specifically, the Commission has the

authority, after notice and hearing held on complaint or on the Commission’s own motion: (1) [t]o order an alternative retail electric supplier to cease and desist, or correct, any violation of or non-conformance with the provisions of Section 16-115 or 16-115A; (2) [t]o impose financial penalties for violations of or non-conformances with the provisions of Section 16-115 or 16-115A, not to exceed (i) \$10,000 per occurrence or (ii) \$30,000 per day for those violations or non-conformances which continue after the Commission issues a cease and desist order; and (3) [t]o alter, modify, revoke or suspend the certificate of service authority of an alternative retail electric supplier for substantial or repeated violations of or non-conformances with the provisions of Section 16-115 or 16-115A.

220 ILCS 5/16-115B(b).

## **Background**

During 2013, the Commission’s Consumer Services Division (“CSD”) received 7 complaints against Major Energy. In 2014, however, CSD has noticed a significant increase in consumer complaints regarding Major Energy: 111 residential complaints through the end of July. Most of these consumers complained of high rates and alleged they were misled because they thought they were going to save money compared to the utility supply rate when they signed up with Major Energy for electric supply service.

In March 2014, Staff began an informal investigation of Major Energy’s scripts, contracts and verification processes. CSD and the Commission’s Office of Retail Market Development (ORMD) reviewed the materials and met with Major Energy to discuss Staff’s concerns. While Major Energy did agree to halt marketing temporarily in response to Staff’s concerns, Staff is unaware of any comprehensive remedial action to help affected customers taken by Major Energy. Rather, Staff has learned through CSD’s informal complaint handling process that Major Energy has either completely denied remedial requests and offered a Letter of Agency (LOA) as valid authorization or in some cases has sought individual settlements with complaining Spanish-speaking customers that include non-disclosure of the terms agreed to by the customers. In many instances, a signed non-disclosure settlement was a condition forced upon impacted Spanish-speaking customers by Major Energy and refunds were withheld until the company received it. Even customers using CSD’s informal complaint process have not

been offered any remedy or settlement by Major Energy unless the customer will agree to sign a written settlement containing a non-disclosure provision.

Staff has requested more information related to Spanish-speaking customers enrolled using contracts written in English but has not received a response from the Company. Staff is unaware of any comprehensive review by the company to evaluate the impact of this particular issue. Major Energy appears willing to modify its scripting towards compliance on a going forward basis. This action does not, however, remedy the damage that has already been done to the customers Major Energy enrolled using a non-compliant script and engaging in problematic sales practices. Similarly, Staff appreciates that Major Energy has suspended its marketing after Staff's initial contact. Staff is not aware, however, of any comprehensive steps taken by the Company to perform outreach and provide relief to all affected customers. Staff is not satisfied with the manner in which Major Energy handles complaints from those affected customers who have reached out to Major Energy on their own or through the CSD complaint process. Specifically, Staff does not approve of Major Energy's requirement that affected customers sign non-disclosure agreements prior to seeking remedies from the Company. Therefore, Staff believes that Major Energy should not resume marketing in Illinois until it has addressed all concerns.

## **Investigation**

Based on customer complaints, CSD determined that prices for electric service for those customers who contacted CSD were as high as 34.98 cents/kWh, while the average ComEd residential electric supply rate for the period between June 2013 and May 2014 was 5.87cents/kWh.

Upon review of the scripts and contracts provided to Staff during the informal investigation, Staff identified a number of potential violations of the Act, Part 412, and the Consumer Fraud and Deceptive Business Practices Act.

### Misrepresentation/Deceptive Sales Script Language

According to Major Energy's door to door sales scripts, Attachment A to this Staff Report, the sales agents introduce themselves to potential customers as "energy consultants," rather than energy sales agents. Scripting describes the purpose of the visit by stating, "We're just doing a routine follow up on the info that was sent . . ." Attachment A. This language obscures the sales purpose of the visit and the identity of the company. When asked by Staff what information this language in the script is referencing, Major Energy admitted that it had sent no such information, and that the purpose was to reference the general information sent by the utility to describe the customer choice program. The net impression given is that the customer is being visited by a consultant hired by or otherwise affiliated with the utility to talk to them about the program, not to sell supply for a competitive company. This appears to violate Part 412.120(a):

An RES agent shall state that he or she represents an independent seller of power and energy service certified by the Illinois Commerce Commission. *An RES agent shall not state or otherwise imply that he or she is employed by, representing, endorsed by or acting on behalf of the electric utility, a governmental body (unless the RES has entered into a contractual arrangement with the governmental body and has been authorized by the governmental body to make the statements), or a consumer group.* 83 Ill. Adm. Code 420.120(a)(emphasis added).

