



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE ALLEGED FAILURE OF)
DIRECT ENERGY AND GATEWAY ENERGY)
SERVICES CORPORATION, A SUBSIDIARY, TO)
COMPLY WITH CERTAIN THIRD PARTY SUPPLIER)
REQUIREMENTS) ORDER ACCEPTING OFFER
OF SETTLEMENT
DOCKET NO. AN18060006

Party of Record:

Brad Thompson, Esq., Duane Morris LLP, on behalf of Direct Energy and Gateway Energy Services Corporation

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities ("Board") considers an Offer of Settlement submitted by Gateway Energy Services Corporation, a wholly owned subsidiary of Direct Energy ("Gateway" or "Company"), resolving a billing error, which began on August 1, 2014 and affected 3,615 customer accounts. Gateway is a licensed third party supplier that provides electric power and natural gas supply services to approximately 67,325 residential customers in New Jersey.

BACKGROUND

Pursuant to the Energy Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 et seq., the Board has authority and jurisdiction over all electric power suppliers and gas suppliers (collectively, "third party suppliers" or "TPS") in New Jersey. The Board licenses third party suppliers and is vested with investigative power (N.J.S.A. 48:3-81), alternative disciplinary power (N.J.S.A. 48:3-82), and authority to assess civil penalties (N.J.S.A. 48:3-83). Pursuant to N.J.A.C. 14:4-7.6(j), a TPS is required to obtain affirmative written authorization from its customer before the terms and conditions of a renewal residential electric or gas supply service contract may be amended. Where such authorization is not obtained, the existing contract shall continue on a month-to-month basis under the current terms, conditions, and pricing.

This matter involves a billing error on the part of Gateway Energy Services Corporation that began on August 1, 2014. In the course of integrating customer service agreements into Direct Energy's billing software after Direct Energy acquired Gateway, 3,615 customer accounts were switched from a fixed pricing structure to a variable pricing structure without prior affirmative authorization by the affected customers. Of the 3,615 affected accounts, the billing error resulted in 3,509 customer accounts paying more and 106 paying less than they would have

paid under their contracts with the Company. In the aggregate, affected customers were charged approximately \$2,025,299.40 more for electric services and approximately \$354,244.24 more for gas supply services, for a total of \$2,379,543.64 in approximate overpayments.

On April 17, 2018, the Company self-reported the billing errors to Board Staff ("Staff") and offered to return all overpayments to the affected customers. In cooperation with Staff, Gateway provided information identifying the affected accounts and calculated the total amount that each customer was charged, including a calculation for interest at a rate of 2.5% compounded annually. Also in cooperation with Staff, the Company drafted correspondence to affected customers describing the billing error, indicating that it is being promptly rectified, and providing adversely affected existing and former customers with a refund, including interest.

As a result of correspondence, telephone conversations, and settlement conferences between Gateway and Staff, on August 28, 2018 Gateway submitted an Offer of Settlement concerning the billing error. In the Offer of Settlement, Gateway made a monetary offer in the amount of \$13,550.00 to resolve all issues concerning the billing error for the 3,615 accounts.

DISCUSSION AND FINDINGS

In considering the Offer of Settlement, the Board notes that Gateway self-reported the billing error and has fully cooperated and responded to all Staff requests and questions in an effort to return the overpayments to the adversely affected customers.

The Board has reviewed the matter and **HEREBY FINDS** the Offer of Settlement to be a fair and reasonable settlement of the outstanding issues, in the public interest, in accordance with law, and in accordance with the intent and purpose of EDECA and all regulations promulgated thereto. The Board **FURTHER FINDS** that the financial and remedial actions taken and proposed by Gateway are sufficient to correct the outstanding issues. Therefore, the Board **HEREBY ACCEPTS** the Offer of Settlement proffered by Gateway, subject to the following conditions:

