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Go

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- Home
- Local News
- U.S. & World
- Weather
- Traffic
- Sports
- Business
- Consumer
- Politics
- Health
- Entertainment
- Food
- Pets
- Water Cooler

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- School Closings
- Links & Numbers
- Morning News
- Special Reports
- Table For 2
- Eye On Chicago
- Gas Prices
- Lottery
- 2 Investigators
- Classifieds
- Careers
- Shopping
- Dating
- Travel
- Real Estate
- Yellow Pages
- Coupons

Lifestyle

- Beauty & Style
- Family
- New Baby

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- Video
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- Community Events
- Contests

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Confused Consumers Losing Out On Gas Gamble



Reporting **Pam Zekman**

CHICAGO (CBS) — Everyone wants to save money on home gas bills and when people hear the name "U.S. Energy Savings," it seems to imply they will.

The company is an alternative supplier, which means it can charge you whatever it wants for gas. Regulated utilities such as Peoples Gas can only profit from the delivery fees.

But as CBS 2 Investigator Pam Zekman reports some customers of U.S. Energy Savings are getting caught in a gas gamble.

Gas fuels the flames we need for our homes. The amount we use is measured in therms. Most people are unfamiliar with the term, much less how much they pay for them.

The teams of U.S. Energy Savings salesmen seem to bank on that as they converge on your neighborhood.

"They told me I was going to be saving money on my gas bill, which I'm not," said Rhonda White.

She was paying 66 cents a therm to Peoples Gas. Now she's locked into a five-year contract at \$1.19 per therm with U.S. Energy Savings.

Her gas bills skyrocketed. Then she was shocked to learn she had to pay \$600 to cancel.

"I feel like I was swindled," White said.

She was one of 700 people who filed a complaint with the Citizens Utility Board.

"We've seen a lot of confusion, a lot of misleading marketing, a lot of quite frankly ... fraud," said David Kolata of CUB.

For that reason CUB filed a complaint charging that U.S. Energy Savings used deceptive marketing tactics.

In 2006 the company settled without admitting guilt, paid fines and canceled some contracts.

But our investigation found that some apparently deceptive sales tactics continue.

Since the settlement, the Better Business Bureau has received more than 200 complaints.

"From 2006 to 2007 the complaints are up 125 percent," said Steve Bernas of BBB. "That is alarming."

One of those complaints was filed by Gilbert Ortiz who says he was tricked into signing this contract by a salesman who said it was a "petition that was being signed for the lower gas prices."

A CBS 2 producer went undercover to a training class to see what instructors at U.S. Energy Savings teach salespeople to say to customers.

"She said we are protecting their rate over the long haul," said CBS 2 Investigative Producer Phil Hayes. "They are going to be saving money."

But that's not true, according to a CUB study.

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"Every single offer that they've ever made customers are losing on," Kolata said. "And the average losses are over \$500 a year."

The CBS 2 undercover producer's training class was given a script. It tells trainees to say: "your home will not be subject to any of the upcoming price increases."

But the BBB's Steve Bernas asks, "What price increase? You have to be able to substantiate that before you can say that."

When customers question U.S. Energy Savings' high rates, trainees were told to compare a therm to a gallon of gasoline

"They're paying more than \$3 for a gallon of gas," Hayes said, "\$1.09 doesn't sound like much does it?"

"It's horribly misleading," Kolata said. "Natural gas for heat is a different commodity for gasoline to drive your car."

Trainer Mike Webb bragged about his sales abilities.

"He said 'I can write somebody who doesn't speak a lick of English,'" Hayes said.

That's what he did to an Italian couple. They signed two contracts that would cost them 30 percent more than they were paying.

Filippo Vavallo said he didn't understand what he was signing because he cannot read and doesn't speak English well.

"They told me that it was a Peoples Gas representative who came and wanted them to sign contracts to save them money," said the couple's daughter, Frances Vavallo.

When the 2 Investigators asked U.S. Energy Savings' Gord Potter how the company could predict customers would save money or potentially save money he said it could not.

A company official says none of the sales materials or tactics highlighted in this report are company approved.

"We sell a price protection product. We do not guarantee savings," Potter said.

The company asks people to take a gamble on what the price of gas will be in the future, but does not seem to be giving them enough information to make an informed decision."

For most people it's just a confusing mess. They don't realize what they are signing up for.

If you have any complaints you can call or file on line with the following agencies:
Citizens Utility Board: (800) 669-5556; www.citizensutilityboard.org

Better Business Bureau: www.bbb.org

Illinois Attorney General Consumer Fraud Hotline: (800) 386-5438;
www.illinoisattorneygeneral.gov -- click on "protecting consumers"

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