

Legislative History for Connecticut Act

PA 14-75

SB2

House	5444-5588, 5588A-5588C, 5589	149
Senate	1526-1554, 1572-1573	31
Energy	29-62, 78-79, 82-87, 88, 119-121, 128-135, 147- 160, 163-171B, 172-182, <u>228</u>	91
		271

H – 1196

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

**VOL.57
PART 16
5188– 5566**

jt/gbr
HOUSE OF REPRESENTATIVES

96
May 5, 2014

REP. ALBIS (99th):

Madam Speaker. Madam Speaker, I move we pass
this bill temporarily.

DEPUTY SPEAKER MILLER:

Without objection, so ordered.

May the Chamber stand at ease.

(Chamber at ease.)

DEPUTY SPEAKER MILLER:

The House will come to order.

Will the Clerk please call Calendar Number 481.

THE CLERK:

Madam Speaker, on Page 25, Calendar Number 481,
Favorable Report of the Joint Standing Committee on
Finance, Revenue and Bonding Substitute Senate Bill
Number 2, AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER
PROTECTION AND CLARIFYING THE PROPERTY TAX EXEMPTION
FOR CERTAIN SOLAR THERMAL OR GEOTHERMAL RENEWABLE
ENERGY SOURCES.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

jt/gbr
HOUSE OF REPRESENTATIVES

97
May 5, 2014

Thank you, Madam Speaker. I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER MILLER:

The question before the Chamber is on acceptable of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

Representative Reed, you have the floor, madam.

REP. REED (102nd):

Thank you, Madam Speaker. The Clerk has in his possession Amendment LCO 4550. I request that he be asked to call it and that I be permitted to summarize.

DEPUTY SPEAKER MILLER:

Would the Clerk please call LCO 4550, which is previously designated Senate Amendment Schedule "A."

THE CLERK:

LCO 4550 designed Senate Amendment "A" and offered by Senator Duff, Representative Reed, Senator Chapin, and Representative Hoydick.

DEPUTY SPEAKER MILLER:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection?

jt/gbr
HOUSE OF REPRESENTATIVES

98
May 5, 2014

Hearing none, Representative Reed, you may proceed with summarization, madam.

REP. REED (102nd):

Thank you, Madam Speaker. This strike-all amendment becomes the bill and address an intolerable situation that last winter caused scores of energy consumers to pay two or three times more for electricity than they had expected or budgeted for. These consumers thought they had made smart deals with certain private retail energy providers/companies who promised cheaper rates than those charged by the major utilities.

Many consumers who counted on paying less soon discovered that they were in the grips of concepts and products they didn't understand, things like teaser rates and short-term fixed rates, rolling over into skyrocketing variable rates. Products consumers had no idea they were purchasing.

To stop this from happening again, this bill offers a comprehensive package of protections to stop predatory behaviors by certain bad actors in the retail energy industry. This bill is designed to empower customers, and to make them much more aware of

jt/gbr
HOUSE OF REPRESENTATIVES

99
May 5, 2014

what these products are so they can make better informed choices.

It requires more transparent billing practices. It allows faster switching, so a customer can fire a company and return to the standard offer within 72 hours. It prohibits coercive and deceptive sales practices, and I urge my colleagues to support the amendment and the bill.

Thank you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Do you move adoption, Madam?

REP. REED (102nd):

And I move adoption.

DEPUTY SPEAKER MILLER:

The question before the Chamber is adoption of Senate Amendment Schedule "A." Will you remark on the amendment? Will you remark on the amendment?

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. Good afternoon.

DEPUTY SPEAKER MILLER:

Good afternoon, madam.

REP. HOYDICK (120th):

jt/gbr
HOUSE OF REPRESENTATIVES

100
May 5, 2014

Madam Speaker, this is another great collaborative process between the Democrats, and Republicans, and the administration, the agencies to protect consumers.

There have been many, many problems, especially this recent winter, with spiking electric prices, and it caught many consumers unaware.

Based on that, the good Chairwoman, her Co-Chair, Senator Duff, Representative Reed, Senator Chapin, myself, along with the Attorney General, the Governor, and OCC worked very, very hard to identify the issues and put into statute a temporary measure until PURA could fully examine this under a docket.

And because it's so substantial and so in demand in this age of being able to buy utilities individually, I have several questions for the proponent of the bill.

DEPUTY SPEAKER MILLER:

Representative Reed, will you prepare to respond, madam.

Representative Hoydick, please frame your questions.

REP. HOYDICK (120th):

jt/gbr
HOUSE OF REPRESENTATIVES

101
May 5, 2014

Thank you, Madam Chair. The first is about the docket that PURA will have. Now, I understand that they need to have it finished by -- I'm sorry -- enacted by July 1, 2014, and finished within the next six months or so thereafter. But it is about -- necessarily about the standard billing format, and if you could explain to the Chamber exactly what that will entail.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. So one of the issues that we encountered when we were really talking to consumers about the problems they were having is that they really had no way to contrast and compare. So we are directing PURA to come up with a billing system and a billing design that allows them to see what their rate is, if they have a retail electric supplier that's different from the utility. It will tell them on the single page what the standard offer is, the standard offer offered by the utilities. It will tell them how much they would have been paying

jt/gbr
HOUSE OF REPRESENTATIVES

102
May 5, 2014

and how much they would have saved or paid more than had they had the standard offer.

It tells them also that they can always call PURA. It's going to give the number to call PURA. It's going to allow them to see their webpage that also gives them this information, and it really is going to tell them how long their contract has to go. So it gives them a heads up that if they have a retail energy contract, how many months it has to go. And then also we are making sure that the retail energy companies inform them how long their contract has to go in case they want to renegotiate for a new fixed contract, or a variable, or move to another supplier.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

And I thank the kind Representative from Branford for those answers. So the docket will include how a customer can transfer from supplier to supplier, or supplier to utility, electric distribution company, or from electric distribution company to a supplier?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

jt/gbr
HOUSE OF REPRESENTATIVES

103
May 5, 2014

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. And from the passage of this bill, which I'm hopeful my colleagues will support, the -- it will quickly happen that they can transfer from an electric retailer to the standard offer, back to a utility within 72 hours.

And we're directing PURA to limit the time that it also takes if you want to transfer from an electric retailer to another electric retailer. Forty-five days is what it would be on passage of the bill, but we're directing them to see if they can shrink that up as well so that consumers know that if they want to fire one of these companies, they have some options available to them.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

And thank you very much for that answer. It's critically important, the transferring time be shortened and explained thoroughly to the consumer, and that was one of the initiatives that we all thought was so very important and wanted to make sure

jt/gbr
HOUSE OF REPRESENTATIVES

104
May 5, 2014

it was in the bill. Even in the implementation from now, even through when PURA does it's docket; is that correct?

Through you, Mrs. Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Yes. Through you, Madam Speaker. Yes.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Through you, Madam Speaker. And how the customer receives the information I believe is determined in this bill; is it not?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker. Yes. We're going to allow the customer, and we're encouraging the customer to choose how they want to receive this information. One of the things, and I think we've all had this experience is the -- the overwhelming amount of snail mail that we get with offers and all kinds of things,

jt/gbr
HOUSE OF REPRESENTATIVES

105
May 5, 2014

may also have in -- among these pieces of mail that were received, some very important information that your electric retailer is telling you.

So we're asking PURA to devise a system in which the consumer will be able to say I want to hear by email that there might be developed an app that they can interact with an app, or I want to hear by snail mail. I want -- I think quarterly inform people what's coming in their mail, in their bill, and I want to see it online as well. So we're going to give people a lot of options. As we all know in our modern world, people have lots of different ways of staying connected and communicating, and we want to give them as many options as possible.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

And I thank the kind gentlewoman for her answer. She brought up a very important point about the quarterly notices, and I wonder if you would indulge us and explain exactly what that means. If I have -- it's January and I currently have a rate of \$0.10 a

jt/gbr
HOUSE OF REPRESENTATIVES

106
May 5, 2014

kilowatt hour, what will the kilowatt notice tell me at the end of March?

Through you, Madam Speaker.

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker. It will give you a real sense of if your rate is going to stay the same or going to change. You'll be given a heads up, and that will allow you to make -- to stay with your current supplier, or make a change in the kind of contract you have, or return to the standard offer. It will just keep reminding you as we go where you are and what options you have.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker, and thank you to Representative Reed. So the bill will provide how customers receive this information, and it will include the rate, their usage, which is currently on the bill. It will include the transportation and distribution charges, SBC, system benefits charge -- excuse me. I try not to talk in acronyms, and there

jt/gbr
HOUSE OF REPRESENTATIVES

107
May 5, 2014

are a lot of them. I thought education was bad. Let me tell you, energy has it all.

And what else, through you, Madam Speaker, will be on the bill besides the things I just mentioned?

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

So one of the things -- thank you, Madam Speaker. One of the things that we really found -- and it's hard for all of us, even if we really want to take advantage of the system and stay on top of it. It's sort of hard to understand going in how the rates change and what the market is about.

So this is going to give you a comparison so you can compare and contrast, and it's going to tell you, here's what you're paying now; and here is what the standard offer is now, and here is what you would have paid had you still been on the standard offer.

So it really gives consumers more information than I think any kind of billing system ever did. We're actually saying, this is what your competitor, the standard offer would have saved you or charged you more. So it's very, very valuable information.

And I think, you know, we were in conferences. We spent days and days and hours and hours with the Attorney General and his team, and the Office of Consumer Counsel, the Consumer Counsel, Ellen Katz and her team, the Energy Committee team, the Governor's team. We brought in the companies at one point, and we also brought in advocates such as AARP to talk about what would be the very best way to go for the consumers; and we really worked it through.

And this is really a remarkable thing that we're coming out with; that you can actually see where you are, what you're paying, and what you would have paid had to stayed with the utilities standard offer.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Representative Reed, for that very thorough answer.

The other interesting part of that is that, again, this is a stop gap measure until PURA does its docket, and in that docket all the interested parties, all the stakeholders can participate in that process. So we're almost giving this a trial run to see what

jt/gbr
HOUSE OF REPRESENTATIVES

109
May 5, 2014

initiatives work best, and when PURA has the docket, people will be able to -- you know, regular consumers, as well as electric suppliers, as well as the departments that the good Chairwoman mentioned, will be able to speak on behalf of their past history and what's successful and what's not.

The most amazing thing to me in this was, as we were sitting around the table discussing what's important to consumers and those about 10 or 20 years younger than I are talking about how they're receiving their energy bills, or how they're receiving notices.

So I don't know about you, Madam Speaker, but there's often times where I will text a vendor and ask to be put on a text notice when my bill is due. And I like that because it's always reminding me, and it's something on my phone. But with my electric bill, I would like that reminder, but I still want to receive a paper copy. And I'm hoping that this bill will prove that this is a good process.

Anyway, a few more questions through you, Madam Speaker, if you don't mind.

DEPUTY SPEAKER MILLER:

You may proceed, Madam.

REP. HOYDICK (120th):

jt/gbr
HOUSE OF REPRESENTATIVES

110
May 5, 2014

Thank you. Is customer choice, reduced or changed, or restricted compared to what customers have now?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. No. It is not. It's really quite interesting to see how many companies have -- are getting into the retail energy business, and it's interesting to see how they are creating competitive products in order to compete not only with the utilities but among themselves.

And we're hoping that by giving people more tools to be able to make very comprehensive decisions and good decisions for themselves that we're also signaling the companies, because we're not going to put up with any nonsense, that they should clean up their acts, those who have been misbehaving because several have been doing very well, actually. And that sort of all got lost, and I think we should make it clear that some of the electric retailers were saving some people money during those winter months when they were paying more on the standard offer.

jt/gbr
HOUSE OF REPRESENTATIVES

111
May 5, 2014

But it's really designed to give people much more choice but also the tools to make better choices.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Representative Reed, and thank you, Madam Speaker. So this bill does not cap electric rates or turn us back to a regulated product?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. No. It does not, and actually that was something we really looked closely at because, you know, I think some of us went in -- I certainly went in just so infuriated that I wanted to cap variables, and I wanted to stop rolling over into variables from a fixed contract. I wanted to stop a lot of stuff, and then we realized, as you start sorting through what we're talking about here, that these are businesses that are providing products and that are competing among themselves.

jt/gbr
HOUSE OF REPRESENTATIVES

112
May 5, 2014

And some of them are now offering capped variables among the selected products that you may choose. You pay a little bit more for a capped variable, but then they will -- some of them will offer uncapped variables. You might get a deal on an uncapped variable. It might be cheaper, and you want to -- I always call that the Vegas variable. Maybe you want to roll the dice a little, you know.

You're looking at hoping it will be a warm winter, and that we won't have a shortage of natural gas, which is what happened this year. I think it went up to -- it went up 115 percent, the price of gas in December, and it changed the game.

But the companies are, in order to compete with one another, some of them are only offering fixed rates. There's at least one large company that was only offering fixed rates this winter.

And we realized that we didn't want to be so perspective that we were punishing the bad actors by killing the industry. This industry employs more than 2,000 people in the state directly, and then there are related people who are employed in this industry. And they're paying millions and millions of dollars in

jt/gbr
HOUSE OF REPRESENTATIVES

113
May 5, 2014

property taxes in offices and various communities around the state.

So we wanted to work with the good companies to help them create a better education sense so that people really kind of understand what it is, this is. It's kind of a new business, particularly in New England, and when you think about it, you know, a lot of the innovative businesses that we have are -- have things that people don't really understand yet.

So we want to kind of fast track the education so consumers will know exactly what it is they're buying, what kind of risk they can tolerate. I mean, some of us just don't want to tolerate any risk. We don't want to babysit a contract and keep an eye on it. And some people really are enthusiastic about working it through and figuring out what kind of product they want to buy.

So, you know, I think what we've done is to make sure that we, as I said, don't destroy the good companies, and we've given the bad companies real notice that either -- you know, clean up your act or get out of the state.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

jt/gbr
HOUSE OF REPRESENTATIVES

114
May 5, 2014

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. I'm encouraged about that because, as many of you know that I purchased utilities for the company that I work for, and though this is directed more towards the residential customer; having that choice has been very beneficial for us to keep costs low because the costs are then transferred directly to our tenants. So I'm glad to see that the industry hasn't been restricted in that way.

But I do believe, through you, Madam Speaker, there is one product that when you go to a variable rate initially, the first 3 months, the first 90 days or 6 months -- I'm not exactly sure -- are capped to give you a preview of what to experience, while you're getting your feet wet in this market.

Through you, Madam Speaker. Is this true?

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes, indeed. And that was -- we really felt that, that was not only giving the consumer, you know, letting them test drive the

jt/gbr
HOUSE OF REPRESENTATIVES

115
May 5, 2014

idea, but also preventing them from becoming victims of teaser rates. These teaser rates, you know, feel a little bait and switch. You take the rate, and then it's suddenly gone. So we're fixing it for three months so that consumers can feel comfortable with the product, and then we'll be alerting them that the rate, the initial rate is about to change. So we're going to give them plenty of notice that, that's going to happen so that they, again, have the tools to make smart choices.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you to the kind Chairwoman of the Energy and Technology Committee. She mentioned, Madam Speaker, that through this industry over 2,000 are employed and millions of dollars in property taxes are paid. And I was wondering, through you, Madam Speaker, if the kind Representative knows about how many electric retail suppliers do business in Connecticut?

Through you.