1. The Company will send the form of one of the attached letters, as applicable, to any affected existing and former customer explaining the billing error and their refund, if any (Attachment A).
2. The Company will post on the frequently asked questions ("FAQ") page of its website the attached questions and answers for those customers affected by the billing error to further explain what occurred (Attachment B).
3. Within thirty (30) days after the date on which a formal Board Order accepting this Offer of Settlement is issued, the Company will issue refunds, with interest, to existing and former customers impacted by the billing error in accordance with the information provided to Staff, which is on file with Staff, outlining the customer-specific refund/interest calculations. As of August 31, 2018, the aggregate amount of overpayments to be refunded, plus interest payments thereon, totals approximately \$2,518,638.59. This amount will be subject to some minor adjustments to account for customers who are still being supplied by the Company pending the Board's approval of this Offer of Settlement.
4. The Company will undertake good faith efforts to locate affected past customers using various research tools, including electronic databases and the United States Postal Service. In furtherance of these efforts, the Company has engaged the services of Rust

Consulting to assist with locating the Company's former customers who may have relocated or changed their mailing addresses.

5. The Company will continue its efforts to return all funds to affected customers up until December 31, 2019. In the event the Company is unable to locate certain customers for any reason by December 31, 2019, the Company will disburse any remaining unclaimed refund and interest amounts to the Unclaimed Property Administration of the New Jersey Department of the Treasury by no later than January 31, 2020.
6. The Company will apply the 2.5% interest rate to all funds being returned up through September 30, 2018; provided, however, that for the Company's active legacy account customers, interest will continue to accrue for an additional 30 days to allow current customers additional time to review their supply arrangement options. These calculations will be subject to some minor adjustments to account for customers who are still being supplied by the Company pending the Board's approval of this Offer of Settlement.
7. For customers who have a refund amount of less than \$10.00, the Company will provide a \$10.00 refund as an expression of goodwill.
8. The Company will not seek a refund from customers who paid less than they otherwise would have paid.
9. The Company will provide periodic written updates to the BPU Divisions of Audits, Energy, and Customer Assistance as to the status of its efforts with respect to customer refunds, beginning on or before December 31, 2018 and continuing on a quarterly basis up until December 31, 2019.
10. The Company will agree to pay the State of New Jersey the sum of Thirteen Thousand Five Hundred Fifty Dollars (\$13,550.00) in full and final settlement of any and all potential violations under the Act and/or Regulations which have been self-reported to the Board and Staff (this amount representing a civil penalty of \$10.00 per day from the time that the billing error began on August 1, 2014 until the date the Company recently discovered and self-reported the issue to the Board on April 17, 2018 (a total of 1,355 days)).
11. This Offer of Settlement shall not relieve the Company or its parents, affiliates, subsidiaries, or successors, from any liability for violations, if any, of the Act, the Regulations, or Board Orders that may occur after the date this Offer of Settlement is approved by the Board.
12. The Company will comply with all provisions of the Act and Regulations regarding TPS contract renewal requirements as set forth at N.J.A.C. 14:4-7.6(j), as amended from time to time.
13. The execution of this Offer of Settlement shall neither be deemed an admission by the Company or its affiliates, subsidiaries, or successors of any violation of the Act, the Regulations, or any Board Order, nor a determination by the Board or Staff that such a violation has occurred, nor shall Board approval of this Offer of Settlement be deemed a determination that a violation has occurred.

14. Other than as expressly set forth herein, the execution of this Offer of Settlement shall not be relied upon by the Company or its affiliates, subsidiaries, or successors in an attempt to mitigate any future claim that any such entity has violated the terms and conditions of the Act, the Regulations, or any Board Order.

The Board **FURTHER ORDERS** that, no later than five (5) days from the effective date of this Order, Gateway shall pay the settlement payment of \$13,550.00. Payment must be made out to the TREASURER, STATE OF NEW JERSEY and sent, along with a copy of this order, to:

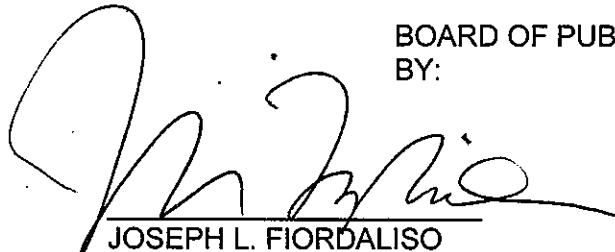
Mike Greco, Chief Fiscal Officer
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Attn: Audits

The Board's acceptance of the Offer of Settlement is for purposes of this proceeding only, addresses only those specific allegations and timeframes in the Offer of Settlement, and shall not be construed as limiting the Board's authority in any other matter affecting Gateway or a successor company or operator.