The sales script provided by Major Energy further state that the purpose of the visit is to “see if you are getting maximum savings on your energy bills,” again obscuring the true purpose of the visit, while also implying that the salesperson will provide maximum savings. Attachment A. The script continues in this vein by promising to save the potential customer “up to 10% based on historical savings.” *Id.* Major Energy’s script makes no effort to inform the prospective customer that the rate is variable, and could provide either savings or higher costs to customers, depending on the variation of the rate. The script further makes no effort to reference what rate the promised savings are to be measured against. Is it the utility default rate? Is it a municipal aggregation rate, or another supplier rate? The script simply mentions “savings” multiple times, and at one point further mischaracterizes the visit as checking “to see if your household is eligible for a possible reduction in costs.” Given that the customers were then billed rates by Major Energy that were in excess of the utility default rate, the multiple reference to savings and possible reduction in costs is deceptive, and appears to violate Part 412.110 (d) of the Commissions Rules and Section 2 of the Consumer Fraud and Deceptive Business Practices Act. See 815 ILCS 505/2 (regardless of whether any person has in fact been misled, deceived or damaged, any unfair or deceptive acts or practices, including any deception fraud, false pretence, false promise, misrepresentation or concealment, suppression or omission of any material fact with intent that another party rely on such concealment, omission, or suppression, is unlawful).

Moreover, Major Energy’s sales script indicates sales representatives further misrepresented the service provided, saying “this is all part of State [d]eregulation and means that there are certain savings you may be missing on your electric/gas bill.” Attachment A. The sales script suggests that the customer is currently losing money by not enrolling with the program that the agent is offering by stating that the utility “monopoly could charge whatever they want so you may have paid more.” *Id.*

### Exploiting Language Barriers

Signed sales agreements provided to Staff by Major Energy indicate a violation of the ICC rules in those instances where sales representatives solicited potential door-to-door customers in Spanish, but provided contracts and terms and conditions in English. Attachment D “If any sales solicitation, agreement, contract or verification is translated into another

language and provided to a customer, all of the documents must be provided to the customer in that other language.” 83 Ill. Admin. Code § 412.120(b). Staff is also aware of at least one instance where a customer who had immigrated from eastern Europe and had extremely limited English speaking skill was sold energy services using an English contract. The customer alleged she was “tricked.”

#### Non-disclosure of Requisite Door-to-Door Solicitation Uniform Disclosure Statements

All door-to-door solicitations conducted by ARES must include verbal disclosure of certain uniform disclosures required under Part 412.110. 83 Ill. Admin. Code § 412.120(e); see 83 Ill. Admin. Code § 412.110(d) – (p). Nevertheless, the script does not require such disclosures. The sales script makes vague reference to review terms and conditions with a prospective customer, but does not direct a sales agent to read the entire two page disclosure, as required, nor is it clear that the terms and conditions reviewed with the customer meets the font size requirements set forth in Code Part 412. Again, Code Part 412 requires certain disclosures to be presented verbally as part of the sales presentation. Based on Major Energy’s scripted sales presentation and complaints filed with the Consumer Services Division, the following requirements may not have been met: (1) an adequate explanation of the variable rate that would be applied under the contract; (2) disclosure of the term of the contract; (3) proper disclosure of the right to rescission ; (4) disclosure of early termination fees; (5) statement that Major Energy is an independent seller of power and energy service certified by the Commission and that the agent is not representing or acting on behalf of a government body, or consumer group; (6) statement that the customer will receive written notification from the electric utility confirming the switch to Major Energy for power and energy supply; and (8) statement in plain language describing the conditions that must be present for the savings to occur when an implied guarantee of savings was made. See 83 Ill. Admin. Code §§ 412.110(d), (e), (j), (k), (l), (n), (o).

#### Failure to Adhere to Requisite Minimum Contract Terms and Conditions

Any RES sales contract must disclose certain information, regardless of the form of marketing used. 83 Ill. Admin. Code § 412.110. Additionally, the sales contract text must be at least 10 point font and may be no more than 2 pages in length. *Id.* Major Energy’s contract appears to be in a font smaller than 10 point, and the required contract terms and conditions are not all properly included. In particular, the contract does not include (1) an adequate explanation of how the variable rate charges for service are determined; and (2) a statement that the sales agent is not with a government body. *Id.*

#### Training of RES Agents

Part 412 requires that “RES agent[s] shall be knowledgeable of the requirements applicable to the marketing and sale of power and energy service to the customer class that he or she is targeting.” 83 Ill. Admin. Code § 412.170(a). Upon review of the Major Energy sales script, it appears to Staff that Major Energy’s agents are not so informed, because the script

does not properly conform to the requirements of Part 412. 110(d), (e), (j), (k), (l), (n), (o). The sales script provided by Major Energy to its sales agents direct them to violate Part 412 by including, in Staff's view, deceptive and misleading characterizations that negate any additional disclosures that may have occurred. Further, training related to solicitations to prospective customers in languages other than English has not been conducted in compliance with Part 412 requirements.