DEPUTY SPEAKER MILLER:

jt/gbr
HOUSE OF REPRESENTATIVES

116
May 5, 2014

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. I think at least 15 are located here, and then there are some national companies that have satellite offices here. So that's the number I'm familiar with. The excellent ranking member of energy, who interacts with these in her line of work, might even have an update on that.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

I thank the kind gentlewoman for that statement. I don't know off the top of my head, which is one of the reasons why I pose the question, but I bet if we looked at Connecticut Energizer, Energize CT, which will take you to the same website, through you, Madam Speaker, are all the electric suppliers listed?

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. I don't believe they all are. I think that's the goal to make sure they're all listed, and, you know, and amplifying that.

jt/gbr
HOUSE OF REPRESENTATIVES

117,
May 5, 2014

That's one of the directives to PURA is to make sure that the Energize Connecticut website is much more user friendly and much more interactive, and we've directed them to really work to create a website that is easy for consumers to understand. That they will list all of the electric retailers that are available; that they will --

We've been looking at some models that are really quite interesting. They're almost like Amazon.com where they actually begin to -- if you have verifiable complaints, there are some websites in some states that actually have little icons. One of them has little frowny faces. So as companies begin to accumulate verifiable complaints that are significant, there's a potential of creating icons. It's something we're asking PURA to look at.

And also we're asking them to take them off the website when they hit a certain benchmark that's just intolerable. So it will be a privilege to be on the Energize Connecticut website, not a right, and we want to make sure that consumers who consult the website know that they're getting really good up to date valuable information.

Through you, Madam Speaker.

jt/gbr
HOUSE OF REPRESENTATIVES

118
May 5, 2014

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. That's excellent news to be able to use the web and the internet to our benefit. To be able to access our invoices and bills through US mail, text, email, I think it really is a great consumer program.

And I wanted to highlight and talk a little bit about one of the other sections -- it's Section 4 of the bill -- that puts in additional consumer protections.

This particular part of the bill makes the supplier notify the customer if the rate goes up 25 percent or more, and they need to do it within a timely fashion of 15 days.

So, for example, if I'm paying \$0.10 kilowatt hour, and the increase is going to be to \$0.125, the supplier would have to notify me by whatever choice I choose, whether it's email or -- I don't even know if that's going to make it through snail mail or US mail, but that's the requirement.

jt/gbr
HOUSE OF REPRESENTATIVES

119
May 5, 2014

And through you, Madam Speaker. Would the good Representative agree that this is one of the most significant parts of this bill to protect consumers?

Through you.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Absolutely. And when you think about it, so 25 percent. For instance, I believe the CL&P rate from January to June was about \$0.09235 cents so that's \$0.02. So if you're going to suddenly have an \$0.11 kilowatt hour price, we're having the company let you know that and give you a heads up, you know. It doesn't have to be an enormous increase, a couple of pennies make a huge difference, particularly to people on fixed income.

So it's a huge value added that we're putting into this bill and into the information that consumers will be able to interact with.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Hoydick.

REP. HOYDICK (120th):

jt/gbr
HOUSE OF REPRESENTATIVES

120
May 5, 2014

I thank the kind gentlewoman for her answers and for the process that she and the Co-Chair, Senator Duff, allowed us to be part of. It's not often, Madam Speaker, that you get the opportunity to really do some great things for the state and the people to whom you serve.

On this committee we've been very fortunate. Whether it started with the storm response bill or the merger of the Department of Energy and Environmental Protection, we've done some very, very significant statutes for the state of Connecticut and for our constituents.

And I'd like to thank the kind gentlewoman from Branford for all of her leadership, and her guidance, and I encourage my colleagues to support this bill.

DEPUTY SPEAKER MILLER:

Will you remark further? Will you remark further on the amendment before us?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. If I may, a few questions to the good representative from Branford.

DEPUTY SPEAKER MILLER:

jt/gbr
HOUSE OF REPRESENTATIVES

121
May 5, 2014

Representative Reed, please prepare yourself to respond, madam.

Representative Candelora, please frame your question, sir.

REP. CANDELORA (86th):

Thank you, Madam Speaker. Today we heard -- I was hearing the debate, and there was discussions about electric rates. And I was wondering if this bill would cover gas as well?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd): Thank you, Madam Speaker.

Through you, Madam Speaker. No. It does not.

DEPUTY SPEAKER MILLER:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And I'm wondering, was there discussion about including that as well because it's my understanding that industry is also deregulated, and we have brokers in the industry selling that service. They seem to be very parallel to each other. Was there discussion in public

jt/gbr
HOUSE OF REPRESENTATIVES

122
May 5, 2014

hearings dealing with the gas issue, or is that regulated separately?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. There were discussions, and it is on a separate path at the moment. But as the good Representative from North Branford knows, some retailers who sell electric, also sell gas in other markets, and they would love to be able to do that here as well, to sell retail gas.

And we just felt that the timing was a little inappropriate on that ask because we were really looking at refining the electric retail market and making sure that we have a really good model that protects consumers.

So that's something that was discussed. It's something that may be discussed in the future, but right now they're two separate -- they're handled very differently.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Candelora.

jt/gbr
HOUSE OF REPRESENTATIVES

123
May 5, 2014

REP. CANDELORA (86th):

Thank you, Madam Speaker. And I agree with that wholeheartedly, and I think I should probably back up a little bit because through the discussions I know there's a distinction between the residential market and the commercial market. And I think in the commercial market, there is choice for gas. In the residential market, there is not choice for gas.

And so as I look at this bill in particular, it seems to deal almost exclusively with the residential market for electricity. Am I correct?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. And thank you so much to the Representative from North Branford for making that point because it's absolutely true. In the commercial context, those deals are very much negotiated with the companies. So they have a separate track.

What we were finding is that the residential consumers were -- many of them have done very well in the electric retail market, but many of them it was

jt/gbr
HOUSE OF REPRESENTATIVES

124
May 5, 2014

just so new and coming at them so quickly. And so we really designed this to deal with the issues that they were having in the marketplace.

When we looked at how some of the companies were doing and actually some residential consumers as well who had made very good choices with electric retailers, there were some savings that were happening. There were some people who were in at like \$0.086 a kilowatt when the standard offer was 0.09235. And so we found a lot of cases of that, but we felt for the greater good, it was really important to do a consumer bill that aimed at residential consumers.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And I certainly agree with this. I think we get a lot of -- we capture a lot of -- certainly the whole residential market, which is a big portion of our electric market.

One of the things that I am still concerned about is the commercial market because I think they go through the same process certainly that the residents do when they receive those phone calls. I certainly

jt/gbr
HOUSE OF REPRESENTATIVES

125
May 5, 2014

get them at my work plenty of times. You'll have brokers calling you up and trying to get you to switch to a different electric company, and I think that the commercial industry goes through the same struggles that a residence would.

Was there any discussions in the public hearing or any complaints from the commercial market, and is there an appetite to even look at the issues of assisting the commercial market in tightening up the regulations to protect them as well when they're making choice in the electric market?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Yes, indeed. And I know -- and I remember having a nice conversation with the good Representative, my friend from North Branford, about something that happened in his particular business where there were - - it was determined that it was going to be one price, and it turned out to be another price. Suddenly the market changed dramatically. So that is exactly right, tightening it up for everybody who is participating.

jt/gbr
HOUSE OF REPRESENTATIVES

126
May 5, 2014

And companies that are making huge buys, it's one of the issues that we have, as Connecticut, as we all know far too well, is the high price of electricity in this state, and part of it has to do with the way the markets are played. Part of that has to do with the amount of natural gas we get into the entire region that goes through ISO New England. And so we're really trying to figure out how to make daily life more affordable, not only for residential consumers but also business consumers as well.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And generally under this bill, I think as I was reading it there -- there are some checklists I think that we're going to look at having the brokers provide to the residential customers.

So am I correct in saying that? The hope is that when a resident signs up for their electric, that they'll be certain parameters that would be given to them in writing, like the term of the contract and

jt/gbr
HOUSE OF REPRESENTATIVES

127
May 5, 2014

just some of those key points? Am I correct? I think
I read that?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes, indeed. And,
actually, we've directed PURA to also have the
companies come up with terms that -- that cross every
electric retailer so that consumers, no matter whom
they're talking to, they can compare them across
companies. That the terms are not unique to each
company; that the terms are standardized and agreed
upon, and that consumers will be able to have a better
understanding as they're talking not apples and
oranges. They're talking oranges and oranges from
company to company as they're trying to make their
choice.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And then in Lines 352
through 368, it talks about the electric supplier, you

jt/gbr
HOUSE OF REPRESENTATIVES

128
May 5, 2014

know, shall not charge residential customers month to month variable rates, and it sort of goes through.

Does this -- generally, is this provision trying to get at those fluctuations that we heard about where a contract expires, and then the rates would spike significantly?

And then part two of the question is did I hear also that if that does happen, residents would be able to terminate that contract within a very short window? So if the rates fluctuate dramatically, they're not stuck waiting until the end of the month in order to switch?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. And we're giving people a heads up in many ways. So they're going to have to be notified by their electric retailer 45 days ahead of time, but also on the customer's bill they'll be seeing, you know, tick tock, tick tock. This particular rate that you have contracted for is coming to a close.

jt/gbr
HOUSE OF REPRESENTATIVES

129
May 5, 2014

We are also allowing them to cancel -- to fire the company and make other arrangements. They can go back to the standard offer within 72 hours. They can, within 45 days max -- we're trying to shrink that down as to a little amount of time as possible -- they can go to another electric retailer.

It's one of those issues where when people want to get out of a contract, it has taken a while with some companies to force the consumer to go through a couple of billing cycles before they're actually able to be set free. So we wanted to make that ability to get rid of a company you just don't want to do business with anymore, to make that happen quickly.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Candelora.

REP. CANDELORA (86th):

I appreciate the answers to my questions. I don't think I have any more questions. If one pops up, I'll certainly pose it.

But I do support the provisions of this amendment. I think that we've certainly heard far too often from residential customers, the issues that they have had through the deregulation, and it probably --

jt/gbr
HOUSE OF REPRESENTATIVES

130
May 5, 2014

I'm glad to see that we're not looking to pull back.

I wasn't here when we voted on deregulation, and I know that there was some increases in electric prices soon after deregulation was implemented.

The market sort of seems to have calmed down, and Connecticut has received some benefits I think. It does seem like this is a good approach rather than scrap it and change dramatically. That we're sort of taking baby steps to refine the process.

This certainly is a very important step for residential customers because I think we all get them in the mail from various people, the different solicitations, and it gets quite confusing.

One of the things I would hope that we would look at the commercial market as well. Representative Reed did reference an experience that I had, had, but I've had a number of businesses come to me to express their concerns with the market and the impact the deregulation has had on them.

It is almost like entering the stock market now when you're choosing a gas supplier or an electric supplier, which businesses can do, and when you're pricing out those contracts, it's a significant amount of money, especially for our manufacturers. And one

jt/gbr
HOUSE OF REPRESENTATIVES

131
May 5, 2014

mistake could cost a business thousands and thousands of dollars.

My personal story is we took out a gas contract, and, you know, when the broker comes into your business, they give you a contract. They explain to you the market, and they typically leave with those contracts. You sign it first, and then they take it back to their company to sign.

And a lot of times you don't get that contract back. You never see a contract in writing. You don't see the terms of it, and you forget. You get busy doing something else. In my case that is what happened. I did not have a written contract and didn't realize the contract was expiring.

What had happened was our gas bill went from about -- about \$6,000 a month to about \$35,000, which for a business to try to absorb that is substantial. Not only did it wipe out all of the savings that we saw previously from deregulation, but then it put us behind the 8 ball and made us struggle to try to get back.

And when it happened, I was really shocked that, that was even a possibility, and certainly spoke to some people in this building. And they said, yes,

jt/gbr
HOUSE OF REPRESENTATIVES

132
May 5, 2014

that can happen, and they explained to me why that happened. Subsequent to that, you know, there were other businesses that approached me, and the same thing happened to them on the electric side.

And so when we hear from the residences, and certainly \$100 or \$200 hit for a residence is significant. We can't forget about the commercial industry because even myself on a personal level, being a lawyer, being up in the Legislature dealing with these issues and then running a business, you think you'd be on top of it. But the market is such a challenge to understand.

And so I think this is a good piece of legislation to start out with the residential, but I truly think in order to help small businesses, we need to take a look at the commercial market.

Like I said, many might not know here, but the gas market for commerce is an open market for us; and we do have open choice. So there are two challenges that we deal with every day. And what's happened for me, you know, we went back to the standard offer, which sort of stabilized things for us, and is sort of the mode of preference to go at this point.

jt/gbr
HOUSE OF REPRESENTATIVES

133
May 5, 2014

I think that a provision like this is good for the residential market because it will move people off a standard offer rather than not being so afraid of choosing, and I think we've had some hiccups. This is swiftly looking to address those hiccups so that at least the residents won't be so afraid of it.

I like the other provision in here also dealing with having no fee if you're going to terminate because, like I said before, so many people will enter into a one-year contract, and then that contract will expire and go to month-to-month. And I think when that happens, both sides of the negotiating table, you know, both sides of the contract know at that point it's a month-to-month contract, and there really shouldn't be fees associated with that termination. So I thought that, that language was a good provision to have in there as well.

And then, finally, even the provisions of Lines 416 through 420, just trying to address what the individuals are able to wear and how they present themselves in the room I think is a good provision to have because all too often people can come into your business and sort of give themselves credibility by presenting themselves as repping maybe a certain

jt/gbr
HOUSE OF REPRESENTATIVES

. 134
May 5, 2014

electric company, and I've actually had this happen with brokers. They act as if they're working for a particular company, when they're not. They're actually on their own maybe brokering one, or two, or three, or more companies. And so I think this is a good provision as well.

So I do stand in support of this amendment.

Again, I hope that we do take a look at the commercial market as well. I hope that there is a give and take in the market. I hope that these brokers recognize the fact that if they truly are providing the service in the way it's meant to be, they shouldn't be afraid of these type of bills or these type of amendments. It's when the bad actors get into the industry, and either intentionally try to pull you in a certain direction and not give you all the information to make an informed decision or the best decision in choosing an electric company but might have their own interest at heart or just too interested in making that sale.

One of the things that I've seen with deregulation is it's created jobs for the state of Connecticut. There are a lot of people coming out of colleges that are getting some of these broker jobs, and it's a good entry level position I think for them.

I think the flipside of it is, these same individuals might not really know exactly what they're selling. So at times they could just be aggressive trying to get that contract signed, not knowing if this is really what is best for the customer. And I think by requiring certain terms to be put in those contracts, so when a broker is in the room and presenting it, there is some minimal standard that has to be given to these individuals that are purchasing. It makes sense.

And it still seems that we're, you know, not attempting to regulate this market but attempting to cast a light on it so that all the parties are on equal footing.

And I do hope that maybe next year in the long session we will revisit the challenges I think that face our commercial markets. I think if you go out there into your communities and talk to the businesses, even the ones that have electricity, even retail, because the markets are priced differently. So for manufacturing they typically will get a better rate than a grocery store or retail store, but all of them face the same challenges of how they sign up for electricity. And I think as we heard last year, so

jt/gbr
HOUSE OF REPRESENTATIVES

136
May 5, 2014

many people saw massive increases in their bills at a point when it was too late for them to try to correct it. And so I think it probably makes sense to start out with the residential market, and to see if this piece works because I think it's a greater volume that we're serving.

But I think we all should recognize that the commercial market sort of does not have the information -- is not as educated on this just as the residential market is. These individuals are concerned about running their businesses, and they're not experts in the field of electricity.

So to the extent we can make the process easier for them, I think that would go a long way, and so I look forward to see this evolution and to improve on deregulation.

