

# Company finds new approach to sell electricity

**BY DARREN FISHELL**  
BDN STAFF

A Bangor Daily News investigation found that competitive electricity providers cost customers about \$20 million they did not need to spend on power from 2013 to 2014. The amount siphoned from Maine ratepayers looks like it will increase in 2015, too.

How are these companies getting customers to sign up?

So far, they've relied on a vari-

ety of marketing tactics — television, radio, newspaper ads, online sales pitches and even teaming up with internet service providers such as FairPoint.

But one has developed another strategy: Turning customers into its sales staff.

The company's regulatory filings and marketing materials demonstrate one of the newer innovations in electricity marketing for Maine. Its direct sales strategy, however, is familiar to anyone

who's ever bought products from Avon, Pampered Chef or Mary Kay.

The marketing materials of Dallas-based Ambit Energy depict in triangular diagrams how it builds its sales network from customers who pay at least \$75 to start as marketing consultants (it advertises the fee as discounted from \$429), with a monthly \$24.95 payment to use the company's "personal business building system."

A recruiting video appeals to customers with a promise of a "life-changing opportunity," which it dubs "The Ambit Opportunity."

"What if I told you there's a way you could make money every time people turn on the lights or turn on the heat?" the spokesman states in the company's promotional video.

Ambit encourages customers to make referrals to family or friends, giving that referring cus-

tomers a discount based on how much electricity their connections use. From there, marketing consultants can earn money entirely through commissions on the electricity use of enrolled customers and ascending tiers of consultancy, which come with higher payouts.

The company recognizes star consultants not with pink Cadillacs but by tempting them with a series of colored blazers. After

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**BILL TROTTER | BDN**

A roll of Fiora paper towels sits on top of others stacked on a table before a ribbon-cutting ceremony recently for St. Croix Tissue in Baileyville, which recently completed installation of two new tissue machines at the Woodland Pulp mill site. Fiora is one of the new products made at the facility, which has added 80 jobs to the mill.

## Grab a tissue

### Woodland pulp mill expansion 'a great source of happiness'

**BY BILL TROTTER**  
BDN STAFF

This faded mill town perched on the American side of the St. Croix River is actually one of Maine's lucky ones: It still has a mill.

Better still, just this year the mill has expanded, adding tissue production to its portfolio and 80 jobs with its new division, St. Croix Tissue, to its roster of employees. The mill's pulp production side, Woodland Pulp, employs 320 people.

The mill's current owner, Hong Kong-based International Grand investment Corp., spent \$150 million to purchase and bring online on two new tissue machines — work that lasted for more than two years since the expansion was announced in March 2014.

The addition of two new tissue machines and 80 more jobs at the mill has been "a great source of happiness" for Baileyville and surrounding towns, according to Richard Bronson, town manager of Baileyville.

"They are a big deal to more than just this town," Bronson said last week, adding that the mill is both the largest employer



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Vapor floats into the air above the Woodland Pulp and St. Croix Tissue mill in Baileyville in July, where construction workers were nearing completion of the installation of two new tissue machines that have led to the creation of 80 new jobs at the mill.

and the largest taxpayer in Washington County.

The expansion project is expected to result in 126 metric tons of tissue being manufactured annually in Baileyville, enough to supply 5 million people each year with tissue products — about the same number of people who live in Maine, New Hampshire, Vermont and Canada's maritime provinces, mill officials have said. It is ex-

pected to manufacture products such as paper napkins, towels, bathroom and facial tissue for national and international markets, according to information on its website.

Officials have cited a few factors for why Baileyville is a good site for manufacturing tissue. It already has direct access to the pulp it needs for tissue production, thanks

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## Most vehicle warranty extensions are rip-offs

**BY RUSS VAN ARSDALE**  
EXECUTIVE DIRECTOR NORTHEAST CONTACT

When you buy a vehicle, you can almost set your watch by the time the offers for extended warranties start arriving in the mail.

Most of them convey a sense of urgency, especially if you've bought a used car or truck. The "Vehicle Document/Alert Notice" from the "Vehicle Services Department" cautions that an "immediate response" is needed, since "your factory warranty may have expired or will be expiring."

Could they be a little less specific?

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Probably not, because the mouse print notes that you probably got this letter through computer data generated by your purchase.

Is it a scam?

Likely as not, it is. Not all such offers are rip-offs, but the Edmunds website puts it bluntly: "Not every extended auto warranty company is out to rip you off, but over the course of our research, we found that the honest ones are few and far between."

For an impartial explanation of extended warranties, visit the Edmunds website at [edmunds.com/auto-warranty/understanding-extended-warranties.html](http://edmunds.com/auto-warranty/understanding-extended-warranties.html).

As the Edmunds people explain, companies don't really offer "extended warranties" in the sense of making a manufacturer's warranty last longer. Those companies — the legit ones, at least — are offering what are called third-party warranties. Some are good, and some are not. Many are not needed in the first place.

Consumer Reports did a survey a couple of years ago. The average cost of extended coverage was \$1,200, and 55 percent of all buyers never used it during the life of the policy. Consumer Reports advised potential buyers to set aside money in a savings account earmarked for car repairs. If needed, it's there; if not, it's extra cash.

We've written about extended warranties in the past. The subject is worth revisiting simply because of the volume of mail a vehicle purchase generates — our "new-to-us" vehicle this summer prompted 10 solicitations, all of which we declined because the manufacturer's warranty is in effect for two more years.

The offers don't always come by mail. Some car dealers will try hard to sell you a service contract as part of the deal.

Do the research and make your own decision; don't be pressured into an add-on that you feel you don't need. If you do buy a contract through a dealer, make sure the dealer forwards the payment — to the plan administrator or a third party — and get confirmation in writing.

If the service contract is underwritten by an insurance company, talk with people at the Maine Bureau of Insurance (1-800-300-5000 toll-free in Maine, or 207-624-8475) to see if any complaints are on file against the company.

Since U.S. Fidelis collapsed under the weight of lawsuits from a number of states, solicitors of service contracts seem to have softened their language — there's

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## Waning unions may affect your paycheck

**BY CHRISTOPHER BURNS**  
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The ranks of union workers in Maine, like elsewhere in the nation, have shrunk with the decades-long decline in manufacturing jobs, like papermaking. As this union presence continues to wane, some studies show it could be fueling the nation's widening income gap.

Union membership as a share of the private sector workforce

fell from 34 percent in 1979 to 11 percent in 2013, according to the Economic Policy Institute. Among men without a college degree, union membership fell over that same period from 38 percent to 10 percent. For women without a college degree, the decline was 16 percent to 6 percent.

In Maine, union representation — including the public and private sectors — has mirrored the national decline, falling from 14 percent of the state's workforce in

2000 to 12 percent last year, according to data from the U.S. Bureau of Labor Statistics. The decline in unionization has been steepest in the private sector, while unions still maintain a strong presence in the public workforce.

That this decline is partly responsible for the growing wealth gap in the U.S. is the conclusion of a new report from the Economic Policy Institute, a left-leaning think tank founded with union

support in 1981. Its authors looked at how the decline in union membership has contributed to the diminished economic power of private-sector workers not enrolled in a union.

Weekly wages for men unenrolled in a union would have been \$52 higher in 2013 if the share of the workforce enrolled in a union had remained at its 1979 level. This translates to an extra \$2,074 a year. For women not enrolled in

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