



Preliminary Field Notes of Janice Flemming-Butler on Assessment of the Retail Electric Supply Market in Hartford, CT Neighborhoods

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INTRODUCTION/BACKGROUND

Starting in 2018, I, Janice Flemming-Butler, founder and principal of Strategic Outreach Services ("SOS"), a strategic communications and outreach organization, began outreach efforts to gather information on residential consumer experiences regarding the retail electric supply market among electric customers in various neighborhoods in Hartford, CT.

Below is a summary of the conversations, comments, and feedback I have received about residents' experiences in the third-party electric supply market. I gathered this information during multiple community meetings, outreach events, and one-on-one conversations.

To collect firsthand accounts and experiences, I and other members of SOS engaged members of various community groups and organizations in Hartford at the neighborhood level, including Neighborhood Revitalization Zone ("NRZ") meetings, the Voices of Women of Color ("VOWOC"), senior centers, and individual contacts.

Overall, I observed the following with respect to residential consumers' experience with respect to retail electric suppliers ("suppliers"):

- That many residents of Hartford had some experience being solicited to purchase electric supply from a third-party supplier. These same residents, however, often did not realize that they had been dealing with a third-party supplier and not the electric distribution company.
- Likewise, we further observed that third-party suppliers are actively recruiting members of the community to market and attempt to sell third-party retail electric supply to their friends and contacts in the neighborhood.
- We also encountered certain challenges in gathering information, namely the hesitancy of individuals to discuss their utility bills and other private business and an unwillingness or inability to provide the names of specific third-party suppliers with whom they interacted.
- In particular, among those elderly residents interviewed, individuals often could not provide specific company names because they erroneously believed that they had been interacting with Eversource personnel.

- Many residents indicated that they had been “door knocked” by several different energy supply companies. A few residents said that Eversource showed up at their doors and offered them a lower rate (even though Eversource does not contact customers to offer lower rates). What became obvious was that many of the residents did not know that Eversource never solicited consumers at the door, and thus were confusing a supplier with Eversource.
- The elderly population is being targeted at a high rate and individuals often do not realize they are being contacted by suppliers and not the utility.
- There are a lot of suppliers who are hiring residents from Hartford to solicit family and friends. Many residents initially perceived this as a positive, given the potential for employment opportunities at the local level. However, those residents who did sign up for a third-party supplier on the recommendation or encouragement of friends or family often reported that their electric bills had increased significantly in the following months.
- As a result of our outreach in the neighborhoods of Hartford, it is clear that most residents have had some experience interacting with third-party electric suppliers, either as the target of a sales pitch or via some form of actual employment by a third-party supplier.
- Many residents reported that they had individuals from third-party suppliers soliciting at their homes almost daily. Residents reported that many of these third-party sales agents stated that they were from Eversource and wanted to offer them a lower rate.
- Residents are often further hesitant to discuss their experiences with suppliers, as many feel embarrassed or tricked when realizing that they had signed up to pay a higher rate when they were only trying to save money.
- There are “house parties” hosted by individuals selling on behalf of a third-party supplier. At the “house party,” attendees were told they could be paid \$15.00 an hour to encourage their friends and family to switch their electric supply services from Eversource to a third-party electric supplier. Similarly, individuals have been informed that by selling for a supplier they could eventually “own their own business.”
- Many residents are susceptible to these marketing approaches due to a desire for greater economic opportunity of the possibility of having their own business on the side. Supplier marketing jobs are presented to residents as entry points into communications and marketing careers and people are eager for those opportunities until they realize what they are being asked to do and how they are being paid.

At certain meetings and outreach events, SOS partnered with staff members of the OCC to further provide members of the public with information on how to correctly interpret their electric bills and guard themselves against potential scams.

Summary of Meetings & Community Outreach:

Neighborhood Revitalization Zone (NRZ) Meetings:

Upper Albany NRZ

Located in Hartford’s North End, the primary mission of the Upper Albany NRZ is to improve and preserve the Upper Albany Neighborhood through the collaborative efforts of residents and other stakeholders, including but not limited to, representatives of businesses; non-profit

organizations; health and other service providers; cultural and religious institutions; and organized community associations. The NRZ's main goal is to improve the quality of life and to protect and advance the well-being of the community. Its objectives are to increase the income levels of residents by advancing economic development and job creation; to improve educational achievements; to increase home ownership and to create decent and affordable housing; and to assist in the creation of services for youth, the elderly, and other disadvantaged members of the community.