This bill will be a good response for all of us when we hear residents or people saying to us, you know, deregulation really screwed me up. I just got a huge increase in my electric bill. We could turn to this piece of legislation and say I understand. We're trying to get it right. Bear with us, and here's what we did this session to try to improve upon that.

jt/gbr
HOUSE OF REPRESENTATIVES

137
May 5, 2014

So I do stand in support of this. I hope we go much further next session because it's things like this that will help get Connecticut's economy moving.

Thank you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Thank you, sir.

Will you remark further? Will you remark further on the amendment before us?

Representative O'Neill.

REP. O'NEILL (69th):

Yes. Thank you, Madam Speaker. If I may, a couple of questions to the proponent of the amendment.

DEPUTY SPEAKER MILLER:

Representative Reed, please prepare yourself to respond, madam.

Representative O'Neill, please frame your questions, sir.

REP. O'NEILL (69th):

Thank you, Madam Speaker. I guess the first question I have is with respect to Section 6, starting on line 210. Was this language in any of the earlier versions of this bill?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

jt/gbr
HOUSE OF REPRESENTATIVES

138
May 5, 2014

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Just consulting this again. I'm not sure that -- I know we had several iterations of this that we were considering different -- what was doable, you know, in terms of how quickly you can be transitioned from one billing system to a new billing system with a new company, and so we were referring it.

I know this is new language. I mean, I think this was always our intention, is to make the ability to fire your electric distribution company, you know, a quick event.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. Because I did a word search I guess looking for 72 as the key piece of the phrase to allow for 72 hours as the maximum amount of time that it would take in order to transfer a customer from an electric supplier to the standard offer, and I didn't see it in any of the earlier versions of the legislation; but perhaps it was

jt/gbr
HOUSE OF REPRESENTATIVES

139
May 5, 2014

expressed in a different format. Maybe it was a different number of days, or hours, or whatever. So that's why I'm asking the question.

Was something like this; was it 24 hours, or 3 days, or 4 days, or anything along those lines? Was there any provision in here that specified a particular relatively brief amount of time that was to be allowed for that transfer to occur in the earlier versions of this legislation?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. I'm sure it was committed. I know it was committed to -- I don't think the amendment had been filed, but I know it was committed to paper early on; that we were trying to make it as quickly as possible. I think 24 hours is where we started, and as we brought the companies and actually the utilities because remember it's CL&P NUI who actually do the billing. When we brought them into the process, they were sort of saying, you know, in the real world, it was impossible to do it within 24 hours. But we were trying to make it happen as

jt/gbr
HOUSE OF REPRESENTATIVES

140
May 5, 2014

quickly as possible. So earlier iterations probably appeared. We were very ambitious and very eager to, as I set, set consumers free as quickly as possible.

Through you, Mr. Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And I received complaints from my constituents as well, and I contacted the electric suppliers that seemed to be the source of the problem relatively early on during the session, looking for solutions and attempting to find out what the problem was and where a solution might be found.

During the course of that conversation, one of the things that came up was that, at least where the electric suppliers said the problem lay in large measure, was with the distribution companies in that they took quite a bit of time in order to transfer someone, and, in fact, a lot more than 72 hours from what I remember of those conversations.

So I guess I'd ask a couple more questions.

During the course of the hearings on this legislation, was there testimony offered by anyone as to what the

jt/gbr
HOUSE OF REPRESENTATIVES

141
May 5, 2014

typical turnaround time was between the time that a consumer made a request to get back to the standard offer and actually being transferred.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. I believe it was two billing cycles, and I have to say on a personal note, as Co-Chair of the Energy Committee, my husband, a very fine lawyer, chose a company and thought that we had a marvelous deal. And, of course, nobody, as I say, babysat the contract. So we were kicked into a variable rate, and I suddenly noticed that the bill was intolerable and called up the company and was trying to fire them immediately. And I believe it took two billing cycles to make that happen, which, as you know and as the constituents for the fine gentleman told you I'm sure on no uncertain terms, it's even more infuriating when you know that you have fired this company, and yet at least one or two subsequent bills show that you're still paying the same rate; and you have not been cut loose.

jt/gbr.
HOUSE OF REPRESENTATIVES

142
May 5, 2014

So we tried to make it as short-term as possible. Seventy-two hours is what's in this bill. That's what we were able to finally, in terms of a real world termination date, make happen, but we are very eager for PURA to make this timeline into -- shrink it even more. They are going to be revisiting this every two years and updating the terms, and also as the technology improves, you know, finding out whether we can make it happen as quickly as possible.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. Something like that 30 days to 60 days or 2 billing cycles sounds like the kind of number that -- it reminds me of the kind of number that I was hearing from the representatives of the supplies. So that even when someone did try to transfer, what they were telling me was that the time lag that my constituents were complaining about was in large measure due to the time that it took for, in my case, my constituents are CL&P customers. And so that was where the problem lay.

jt/gbr
HOUSE OF REPRESENTATIVES

143
May 5, 2014

I guess -- during those conversations it was made to seem somewhat difficult to get CL&P to accelerate that process. And so I would -- one of my concerns isn't that we have made the time too long, but whether or not telling my constituents and telling the world that once this bill passes, once this amendment passes and once the bill passes that they'll be able to get transferred in 72 hours because my imagination is that we will find ourselves 6 months from now or whenever it starts getting cold again; or perhaps when it gets really hot and people are using electricity to cool their homes, people will find that they're being kicked into variable rates or into higher rates than the original rate that they signed on for; and then having heard that there was a 72-hour time limit, wonder why it's taking longer.

And so I want to be sure that this, in fact, is a realistic number before I go around telling everybody you should be able to get transferred within 3 days or 72 hours.

So in terms of exploring that with the Chair of the Energy and Technology Committee, I would just like to ask a few more questions, if I may.

During the course of the conversation, I assumed there were conversations. So let me not make the assumption. Were there conversations between the Chair of the Energy and Technology Committee and representatives of CL&P and United Illuminating, during which this issue of speed of transfer of people from their electric supplier to the standard rate, this transfer time; was this discussed?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. It was indeed, and we brought the utilities into the conversations to press them, shall we say, on making this happen more quickly. And I think it began with the billing cycle. That was something that they thought could happen, and we, you know, pushed back and said no. We have to expedite. You're computerized we said, you know. This is information. It's coming quickly to your offices. It's something that you have available to you once a company lets you know that a customer has decided they don't want to deal with them anymore.

jt/gbr
HOUSE OF REPRESENTATIVES

145
May 5, 2014

So 72 hours was the negotiated timeline that they felt they could deliver on immediately. So that's what we went with. We felt that, that was rational. It gave everybody time to exchange information, and that, you know, as the customer got their next bill, they would see that they had been able to fire the company that they felt they could not live with any longer.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. So then I take it from that answer that the representatives of Connecticut Light and Power and United Illuminating have made a commitment that they will be able to fulfill the requirements of this amendment, the 72-hour transfer, within 72 hours or not later than 72 hours. So conceivably faster but certainly under no circumstances more than 72 hours after the request comes in. That they have made a commitment to that effect; that they will make it happen. Is that correct?

Through you, Madam Speaker.

jt/gbr
HOUSE OF REPRESENTATIVES

146
May 5, 2014

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes, indeed. As we went back and forth and back and forth and came up with the 72 hours, we actually, as I said earlier, wanted it to be shorter, but we made that a hard and firm commitment that they had to give us. So 72 hours is indeed their pledge.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And I guess having people make promises to me is great and to us as a Legislature. I noticed that I don't see -- at least nothing jumps out of the section that I can recognize. Is there any penalty that's imposed upon CL&P or United Illuminating in the event that they fail to fulfill the 72-hour requirement?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

jt/gbr
HOUSE OF REPRESENTATIVES

147
May 5, 2014

Through you, Madam Speaker. We are directing PURA actually to issue new regulations to deal with not only the electric supply companies, the electric retailers, but also the utilities, the telemarketers, known, every component of these transactions.

And we are hoping in an implementer to create an enforcement division with money that we are hoping is coming our way from a settlement that's being discussed with the state involving a legal issue that the state has with an entity that is -- hopefully the settlement will yield many millions of dollars. So we're hoping we're going to create a team of three to four people within PURA who would deal with enforcement at every level.

And, of course, as you, as a fine Representative knows, also the utilities come back to ask for rate increases and rate adjustments from PURA. So we're sure that, given their relationship with PURA and how vital PURA is to everything they do, that they will indeed be able to create -- make sure that the 72-hour elimination of the other company, should a customer decide to return to the standard off, that, that is indeed delivered upon.

Through you, Madam Speaker.

jt/gbr
HOUSE OF REPRESENTATIVES

148
May 5, 2014

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. But if I understood the question correctly, then, in this section, there is no particular penalty that would apply to CL&P or United Illuminating. In other words, they wouldn't have to count, among other things -- I'll run through a list of potentials here. They wouldn't, for example, have to compensate the customer who didn't get transferred in a timely fashion in any way for the additional costs that they incur by being stuck with the supplier that they wanted to get rid of; is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. As I understand it, no. But it is something that probably could be contemplated. That was one of the issues that we were dealing with is how could be compensate people who had, had this experience this winter. It's clear if it were totally illegal and a malfeasance of a

jt/gbr
HOUSE OF REPRESENTATIVES

149
May 5, 2014

company, that there probably are enforcement opportunities available. You bring in the Attorney General and the various legal entities that we have to deal with it, but we did not build it into this bill. But it's something that can definitely be discussed going forward.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And since the Attorney General has been mentioned, I take it that there's nothing in Section 6 that would authorize the Attorney General to take action in the event of a failure by an electric distribution company to honor or comply with the 72-hour requirement; is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker. I'm not seeing it.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

jt/gbr
HOUSE OF REPRESENTATIVES

150 '
May 5, 2014

REP. O'NEILL (69th):

Thank you, Madam Speaker. Is there someplace else in the bill where failure to comply with the provisions of this or would authorize the Attorney General to take action, failure to comply with this among other provisions perhaps, some general power given to the Attorney General to take action, and this one would be one of the things that the Attorney General could act upon?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. I'm not seeing it spelled out in a codified way, but the Attorney General and his team took an incredibly huge interest in what was going on and were, as I said, part of the negotiations and were very eager to be a part of the solution.

So I think going forward, as we make sure that this industry flies right, you know, stands up and really starts behaving, that the utilities are very much on board dealing with their end of the bargain. The Attorney General will take a serious interest in

jt/gbr
HOUSE OF REPRESENTATIVES

151
May 5, 2014

it, as I said will PURA and the enforcement division that they're putting together, as will the Office of Consumer Counsel. Also very, very interested in monitoring, micro-monitoring every aspect of this.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. I thank the Chair for her answer. And just to follow up a little bit further, the consumer will not be able to get compensation for an individual failure to comply with the 72-hour requirement. The utility company will not suffer any penalty.

Is there anything in here -- because there's been on a number of occasions reference to PURA and the consumer counsel -- is there anything that, within the four corners of the amendment before us, would say that a generalized failure or a high percentage of failure to make the transfers -- now let me throw out a hypothetical. Supposing it turned out that out of 1,000 people who made a request for transfer, one of the utility companies was only able to transfer half of them or a quarter of them, something like that; so

jt/gbr
HOUSE OF REPRESENTATIVES

152
May 5, 2014

there was a high rate of non-compliance with this. Is there anything that would allow PURA or the Consumer Counsel to take some sort of action for -- maybe not in a specific case to compensate a particular consumer, but perhaps to do something to take action if there was a sort of systemic failure to comply with this? Is there anything like that?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Well, as you well know, PURA has the ability to open a docket, and once a docket is opened all heck can break loose for those who are shown to be behaving in a way that is not beneficial to the consumer. And PURA is standing ready to do that kind of thing and to really see who's dropping the ball; who is not complying with the agreement. So that opens up the potential of all kinds of opportunities, including fines.

And, you know, as we spoke a little bit earlier, the utilities comes back in rate cases. And if it's determined that they haven't been doing their job in

jt/gbr
HOUSE OF REPRESENTATIVES

153
May 5, 2014

the way that they committed to, you know, there are possibilities within that equation as well.

So it's -- that's one of the great things about when we created the Department of Energy and Environmental Protection, and we really are letting PURA be the regulatory division of that in a very proactive way. We're encouraging PURA to be more proactive in that context, and so we encouraged them, as I said earlier, also to write regulations, to be more specific about what is not acceptable behavior. And so within the confines of all of those options, I think there is a possibility, a serious possibility of, known, punitive action.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And I think another question I wanted to ask about this particular section because this issue looms so large in my conversations about the problems that had occurred this past winter. It talks about, "After a request from a residential customer eligible for standard service." And I'm wondering, are there criteria that disqualify a

jt/gbr
HOUSE OF REPRESENTATIVES

154
May 5, 2014

residential customer from being eligible for standard service?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. To disqualify? I don't think so.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker, and I thank the lady for the answer. I guess because the language says, "Provided such customer" -- I'm sorry -- "From a residential customer eligible for standard service." The implication of that language is that there are some residential customer who would not be eligible for standard service. So phrasing it that way, are there -- do we know of residential customers who for some reason are not eligible for standard service?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

jt/gbr
HOUSE OF REPRESENTATIVES

155
May 5, 2014

REP. REED (102nd):

Thank you, Madam Speaker. Well, I would imagine if they were on their own micro-grid generating their own electricity or in that kind of capacity, but I really -- I'll see if I can find out if that is indeed true and get back to you on that.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. I guess I would appreciate that, if that information could perhaps be produced because I don't quite understand why that language would be in here unless there were some class or individuals perhaps who were ineligible for receiving standard service, and I'm not going to try to imagine or hypothesize as to who those people might be or the circumstances. But I think it -- since the language is in the amendment, and I'm sure the amendment was very carefully drafted and was gone over, especially this section, by the attorneys from CL&P and United Illuminating; that if this language is in here, there's a reason why it's in here. And I guess I would like to know, if we can find out.

jt/gbr
HOUSE OF REPRESENTATIVES

156
May 5, 2014

I'm not asking because I have other things to talk about, so perhaps that information can be produced before we finish the discussion here today. It would be helpful.

It goes on to say that, "Provided such customer shall remain on the standard service rate for at least the remainder of that billing cycle." And, again, I'm wondering why was it necessary to have that language put in there? Was there a problem with people jumping on and off the standard rate? Because I assume that it takes just as long to get off the standard rate and into a contract with an electric supplier as it takes CL&P to take someone off of an electric supplier and put them back onto the standard rate.

So I'm just wondering why was -- why is this provision about remaining on the standard rate for the remainder of the building cycle at a minimum; why is that language in this section?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Well, I think in general, I mean, one of the things that we were trying

jt/gbr
HOUSE OF REPRESENTATIVES

157
May 5, 2014

to provide for are -- which is sort of hard to understand, that some companies might be taken advantage of. But there was some thinking that people might be jumping from one contract to another looking for their opportunity, going from one teaser rate to another teaser rate, you know, playing the market, which of course smart consumers might do that. And I think some of the companies were concerned that, you know, that they and the utilities were not being protected

And so I'm reaching for more in depth explanation for that, which I will get to you as quickly as I get it.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And a little further on in this section it says that, "An electric distribution company shall transfer a residential customer to the electric generation service rate of an electric supplier not later than 45 days after it receives from the electric supplier a successful enrollment of such residential consumer -- customer."

jt/gbr
HOUSE OF REPRESENTATIVES

158
May 5, 2014

Again, was there a problem with there being a longer than 45-day delay in getting people onto the books of an electric supplier? Was that something that cropped up as an issue during either conversations or the public hearing on this subject?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Thank you, Madam Speaker. Yes. So the 45-day is going from one electric retailer to another electric retailer, and evidently the ability to do all those transactions, 45 days was the -- the optimal number of days that we came up with. But we're trying to shrink that as well so that, that will, hopefully, come down to 72 hours that a customer can either go from one retailer to standard offer or one retailer to another electric retailer.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And I thank the Chair for her answers. I think those -- that is the end of

jt/gbr
HOUSE OF REPRESENTATIVES

159
May 5, 2014

my questions. So I would just say that I have a very high percentage of my constituency that are all electric customers. So where for many people in the Chamber the electric bills of their customers represent an annoyance, in my case, the increases that my constituents had represented a catastrophe. They saw their electric bills rise from numbers like \$500 per month to \$700 or \$800 per month and even more during the period of time that we had, had that cold spell especially.