The effective date of this Order is September 27, 2018.

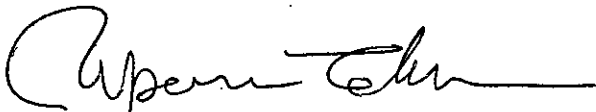
DATED: 9/17/18

BOARD OF PUBLIC UTILITIES
BY:

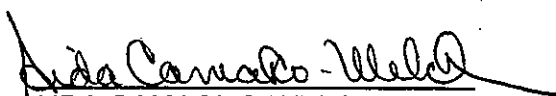

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE ALLEGED FAILURE OF DIRECT ENERGY AND GATEWAY
ENERGY SERVICES CORPORATION, A SUBSIDIARY, TO COMPLY WITH CERTAIN THIRD
PARTY SUPPLIER REQUIREMENTS
DOCKET NO. AN18060006

SERVICE LIST

Board of Public Utilities

44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE ALLEGED)	
FAILURE OF DIRECT ENERGY AND)	OFFER OF SETTLEMENT
GATEWAY ENERGY SERVICES)	
CORPORATION, A SUBSIDIARY, TO)	Docket No. AN18060006
COMPLY WITH CERTAIN THIRD)	
PARTY SUPPLIER REQUIREMENTS)	

WHEREAS, Gateway Energy Services Corporation, a wholly owned subsidiary of Direct Energy (“Gateway” or “Company”), is a licensed third party supplier (“TPS”) in New Jersey pursuant to the New Jersey Administrative Code, N.J.A.C. 14:4-5.1 and 14:4-5.2, and provides electric power and natural gas supply service to approximately 67,325 residential customers in New Jersey;

WHEREAS, as a TPS, the Company is subject to the jurisdiction of the Board of Public Utilities (the “Board” or “BPU”), pursuant to the Energy Discount and Energy Competition Act, N.J.S.A. 48:3-78 *et seq.* (the “Act”), and the administrative regulations promulgated thereunder at N.J.A.C: 14:4-1 *et seq.* (the “Regulations”);

WHEREAS, pursuant to N.J.A.C. 14:4-7.6(j), a TPS is required to obtain affirmative written authorization from the customer before the terms and conditions of a renewal residential electric or gas supply service contract may be amended; otherwise, the existing contract shall continue on a month-to-month basis under the current terms and conditions and pricing;

WHEREAS, the Company recently discovered a billing error that began on August 1, 2014;

WHEREAS, this billing error involved the Company switching 3,615 customer accounts from a fixed pricing structure to a variable pricing structure, without first obtaining affirmative authorization from the affected customers;

WHEREAS, of the 3,615 accounts affected, the billing error resulting in 106 accounts paying less and 3,509 accounts paying more than they would have paid under their contracts with the Company;

WHEREAS, certain customers were charged, in the aggregate, approximately \$2,025,299.40 more for electric services and approximately \$354,244.24 more for gas supply services, for a total of \$2,379,543.64 in approximate overpayments;

WHEREAS, on April 17, 2018, the Company self-reported the billing error to Board Staff and offered to return all overpayments back to the affected customers;

WHEREAS, in cooperation with Board Staff, the Company provided information identifying the impacted accounts and calculating the total amount that each of the customers was charged, including a calculation for interest at rate of 2.5% compounded annually;

WHEREAS, in cooperation with Board Staff, the Company drafted correspondence to the impacted customers describing the billing error, indicating that it is being promptly rectified, and providing adversely affected existing and former customers with a refund including interest, with the proposed text of such correspondence having been reviewed by Board Staff;

WHEREAS, the Company has fully cooperated and responded promptly and effectively to Board Staff in an effort to return the overpayments to the adversely affected customers;

WHEREAS, the Company agrees to provide periodic reporting to the Board to update the amounts of the funds being returned;

WHEREAS, the Company wishes to amicably resolve the billing issue it self-reported to Board Staff without incurring the need for time-consuming and expensive litigation;

NOW, THEREFORE, the Company submits this Offer of Settlement as follows:

1. The Company will send the form of one of the attached letters, as applicable, to any affected existing and former customer explaining the billing error and their refund, if any (Attachment A).