### Recommendation

For the foregoing reasons, Staff recommends the Commission, on its own motion, initiate a show cause proceeding directing Major Energy to respond to the allegations in the Staff Report and to show cause why the Commission should not exercise its authority to enforce Sections 16-115 and 16-115A of the Public Utilities Act for the alleged violations of Part 412, the Consumer Fraud Act and the Public Utilities Act described in this Staff Report including imposing any or all of the following remedies:

- (A) Order Major Energy to cease and desist, or correct, any violation of or non-conformance with the provisions of Section 16-115 or 16-115A;
- (B) Impose financial penalties for violations of or non-conformances with the provisions of Section 16-115 or 16-115A, not to exceed (i) \$10,000 per occurrence or (ii) \$30,000 per day for those violations or non-conformances which continue after the Commission issue a cease and desist order; and
- (C) Alter, modify, revoke, or suspend Major Energy's certificate of service authority of an alternative retail electric supplier for substantial or repeated violations of or non-conformances with the provisions of Section 16-115 or 16-115A.

Prepared by,

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Approved by,

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Major Energy/Respond Power Direct Sales (D2D) Script

- Hi... I need to speak to the person that's handling the electric or gas bills for the household...
- ... Hi my name's [Your Name], (*Lift Badge*), I'm an Energy Consultant with Respond Power/Major Energy...
- ...We're just doing a routine follow up on the info that was sent AND to see if you are getting the maximum savings on your energy bill/s...
- ... **(ASK FOR BILL)** (With confidence) **Just like I did for your neighbors (*motion back*) I need to see a copy of your ELECTRIC (And/Or) GAS bill to see if your household is eligible for a possible reduction in costs (*hand out*) ...(*Wave hand*) I don't need to come in, I'll wait right here while you grab that...**

**\*\*\* REMEMBER THEY MUST HAVE THE MIN. REQUIRED USAGE FOR OUR PROGRAM TO QUALIFY \*\*\***

**WITH BILL IN HAND EXPLAIN THE PROGRAM:**

- o (As you may already know)... **Sir/Ma'am this is all part of State Deregulation AND means that there are certain savings you may be missing on your Electric/Gas bills...**  
*See BEFORE, there was NO COMPETITION (MONOPOLY COULD CHARGE WHATEVER THEY WANT) so you may have PAID MORE, AFTER DEREGULATION, WITH COMPETITION, (THE UTILITY MONOPOLY IS BROKEN UP) so you MAY QUALIFY for savings ... (See Energy Supply Companies typically have lower overhead costs THAN the BIG Utility which means savings to consumers AND we also use various strategic purchasing methods to try and bring down costs as well and save our customers \$)...*
- o **Your Local Utility STILL MAINTAINS your lines, read your meter, SEND you ONE bill and RESPOND to ANY emergencies**
- o **There is NO CHARGE to enroll AND there are NO CANCELLATION FEES with our program.**
- o **IF you QUALIFY, we MAY be able to save you money ON THE SUPPLY PORTION of your bill.**
- o By the way, by supporting our company you are also supporting the fight against childhood cancer. This year we raised our commitment from under \$10,000 to over \$50,000 in our fight against Childhood Cancer by donating directly to Alex's Lemonade Stand.

**IF QUALIFIED**

*(Only if qualified)* **Sir/Ma'am, Good News! I do believe you QUALIFY FOR OUR PROGRAM...You're with the right utility (circle it), you have a residential account (circle it) AND you use enough energy usage.**

**Your price to compare is XXXXX and we're going to give you a variable rate with savings of up to 10% BASED ON HISTORICAL SAVINGS ... (Discuss Rates when applicable...)**

**This is only going to take a few seconds, just a name address and phone number to get you started with the application...**

**Sir / Ma'am, I just need to go over a few important things with you (review application and T&C), and then make a quick call to our Quality Assurance Department to confirm your registration. If you have any questions, please stop me before we call in.**

**CUSTOMER AWARENESS STATEMENTS BEFORE VERIFICATION CALL (READ FROM APPLICATION):**

**Sir/Maim: You understand that:**

- 1) I represent Respond Power/Major Energy and am not from your local utility company. Respond Power/Major Energy *simply works in cooperation with your local Utility.*
- 2) YOUR Local Utility Company is \_\_\_\_\_ (one of the following):
- 3) **YOUR CHOICE IS VOLUNTARY** and by choosing Respond Power/Major Energy as your energy supplier, your local utility will continue to deliver your energy, read your meter, bill you, and respond to gas leaks and/or electric outages or any other emergencies.
- 4) You are over 18, the account holder, spouse of the account holder or authorized to make account decisions.
- 5) You will continue to receive one bill from your local utility company.
- 6) You WILL receive a copy of the terms and conditions.

**Ok Sir, Ma'am, now I will make that short call to confirm your registration.**

1. If you are the account holder or spouse of the account holder and able to make decisions on the account
2. That you understand that I am from Respond Power/Major Energy and NOT from the utility
3. That you are choosing Respond Power/Major Energy as your energy supplier, your local utility will continue to deliver your energy, read your meter, bill you, and respond to gas leaks and/or electric outages or any other emergencies.