And that even when it wasn't a cold spell, they were experiencing these sharp increases because they would get moved from the low introductory rate to the variable rate or to a much higher rate, not being able to fully understand what they had to do and when they had to do it.

And then, of course, because of the delays occasion by the CL&P process, they found themselves, even if they took prompt action, being stuck with higher electric bills for a couple of billing cycles, and at the rate of \$700, or \$800, or \$900, that's a big amount of money that my constituents were out. And, as I said, that's assuming they figured out as

jt/gbr
HOUSE OF REPRESENTATIVES

160
May 5, 2014

quickly as possible and acted as promptly as possible to make changes.

In addition, the problem that my constituents particularly felt, and I think this may be more widespread than just my district is that I have a very high percentage of senior citizens. And while not all of them are on relatively low and relatively fixed incomes, a great many of them are. And that these are folks who live in condominiums for the most part, and those condominiums are all electric. Almost all of them I believe are all electric. So they heat as well as use electricity to light their lights at night, and to turn on their TV set, and that sort of thing.

So that they've -- this was not just a minor hiccup for my constituents. It was, in some cases, a financial disaster because they don't have a lot of extra money. They weren't in quite as bad a situation as the Representative from North Branford where his electric bill went from \$6,000 to \$35,000. I don't think any of my constituents got hit with a \$35,000 bill, but they got hit with bills that were high enough that would put them into serious financial jeopardy.

jt/gbr
HOUSE OF REPRESENTATIVES

161
May 5, 2014

So this issue is something that's important to my constituents, and I've searched for solutions to this problem and to try to help them find ways to address this issue within the context of the legal structures and regulatory structures that have been in existence. The idea of being able to get switched quickly from one to another, especially to get switched back to the standard offer once they've had a big increase on one of the -- an electric supplier numbers, that was, it seemed to me, a big thing that ought to have been solvable. And I hope that the CL&P has, in fact, solved it and United Illuminating, which isn't a -- my district is not part of their service area. I hope they've solved it too.

But it's critical to me and to my constituents that this CL&P issue be resolved, and that the 72 hours really is going to going to happen because I'm sure that we're going to have other sharp increases. And given the nature of the market where people will use low introductory rates to get people to sign up, and then the consumer is going to have to be very alert to make sure that they change or monitor the contract -- I think the phrase was used "babysit" the contract -- along the way to keep track of when that

jt/gbr
HOUSE OF REPRESENTATIVES

162
May 5, 2014

change is going to occur. That still, even if you did all that without this 72-hour requirement, it will still leave you badly damaged if there's a sharp increase in the electric rates. So I'm hoping that's going to happen, and that if it doesn't, that we do something to enable those consumers to, if not get compensated, at least know that the people who didn't do what they're were supposed to will suffer some kind of consequence, as they, the consumers, have suffered.

It was suggested to me during the course of the discussion that there may be some criteria that do not -- that apply rather and that would disqualify consumers of electricity, residential consumers of electricity from being eligible for the standard rate, and that, that might, in fact, relate to the quantity of electricity, the number of kilowatts that a consumer consumes on average during a period of time, either for one particular month or on average over a period of months.

And so I did have one more question for the Chair of the Energy and Technology Committee.

(Deputy Speaker Altobello in the Chair.)

jt/gbr
HOUSE OF REPRESENTATIVES

163
May 5, 2014

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir. Thank you.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. Was or is there a qualification for eligibility to get the standard rate that involves a number of kilowatts being consumed by a residential consumer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker. Through you. Well, I think in independent contracts with companies and businesses there are contracts based on that level of consumption. I think most residential, the average is 750 kilowatts a month is the average.

But I wanted to circle back and give you an update on the eligibility for standard offer. And it's legal language to take into account those who are served by a municipal utility, and those served by a municipal utility would not be eligible for a standard offer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

jt/gbr
HOUSE OF REPRESENTATIVES

164
May 5, 2014

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. And I thank the Chair of the Committee for that answer. So just to follow up because, again, I don't want to find out that because my constituents, and Heritage Village in particular, might be using 700, 800, 900 kilowatts, maybe 1,000 because they do use electricity to heat their homes. They use electricity to cook their meals. They use electricity to heat their hot water. That, that level of consumption, that there's no level of consumption in that realm, let's say double the average. That somehow if you hit 1,400 kilowatt hours or some number like that, that you get disqualified from being able to use the standard rate; that there's no such rule or requirement?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker. Not that I am aware of. That would be pretty shocking to me actually, and I would think that the Energy Committee would have heard about that quite a lot. So not that I'm aware of, but

jt/gbr
HOUSE OF REPRESENTATIVES

165
May 5, 2014

I'm having somebody make sure that, that is the case. But it's not something that we've heard about that someone would be dropped from the standard offer for too much consumption. In fact, I think everybody kind of likes too much consumption, and that's one of the issues that we've been trying to help, particularly Heritage Village, and people who are on fixed income, and people who have electric heat learn how to save more energy and not have to use quite that amount, that much. And, you know, being able to create programs that really help those communities.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. Well, I want to thank the Chair for her efforts, not just here today answering my questions but throughout the session to get us a bill that addresses what was, for a period of time, probably the hottest issue during the coldest winter; and one that is of grave concern to my constituents and I'm sure people all across the state of Connecticut. And I hope that this solves the

jt/gbr
HOUSE OF REPRESENTATIVES

166
May 5, 2014

problem, and I certainly expect to be supportive of the amendment and urge my colleagues to as well.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, sir.

Representative Ackert of the 8th District. You have the floor, sir.

REP. ACKERT (8th):

Thank you, Mr. Speaker.

First comment, I think that at times the legislation -- Legislators react quickly. Some case, they use a term knee-jerk reaction and I think in this case here, we're doing it appropriately. We've heard the cries of our constituents that have been caught in an unfortunate and very costly adjustment to their electric bills. I, like the good Chair, when her husband changed, I did the change, too, and it was last February, my rate change. And we know how busy we were last February here, and I didn't pick up on the fact that our rate more than doubled. And I have a house that is all electric and found that all the savings that I was able to capture by lowering the rate was gone to the utility company.

But I do have a couple of questions for clarity. Many of the questions were asked, so, I've checked off most of them. Hopefully I'm not repeating them. But through you, Mr. Speaker, a couple of questions to the good Chair of Energy and Technology.

SPEAKER SHARKEY:

Please proceed, sir.

REP. ACKERT (8th):

Thank you.

On lines 28 and 29 through to on or before July 2015, the authorities shall create that document that we're talking about. And the way I read this, essentially, a rate -- a rate payer will get this information -- it seems pretty comprehensive. And it looks like in a way that they need to put in -- in their -- either on the Internet or through a mailing, through the utility that their mailings go out for the bill, that a competitor's rates and also terms of conditions, you know, how long the rate is, will be in that bill. Is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker. Through you,
Mr. Speaker.

Yes, indeed, and we are very, very proud of that. That was something that we discovered in, in -- and so many Legislators told us their constituents were telling them that they couldn't understand what they had bought and they couldn't understand what they had bought in comparison to what their other options were. If they had stayed on the standard offer, how much would they have saved during this particular winter. And, so, we wanted to make sure that we were giving real transparency and real information to help consumers not only make a choice, but monitor that choice going forward. So, we're putting that on the bill.

We actually got -- when we were discussing this, we actually were trying to design the bill ourselves and we realize -- and we had -- we were talking about the size of the, the, the lettering and the fonts and, you know, all kinds of stuff when we realized that we really had to direct PURA to study it and come up with something. But we have tasked them with making sure that information is there, that it's easy to read, that the consumer is not overwhelmed with the amount

of information and in a way that makes it confusing, that it's -- that there is enormous clarity on the bill, and that it gives them information they can really use.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker. And thank you to the good Lady.

And the answer is -- and that also includes -- I'm paperless. So, it also includes, and I can -- I read this and it looks like it also -- it will be on an Internet billing also. So, it wouldn't be in a paper file. It would also only be just -- it looks like if you're on paperless, that it would be -- all the information also sent to you by E-mail. So, I believe that's to be correct.

But on line -- continuing on that kind of questioning, on line 62, so, the docket -- I guess it's the overall form is developed initially now and released in 2015, July 2015, and then an update to that docket maybe in a sort of form is going to be redone not until 2020?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Through you, Mr. Speaker.

That's the outside date. We really want them to be consulting and updating not only the docket, but as technology changes and as people begin to communicate in different ways and through media that we don't even know about yet. We want PURA to stay on top of that, but the outside would be five years of totally updating and making sure -- because it's a learning experience, as we all know, for all of us. It's for us as consumer, but also for the companies. And, and when you realize that companies are paying a serious amount of money to attract consumers, their end game is to hold onto these consumers, to woo them, to make them happy, to keep them on board, to keep them with the company, and not to expend that effort and money and then lose them.

So, we're hoping that it's going to be a system in which it's -- there's a certain amount of adversarial relationship, but also that it will be collaborative, that the companies will come to PURA

sj/gbr
HOUSE OF REPRESENTATIVES

171
May 05, 2014

and, you know, we can all work together to update it, make it more transparent, more interactive, and, and a better product for everybody.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Thank you. Thank you, Mr. Speaker. And thank you to the good Lady.

So, the docket is an overall conceptual form in how it's delivered. In the meantime, from the 2015 date to the 2020 date, there would be updates to the rates? In other words, many of the plans that I was -- that many of us signed up for were six months or 12 months or I think the longest was probably 18 months when I did my review on it. So, but in the meantime, that docket information would be updated along the way until that 2020?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

sj/gbr
HOUSE OF REPRESENTATIVES

172
May 05, 2014

Yes, indeed. And not only the information in, in real-time and in real-world terms, but also the format and the delivery systems.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker. And thank you for those answers.

And then the Section C, starting with 124, lines 124 to -- actually, dealing -- (inaudible) just with 127. "Electric distribution company shall on a quarterly basis include the following items in the bill insert," and it was specific only for what I could read in this section on this -- on this area, it only said "bill insert."

I take that that that insert would also -- if you're doing electronic filing, that that would be in a E-mail file. I could not see that in here regarding the effective date of this section. "Electric distribution company shall on a quarterly basis include the following items in a bill insert," and it lists the number of things, you know, four items, but

that would also be, I would imagine, not just in a bill insert as mail, but also through the Internet.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Yes, indeed. And we just wanted to make sure that those people who don't utilize the Internet as much are also getting the information in a timely manner.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker.

You know, my constituents that contacted me had a far different experience than the good Rep. O'Neill. When they had a problem, they contacted the power company about it and said they were very upset with their -- their certain supplier and they were literally, within 24 to 48 hours, able to go to the standard rate quickly. So, I think the power company

that holds the standard rate acted quite quickly on behalf of their consumers.

Through you, Mr. Speaker, to the good Chair's knowledge, the company that I have, ABC Electric Supplier that I have now, if I found that I forgot -- and they notified me and I forgot to go to the new rate and I saw that I went from 8 to 16, if I called them and said, "Hey, by law I can go over to the standard rate holder and they have to turn me to the new rate."

So, let's say that ABC Electric -- ABC Electric Supplier is at 16 now, but they have an offer rate of 9 cents, an offer rate of 9 cents. In any way, does this make them -- if I say -- I call them and say, "Hey, I see your standard -- your new rate is 9 cents. I would like you to switch me over in 72 hours like the power company has to." Do they have -- are they obligated to do that?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Yes. So, within 72 hours, if a consumer says, "You know, I don't like your rate, I want out," yes, they have to be allowed to reconnect with the standard offer.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Great. And I knew that with the standard and the power company, but this was primarily if I had that ABC Electric that's supplying me and I said to them specifically, "I want to go to your new offering rate of 9 cents and I want that turned over within the mandated -- by the power company -- within 72 hours." And that is the one I have now, that ABC Electric. Are they mandated to do that?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, they're not mandated to do that. But if they want to stay in business, I would definitely do that. That would be a very smart thing for a company to do.

And I think many consumers -- I certainly did when I was firing my, my electric retailer -- tried to negotiate about eight new deals for me. And I think they do in general. So, I think you can call up. You can be unhappy. You can say, "You know, I don't like this. I preferred that three-month fixed rate that I started with. Let's talk." And I think there's going to be a lot more flexibility and a lot more desire to really make the consumer happy.

As we were speaking a little bit earlier, it costs money for these companies to attract consumers, to attract customers. And it's really in their best interest if they want to stay in business to make these consumers happy and to be responsive when the consumer calls and says, "You know, I don't like this, this new rate that you're giving me. Can we talk? If not, within 72 hours, I'm gone. Count on it."

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker. And I thank the good Chair.

sj/gbr
HOUSE OF REPRESENTATIVES

177
May 05, 2014

This truly is our job. It is to protect our constituents through essentially an abuse that was taking place by some of our suppliers. And I want to thank Representative Reed, Senator Duff and Senator Chapin and Representative Hoydick for their work on this that was on this amendment. This is good work and I look forward to supporting it.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Ackert.

From the 87th District, Representative Yaccarino, you have the floor.

REP. YACCARINO (87th):

Thank you, Mr. Speaker. It's great to see you up there.

A couple of questions through you to the proponent of the amendment, Mr. Speaker.

SPEAKER SHARKEY:

Please proceed, sir.

REP. YACCARINO (87th):

Representative Reed, through you, Mr. Speaker, when a salesperson come out on a call to, say, my home or my business, they have an ID. But if I choose where I want to call the actual UI or CL&P -- I'm in

the UI District -- is there any way to identify that man or woman?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Yes, and this is one of the issues that we've had when we began looking at how some of these services are marketed by some of these companies as -- that there might be a suggestion that a door-to-door salesman is representing one of the utilities, that they might be wearing the colors of the utility and a uniform that really suggests the utility. And we are getting -- we're going to make that illegal. We're getting PURA to really crack down on that and to -- we're also not happy to have the salespeople who were selling these products to give wrong information.

So, for instance, we heard recently that one salespersons was saying that the, the standard offer is going to change soon, which it will in June when they implement a new standard offer, and saying it's going to be much, much higher than what we're offering. Well, that's incorrect information. That's

wrong and that's illegal. So, we're really beginning to micromanage the door-to-door going. We've dialed them back in the past. We've had legislation, but it's very clear that we have to really be very interactive and very much aware of what's happening and, and to make sure that, that those kinds of efforts to lure people with incorrect information are stopped.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Yaccarino.

REP. YACCARINO, (87th):

Thank you for that clear answer, and thank you for the work on that because it's very important, especially for a senior or somebody who is not sure to get that direct answer.

Speaking of seniors, you spoke clearly about E-mails, texts, but for a senior that wants to buy into the electric suppliers in the nontraditional of UI or CL&P, will there be notification in their electric bill going forward?

Through you, Mr. Speaker.

I'm sorry if this question was asked earlier.
You've answered so many questions, but I don't know if
that question was asked.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

The fine member of the Energy Committee may ask
any he wishes.