SOS reached out to the Upper Albany NRZ and was invited to its September 2018 meeting to conduct outreach and education with the members and guests of the organization. The meeting took place on September 10, 2018 and over 30 residents and stakeholders attended the meeting. SOS gave a presentation on reading electric bills and what to be aware of when searching for potential lower rates on the private market. SOS also informed attendees on how to protect themselves and be aware of potential disingenuous marketing techniques used by sales agents of third-party electric suppliers. Following the presentation, I discussed these issues with individual attendees of the NRZ meeting.

Northeast NRZ

SOS attended a meeting of the Northeast NRZ. At the meeting, SOS gave a presentation on electric rates and how to properly read and understand an electric utility bill. SOS also warned attendees of potentially deceptive marketing tactics used by sales agents of some third-party electric suppliers and how to report such suspected conduct to the Public Utilities Regulatory Authority ("PURA"). Over 40 community members attended the meeting and I conducted discussions and outreach with these attendees following its formal presentation.

Voices of Women of Color ("VOWOC"):

I also conducted outreach through the VOWOC, a community organization focused on social justice and constructive dialogue to encourage women of color to take on leadership roles in their neighborhoods, businesses, and civic organizations to further socioeconomic goals that strengthen communities overall. I spoke with members of the community via VOWOC on various occasions.

Senior Centers

North End Senior Center

On December 4, 2018, members of SOS and the OCC held an informational session with about 50-60 senior citizens from the Hartford and Bloomfield area. The session sought to inform seniors on how to properly read their electric bills and to answer any questions that attendees may have had regarding their electric bills and electric service. Following the formal presentation, SOS and OCC spent time speaking with attendees one-on-one and answering questions and addressing concerns regarding The session was successful however, while speaking to several elderly members of both communities, it was clear that many of them had been "door knocked" by several different energy supply companies. A few residents said that Eversource showed up at their doors and offered them a lower rate. I explained to the residents

that Eversource does not come to their door and would not call them trying to lower the rate of their electric bill. What became obvious was that many of the residents did not know that Eversource never solicited consumers at the door. We were able to address several concerns and address their questions in a productive way.

South End Senior Center

In December 2018, SOS and the OCC hosted an informational session with over 50 elderly residents and found that several residents had concerns about their bills. We were able to address several of their concerns. Afterwards, I met with those who had concerns that could not be immediately addressed at the meeting. What became clear to me through this outreach, was that the elderly population is being frequently targeted by third party suppliers.

One on Ones

I met with several residents on a one on one basis and found that there are a lot of different secondary suppliers who are hiring residents from Hartford to solicit family and friends. Many residents initially perceived this as a positive, given the potential for employment opportunities at the local level. However, those residents who did sign up for a third-party supplier on the recommendation or encouragement of friends or family often reported finding that their electric bills had increased significantly in the following months.

Observations & Findings

As a result of my outreach in the neighborhoods of Hartford, it is clear that most residents have had some experience interacting with third-party electric suppliers, either as the target of a sales pitch or via some form of actual employment by a third-party supplier. The following section summarizes some of those experiences and stories that I encountered while exploring this issue among Hartford residents.

As previously mentioned, many of the people I spoke with were hesitant to provide personal details about their experiences using or working for third party suppliers. I attribute this to the sense of predatory behavior among third-party suppliers and the fact these companies exploited existing social relationships within poor communities. Many people had been deceived by third party suppliers in their familiar spaces—their neighborhoods, homes, and senior communities. In my opinion, some level of shame caused people to hold back their full thoughts. Struggling to pay their bills as it is, many people were simply attempting to save money only to end up feeling trapped in a bad deal or taken advantage of. Many people felt embarrassed that they had been duped. Most frightening was many of the elderly residents I spoke with, who often could not remember signing up with a third party supplier. Some elderly residents, realizing that they had been deceived into paying a higher rate, were hesitant to admit it, perhaps fearful that they would be accused of starting to lose their memory or control over their lives. I noticed, however, that seniors and younger residents are still both being taken advantage of under the hope of saving money. I believe this is an issue of people being exploited due to poverty.