## FOP TRANSITIONAL UNIVERSAL TPV SCRIPT

### **AGENT PART:**

***Hello this is the Registration department. Are you calling for Major, Respond, OR BOTH?***

***\*\* REMEMBER WHICH ONE/S AND USE IT IN THE CUSTOMER SCRIPT \*\****

1. Application #? **REPEAT BACK**
  2. TEAM Code? **REPEAT BACK**
  3. REP Code **REPEAT BACK**
  4. Gas or Electric?
  5. Utility Company(s)?
  6. Gas/Electric Account(s) #? **REPEAT THIS BACK TO THE AGENT**
  7. SPELL their First and Last Name on the the Bill
  9. SPELL the full address on the bill.
  10. Zip code? (Confirm the correct town/city)
  11. Your confirmation number is \_ **(Please click conf Code box and give what appear to agent)** \_
- Thanks! Give the customer their bill and hand them the phone.

### **CUSTOMER PART:**

"Hello Ma'am/Sir, How are you today?

My name is \_\_\_\_\_with **Major Energy's**. TODAY is (SAY DATE...ie February 23, 2012) and I want you to be aware that this call is being recorded for quality assurance.

**\*\*\*Q1** Now to begin, please state your name? (Ask to spell if you're unsure)

A. Ok, are you the account holder?

**YES** "Thank you Mr. /Mrs. (Repeat back last name).

B. "And what is your relationship to the account holder?"

**"Are you're over the age of 18 and authorized to make decisions on the account?"**

Please confirm your phone #, Area code first.

Please confirm your billing address.

**I have just a few quick questions for you. Please answer "Yes" or "No" on each question to complete the registration.**

**Q2. Do you understand that your utility remains the same and that you may receive savings of up to 10% based on historical averages by simply choosing **Major Energy** to be your supplier? Yes/No**

**Q3. AND you understand that the Field Agent you spoke with is from (**Major Energy**) and NOT from your local Utility, correct? Yes/No**

**Q4. Finally, you do understand this month-to-month agreement is free to apply for, and that you may rescind your initial enrolment within 10 business days, or you may discontinue the program at anytime without a cancelation fee? Yes/No**

**Ok sir/ma'am. That concludes the registration process. The agent should of have left you a yellow copy of the agreement for your records.**

**Again, thank you for choosing **Major Energy** have a wonderful day/evening!**



Questions? Call 1-888-625-6760

**SALES AGREEMENT**

[www.majorenergy.com](http://www.majorenergy.com)

**Major Energy Electric Services LLC • 100 Dutch Hill Road, Suite 230, Orangeburg, NY 10962 • (888) 625-6760 • fax: (347) 274-0890**

Agent Name:

Agent Code:

Residential    Commercial   Service Type:  Electricity

Best Time to Call:

My local utility company is:  ComEd

Electric Acct. No.

First Name:

Last Name:

Business Name (Commercial):

Title:

Customer Address:

City:

State:

Zip:

Telephone:  -  -

Work Phone:  -  -

E-mail:

Language:

The rate plan for the Initial term of this agreement is  VARIABLE  FIXED RATE.

The electric rate plan for the initial term of this agreement is \_\_\_\_\_ per kwh fixed rate.

The Initial term for this agreement is  6 Months  12 Months

- 1) \_\_\_\_\_ I understand that the agent I spoke to represents Major Energy, an Illinois licensed Alternative Retail Electric Supplier and NOT my local utility.
- 2) \_\_\_\_\_ I understand that by choosing Major Energy as my energy supplier, my local utility will continue to deliver my energy, read my meter, bill me and respond to gas leaks and/or electric outages or any other emergency.
- 3) \_\_\_\_\_ I am over 18 years of age. I am the account holder, spouse of the account holder, or authorized to make account decisions.
- 4) \_\_\_\_\_ I will continue to receive one bill from my local utility company.
- 5) \_\_\_\_\_ I have received a copy of the Terms and Conditions.

**Print Name:**

**Customer Signature:**

**Relationship to Account Holder:**

**Date:**

CUSTOMER DISCLOSURE STATEMENT	
Price	Fixed or Variable
How price is determined	Electric Fixed Price per/kWh.  Electric Variable Price shall each month reflect the cost of electricity obtained from all sources (including energy, capacity, settlement, ancillaries), related transmission and distribution charges and other market-related factors, plus all applicable taxes, fees, charges or other assessments and Major's costs, expenses and margins.
Length of the agreement and end date	For Variable Rate service the Term is one month and for Fixed Rate Service it is 6 or 12 months as set forth on the first page of this agreement.
Process customer may use to rescind the agreement without penalty	A residential Customer may rescind, without a termination fee, within ten calendar days of the electric utility processing the enrollment request by calling Major Energy at 1-888-625-6760, OR Commonwealth Edison (Com Ed) at 1-800-334-7661.
Amount of Early Termination Fee ("ETF") and method of calculation	No early termination fee for variable rate service. If fixed rate service the fee is \$100 if the remaining term is less than 12 months and \$200 if the remaining term is 12 months or more. The Early Termination Fee is not a penalty, but is intended to compensate us for the cost of buying electricity or natural gas in advance on your behalf.
Notification	You will receive written notification from your utility confirming a pending switch of your electric services to Major Energy.
Provisions for renewal of the agreement	After Initial Term, unless otherwise agreed to, renews on a month to month variable rate plan. Between 30 and 60 days prior to expiration, Major Energy will provide you with written notice of your options.