REP. YACCARINO (87th):

Thank you.

REP. REED (102nd):

Through you, Mr. Speaker.

Yes, that's going to appear on the bill. And one
thing we're really proud of is that we're going to be
giving people information that "the fixed rate that
you signed up for is going to last for one more month,
you know." We're going to be telling them when their
contract ends, which is a heads up that a new
potential contract is coming. And we're also making
the electric retailer send them a message emissive
saying, "Within 45 days," telling them specifically
"that contract will end and here are your options."

sj/gbr
HOUSE OF REPRESENTATIVES

181
May 05, 2014

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you for that answer and another good provision in the potential legislation.

I know you mentioned earlier, and I remember in the public hearing we were all outraged about the rates, up to 125 percent higher than the standard use. And I think I heard earlier there will be notification at 25 percent of increases. Will there ever be -- and initially I believe we should have a cap, and listening to the debate and watching you craft the legislation I think was right decision to not have an exact cap. But could it ever go up more than 25 percent at one point or is it 25 percent and then another two or three months another 25 percent or 10 percent?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

So, that's within -- through you, Mr. Speaker.

Through -- within 15 days, if it goes up 25 percent, I mean, you have to be told that it's coming. And as we spoke earlier, you know, that could just be a couple of cents. So, it's, it's really useful information, 25 percent, a couple more cents per kilowatt, and on and on, yes. So, going forward, again, must be notified so that people have a real sort of running sense of what the prices are going to be, what they're going to be paying, and that they also have a full knowledge of their options.

And also, the standard offer will also appear on the bill so they can see that and can make the real comparison and make a choice of whether to return to the standard offer or to do some research on the Energize Connecticut website that we're having upgraded and made more user friendly. Perhaps they want to go with another electric retailer that they, they see a better deal out there that they want to take advantage of.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Yaccarino.

REP. YACCARINO (87th):

Again, thank you for that answer. It gives the consumer protection and the option to switch within the time frame.

I read in the bill, and there's three months fixed rate and up to a six-month fixed rate. If I was to want to purchase at a three-month fixed rate, could I get the lowest rate possible or is that a higher rate because I'm locking into three months? And the highest usage generally are January, February, March, or June, July, August. So, would I be able to lock in at the lowest rate through the fixed rate as a new customer?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Yes. So, you would be able to -- so, the teaser rates are something we were really concerned about, that the electric retailers were giving teaser rates and then yanking them really quickly and suddenly rolling people into a much higher rate. So, we've -- we're mandating that you have to hold onto that rate for three months. And, so, the choice would

be, of course, the consumer's and I'm assuming the consumer would choose the lowest available rate. And once they locked into that, it has to be for at least three months and then with the warning that that contract, that commitment is coming to an end and what the next options would be.

As we spoke earlier, answering another question, it's very clear that these companies need to make their consumers happy. There was so much volatility in the market this year, not only with the prices but people just so horrified, that they were -- they were fleeing the companies and the contracts that they had encountered. And it turned out badly for consumers, but it turned out badly for the companies as well. They had put all this effort into acquiring consumers and then they antagonized them, angered them and drove them away, not just from them as individual companies, but also from conceptually this industry.

So, it's really important that we mandate the teaser rate fixed rate, but also that we give consumers the tools they need to make all the choices they need to make going forward.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you again for that answer.

And one last question. If I'm an existing customer through a electric supplier, am I afforded that same option?

Through you, Mr. Speaker.

If I'm an -- if I've already have -- well, I guess it's a redundant question. But if I'm an existing customer and I'm not -- do I get that option, or is it just for new customers for the fixed rate or is this going forward for everybody?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Once -- thank you, Mr. Speaker, through you.

So, once you're an existing customer, you now have a relationship with that company. So, they're, they're mandated to give you that teaser rate for at least three months to make sure that in this new relationship you kind of get used to each other and you're not being taken advantage of. It's, it's sort of like dating, only more expensive. And --

REP. YACCARINO (87th):

Well, I don't know about that.

REP. REED (102nd):

And, but once you develop a relationship and we give you the tools that you need to make choices, you really need to sort of be on top of that. And what we're discovering is that if you call your electric retailer and you're not happy with some aspect of what they're doing and you can renegotiate. And those are the companies that are going to do the best, the ones that are really responsive to their customers.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you for those answers.

I would have to disagree. I think dating is a little more expensive, but that's another discussion.

I'd like to thank Representative Reed, Senator Duff, Representative Hoydick and Senator Chapin. This bill has gotten so much better from the initial drafting and it's really through the hard work and bipartisan work of these four people, along with the Committee members and PURA and the research people.

sj/gbr
HOUSE OF REPRESENTATIVES

187
May 05, 2014

But I urge support and I'd like to thank the good Representative for all her answers and thorough answers.

Thank you.

SPEAKER SHARKEY:

Thank you, Representative Yaccarino.

Representative Mikutel.

REP. MIKUTEL (45th):

Yes --

SPEAKER SHARKEY:

From the 45th, you have the floor, sir.

REP. MIKUTEL (45th):

Thank you, Mr. Speaker.

I rise to say a few remarks in support of the bill which I believe is an excellent consumer protection bill. And I want to applaud all those who worked on it.

Mr. Speaker, Connecticut consumers are overpaying for electric power by about \$14 million a month, and part of the reason for why they're overpaying for power is that they are the victims of predatory pricing and advertising by energy suppliers.

Mr. Speaker, our constituents should not be overcharged for what is essentially a life-sustaining

sj/gbr
HOUSE OF REPRESENTATIVES

188
May 05, 2014

service and this bill will help prevent that. There are some very important parts of this bill which will help our consumers. One is that it -- our consumers will now be able to compare third-party supplier rates with the standard offer rate. It allows consumers to change electric suppliers quickly. It caps termination fees and it gives our consumers 15 days' notice when rates are going up by 25 percent or more. So, what this bill essentially does is it requires third-party electric suppliers to be more open and honest with our consumers. It's a good bill. It imposes more order on deregulated energy industry and I support it wholeheartedly.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Mikutel.

Representative Lesser in the house?

Are the previous two speakers lined up? Or don't appear to be in the Chamber, so, we go to number 3.

Representative Lesser of the 100th, you have the floor.

REP. LESSER (100th):

Thank you, Mr. Speaker.

Mr. Speaker, first, I want to apologize. I was speaking to you personally when my name was called and I apologize for that.

Mr. Speaker, I rise today in support of Senate Amendment A, but I do so with reservations. And I do so because I understand, Mr. Speaker, that just a year ago we came within the hair's breadth of auctioning off our state standard service retail customers to retail customers -- to retail suppliers without their consent. And in the intervening years, Mr. Speaker, we've seen a rash of consumer complaints about the practices of some -- not all, but some of these retail suppliers. And this bill, I think in good faith, attempts to rectify many of those practices.

The problem I see with this amendment, Mr. Speaker, is that it does not go far enough. There are things that our constituents -- that my constituents have called me for -- called me on that we are not doing in this bill. This amendment, for example, Mr. Speaker, does not cap variable rates as has been discussed. It does not provide full transparency for retail suppliers. It does not, Mr. Speaker, provide adequate short-term ability for people to switch their suppliers and do so without

cost. It does not provide adequate regulation and enforcement.

And, so, it is a positive step. It is a step in the right direction, but it does not do what I think the retail suppliers should be asking of us, which is to take strong action to restore faith in the competitive supply electric retail market, something that our constituents are reacting against. They are voting with their pocketbooks and they are voting with their feet. They are going back to standard service. They have done so by the tens if not hundreds of thousands over the last year as they've seen one disreputable company after another preying on ordinary consumers.

Responsible companies want us to take stronger action. I think we will take stronger action. And if it's not this year, I hope it's sometime soon. So, Mr. Speaker, I do believe this is a step in the right direction, but there is so much more that we need to do. And with that, I urge support of the amendment.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Lesser.

Representative Smith of the 108th on Senate "A."

You have the floor, sir.

REP. SMITH (108th):

Thank you, Mr. Speaker. Just a few questions. Before I do, I'm sure Representative Reed has been standing awhile.

This is one of those areas, as I was listening to the debate, I was thinking about how for me it's easy to read through a statute, read through a bill, read through a contract, read through an agreement that's 50 pages long and analyze it and understand it. But if you were to provide me with a utility bill, for the life of me, I can't tell you what's on there and what I'm being charged for. So, when I heard the debate going on throughout the past couple of hours, I must say I'm extremely pleased that we're moving in this direction to make bills more transparent, make consumers more aware of what they're actually being charged for, what they're reaching into their pocket and paying for. As we all know, Connecticut has one of the highest utility costs in the nation and, well, wonder where that money goes. And it seems like this bill now is addressing those concerns very pro consumer.

The one concern -- and it's not so much with the bill. It's just, I guess, the fact that this information doesn't apply or this bill does not apply to the commercial and business industry. Our businesses are suffering so much out there with the costs of trying to stay in business, and I'm wondering why -- even though it's such a good bill for residential properties, why we do not do this for the commercial properties. I'm sure Representative from Branford has some thoughts on that. I'd like to hear those.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed, any thoughts?

REP. REED (102nd):

Thank you, Mr. Speaker.

Yes. And, actually, Representative Candelora speaking earlier really talked about this issue as well and it's really a very important one. I think this is a program that we're putting together for the residential consumer that is incredibly comprehensive. It's dealing with transparency. It's dealing with tools. It's dealing with all kinds of instruments

that will help the residential consumer make better choices.

And I think we're hoping that we can really test drive this and see how it's working, what's working, what needs to be tweaked and really begin to talk to the commercial side and, and see what can be retrofitted into that area as well. Because it's very clear, even though some businesses are very, very savvy, they've actually -- they actually have employees whose only job is to purchase electric. And others, the heart and soul of our business world obviously are our small businesses. They're trying to do a million different jobs and to stay competitive and in, as we said, a very expensive area, New England, the New England area, for energy costs. It's perplexing and we really want to, to take charge of that system to make it, as we've been working hard, cleaner, cheaper, greener and, and less terrifying. So, I think it's something we will take a look at next session.

Clearly, there's a lot of good testimony. It would be great to have all of those who have spoken to it really help us with that and help us talk to the constituents that have been experiencing -- their

business constituents have been experiencing problems with electric retail and it's -- I think it's something we really want to take on board.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

Thank Representative for that answer. That's encouraging to hear that we're potentially going in that direction as well. I look forward, hopefully if I'm here next year, to hear that we've actually taken the step to make the costs for businesses more affordable through the reduction in the utility costs.

You know, you were talking about some firms or companies may just have an employee hired for the very purpose to keeping their rates down. And if you think about that, just in and of itself, that probably says quite a bit. I suspect for most of us and most of the businesses throughout Connecticut, that's not the case. I know in my business, which is small, you know, my good wife who is in my office holding the fort down, you know, we have people walking into the office all the time saying, "Why don't you change your utility service to this company or that company?"

And we have done so over the years and we have saved money through her good diligence. But unless -- as you know, unless you stay on top of it, unless you're reading the fine print and unless you pay attention to the up-charges, you know, those changes, as Representative Ackert indicated, could come back to haunt you.

So, I am encouraged by the fact that we're talking about moving towards saving businesses money as well. I think it's good for our, our state. It's good for our businesses. And this is -- the question I also had while I was listening to the debate -- and I heard -- I think it might have been the good Representative from North Branford who had asked about the different rates and how commercial rates are, in fact, higher than residential rates.

And as I was sitting here listening to that, there's got to be a reason for that, but for the life of me, I couldn't figure it out. And I -- certainly I'm not on that Committee and I don't have the -- privy to the information shared on that Committee. But in my mind, which is simple, just if the same supplier is providing the same service and, you know, if a utility happened to be residential

upstairs and commercial downstairs, all the same mechanisms are in place. Why is one higher than the other? I just wonder if Representative Reed could address that.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Ideally these should be customized yields. And certainly for businesses and large businesses who have entire teams of people who make these purchases for electric, the amount of consumption is factored into the price and the contract. So, I think it's really something if, if it is erratic and unfair, something we really need to look at. One would think that a business who is buying a much larger amount, I know -- I know that Representative Candelora has a business that really uses a considerable amount of energy and, so, there should be a way of really knowing that you've bought it for the winter, that you have a specific rate and that's going to maintain. And I think, you know, part of this -- the problem that we had this year is that there was just so much

erratic behavior and also a lack of transparency in what businesses were purchasing.

Clearly, the good Representative's wife is a very savvy person who made some very good decisions and monitored them. And, so, I think, you know, in addition to looking at, at best practices and, and nefarious practices, we need to sort of also take a closer look at some of the tools that businesses need and that would be more helpful to them going forward.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

Thank Representative Reed for her response and addressing those concerns that I do have. Again, I'm looking forward to next year's further discussion on this.

As I was listening to -- and I heard most of the debate. I did step out for a short period of time. But I thought I heard different answers on different topics, so, I was initially clear about something and then became unclear. So, if I could just clear it up in my mind. The termination rights, I understand, are set forth in the bill. I thought I saw some language

in there that if you do terminate, the termination fee was reduced, I thought, from maybe a hundred to 50 or something along those lines. And then I heard some other discussion where there was no termination fee at all. So, I'm not sure whether there is or there isn't. If I could just have a clarification.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, if you have a contract for a specific amount of time with a, a company that has told you that if you break the contract before it expires, there will be a penalty. Those companies used to go as high as \$100. We're saying, number one, you have to tell people that there will be a penalty if, if they do break a contract, not, not a contract that you got rolled into, but a contract that you agreed to, but that we've reduce it had to \$50 max. But what we're discovering is that is also one of the value added that some companies are using as competitors, is -- they're saying there will be no penalty. And

they themselves are offering a much better relationship with consumers.

So, but for those that, that tell you up front that there will be a penalty if you terminate a contract that you've agreed to early, it can, it can -- it can only max out at \$50.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. And just a few other questions.

You know, the other day I think we were debating a bill about impersonation and we made it an additional crime or a higher crime to impersonate others. And I know there is language in this bill that talks about, not so much impersonation, but showing up to someone's business with the colors of a certain utility company, you know, trying to appear as if you are representing a particular company when, in fact, that may not be the case.

And I was wondering if for the future, maybe next year we may want to consider that, in fact, those who are actually out there selling for these various companies that are competing for our businesses, that

maybe they have to have certain uniforms so we know who they are. Because I know the various people that have walked into my office, you know -- I don't remember them -- seeing them in uniforms, per se, or -- but then again, I didn't really know who they were or where they were from. So, it might be good to be able to identify actually if they are from a particular agency or representing a certain utility that they're -- they want us to buy from that they are so identified.

I know when people come out to our homes, you know, home improvement contractors or -- that's probably not the right term. But other people who come to our homes and solicit our business, they have to have certain identification so we know who they are so. We know they're trustworthy and they're not there for other purposes. We may want to consider that as well for something to do next year as part of this, further in discussion of this bill.

I guess the last set of questions I have, just -- I know we set a lot of rules and regulations and I was trying to find it throughout the bill, but I didn't see it. If, in fact, the utility company violates the provisions that we've set forth in

here -- and there are a number -- what happens?
What's the recourse? Is there a fine? Is there a
penalty?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, one thing we're doing is we're tasking PURA with developing very specific regulations and penalties for violations. And we're -- and that's going to be happening as we go forward with all the things we're having them do. And we're also feeling very confident that a settlement that is coming in the very near future is going to be yielding several million dollars that we're going to give to PURA to hire three or four people who are specifically tasked with enforcement.