2. The Company will post on the frequently asked questions ("FAQ") page of its website the attached questions and answers for those customers affected by the billing error to further explain what occurred (Attachment B).

3. Within thirty (30) days after the date on which a formal Board Order accepting this Offer of Settlement is issued, the Company will issue refunds, with interest, to existing and former customers impacted by the billing error in accordance with the information provided to Board Staff, which is on file with Board Staff, outlining the customer-specific refund/interest calculations. As of August 31, 2018, the aggregate amount of overpayments to be refunded, plus interest payments thereon, totals approximately \$2,518,638.59. This amount will be subject to some minor adjustments to account for customers who are still being supplied by the Company pending the Board's approval of this Offer of Settlement.

4. The Company will undertake good faith efforts to locate affected past customers using various research tools, including electronic databases and the United States Postal Service. In furtherance of these efforts, the Company has engaged the services of Rust Consulting to assist with locating the Company's former customers who may have relocated or changed their mailing addresses.

5. The Company will continue its efforts to return all funds to affected customers up until December 31, 2019. In the event the Company is unable to locate certain customers for any reason by December 31, 2019, the Company will disburse any remaining unclaimed refund and interest amounts to the Unclaimed Property Administration of the New Jersey Department of the Treasury by no later than January 31, 2020.

6. The Company will apply the 2.5% interest rate to all funds being returned up through September 30, 2018; provided, however, that for the Company's active legacy account customers, interest will continue to accrue for an additional 30 days to allow current customers additional time to review their supply arrangement options. These calculations will be subject to some minor adjustments to account for customers who are still being supplied by the Company pending the Board's approval of this Offer of Settlement.

7. For customers who have a refund amount of less than \$10.00, the Company will provide a \$10.00 refund as an expression of goodwill.

8. The Company will not seek a refund from customers who paid less than they otherwise would have paid.

9. The Company will provide periodic written updates to the BPU Divisions of Audits, Energy, and Customer Assistance as to the status of its efforts with respect to customer refunds, beginning on or before December 31, 2018 and continuing on a quarterly basis up until December 31, 2019.

10. The Company will agree to pay the State of New Jersey the sum of Thirteen Thousand Five Hundred Fifty Dollars (\$13,550.00) in full and final settlement of any and all potential violations under the Act and/or Regulations which have been self-reported to the Board and Staff (this amount representing a civil penalty of \$10.00 per day from the time that the

billing error began on August 1, 2014 until the date the Company recently discovered and self-reported the issue to the Board on April 17, 2018 (a total of 1,355 days)).

11. This Offer of Settlement shall not relieve the Company or its parents, affiliates, subsidiaries, or successors, from any liability for violations, if any, of the Act, the Regulations, or Board Orders that may occur after the date this Offer of Settlement is approved by the Board.

12. The Company will comply with all provisions of the Act and Regulations regarding TPS contract renewal requirements as set forth at N.J.A.C. 14:4-7.6(j), as amended from time to time.

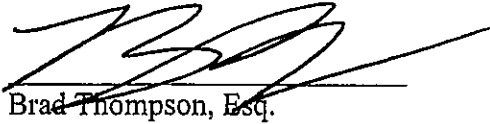
13. The execution of this Offer of Settlement shall neither be deemed an admission by the Company or its affiliates, subsidiaries, or successors of any violation of the Act, the Regulations, or any Board Order, nor a determination by the Board or Staff that such a violation has occurred, nor shall Board approval of this Offer of Settlement be deemed a determination that a violation has occurred.

14. Other than as expressly set forth herein, the execution of this Offer of Settlement shall not be relied upon by the Company or its affiliates, subsidiaries, or successors in an attempt to mitigate any future claim that any such entity has violated the terms and conditions of the Act, the Regulations, or any Board Order.

15. This Offer of Settlement resolves all issues related to the Company's billing error for the 3,615 accounts during the timeframes described above.

DIRECT ENERGY & GATEWAY ENERGY SERVICES CORPORATION

By:



Brad Thompson, Esq.
bthompson@duanemorris.com
DUANE MORRIS LLP
7500 Rialto Boulevard
Rialto 1, Suite 230
Austin, TX 78735
(512) 277-2247 phone
(512) 857-0392 fax
Attorney for Direct Energy

Dated: September 13, 2018

ATTACHMENT A

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear **[Customer Name]**:

We are writing to you because you are a former Gateway customer. We wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your **[electricity]** **[gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly and fully refund the amount owed, along with an interest payment for the time in which the error was in place.