**TPV Confirmation #:**

# TERMS & CONDITIONS

**Right of Rescission – Residential and Type A Small Commercial Customers may rescind this Agreement by contacting Major Energy no later than 5 calendar days prior to the effective date of your switch to Major Energy. The effective date of your switch is your first normally scheduled meter reading date that occurs 18 calendar days after the EDC receives the switch request.**

**1. Agreement to Sell and Purchase Energy.** This is an agreement between Major Energy Services, LLC for natural gas and/or Major Energy Electric Services, LLC (Certified by the Illinois Commerce Commission to offer and supply electricity) for electricity (collectively and/or individually as the case may be hereafter "Major"), an independent energy services company, and the undersigned customer ("Customer") under which Customer shall initiate natural gas and/or electricity service and begin enrollment with Major (the "Agreement"). Subject to the terms and conditions of this Agreement, Major agrees to sell and deliver, and Customer agrees to purchase and accept the quantity of natural gas and/or electricity, as estimated by Major, necessary to meet Customer's requirements based upon consumption data obtained by Major or the delivery schedule of the Local Distribution Company (the "LDC"). You appoint us as your agent to acquire the supplies necessary to meet your electricity and/or natural gas needs. Major is not affiliated with and does not represent the LDC. The amount of natural gas and/or electricity supplied under this Agreement is subject to change based upon data reflecting Customer's consumption obtained by Major or the LDC's delivery schedule. The LDC will continue to deliver the natural gas and/or electricity supplied by Major. The LDC responds to leaks or other emergencies, should they occur. You agree to accept the measurements as determined by the LDC for purposes of accounting for the electricity or natural gas supplied by the LDC. If the LDC is unable to read your meter, the LDC will estimate your usage and your charges will be calculated accordingly and adjusted on a future bill.

**2. Term.** For Variable Rate service this Agreement shall be binding as of the date that your enrollment or re-enrollment is accepted by Major, shall commence as of the date Customer's notice regarding the change of Customer's provider to Major is deemed effective by the LDC, and shall continue on a month-to-month basis with a monthly variable rate methodology with no change to the remaining terms (the "Initial Term"). While receiving service on a month-to-month basis, either party may cancel or terminate this Agreement by providing 30 days' advance written notice of termination to the other party.

For Fixed Rate service this Agreement shall be binding as of the date that your enrollment or re-enrollment is accepted by Major, shall commence as of the date Customer's notice regarding the change of Customer's provider to Major is deemed effective by the LDC, and shall continue for the amount of time stated on the first page of the sales agreement (the "Initial Term"). Unless otherwise agreed to, upon completion of the Initial Term, this Agreement will renew on a month-to-month basis with a monthly variable rate methodology with no change to the remaining terms (the "Renewal Term"). At least 30 days prior to the renewal date, Major will notify Customer in writing of the terms of renewal of this Agreement and of the Customer's right to renew, reject or renegotiate this Agreement. While receiving service on a month-to-month basis, such notification will be provided only for the first renewal occurring at the end of the Initial term, and Customer or Major may cancel or terminate this Agreement by providing 30 days' advance written notice of termination to the other party.

**3. Pricing and Billing. Gas.** Unless otherwise agreed to in writing, the price for all natural gas sold under this Agreement shall be a variable price which each month shall reflect the wholesale cost of natural gas (including commodity, capacity, storage and balancing), transportation to the Delivery Point, and other market-related factors, plus all applicable taxes, fees, charges or other assessments and Major's costs, expenses and margins; or a fixed price per Dth as stated on page one of the sales agreement; plus, in each case, all applicable taxes.

**Electric.** Unless otherwise agreed to in writing, the price for all electricity sold under this Agreement shall be a variable price which shall each month reflect the cost of electricity obtained from all sources (including energy, capacity, settlement, ancillaries), related transmission and distribution charges and other market-related factors, plus all applicable taxes, fees, charges or other assessments and Major's costs, expenses and margins; or a fixed price per kWh as stated on page one of the sales agreement; plus in each case, all applicable taxes.