And, so, we're going to be a lot more proactive on this front and, so, there will be penalties that you can rest assure will be codified that people really understand that's what the violation will incur. And then an enforcement team that can deliver on those threats.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

So, as I understand it, then, the penalties that will be forthcoming are at the discretion of the Commissioner of PURA. Would that come back to the Legislature and go through the Judiciary Committee or is that something we have given PURA the full authority to develop and then implement?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, we have tasked them with doing that, and that involves a hearing process and a whole procedure where there can be input and oversight. I believe they are directed to come in to report to the Committee of cognizance about this and, and I think we're flexible enough that we need -- if we need any follow-up or enabling legislation to make sure that we can really implement this, that will all happen. But these are procedures that are going to be open to the public for

input and it's really going to be, I think, quite transformative in terms of how we deal with the electric retail industry, how the electric retail industry responds. And in terms of the companies that we have here who lives and goes forward and who dies because they just are not handling it the way they should and they'll either go out of business or they will be -- they will leave the state. We're pretty sure of that.

I think we talked also earlier about the website that we're developing, the Energize Connecticut website, really bringing that up to snuff and making it very interactive. So, it will be a privilege to be on that website, not a right. And companies that misbehave, we're hoping that as they begin to develop a track record we'll have icons. If it's verifiable complaints that kind of indicate this company is wandering down the wrong path, and then when it reaches a certain benchmark they're pulled off the website. They won't be there anymore. So, they won't even be in the world of possibilities for consumers, and the website will be a place, the go-to place for making these decisions.

Through you, Mr. Speaker.

sj/gbr
HOUSE OF REPRESENTATIVES

204
May 05, 2014

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

This is all good news for the consumers here in Connecticut and I thank Representative Reed.

Just a few more questions, if I may, Mr. Speaker.

The good Representative mentioned a settlement. I'm not sure what the settlement is. And she did mention an amount, but I did not hear the amount. So, if I could just have some clarification on those two issues.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, I'm really sorry to be vague about this. This has been -- this has been an issue trying to discuss this, but there is -- the Attorney General has told us in, in the meetings that we were having that there is some settlement that the State is negotiating with some entity that we've had issues with. And, and, so, there are several million dollars that are expected to come in when they finally reach an

agreement. And evidently they're in the neighborhood of an agreement, so, it's a pretty sure thing. And, and, so, that is the money that we're going to be using to give to PURA so they can hire three or four people or dedicate three or four people to the enforcement part of, of, of what we're mandating.

And as I say, I'm sorry to be vague, but they were vague with us. And that will go into the implementer. So, we're going to make that happen this session. And, and, so, that's something that we're very excited about because it's going to be giving PURA teeth in this arena, which is really important.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

And, again, thank you for the clarification. I understand the restrictions, perhaps, you're under with the ongoing negotiations. We certainly would not want to jeopardize those.

Just, again, I just want to be sure. I heard millions versus billions, but -- or was it billions versus millions? I wasn't quite sure. Just want to be sure.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

And that's -- it's very wise to -- so, what I -- and, of course, this is sort of anecdotal, but I've been told, you know, from 5 million to 14 million. We're not sure. They're in that neighborhood, back and forth, back and forth. We've encouraged the Attorney General to go for the max, of course, and -- and, so -- because we wanted to create an enforcement division. We wanted to really give PURA teeth, but we also realize we have certain budget constraints that we all dealt with on Saturday of putting a budget together that makes sense and not, you know, to make -- to make it as, as powerful as possible in terms of really delivering on the -- on what we're mandating, but also to ensure that we use available resources to empower PURA to do this.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

And Representative Smith.

REP. SMITH (108th):

sj/gbr
HOUSE OF REPRESENTATIVES

207
May 05, 2014

And, again, thank you, Mr. Speaker.

And assuming this settlement comes in, whatever number it may be, would there be a special fund, then, is allocated to set aside for -- solely for the use of PURA for this enforcement division or does that go into the general fund and then good luck?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

Well, it's our intention that it be allocated directly and, and that's why we're putting in the implementer to actually signal that that's what's to happen with it and that PURA is first in line. If it's -- if there's even more money, you know, potentially could go into the general fund and, you know, help pay down pensions or go into the rainy day fund or whatever else we decide to do with it, but hopefully a significant piece of it will go to the PURA entity that we're, we're expecting to create.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Smith.

REP. SMITH (108th):

Well, ladies and gentlemen, this is a bill, it seems very worthy to support. It does everything we ask, I think, for our consumers and our constituents and people at home trying to save a few dollars and make them aware of what they're actually paying for. I hope next year we can move it on to the business world as well. I thank Representative Reed and others who have worked on this and look forward to supporting it.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Smith.

Representative Carter of the 2nd District, you have the floor, sir.

REP. CARTER (2nd):

Thank you. Good afternoon, Mr. Speaker.

SPEAKER SHARKEY:

Good afternoon, sir.

REP. CARTER (2nd):

May I have through -- questions through you to the good Chair of the Energy Committee, please?

SPEAKER SHARKEY:

Please proceed, sir.

REP. CARTER (2nd):

Thank you. Through you, Mr. Speaker.

I notice there are a number of notification timelines in here where these companies are required to let somebody know when their rates are going to change. And I just want to make sure I understood exactly how those are going to work. Specifically, I notice the first one is if somebody has a fixed price term which is in line 340 through around 343, that they have to be notified between 30 and 60 days that there is going to be a change in the generation price. And then following that, there's one in the next paragraph where they talk about a 45-day notification with respect to the commitments -- commencements of variable rates.

Through you, Mr. Speaker, could those be the same notification or are they separate notifications to the customer?

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker. Through you.

So, the 30 to 60 days was past legislation that we created to help regulate this industry and, and

sj/gbr
HOUSE OF REPRESENTATIVES

210
May 05, 2014

what we're saying now is that the 45 days is, is the new warning time for making sure the consumers know their fixed rate is about to change and go into variable. So, they have to be given a heads up.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Well, through you, Mr. Speaker.

I just wanted to kind of understand why both were still there. It almost, it almost seems a little redundant in the sense that the first one is when somebody is on a fixed rate plan and have got to be notified between that time and then the next paragraph, which is new legislation, says it has to be at 45 days, and it also includes a highest and the -- I would say the range of the variable.

Isn't that redundant or do they do separate functions?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, I think that the, the, the 45-day is more inclusive than the original and -- but I take your point as I'm reading through it now. The good Representative, I see exactly what you're saying and I know that this was something that we enacted a couple of years ago. So, that could be -- so, the 30 to 60, I'm being told, could be if there is a contract with both fixed and variable. So, if there is a contract, 30 to 60. So, that is -- so, you have a contractual relationship.

The 45 days is if you don't have a contractual relationship that you were sort of test driving a teaser rate and now you're being told -- you have to be told and you have to be warned that you're about to go into a variable. So, I think it, it may be redundant, but it may be redundant in a good way.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

And I thank the good Chair for answering. In fact, one of the reasons I was asking that was I was hoping -- hoping for redundancy in a good way because if you look to the next paragraph, line 369 through

376, we talk about another notification time of 15 days before a new variable rate takes effect or new contract price. So, I also want to ask about that.

Through you, Mr. Speaker, is that -- can it be longer than 15 days that the customer is notified and 15 is the minimum?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, the 15 days is actually if you're -- so, you're on a variable and you're going to have a 20 -- 25 percent bump in your rate. So, you're on your variable and you know you're kind of riding the variable wave, but we're now saying if there is going to be a 25 percent bump, you can't just let them find that out. You have to give them a heads up and warn them that that's coming. And, and again, then, once you know that, again, you can kind of investigate and explore the options you have. You'll either stay with it or you'll call them up and let them know what you think of them, and perhaps they'll negotiate something more customized, more to your liking, or you leave

them, restore -- you're restored to standard service within 72 hours or you explore going to another electric retail company.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Thank you very much. Through you, Mr. Speaker, then.

I guess I'm trying to see. It didn't mention the variable rate specifically in the 15-day part and that's why I wanted to know what the -- if it was at 15 days, before 15 days, I assume, to give somebody notification. It just says at 15 days. And the reason I ask is with the 45-day limit in the paragraph prior, I could see somebody getting one notification that they're going to have a change, but I would hope they might get multiple notifications if they were going to get a huge jump because this 25 percent increase over what they had, it doesn't specify whether it was a variable rate or not.

So, I guess feasibly you could have somebody on a fixed term and they've been on a fixed term contract for three months or something like that, and they're

about to get walloped. And then you look at, you know, the 45-day notification, it just tells them what the, what the range is going to be in the offer, not whether it's a 25 percent higher that's going to be offered. So, I just want to make sure there is ample notification. And as we move through the rest of this bill and talk about that, I'll see if I can make sense out of those paragraphs. But, you know, so far it looks like what we're doing makes just a lot of sense for the consumer.

The other question I had, looking at lines 124 through 133, the legislation talks from the effective date of the legislation until one year after the effective date. I just want to make sure, through you, Mr. Speaker, is this in some way just allowing the State to get things in place, that's why the electric generator has to provide all the extra information?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker. Through you.

So, this is yet another provision that we're adding to ensure that people are kept apprized of what's happening as they -- as they move through the contractual process. So, so, we're going to have quarterly notifications and, and we're going to make sure they know how much longer their contract has to run, whether it's fixed or variable, you know, where, where they are in the process. So, so, that's essentially what that is.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

I guess what confused me when I read this is because it sounds like it's really -- we're doing a good thing by doing the quarterly -- the quarterly reporting requirements. And in the next paragraph it's a very similar thing. They are very good things, but the time that this is in effect is only for the date of this section until one year after the effective date. So, I don't know why that's -- it seems temporary in nature and I just wanted to find out if something else is supposed to come in effect

sj/gbr
HOUSE OF REPRESENTATIVES

216
May 05, 2014

later to continue those quarterly requirements or maybe I'm not looking at this the right way.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

So -- thank you, Mr. Speaker.

So, this is actually to get us to the place where it's on the bill. So, this is actually covering the transitional period.

REP. CARTER (2nd):

Okay.

REP. REED (102nd):

So, while people are waiting to have the new bill designed and approved and implemented, they -- there is a mechanism we've created to keep people up to speed, you know, while -- until they get there. So, that's really what this is so that -- make sure, so, hopefully within a year it will be on the bill and it will be on the website and that -- and they'll be able to access this anyway they choose. They'll be able to access it by E-mail or by an app or by text even, you know.

We talked about a whole different galaxy of ways that people might tell this company they want to interact with them and -- but while we're waiting for that to be implemented, we want to make sure that people have the information as quickly as possible. So, that's -- that's what that is.

Mr. Speaker, thank you.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

And, you know, I really thank the good Chair for her answers and her, her fine representation of the 102nd.

You know, ladies and gentlemen, this is really a great bill. I should say great amendment which will become the bill, because I'm like many people here. I'm sure you've had many constituents coming to you who have had some problems with these electric companies and were really hit hard and very surprised by the amount of the jump in their electricity rate that they just either missed the fine print, didn't see it coming for whatever reason. So, you know, looking at this kind of bill, it's definitely -- when

this is -- the amendment is passed, is the kind of thing that we need to be doing.

It's a very, very good consumer protection bill. I really applaud the, the members of the Energy Committee and the good Chairs for taking this up and this is one of those things, I'll go back to my District and be very, very proud of that we passed and that I was able to support. So, ladies and gentlemen, I will support this bill and I hope you do, too.

Thank you.

SPEAKER SHARKEY:

Thank you, Representative Carter.

To the 35th District, Representative Vicino, you have the floor.

REP. VICINO (35th):

Thank you, Mr. Speaker.

Just like to make a couple of comments on this. I have received many phone calls on this along with everyone else in the Chamber. I've had conversations with people in the Chamber that have been personally affected by this. I have been personally affected by this. I get calls from people that don't understand it. They have been taken advantage of. They mention

H - 11697

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

**VOL.57
PART 17
5567 - 5881**

the word "fraud," "it's too good to be true," "teaser rates, variable rates."

It's time that we -- we've looked at this to show people that we're up here working for them to do the right thing. This will put no savings into anyone's pocket. It started off to be something that was too good to be true, and just as soon as the variable rate changed, all the savings were gone. People were taken advantage of. When they tried to cancel it, they were hit with these high fees. And this is a great bill. And I see that everyone in the room agrees on this.

I myself was taken advantage of. I had a friend call me and offer me this great deal to lower my electricity bill. I went to their home, along with many others. It was kind of like a Tupperware party. They had food, adult beverages, and they sold us on this new way to keep your electricity bill down. And they not only talked about that, but they wanted us to get in on the ground floor. They talked about the future of our cell phone bills going down, all of our utilities, our insurance. They made it sound like this was the thing of the future and a lot of people got involved with it and in the end lost money.

So, for all of the families, the moms, the dads, the seniors, I want to thank all the Legislators that were involved in this to put transparency back into something that is a big part of our, our, our monthly overhead. And in this economy, this takes a lot of money out of our pockets.

So, I'd like to thank all of the people that were involved with this.

Thank you.

SPEAKER SHARKEY:

Thank you, Representative Vicino.

From slightly east of the river, home of the Hornets, Representative Genga, the 10th.

REP. GENGA (10th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of this legislation. It's a significant legislation protecting the rate payers in the residential market. The changes are substantial and they're necessary. We now have a system that is more -- brings more harm than benefit. In a survey completed by the Consumer Council, in the CL&P market in one month, nine out of 10 customers were charged greater than the standard rate at a total of \$10,750,000. In the UI market,

seven out of 10 were charged greater than the standard rate for a total of \$3 million. Those are significant.

The bill before us, or the amendment, provides significant independent retail suppliers practices that we will call professional. The practices now in many cases are unfair and deceptive. We've given PURA the authority to investigate and go as far as changing people who are in the retail market back to standard rate if they find the practices are deceptive and unfair.

Language that's going to be put in the electric bills are going to be understandable for everybody. The information is what people need to make intelligent decisions. This is long overdue because we've had more complaints than ever before and I urge passage of this.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Genga.

Further on Senate "A"? Further on Senate "A"?

Oops. Representative Ziobron of Belltown, the 34th District, you have the floor, Madam.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker, and good afternoon.

SPEAKER SHARKEY:

Good afternoon, Madam.

REP. ZIOBRON (34th):

I won't add a lot of my comments. I think so many of my colleagues have already said what a great bill this is and I agree. We've all had our constituents contacting us. I've had many, many senior citizens contacting me, and I so appreciate the work of all to bring this forward. I do have one question, however, for the proponent of the bill.

Through you, please.

SPEAKER SHARKEY:

Please proceed, Madam.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ziobron, one moment, please.

Representative Reed, please prepare yourself for fielding a question.

Please proceed, Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, and thank you, Representative.

My question is simple. On lines 124 to 126 and lines 134, 136, it talks about how they're going to be contacted, what includes now in the -- in the bill. But in both sections it talks about only having that provision up until one year after the effective date. And I apologize if this has already been asked, but my question is why only are we having these things be effective until one year only after the effective date?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

And thank you for the question because I think it deserves to be explained a couple of times because it is confusing.

This is the transitional period, so, we are designing a new bill and a new website and new tools that will be implemented within a year. In the interim we are utilizing this way of making sure the people are still getting that information. So, this is the transitional system for alerting people of what's transpiring, and then after that, you know, it

will be on your bill and on the website and you'll be notified in the way that you specify.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Madam.

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you so much, Mr. Speaker.

And thank you to the Representative for clarifying that again because in the language it was a little -- was a little murky to understand. I actually read it a couple times trying to settle it myself. And that's good news for so many folks, but specifically our seniors who I think really struggle to understand some of this language. So, I appreciate the good work and look forward to supporting the bill.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Madam.