Enclosed you will find a refund check in the amount of **[\$refund amount]**. Also enclosed is a spreadsheet which shows how we calculated your refund. If you have any questions about your refund, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday – Friday, 8 a.m. – 5 p.m., ET.

We regret any inconvenience this error may have caused you. We appreciated having you as a customer and hope that we may again serve your retail energy needs in the future.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear **[Customer Name]**:

We are writing to you because you are a former Gateway customer. We wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a lower rate for your **[electricity]** **[gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a spreadsheet that shows how the error affected your billing on a monthly basis. Because this was our mistake, we are not seeking a return of the aggregate amount that was underbilled. If you have any questions about your billing calculation, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday – Friday, 8 a.m. – 5 p.m., ET.

We regret any inconvenience this error may have caused you. We appreciated having you as a customer and hope that we may again serve your retail energy needs in the future.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear **[Customer Name]**:

We are writing to you because you are a former Gateway customer. We wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your **[electricity]** **[gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a check in the amount of \$10.00. Please note that the \$10.00 amount is more than your actual overpayment amount, as reflected in the enclosed spreadsheet. We are providing this \$10.00 check as an expression of goodwill and appreciation for having allowed us to serve your energy needs. If you have any questions about your refund, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday – Friday, 8 a.m. – 5 p.m., ET.

We regret any inconvenience this error may have caused you. We appreciated having you as a customer and hope that we may again serve your retail energy needs in the future.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear [Customer Name]:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your [electricity] [gas] supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly and fully refund the amount owed, along with an interest payment for the time in which the error was in place.

Enclosed you will find a refund check in the amount of \$[refund amount]. Also enclosed is a spreadsheet which shows how we calculated your refund. We regret any inconvenience this error may have caused you.

Please note that the error occurred under a previous service agreement you had with us. You do not need to take any action at this time regarding your current service, and we look forward to continuing to serve you under your current agreement.

If you have any questions about your refund or other questions about our service under your current service agreement, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET. You can also review your plan on our website at www.directenergy.com.

We appreciate your business and we hope to continue serving your retail energy needs for many years to come.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear **[Customer Name]**:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a lower rate for your **[electricity]** **[gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a spreadsheet that shows how the error affected your billing on a monthly basis. Because this was our mistake, we are not seeking a return of the aggregate amount that was underbilled.

Please note that the error occurred under a previous service agreement you had with us. You do not need to take any action at this time regarding your current service, and we look forward to continuing to serve you under your current agreement.

If you have any questions about your billing calculation or other questions about our service under your current service agreement, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday – Friday, 8 a.m. – 5 p.m., ET. You can also review your plan on our website at www.directenergy.com.

We appreciate your business and we hope to continue serving your retail energy needs for many years to come.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear **[Customer Name]**:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your **[electricity]** **[gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a check in the amount of \$10.00. Please note that the \$10.00 amount is more than your actual overpayment amount, as reflected in the enclosed spreadsheet. We are providing this \$10.00 check as an expression of goodwill and appreciation for allowing us to serve your energy needs.

Please note that the error occurred under a previous service agreement you had with us. You do not need to take any action at this time regarding your current service, and we look forward to continuing to serve you under your current agreement.

If you have any questions about your refund or other questions about our service under your current service agreement, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday – Friday, 8 a.m. – 5 p.m., ET. You can also review your plan on our website at www.directenergy.com.

We appreciate your business and we hope to continue serving your retail energy needs for many years to come.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear [Customer Name]:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your **[electricity] [gas]** supply service. The error occurred in the course of integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly and fully refund the amount owed, along with an interest payment for the time in which the error was in place.

Enclosed you will find a refund check in the amount of \$**[refund amount]**. Also enclosed is a spreadsheet which shows how we calculated your refund. We regret any inconvenience this error may have caused you.

Unfortunately, we are no longer able to serve you under the terms of your current contract. So, in accordance with your contract, we are giving you notice that we will not renew your **[electricity] [gas]** agreement on **<next renewal date at least 30 days out>** and the plan will terminate.

Regarding the termination of our plan, you have the following options.