**For Commercial Customer:** For fixed price service if usage in any month exceeds the level of usage in the same month in the previous year ("Base Load") by ten percent or more, the Customer will be charged a variable price for all usage in excess of the Base Load and the fixed price for usage up to the Base Load. If the usage in any month falls by ten percent or more below the Base Load, the Customer will be charged the fixed price for all usage and shall be charged for hedging, cash out costs, settlement or balancing costs related to the positive difference between the Base Load and actual consumption.

**For Residential and Commercial Customers:** Customer will receive a single bill for both commodity and delivery costs from the LDC, or each of the LDC and Major may invoice Customer separately. The rules of the LDC tariff filed with the Illinois Commerce Commission ("ICC") will apply to the billing and collection of monies owed. Customer payments remitted in response to a consolidated bill shall be prorated (when so required) in accordance with procedures adopted by the ICC. Major may assign and sell Customer accounts receivable to the LDC.

**4. Termination.** Any or all of your account(s) that are terminated or cancelled shall be returned to the LDC unless you contract with another supplier for energy supply. It may take several billing cycles for your account(s) to be returned to the LDC. You are required to pay all of the charges for the energy supplied by Major until such time as the LDC or other supplier actually begins supplying the energy to your account(s).

**For Fixed Agreements:** If Customer terminates this Agreement prior to the end of the Initial or Renewal Term or if Major terminates this Agreement due to Customer's breach, the Customer shall pay Major, in addition to any other applicable charges, a cancellation fee equivalent to the multiplication of the (i) difference between the fixed price set forth in this Agreement and the calculation by Major of the fixed price at the date of termination; and (ii) the estimated volumes for the remainder of the Initial or Renewal Term, as applicable, using the actual volumes received by Customer for the prior 12 month period as the volumes used in determining damages.

Notwithstanding the foregoing, for all residential, the early termination fee will be \$100 if the remaining term is less than 12 months and \$200 if the remaining term is 12 months or more. The Early Termination Fee is not a penalty, but is intended to compensate us for the cost of buying electricity or natural gas in advance on your behalf.

**5. Assignment.** Customer may not assign its interests in and delegate its obligations under this Agreement without the express written consent of Major. Major may sell, transfer, pledge, or assign the accounts, revenues, or proceeds hereof, in connection with any financing agreement or receivables purchase program, and may assign this Agreement to another energy supplier, energy services company or other entity as authorized by the ICC.

**6. Information Release Authorization. Customer authorizes Major to obtain and review information regarding Customer's credit history from credit reporting agencies and the following information from the LDC: consumption history; billing determinants; account number; credit information; public assistance status; existence of medical emergencies, status as to whether Customer has a medical emergency, is human needs, elderly, blind or disabled. This information may be used by Major to determine whether it will commence and/or continue to provide energy supply service to Customer and will not be disclosed to a third party unless required by law. Customer's execution of this Agreement shall constitute authorization for the release of this information to Major. This authorization will remain in effect during the Initial Term and any Renewal Term. Customer may rescind this authorization at any time by providing written notice thereof to Major or by calling Major at 1.888.625.6760. Major reserves the right to cancel this Agreement in the event Customer rescinds the authorization. If you fail to remit payment in a timely fashion, we may report the delinquency to a credit-reporting agency. If you have provided an e-mail address, notices sent via e-mail shall constitute written notice under these terms and conditions.**

**7. Agency-Gas.** Customer hereby designates Major as agent to; (a) arrange and administer contracts and service agreements between Customer and Major and between the interstate pipeline transporters of Customer natural gas supplies; (b) nominate and schedule with the interstate pipeline the transportation of Customer's natural gas supplies from the Sales point to the Delivery Points, and with the LDC for the transportation of the Customer's natural gas supplies from the Delivery Points to the Customer's end-use premises; and (c) aggregate Customer's natural gas supplies with such supplies of other customers served by Major to maintain qualification for LDC transportation service and resolve imbalances that may arise during the term of this Agreement. Major as agent for the Customer will schedule the delivery of adequate supplies of natural gas that meet the Customer's city gate requirements as established by the LDC and in response to information provided by the LDC. The Sales Points for the natural gas supplies provided under this Agreement will be a point or points located outside the State of Illinois as selected from time to time by Major to assure service reliability. The Delivery Points for the natural gas transported by interstate pipelines will be the city gate stations of the LDC. Major agrees to arrange for the transportation of the natural gas

supplied under this Agreement from the Sales Points to the Delivery Points and from the Delivery Points to the Customer's end-use premises. These services are provided on an arm's length basis and market-based compensation is included in the price noted above.

**Agency-Electric:** Customer hereby designates Major as agent to; (a) arrange and administer contracts and service agreements between Customer and Major and those entities engaged in the generation, transmission and delivery of Customer electricity supplies; and (b) forecast and schedule with the appropriate entities including the LDC for the delivery of electricity to the Sales Point and the Customer's end-use premises. Major as agent for the Customer will schedule the delivery of adequate supplies of electricity that meet the Customer's requirements as established by the LDC and in response to information provided by the LDC. The Sales Points for the electricity will be a point at the Major load bus (located outside of the municipality where Customer resides). These services are provided on an arm's length basis and market-based compensation is included in the price noted above.