Representative Piscopo of the 76th District, you have the floor, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

I agree with all the people that went before me, Mr. Speaker. It's -- this is a bill pretty much demanded by a lot of our colleagues and by the public this year because of the trouble they've been having going with some of these, these companies that weren't clear with them.

You know, it's my first year -- it's my first term on the Environment Committee, so, I have a real basic question. I, I -- so, for the edification of me, I guess maybe the rest of the Chamber, the word -- when we mandate that PURA goes -- opens the docket and then we use it interchangeably, it seems, with a contested proceeding, would the good -- would the esteemed Chair of the Energy Committee help me with that, with that distinction? And in Section 1 we mandate PURA open a docket and then in like lines 272 and somewhere in 513, I believe, we mandate a contested procedure.

Would the esteemed Chair please help me with that distinction?

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, a docket is an exploration and to contest a proceeding, you get sworn in. It's like a trial. You, you really -- you can be accused of and cited for perjury. I mean, you have to be -- it's not just a conversation. It's, it's -- it's a real systematized exploration of what we're talking about and, and, so, it's there because, you know, we're dealing with things that really have to be not only explored but, really, there have to be commitments made and the truth needs to be told when we're exploring what are deceptive practices or -- we want companies to really fess up to things they might have been doing that were irregular or, or not quite, you know, the way one should be doing business. So, so, that's why that is.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you.

I understand. So, the docket in Section 1 basically starts this procedure, sets up a format, what we want to see, and PURA will go through the specifics. Say, the font on the first line -- the first page of your electric bill and all the other

five or six different procedures that we are asking them to go through. And then after the docket -- I mean, after the, um, the docket by PURA, what happens? Is it -- does it become regulation? Is it in our law? Just, just need to understand that a little more.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

So, so, they come up with -- PURA comes up with what they think are best practices in this context and they, and they state that they're going to implement it. But under a contested proceeding all of the stakeholders have the right to appeal. So, there's actually -- it doesn't happen -- unless it's, unless it's -- unless there is a decision to appeal, it will be implemented.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you.

I understand. Forgive me for saying the esteemed Chair of Environment. It's an old habit. I've been on Environment so long. It's the first time on the Energy Committee.

I just need some help with -- let me see.

Sorry, Mr. Speaker. I got it right here.

So, there's -- so, in lines 516, I'm still stuck on this contested proceeding. On or before July 1st of 2014, a contested proceeding for standards related to abuse of switching practices, does that look back? Is that a look back on what happened last year with all these complaints or is this going into the future? I believe I have a better understanding with the chairwoman's -- with the answers to my questions, but just -- I think if we could just go through that and clarify that on, on line 516.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

I believe this is going forward, but utilizing what happened in the past as a learning experience to really sort of understand what these practices are,

what's -- what makes sense and what is disreputable. But additionally, all of PURA's pronouncements have -- are -- have the power of law. So, so, once they're handed down, these new regulations -- because that is our regulatory division -- it has the power of law.

And while the stakeholders may appeal it to the Superior Court, so it's actually treated very much that way as, as a new legal mandate, but it -- they will go through the whole process. It will be opened for all kinds of intake from the various stakeholders and the consumers and, and various people. But at the end it will have the, the -- that kind of authority.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

And I appreciate that. Thank you for your patience. That was something that was troubling me, whether we were going to look back or go forward, and I appreciate that.

Finally, again, my first term on Energy, last year we did a lot of heavy lifting. I mean, we had a

lot of energy bills come through that Committee, a lot of hours of public hearings. I think the outcry the first session of this term last year, the big outcry was an auction where people were going to be -- I don't know, I think it might have been the Governor's initiative where people on standard services were going to be auctioned off into several of these companies.

Is there anything in this bill -- I've read this amendment twice. Is there anything in this amendment that would preclude that from happening or would prevent that from happening in the next future, maybe if Governor, God forbid, finds himself in that situation next year when we're doing a new biennium?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Thank you, Mr. Speaker.

And as the good Representative will recall, that was a Finance Committee bill and not an Energy bill. I take pride in that, although I also serve on Finance.

This does not in any way deal with that as an issue. That's a total -- totally separate issue. But I am guessing that, given how consumers reacted the last time, I can't imagine that the aggregation will happen, certainly not in the near term and certainly not while we're really sort of shaking out this whole system.

The goal of this system is to provide cheaper prices and more options and more choice and the ability to kind of customize the contracts that you make. It is not to, you know, take advantage of the consumers. So, while we're shaking it out and making sure that it does what it's supposed to do, I cannot imagine that we would go down the aggregation road again.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker. And I thank the esteemed Chair of Energy, and we serve on Finance together also.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Piscopo.

From the 53rd District, Representative Belsito.

You have the floor, sir.

REP. BELSITO (53rd):

Thank you very much.

This, this is a good bill. We've finally got something going forward that's going to help the consumer. A few years back they deregulated -- deregulated electricity and it was supposed to bring to the state of Connecticut the lowest rates in the nation. Well, unfortunately, it didn't do that. We are the second highest rate payers in the United States. So, that deregulation didn't help us. Connecticut Light and Power had to sell off all of their power generating plants and it left us with the highest rates.

Then we did something else. We also had an attempt to sell 800,000 customers a few months ago and those -- luckily, it didn't happen. Now that's been written into the bill and hopefully it will never come up again that we will get thrown off of Connecticut Light and Power's standard rate because, as far as I'm concerned, being in business in my own home, the standard rate was the best rate because I didn't

sj/gbr
HOUSE OF REPRESENTATIVES

233
May 05, 2014

take -- get taken by any company and we saved money because we didn't pay higher rates.

But anyway, I just wanted to say that this is a good bill because we're finally putting -- doing something for the citizens of Connecticut. And my whole philosophy is always putting the citizens of Connecticut first.

Thank you very much.

SPEAKER SHARKEY:

Thank you, Representative.

Further on Senate "A"? Further on Senate "A"?

If not, I'll try your minds. All those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Opposed? The ayes have it. Senate "A" is adopted.

Further on the bill as amended. Further on the bill as amended.

Representative Steinberg of the 136th, you have the floor.

REP. STEINBERG (136th):

Thank you, Mr. Chair.

I want to start by congratulating those who worked on this bill. It is a vast step forward in protecting the consumers of the state of Connecticut. I particularly want to thank our Chair, Lonnie Reed and our Ranking Member Representative Hoydick for all their good work and for the work of all the stakeholders.

We are going a long ways to providing consumers with the critical information they need when they make these contracts with independent suppliers. I think everybody is going to have a more data driven and timely understanding of the benefits and the obligations inherent in their arrangement with the supplier. That means anybody who reads his or her bill closely and carefully will be well equipped to make a good decision.

I've been listening to the comments of my colleagues on both sides of the aisle and I think it underscores the fact that we haven't gone far enough. I believe strongly that caveat emptor, buyer beware, is insufficient to protect the interests of our consumers in this case. As far as we've gone, we still need to go further and we need to do it this year.

Therefore, Mr. Speaker, the Clerk has an amendment, LCO 5071. I would ask the Clerk to please call the amendment and that I be granted leave of the Chamber to summarize.

SPEAKER SHARKEY:

Would the Clerk please call LCO 5071. It shall be designated House Amendment Schedule "A."

THE CLERK:

Mr. Speaker, LCO Number 5071 designated House Amendment "A" and offered by Representative Steinberg, et al.

SPEAKER SHARKEY:

Representative seeks leave of the Chamber to summarize the amendment.

Is there objection to summarization? Is there a objection?

Seeing none, please proceed, Representative Steinberg.

REP. STEINBERG (136th):

Thank you, Mr. Speaker.

The intent of this amendment is to strengthen the protections that we've talked about here for several hours. Not specifically just to warn people about the ramifications of their choices, but to literally

protect them against the predatory practices of the bad actors here. And we're not saying that a majority of the companies involved are bad actors, but there have been enough instances of predatory practices that many of us believe these protections are required.

I think we all look forward to PURA putting together the regulations that are rigorous enough to protect our interests, but I think we'd also agree that PURA has not been known for its agility, particularly as it occurs with individual applicants and individual rate payer looking for redress. It may be great if you are a -- someone who is a day trader who plays the marketplace to be able to figure this out, the many pages of information you're going to receive and may be appropriate for sports book betters who are used to weighing the odds on a regular basis. But what I'm worried about here is a class of citizens that are not engaged. They are not necessarily acquainted with risk, but who may be very much attracted to the teaser rate, to the temptation of going for the lowest rate available. These are the people we're trying to protect because they do not understand that -- the dynamics of the energy marketplace.

How many of us actually peruse the cell phone bills that we receive? And for some of us, our cell phones are even more important than our electricity and yet this is not something we do on a regular basis.

The amendment that we intend to use to strengthen this protects the consumer in three ways. Most importantly, it puts a cap on the amount of increase of the variable rate of 30 percent in any given billing cycle so that if there is a spike in the natural gas rates that affect our electricity rates, they will be protected to the degree to which those rates can go up. This is not overly punitive for the retail market suppliers.

If you think about it, over a three-month or three-billing period cycle on a compounded basis, the rates could still go up 100 percent, which is still a huge amount. But we are putting some appropriate brakes on such activity so that no one, particularly those who are on fixed income or are not necessarily paying attention billing cycle to billing cycle, are in a position to make the change they need without necessarily incurring large bills that make them -- put them in a situation where they may be

choosing between their electric bill and buying food or paying for their pharmaceuticals.

The second thing that is part of this new amendment, it requires the supplier to obtain explicit permission from the consumer upon expiration of the old contract before they can be put into another variable rate contract. So, they have to opt in. They have to sign up for a variable rate contract upon the expiration of the prior contract. This protects them against inadvertently, not to their knowledge, finding themselves under variable rate contract and not necessarily being on top of what's going on.

And third, it eliminates the penalties inherent in changing contracts. Fifty dollars may not seem like much, but compounded on top of whatever your increase might be, that could be punitive. And, really, I think the marketplace has already demonstrated by the number of suppliers who are offering no-penalty contracts, that they can withstand that.

I think we all understand we have created a marketplace that gives people choices, and I think those choices are appropriate. There is always the standard offer. But the variable rate marketplace for

something as important as electricity, one of our key ways of living, almost as important as shelter, should not be one of those things that we speculate in for that segment of the population.

And the last point I would like to make is we are not instituting this -- these changes to protect consumers based upon some speculative future problem. We've already seen this. Many of my colleagues here today have commented about the calls they've received from constituents. And I would submit that we're only going to see this again in the future. We are changing the demand curve on natural gas because we're changing so many uses from oil base to natural gas base. We don't have the capacity here in Connecticut or New England to bring all this gas, and we're going to see spikes again and we need to protect these people now.

We promised our constituents that we would take care of this problem. The underlying bill is great, but just doesn't go far enough. This amendment does. It protects those least able to look out for their own interests and we can do no less. I urge you to support this amendment and make this bill whole. I move adoption and I call for a roll call vote.

Thank you, Mr. Speaker.

(Inaudible).

SPEAKER SHARKEY:

House will stand at ease.

(Chamber at ease.)

SPEAKER SHARKEY:

Will the House please come back to order. Will
the House please come back to order.

We had on the -- on the floor a motion -- a
request for a roll call vote and a motion to adopt
House "A".

Further? Further?

Representative Steinberg on --

REP. STEINBERG (136th):

Thank you, Mr. Speaker.

Upon further consideration, I will withdraw my
request for a roll call vote.

SPEAKER SHARKEY:

Thank you, sir.

Further?

REP. STEINBERG (136th):

Upon further, further consideration, I will

withdraw the Amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you.

Anything further on the further, further?

House "A" is withdrawn, as is the motion for a roll call.

Further on the bill as amended? Further on the bill as amended by Senate "A"? If not -- and Representative Hoydick, under the wire.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

Again, I'd like to reiterate to my colleagues what a good bill this is. And what this bill does, it currently offers, not just standard service or a limited choice offering restricted by a cap, restricted by how far you buy, restricted by what kind of product or business or home you have, but something that you can choose on your own. If you feel you need the safety net, much like a variable mortgage rate, you get a fixed mortgage rate. That's called standard service. It's regulated by PURA, and it's a safe energy purchase. If you feel a little risk-taking, then you might want to go to a variable rate. I, myself, have a fixed rate. I myself have a fixed rate

that I work and negotiate when I -- when my expiration comes. But let me tell you, if I had anything other than that, the price of electricity for my household would go up. The price for electricity for my business would go up.

So, ladies and gentlemen, I strongly urge you to support the bill as it stands. Thank you.

SPEAKER SHARKEY:

Thank you, Representative Hoydick.

Further on the bill as amended?

Representative Reed, further?

REP. REED (102nd):

Thank you, Mr. Speaker.

I just want to amplify what Representative Hoydick has just said and also say we wanted to just to get rid of the bad actors, but not kill this industry. It's -- it's -- it's a learning experience for all of us. We're going to stay on top of it. We're going to do what has to be done going forward to protect consumers. We're going to teach consumers who are risk-adverse to stay with the standard offer and we -- but we also want to acknowledge that this is an industry that employs more than 2,000 people, pays millions of dollars in property taxes and that people

sj/gbr
HOUSE OF REPRESENTATIVES

243
May 05, 2014

actually did realize savings this year, even with all of the -- the bad things that happened this winter.

So this is an excellent bill and I urge all of my colleagues to support it.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative Reed.

Further on the bill as amended? Further on the bill as amended?

If not, staff and guests, please return to the well of the House. Will House members take their seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

Members to the Chamber, please. The House of Representatives is voting by roll. Members to the Chamber, please.

Have all members voted? All members voted?

Please check the board to make sure your vote is properly cast.

If all members have voted, the machine will be locked.

Let the Clerk please take the tally.

And would the Clerk please announce the tally?

THE CLERK:

Mr. Speaker, Senate Bill 2 as amended by Senate
"A" and in concurrence with the Senate:

Total number voting	145
Necessary for Passage	73
Those voting Yea	145
Those voting Nay	0
Those absent and not voting	6

SPEAKER SHARKEY:

Bill passes at concurrence.

Will the Clerk please call Calendar 265?

THE CLERK:

On page 38, Calendar 265, favorable report of the
Joint Standing Committee on Finance Revenue and
Bonding, substitute House Bill Number 5564, AN ACT
CONCERNING SCHOOL SAFETY.

SPEAKER SHARKEY:

Representative Fleischmann of the 18th District,
you have the floor, sir.

REP. FLEISCHMANN (18th):

Thank you, Mr. Speaker.

I move acceptance of the Joint Committee's
favorable report and passage of the bill.

S - 673

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2014**

**VOL. 57
PART 5
1340 – 1655**

jmf/gbr
SENATE

46
April 29, 2014

On page 38, Calendar 192, Substitute for Senate Bill Number 2, AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION AND CLARIFYING THE PROPERTY TAX EXEMPTION FOR CERTAIN SOLAR THERMAL OR GEOTHERMAL RENEWABLE ENERGY SOURCES, favorable report of the Committee on Energy and Technology. There are amendments.

THE CHAIR:

Good afternoon, Senator Duff.

SENATOR DUFF:

Good afternoon, Madam President.

I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

The motion is acceptance and passage. Will you remark, sir?

SENATOR DUFF:

Thank you, Madam President.

Madam President, I'm going to call LCO -- ask the Clerk to call LCO Number 4550 and ask that he call it and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 4550, Senate "A" offered by Senators Duff, Chapin, et al.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

jmf/gbr
SENATE

47
April 29, 2014

I move adoption.