1. Enroll in a New Plan with Direct Energy.
If you desire to continue to receive your **[Electricity] [Gas]** from Direct Energy, you can contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET, or find additional information and enroll at the following website: <https://www.directenergy.com/>.
2. Enroll with Another **[Electricity] [Gas]** Provider.
Information on other providers can be found on the State of New Jersey's Board of Public Utilities website, available at: **<insert BPU residential choice website.>**
3. Choose Not to Enroll in a New Plan.
If you choose not to enroll in a new plan, your agreement will terminate and you will begin receiving service from **<utility company>** on **<next renewal date at least 30 days out>**.

WHAT WILL HAPPEN IF YOU DO NOTHING?

If you choose to do nothing, your agreement will terminate and you will begin receiving service from <utility company> on <next renewal date at least 30 days out>.

If you have any questions about your refund or your options regarding your service, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET.

We appreciate your business and we hope to be able to serve your retail energy needs in the years to come.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear [Customer Name]:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a lower rate for your [electricity] [gas] supply service. The error occurred in the course of our integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a spreadsheet that shows how the error affected your billing on a monthly basis. Because this was our mistake, we are not seeking a return of the aggregate amount that was underbilled.

Unfortunately, we are no longer able to serve you under the terms of your current contract. So, in accordance with your contract, we are giving you notice that we will not renew your [electricity] [gas] agreement on <next renewal date at least 30 days out> and the plan will terminate.

Regarding the termination of our plan, you have the following options.

1. Enroll in a New Plan with Direct Energy.
If you desire to continue to receive your [Electricity] [Gas] from Direct Energy, you can contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET, or find additional information and enroll at the following website: <https://www.directenergy.com/>.
2. Enroll with Another [Electricity] [Gas] Provider.
Information on other providers can be found on the State of New Jersey's Board of Public Utilities website, available at: <insert BPU residential choice website.>
3. Choose Not to Enroll in a New Plan.
If you choose not to enroll in a new plan, your agreement will terminate and you will begin receiving service from <utility company> on <next renewal date at least 30 days out>.

WHAT WILL HAPPEN IF YOU DO NOTHING?

If you choose to do nothing, your agreement will terminate and you will begin receiving service from <utility company> on <next renewal date at least 30 days out>.

If you have any questions about your billing calculation or your options regarding your service, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET.

We appreciate your business and we hope to be able to serve your retail energy needs in the years to come.

Sincerely,

[Office of the President]

[Gateway Letterhead]

September __, 2018

[Customer Name]
[Customer Street Address]
[Customer City, State, ZIP Code]

Dear [Customer Name]:

As a valued Gateway customer, we wish to inform you of an error on our part that we recently discovered, which resulted in you being charged a higher rate for your [electricity] [gas] supply service. The error occurred in the course of our integrating your service agreement into our billing software after Direct Energy acquired Gateway Energy Services Corporation. Upon our recent discovery of this issue, we have taken proactive steps to quickly address the error.

Enclosed you will find a check in the amount of \$10.00. Please note that the \$10.00 amount is more than your actual overpayment amount, as reflected in the enclosed spreadsheet. We are providing this \$10.00 check as an expression of goodwill and appreciation for allowing us to serve your energy needs.

Unfortunately, we are no longer able to serve you under the terms of your current contract. So, in accordance with your contract, we are giving you notice that we will not renew your [electricity] [gas] agreement on <next renewal date at least 30 days out> and the plan will terminate.

Regarding the termination of our plan, you have the following options.

1. Enroll in a New Plan with Direct Energy.
If you desire to continue to receive your [Electricity] [Gas] from Direct Energy, you can contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET or find additional information and enroll at the following website: <https://www.directenergy.com/>.
2. Enroll with Another [Electricity] [Gas] Provider.
Information on other providers can be found on the State of New Jersey's Board of Public Utilities website, available at: <insert BPU residential choice website.>
3. Choose Not to Enroll in a New Plan.
If you choose not to enroll in a new plan, your agreement will terminate and you will begin receiving service from <utility company> on <next renewal date at least 30 days out>.

WHAT WILL HAPPEN IF YOU DO NOTHING?

If you choose to do nothing, your agreement will terminate and you will begin receiving service from <utility company> on <next renewal date at least 30 days out>.