**8. Title.** Customer and Major agree that title to, control of, and risk of loss to the natural gas supplied by Major under this Agreement will transfer from Major to Customer at the Sales Point(s).

**9. Warranty.** This Agreement, including any enrollment form and applicable attachments, as written makes up the entire Agreement between Customer and Major. Major makes no representations or warranties other than those expressly set forth in this Agreement, and Major expressly disclaims all other warranties, express or implied, including merchantability and fitness for a particular use.

**10. Force Majeure.** Major will make commercially reasonable efforts to provide natural gas and/or electricity hereunder but Major does not guarantee a continuous supply of natural gas and/or electricity to Customer. Certain causes and events out of the control of Major ("Force Majeure Events") may result in interruptions in service. Major will not be liable for any such interruptions caused by a Force Majeure Event, and Major is not and shall not be liable for damages caused by Force Majeure Events. Force Majeure Events shall include acts of God, fire, flood, storm, terrorism, war, civil disturbance, acts of any governmental authority, accidents, strikes, labor disputes or problems, required maintenance work, inability to access the local distribution LDC system, non-performance by the LDC (including, but not limited to, a facility outage on its gas distribution lines or electric facilities), changes in laws, rules, or regulations of any governmental authority or any other cause beyond Major's control.

**11. Liability.** The remedy in any claim or suit by Customer against Major will be solely limited to direct actual damages (which will not exceed the amount of Customer's single largest monthly invoice amount in the immediately preceding 12 months). All other remedies at law or in equity are hereby waived. In no event will either Major or Customer be liable for consequential, incidental, indirect, special or punitive damages. These limitations apply without regard to the cause of any liability or damages. There are no third-party beneficiaries to this Agreement.

**12. Dispute Resolution (Residential).** In the event of a billing dispute or a disagreement involving Major's service hereunder, the parties will use their best efforts to resolve the dispute. Customer should contact Major by telephone or in writing as provided below. The dispute or complaint relating to a residential customer may be submitted by either party at any time to the ICC. Customer must pay the bill in full, except for the specific disputed amount, during the pendency of the dispute, and such payment shall be refunded if warranted by the decision of ICC.

**Dispute Resolution (Commercial).** In the event of a billing dispute or disagreement involving Major's service, Customer should contact Major's Customer Service Center as provided below. Customer must pay the bill in full, except for the specific disputed amount, during the pendency of the dispute. If the parties cannot resolve the dispute within 45 days, either party may avail itself of all remedies available under law or equity. A dispute or complaint may be submitted by either party at any time to the ICC.

**13. Choice of Laws.** Venue for any lawsuit brought to enforce any term or condition of this Agreement or to construe the terms hereof shall lie exclusively in the State of New York. This Agreement shall be construed under and shall be governed by the laws of the State of Illinois without regard to the application of its conflicts of law principles.

**14. Taxes and Laws.** Except as otherwise provided in the Agreement or provided by law, all taxes of whatsoever kind, nature and description due and payable with respect to service provided under this Agreement, other than taxes based on Major's net income, shall be paid by Customer, and Customer agrees to indemnify Major and hold Major harmless from and against any and all such taxes.

**15. Regulatory Changes.** This Agreement is made and shall be construed in accordance with the laws of the State of Illinois. This Agreement is subject to present and future legislation, orders, rules, regulations or decisions of a duly constituted governmental authority having jurisdiction over this Agreement or the services to be provided hereunder. If at some future date there is a change in any law, rule, regulation, tariff, or regulatory structure ("Regulatory Change") which impacts any term, condition or provision of this Agreement including, but not limited to price, Major shall have the right to modify this Agreement to reflect such Regulatory Change by providing 30 days' written notice of such modification to the Customer.

**16. Emergency Service.** In the event of an electricity or natural gas emergency or service interruption, contact your LDC at one of the telephone numbers listed below. You should also contact your local emergency personnel.

Commonwealth Edison: 1-800-334-7661

**17. Refund Policy.** As the commodity supplied under this Agreement is immediately used and consumed by Customer upon delivery, it is not practical to return the product subject to this Agreement, and therefore refunds with respect to the commodity are not provided.

**18. Parties Bound.** This Agreement is binding upon the parties hereto and their respective successors and legal assigns. Any and all prior or contemporaneous agreements, understandings and representations between the parties, whether verbal or written, are superseded by the Agreement.

**19. Material Change.** From time to time, we may make changes to our terms and conditions. If we make any changes that are material to your Agreement, we will send you a written notice at least 45 days prior to making such changes. The changes will automatically take effect unless you notify us within 25 days after the date of our written notice that you wish to terminate this Agreement instead of accepting the changes.