I heard from many residents at outreach meetings that they had individuals from third-party suppliers soliciting at their homes daily. Residents reported that these third-party sales agents

stated that they were from Eversource and wanted to offer them a lower rate. In one instance, Emily W.¹, mentioned that she was invited to a “house party” hosted by individuals selling on behalf of a third-party supplier. At the “house party,” attendees were told they could be paid \$15.00 an hour to encourage their friends and family to switch their electric supply services from Eversource to a third-party electric supplier. Emily W. declined to provide the name of the third-party supplier in question, however, she stated that the interaction made her feel uncomfortable as she felt that she and other attendees were being asked to participate in a potentially predatory scheme.

In a separate incident, Hartford resident Amber M. discussed how she was recruited on Craigslist for a marketing position at a third-party energy supply company making \$700 to \$900 per week. The company’s provided name was CT Business Consultant. Amber M. completed an application online and was hired. She started the job a week later and soon realized that it was not what she had expected. Amber M. stated that she was required to say to potential customers she was in “partnership” with CT Business Consultant as opposed to saying that she was employed by CT Business Consultant. During a group meeting, Amber M. stated that she was informed that if she got a certain number of people to sign up, she could start her own business. The job was commission-based and required her to go to towns in both urban and suburban communities including Hartford, West Hartford, and Old Saybrook and solicit elderly people. Her sales pitch was, “Hi I’m Amber. Can you get your electric bill?” Amber M. stated that once the prospective customer got his or her electric bill, she was to explain to them what they were being charged and how she could get them a lower electric rate. Amber M. would then call the command office and give them her badge number. She stated that she would not know who she was speaking to, and the representative on the phone always took over from that point. Amber M. stated that she ultimately resigned because the pay was low, but more importantly, that she did not feel comfortable performing the work requested of her. She stated that she felt that she was pressuring elderly people into a contract for electric supply all the while telling them it was *not* a contract.

I even had my own experience with third-party supply marketing at the neighborhood level. Hartford resident Leslie M. had asked to meet with the VOWOC to present to organization a “great opportunity to save on their monthly electric bill.” Leslie M. attended a VOWOC meeting in 2017 and started the presentation by telling the members of the organization she was her own boss, and though she did not make any actual money, if she signed up a certain number of people, she could keep her electric bill at a lower supply rate. Leslie M. then pulled out two electric bills and showed how she could get the VOWOC members a lower electric rate with Direct Energy. Leslie M. also stated that if anyone present was interested in starting their own business, she would stay and talk to them after the meeting. Intrigued, I spoke with Leslie M. at the conclusion of the meeting¹. My husband and I were new homeowners and felt we had no reason not to trust Leslie M. We made an appointment with Leslie M. at which we switched from Eversource to Direct Energy. My electric bill initially decreased but later increased, which I did not realize would happen. Following a conversation with the OCC, I realized that my rate

¹ At the request of some residents that I spoke with, full names have been shortened to protect privacy.

had actually increased and I switched back to Eversource. Interestingly, during Leslie M.'s presentation, she expressed that she would manage my account and would always lock me into a lower rate. Upon following up with Leslie M., however, she had no idea that my rate had increased after I initially signed up. Leslie M. stated that she, "never got an email notification about the bill's increase." Ultimately, I felt that had I not sought outside help to interpret my electric bill, I would not fully have understood how or why my rate had increased.

In my view, the neighborhoods I conducted outreach in are targets for the types of marketing that third party suppliers use to make sales. These type of marketing schemes exploit existing social divisions in the community and take advantage of the community's and residents' desires to grow upwardly mobile. The "house party" marketing approach I encountered is so effective because similar sales opportunities—Tupperware, Avon, Mary Kay, etc.—are already very common in neighborhoods where residents are looking for additional income or trying find business opportunities. Because this format is already familiar to many residents, a house party to sell third party electric supply doesn't seem any different to many people. These parties are hosted by trusted friends and community members and many residents do not believe they have any reason not to trust the products and offers presented at them.

Among younger residents and in minority communities, entrepreneurship opportunities are at the forefront of many people's conversations and concerns. These type of marketing jobs are a "second chance" at employment for people who cannot find a traditional job or when there are insufficient traditional job opportunities available in the area. Supplier sales jobs are often presented to people via the Internet or social media as entry opportunities into communications and marketing, which sounds good to people looking for stable employment but becomes less appealing when it doesn't translate into a real paycheck. Supplier sales jobs are also often presented as business opportunities to members of the community that have some level of skill or a leadership role. When trusted or respected members of the community are marketing third party electric supply, residents are more likely to listen to the sales pitch and less likely to question whether a particular rate or offer will actually save them money.