If you have any questions about your refund or your options regarding your service, please contact our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET.

We appreciate your business and we hope to be able to serve your retail energy needs in the years to come.

Sincerely,

[Office of the President]

ATTACHMENT B

**QUESTIONS AND ANSWERS FOR
IMPACTED DIRECT ENERGY AND GATEWAY ENERGY SERVICES
CORPORATION CUSTOMERS**

1. Why did I receive this letter and check?

We recently discovered a billing error on our part which resulted in you being charged a higher rate for your electricity and/or gas supply service. Upon our recent discovery of this issue, we have taken proactive steps to fully refund the amount owed, along with an interest payment for the time in which the error was in place.

2. I am not a Gateway or Direct Energy customer. Why did I receive this letter and check?

Our error, although recently discovered, occurred back in 2014 and affected some, but not all, of our former customers. If you are no longer a Gateway or Direct Energy customer and received this letter and check it is because you were a former Gateway customer that was affected by this billing error. If you believe you received this letter and check in error, please call our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET. Additional contact information can also be found on our website at:
<https://www.directenergy.com/nj/customer-support/contact-us>.

3. I am a Gateway or Direct Energy customer, but I did not receive a check. Why not?

This error affected 3,615 out of over 70,000 Gateway accounts in New Jersey. Only those customers who were affected by the error received a refund check for the applicable amount related to their specific account. If you would like to verify that you were not one of the affected customers, please call our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET. Additional contact information can also be found on our website at
<https://www.directenergy.com/nj/customer-support/contact-us>.

4. I do not understand or agree with the explanation of the refund. Who should I contact?

We are happy to further discuss and explain your specific refund if you have any questions. Please call our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET. Additional contact information can also be found on our website at
<https://www.directenergy.com/nj/customer-support/contact-us>.

5. Is this error going to continue?

No, it will not. This was a one-time billing error which has now been identified and fixed.

6. Did I make a mistake or error?

No, you did not. Upon discovery of this issue, we immediately identified the subset of both former and current customers who were impacted and have issued refunds for each affected customer.

7. If I cash the check, am I signing up for something?

Cashing the check does not sign you up for anything. We're just paying you back the money we owe you, plus interest.

8. Instead of cashing the check, can I just get a credit against my future energy bills?

No. Providing credits against future energy bills could present problems in the event that you decide to switch providers or your current contract ends before all of the credit is utilized.

9. How do I know this is not a scam?

We understand there are a lot of unscrupulous individuals trying to take advantage of people with scams and fake mailers. If you have any concerns regarding this letter or check, we would encourage you to call our Customer Care Team toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET to confirm that this is real. You can also find our contact information on our website at <https://www.directenergy.com/nj/customer-support/contact-us> or by going directly to <https://www.directenergy.com/nj> and then finding our contact information via the Customer Service section of our website.

10. Do I have to change my electricity and/or gas supply plan?

If you are no longer a Gateway customer, you do not need to do anything, and your current gas or electric supply arrangements will not change. You can find our contact information on our website at <https://www.directenergy.com/nj/customer-support/contact-us> or by going directly to <https://www.directenergy.com/nj> and then finding our contact information via the Customer Service section of our website.

If you are a current Gateway customer, you may have received notice in your letter that you need to sign up for a new plan with us within 30 days, with additional instructions how to do so. If you do not do so within 30 days, we will no longer be able to provide service, and your account will be returned to your host utility.

11. Will my electricity and/or gas bills increase as a result of this billing error?

The billing error occurred in 2014 and affected 3,615 out of over 70,000 accounts in New Jersey. Some of those affected customers will have to sign up for a new plan with us within 30 days or be returned to their host utility if they do not. Those individuals who have to sign up for a new plan would have received a specific notice in their letter about signing up for a new plan. It is possible that the new plan would change their electricity and/or gas supply rates.

For those individuals who are no longer Gateway customers, or for those Gateway customers who were not instructed to change plans, their current billing will not change.

12. Who can I contact for additional information?

Our Customer Care team is available toll-free at 1-800-805-8586, Monday - Friday, 8 a.m. - 5 p.m., ET. Additional contact information can also be found on our website at <https://www.directenergy.com/nj/customer-support/contact-us>.