**20. Relocation.** If you are moving, please contact us as well as your LDC to ensure a smooth transition of your service. This Agreement will remain in effect if you move to a location within the State of Illinois where we provide substantially similar service and we will continue to provide service at your new location. However, if you move to a location outside the State of Illinois or to a location within the State of Illinois where we do not provide substantially similar service, we may terminate this Agreement.

**21. Severability.** If any provision of the Agreement is held by a court or regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force without being invalidated in any way.

**22. Delay or Failure to Exercise Rights.** No partial performance, delay or failure on our part in exercising any rights under the Agreement and no partial or single exercise thereof shall constitute a waiver of such rights or of any other rights hereunder.

**23. E-mail.** Providing e-mail address constitutes acceptance of Customer's enrollment in the monthly e-newsletter.

**24. Contact Information.**

Major Energy:  
100 Dutch Hill Rd., Suite 230  
Orangeburg NY 10962  
Customer may contact Major's Customer Service Center at 1-888-625-6760, Monday through Friday 9:00 a.m. - 5:00 p.m. EST (contact center hours subject to change).

Electric Distribution Company: Commonwealth Edison (Com Ed) Customer Care Center  
P.O. Box 805379  
Chicago, IL 60680-5379  
1-800-334-7661  
www.comed.com  
Illinois Commerce Commission (ICC)  
527 East Capitol Ave.  
Springfield, IL 62701  
1-800-524-0795

Customer and Major have caused this Agreement to be executed as of the date noted above on the first page of this Agreement, by individuals authorized to bind each party, and Customer has reviewed all of the terms herein.

**In the case of telephonic or electronic enrollment, execution shall be deemed provided pursuant to the methods authorized under Illinois Law.**



Questions? Call 1-888-625-6760

SALES AGREEMENT N<sup>o</sup> 1148916 www.majorenergy.com

Major Energy Electric Services LLC • 100 Dutch Hill Road, Suite 230, Orangeburg, NY 10962 • (888) 625-6760 • fax: (347) 274-0890

Agent Name: Alexandria Agent Code: C11141  
 Residential  Commercial Service Type: Electricity Best Time to Call: Any Time  
 My local utility company is:  ComEd Electric Acct. No. [REDACTED]  
 First Name: [REDACTED] Last Name: [REDACTED]  
 Business Name (Commercial): [REDACTED] Title: [REDACTED]  
 Customer Address: [REDACTED]  
 City: [REDACTED] State: IL Zip: [REDACTED]  
 Telephone: [REDACTED] Work Phone: [REDACTED]  
 E-mail: [REDACTED] Language: SPANISH

The rate plan for the initial term of this agreement is  VARIABLE  FIXED RATE.  
 The electric rate plan for the initial term of this agreement is \_\_\_\_\_ per kwh fixed rate.  
 The initial term for this agreement is  6 Months  12 Months

- 1) [REDACTED] understand that the agent I spoke to represents Major Energy, an Illinois licensed Alternative Retail Electric Supplier and NOT my local utility.
- 2) [REDACTED] understand that by choosing Major Energy as my energy supplier, my local utility will continue to deliver my energy, read my meter, bill me and respond to gas leaks and/or electric outages or any other emergency.
- 3) [REDACTED] over 18 years of age. I am the account holder, spouse of the account holder, or authorized to make account decisions.
- 4) [REDACTED] continue to receive one bill from my local utility company.
- 5) [REDACTED] have received a copy of the Terms and Conditions.

Print Name: [REDACTED]  
 Customer Signature: [REDACTED]  
 Relationship to Account Holder: Account Holder

Date: 06/27/13

TPV Confirmation #: 91034512

CUSTOMER DISCLOSURE STATEMENT	
Price	Fixed or Variable
How price is determined	Electric Fixed Price per/kWh.  Electric Variable Price shall each month reflect the cost of electricity obtained from all sources (including energy, capacity, settlement, ancillaries), related transmission and distribution charges and other market-related factors, plus all applicable taxes, fees, charges or other assessments and Major's costs, expenses and margins.
Length of the agreement and end date	For Variable Rate service the Term is one month and for Fixed Rate Service it is 6 or 12 months as set forth on the first page of this agreement.
Process customer may use to rescind the agreement without penalty	A residential Customer may rescind, without a termination fee, within ten calendar days of the electric utility processing the enrollment request by calling Major Energy at 1-888-625-6760, OR Commonwealth Edison (Com Ed) at 1-800-334-7661.
Amount of Early Termination Fee ("ETF") and method of calculation	No early termination fee for variable rate service. If fixed rate service the fee is \$100 if the remaining term is less than 12 months and \$200 if the remaining term is 12 months or more. The Early Termination Fee is not a penalty, but is intended to compensate us for the cost of buying electricity or natural gas in advance on your behalf.
Notification	You will receive written notification from your utility confirming a pending switch of your electric services to Major Energy.
Provisions for renewal of the agreement	After Initial Term, unless otherwise agreed to, renews on a month to month variable rate plan. Between 30 and 60 days prior to expiration, Major Energy will provide you with written notice of your options.