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AARP Testimony in Support of:

LD 508 An Act To Improve Regulation of Door-to-door Marketing of Retail Energy Supply

Committee on Energy, Utilities, and Technology

March 9, 2021

Thank you Senator Lawrence, Representative Berry and members of the Energy, Utilities, and Technology Committee. My name is Paul Armstrong, I live in Palermo, Maine and I am an advocate with AARP Maine. AARP Maine has 200,000 members across the state.

In the approximately 20 states that allow customers to pick their electricity supplier, problems in deceptive marketing practices have emerged.

Some power marketers have engaged in deceptive and misleading marketing practices including representing themselves as a utility employee or tricking customers into signing up for alternative electricity supplier at prices higher than the utility default service. Customers have ended up overpaying by doing so. AARP has been active in reforming these practices in legislation in Illinois, Connecticut, New Jersey, Maryland, and other states.

LD 508 proposes reforms to door-to-door marketing by alternative suppliers by focusing on the third party marketing firms that licensed suppliers engage to do their door to door marketing. In many states, these door to door marketing agents (not located in Maine) hire out of state individuals to canvas local neighborhoods, which in many cases, are targeted to lower income households. This pattern makes it difficult for Maine to conduct regulatory oversight of these out of state entities. While the intent of this additional regulatory oversight is to help protect consumers from misleading and deceptive tactics, there is unfortunately little evidence that this type of oversight alone is effective. The underlying incentive associated with improper alternative supplier sales practices is that the independent contractor is paid based on a successful sale. That type of payment structure incites misleading sales promotion at the door that conflicts with the fine print on the sales contract itself. Furthermore, the actual sales speech at the door is not easily reviewable and there is little oversight of what actually happens to incite the customer to sign the contract when the disclosures conflict with what the salesperson promised. One additional policy we ask you to consider is to include a mandatory requirement that suppliers conduct on-site review of actual door to door sales by each of their

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third party agents on a regular basis and report the results of that review based on supervisory and managerial audits to the Commission. Too often the out of state supplier relies on a complete lack of actual auditing and oversight of their third party agents and it is the supplier whose license must be held accountable for their third party actions.

I personally have been bothered and harassed by door to door solicitors. I have had some who were very aggressive and would not take 'no' as an answer- to the point that I demanded they leave my property.

I'm not even connected to the grid and I already receive many offers from different companies asking me to choose them as a provider! I can only figure if I'm getting the mail, they will come to my home without checking to see my status of being off-grid.

Thank you.

Paul Armstrong
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