THE CHAIR:

Motion is on adoption. Will you remark, please.

SENATOR DUFF:

Thank you, Madam President.

Madam President, this is a strike all amendment which is why I'm calling it now and hopefully we can adopt it, but I will make some comments about the underlying -- the amendment which will become the bill. We're here today through the action, thankfully we have a bipartisan bill that has been worked on by the four leaders of the Energy and Technology Committee, the Governor's office, the Attorney General's office, advocates and others over the last few months obviously with -- with input from various regulatory bodies and other bodies as well.

We've heard from consumers loud and clear over the last few months with regard to their electric bills, and the price spikes that they've had, and the fact that they felt that many times proper notification wasn't given to them. And that they kind of looked at their bill one day and it had been very consistent over time and then spiked without any notification or any type of transparency. So what we're looking to do is bring about some greater transparency and disclosure to our legislation today and give that tool to consumers in their toolbox and allow them to be able to make choices based on transparency, based on disclosure, and let the consumer decide how they want to act in the electric supplier market that's out there.

But I want to first of all though be extremely clear and put this on the record for -- for all of us that there are things that we do control and things that we don't control. We do control legislation such as how we -- how we expect suppliers and our electric companies and others to act and behave in our market, how we expect them to act and behave in our state and kind of the values that we put along that as well.

jmf/gbr
SENATE

48
April 29, 2014

What we don't control is the weather, and we don't control, you know, polar vortexes, we don't control the spot gas market, we don't control some of our capacity issues that we have in the State of Connecticut that's frankly bigger than us just in the state. So, you know, we want to be very clear that electric prices do go up, do go down.

We have been very cognizant on our Committee to bring cheaper, cleaner, more reliable energy. We have brought our rates -- electric rates down when considering that we were the only state in New England that had cheaper electric prices last year. And that we're going to continue to work on that, but we know that there are limitations to what we can do in this Legislature. But we can try and protect consumers as best that we can.

So in this amendment that will become the bill, we have done a number of things that we believe through long negotiations, a lot of work with a lot of different people as I had mentioned, that will help the consumers make those kinds of choices. So in section one we have billing redesigns. We thought that was very important because we have to ask -- we're asking PURA to open up a docket to change our bills. And I can't remember if ever our bills -- electric bills have ever been changed or asked to change based on what consumers want to see and what they want to look at.

So we're asking them to open a docket with that that's going to put some really relevant information right in front of them, such as if they have a supplier, they're going to put the suppliers' rate, determine expiration rate of such rate, any change to supplier rates that's effective for the next billing cycle. They're also going to get information like the standard service rate which is the rate that is charged by United Illuminating or Connecticut Light and Power so they'll be able to compare what they're paying with their supplier versus what they're paying maybe with their -- what the utility is charging at the same time.

Right now we have about 700,000 who are participating in a private supplier and about 800,000 people who are

jmf/gbr
SENATE

49
April 29, 2014

still with the standard offer. So it will affect a lot of people and they'll be able to then understand and compare the rates as well. We're also going to be allowing people to see how on their bill notices to get information how they want to get information. Many times what we heard is that people received notification by mail, they thought that that was another solicitation, they may not have paid as careful attention as they -- as they needed to on that.

So we're going to say to the consumers, how would you like to receive information. Would you like to get it by the U.S. mail, would you like to get it by your text message, would you like to get it through your -- through an app on the phone, through email? You tell the supplier how you want to do that so that when information does come along, you are able to -- to do that. In the meantime while that docket is happening, we still want to make sure we get important information back to consumers. So over the next year we're going to get quarterly notices to consumers whether you're with the -- with the standard offer or whether you're with a supplier.

And if you're like a lot of people who get -- who pay by autopay, you're going to get an email confirmation from autopay that says -- that shows you your bill so that you at least have that ability. What we found is a lot of people who pay by autopay pay their bill, they never look at their bill. We want them to be able to look at that and understand what's out there and so that when the time does come for a lot of these changes, they'll have that information and know and be able to compare, right on the first page of their bill what's out there.

We're also, as of July 1, 2014, suppliers are going to give PURA -- we're going to have more information on our website, the PURA website and also Energize CT website. What we're looking to do again is with the transparency is have a much more robust website where there's information out there where suppliers are looking at what other suppliers are doing, where consumers can make choices. And then also if there are a number of complaints, those suppliers can -- will be yanked off of that website for being -- for

jmf/gbr
SENATE

50
April 29, 2014

having a certain number of customer complaints. We're giving PURA that ability to do that. What we have found in other states is that works really well so that everybody kind of plays by the rules, they play well in the sandbox, and that they're giving consumers the right information that they need.

We're also not allowing teaser rates anymore for one month. We're saying that if you're going to have an introductory rate, that that rate has to be effective for three months. Again we heard loud and clear from consumers that they were getting these teaser rates that were ridiculously low for one month only to see huge increases after that, and that -- so we're not allowing that any longer. We're also saying that our distribution companies, our utility companies have to switch folks from a supplier to a standard offer within 72 hours. And that utility companies should switch residential customers from supplier to supplier within 45 days after the supplier receives a successful enrollment of that customer. We're hoping at some point in the future to do that even faster, but right now with the technology that we have we felt that that was a good amount of time.

We're also saying that if you are going to be doing telemarketing or if you're going to be going door to door that there is certain information that you have to -- you have to have out there. You cannot, for instance, say that you're working on behalf of a utility, you have to say who you are working for, have certain standard information out there on a contract, and that -- that is going to be the same for everybody. They're going to have similar marketing materials. In addition, if -- when you're -- if you have a fixed rate and you're going to go to a variable rate, you're going to have a 45-day notice that you're going to have a change of a rate. And, I'm sorry, 45 days of the end of your contract you're going to go from a -- if it's a fixed rate to a variable, you're going to get 45 days' notice of that and again you're going to be able to get that in any -- any way that you like again, text or email or mail -- U.S. mail or maybe even through an app. So we believe that will be good information as well.

jmf/gbr
SENATE

51
April 29, 2014

There's also going to be a 15-day notice if you have -
- if you have a variable rate and your rate goes up
over 25 percent from the last rate. You're going to
get notice about that. And from last year's
legislation we had a 30- to 60-day notice if you went
from a fixed contract to a variable rate contract. So
we feel that through last year's efforts that we had,
the 45-day notice, the 15-day notice that people are -
- consumers are going to get a lot of information
about the choices that they can make and be able to do
that.

We have also said no to termination fees on a variable
rate contract so that -- we thought that that was
going to be very good as far as helping our consumers.
We're also going to be allowing PURA to do a number of
dockets on switching, also on hardship customers. And
again having the robust website of Energize CT, making
sure that that information is out there for consumers
and they can -- they can look at that. One of the
other things that we insisted we put in the
legislation was that every two years we wanted PURA to
open up a docket to look at the website so that it
doesn't get stale, that it's always updated, we're
using our latest technology, and that we're able to --
to make sure consumers have all the information that's
-- that's the latest out there.

So I think in the end we have a -- we have a very
balanced bill. We've taken a number of -- of ideas
from all across the spectrum and this is going to help
people. Again I want to underscore that, you know,
there are things that we can do, things that we can't
do. And with the capacity issues that we have, we are
going to still see some tough times with our electric
rates. But thankfully through the work of the
Department of Energy and Environmental Protection, the
Governor's office, we have the six state agreement on
transmission and capacity which we feel over the long
term will certainly help us, and it will help
consumers not have these kind of price spikes in the
long-term.

So before I sit down, Madam President, I just want to
thank a few people for -- for helping with this
legislation. First I want to thank my co-Chair,
Representative Lonnie Reed, Ranking Member Senator

jmf/gbr
SENATE

52
April 29, 2014

Clark Chapin and Representative Laura Hoydick. And certainly our leadership in Senator President Don Williams, our Majority Leader Marty Looney, and Attorney General George Jepsen. Certainly the Governor and his office, the Lieutenant Governor, and Liz Donohue and Alex Judge who has been really great in helping us put what is I think some sort of -- sometimes complicated legislation to things that people can understand and help them. And we know that when this does become law it's certainly going to help consumers and it's going to make their -- make this process a lot easier for them in what has been very trying times. So I urge my colleagues to support the amendment and I thank you.

THE CHAIR:

Thank you. Will you remark?

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

Madam President, I rise in support of the amendment. Since it is a strike all, I'll reserve questions for the Chair of the Energy and Technology Committee once the amendment gets adopted.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator. Will you remark? Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Energy deregulation in Connecticut and I guess across the country has been a challenge for consumers because it is so complicated, frankly they are not accustomed to shopping energy rates. We found that out this

jmf/gbr
SENATE

53
April 29, 2014

winter when as Legislators our telephones rang off the hook with constituents who were getting very large increases in their utility bills, electricity bills. What I discovered in the process was that a number of consumers had shopped around for a better rate than what they thought they were getting in the standard rate through their local supplier either CL&P or UI, and felt like they had a good deal. But those fixed rate contracts obviously had an expiration date. And unfortunately our consumers -- our constituents didn't put on their calendar to go and renegotiate their rates when they expired because they weren't prepared for that, they had never had to do that before and learned a very hard lesson in many cases.

I attended a PURA public hearing in Brookfield several -- a couple of months ago and heard from many Western Connecticut residents who were outraged, frankly, with the increases in rates. One of the challenges with electrical rates is it is so complicated that people don't understand it, including Legislators. The standard rate, as I understand, is something that hedges the future markets and appears, based upon history, to have some more stability in the rate structure. On the other hand, the variable rate market can fluctuate wildly based upon futures markets on Wall Street. And that's what happened.

Those wild fluctuations where people were paying six, seven cents per kilowatt hour for their residential electricity suddenly, quickly turned into 17, 18, and in some cases over 20 cents a kilowatt hour. Now when you're talking about people who have tight budgets to begin with and a \$400 electric bill turned into \$1,000 per month, it was a budget buster. And so that's why our phones rang off the hook. That's why so many people attended the PURA hearings that were held across the state. And I think that this bill attempts to deal with some of those challenges. I think that it attempts to educate consumers, I think it puts some, although I don't believe enough, consumer protections out there.

And the way that I'm very concerned is that last year we required the suppliers to notify their customers when there were changes in their rates, changes in the contract. And what we discovered was, though it was a

jmf/gbr
SENATE

54
April 29, 2014

new law, we understand it was a new law, the suppliers did not notify their customers. Generally speaking, all of the customers that I spoke to had never received any notification from their supplier that their rates were going up. Now I understand that these notifications are spelled out very clearly. I understand that this amendment before us tightens that up a little more, requiring the suppliers to notify their customers of pending changes.

But here's the problem that I have and had asked for consideration of this as this bill was being negotiated, and that is that I really believe that the suppliers for failing to notify their customers under state statute should be penalized for that. Now I'm not one that's in favor of penalizing business, but this is a very clear violation of state law. And they should have notified their customers. Let's -- let's face it, had they notified their customers then their customer service departments would not have been overwhelmed the way they were.

For one client, one constituent I personally called one of the companies seven times and never got answers for them. Not only could I not get answers, I couldn't speak to anyone who was a decision maker on their behalf. Now I understand there are rules, you have to be authorized to call for that individual. But this constituent asked me to do that for them. But I wanted to see firsthand what is it like to try to get through during this crush of increased utility bills across the State of Connecticut when it was obvious to everyone that all of these companies were being overwhelmed with phone calls because the rates had gone up so dramatically.

So that's another point. Not only did these -- many of these companies not properly notify their customers of the change but they're not geared up to handle customer service in a timely fashion. So I think PURA has two things that they need to look at very carefully that frankly I don't think are addressed specifically enough in this bill to make me comfortable. One, we had violations of the notification requirement effective January 1st too -- too numerous to even imagine how many there were, hundreds of thousands perhaps, lack of notification by

jmf/gbr
SENATE

55
April 29, 2014

the companies to their customers that their rates were changing. Two, unlike UI and CL&P whose customer service departments appear to be adequately staffed, at least in my personal experience, the resellers are not set up to handle this kind of a crush of customer inquiry. And so what I was discovering was that people were trying to get answers to the increase in their rates, trying to get a better deal, trying to switch companies, and they couldn't get answers. And this went on for weeks at a time.

Now just, you know, think about spending a good period of time, you've got a full time job, you have to call during regular business hours, you take up your lunch hour on hold trying to lower your electric bill, and you got to hang up to go back to work because you still haven't gotten an answer or even the ability to talk to someone. So I think PURA needs to look carefully at -- at the reseller's ability to service the number of customers they have. And I think what we found in the first quarter of 2014 is that many of the companies fell down miserably, absolutely miserably, and they've acknowledged it. I've spoken to some company executives who said you are absolutely right. We have learned from this experience that we have to increase our customer service resources and be sure that we can better handle the influx of phone calls.

The point is that the damage is done. And what happened was there were a number of constituents that I was trying to help who spent three months before they got it changed, three months. So they called in early January and it wasn't until mid to late March before they were actually switched back to standard service, standard rate, which incidentally was a 45 to 60 percent decrease in what they were paying on a variable. Once again I don't want to belabor the point, I was anticipating an amendment that would very specifically call for penalties per case when a reseller fails to notify their customer of a change in rates, a change in contract from a fixed contract to a variable rate. I think it has to be plain language notification of what's going on.

What I discovered was that there is existing regulatory authority for PURA that they can actually

jmf/gbr
SENATE

56
April 29, 2014

assess not more than \$10,000 for each offense already. So my amendment is not necessary. We just need to light a fire, so to speak, under PURA to say now hold them accountable. Legislators already know the story, but I'm just going to share one. A couple, retired, fixed budget, tight fixed budget, often have told me that they probably should move to Florida because their cost of housing is less expensive there, but they don't want to leave their family in Connecticut.

So they're here and they're here in an electrically-heated house, of all things, yes, there's still electric heat out there. And their bill went from their highest bill in the past of \$600 a month, tripled and it took them two and-a-half months to get out from under that supplier. And when they got onto the standard rate, the crush of the winter heating season was essentially over so the damage was done. So essentially what that meant was nearly \$3,000 in additional heating costs because they couldn't get service changes quick enough back to CL&P standard service.

See that's -- that's part of the problem. I mean think about it, with all the computers and the way we operate in this world today, how could it possibly be that it required two billing cycles, which is essentially three months, to change suppliers? It didn't make any sense. Little did we know, again we found out the hard way, that we were sending constituents out to read their meter and calling the company and saying here's my meter reading, get me off of this company I don't want them anymore. And then it would happen within a couple of days.

So this amendment has addressed a number of the things that I've talked about, but I don't think it's gone far enough in being sure that our independent energy suppliers understand how important their customers are to us as Legislators, that we need to be more attentive to what's transpired over the last six months here in Connecticut with electricity rates. But more importantly what happened to family budgets overnight. Family budgets crashed and burned because consumers were not educated to understand the intricacies of deregulation in the electricity business. And frankly I don't think that the

jmf/gbr
SENATE

57
April 29, 2014

suppliers did a very good job of communicating with their customers. Well, hopefully they've got the message. Hopefully today this work that Senator Duff and the Energy and Technology Committee and many others have worked on will help to tighten up the rules a bit to make them more consumer friendly.

But let us not sit back and wait for the next time that our phones ring off the hook because that's what we did this time. Let us not wait, let us be very attentive to be sure that we are helping our constituents and consumers in Connecticut, monitoring the rates that are being charged, and more importantly being sure that when the companies don't do what the state law says that they pay a penalty and a stiff one at that. And as I understand, PURA has a heavy hammer, a \$10,000 fine per offense. Now I don't want a business to have to pay \$10,000 fines per occurrence, but if you think of the number of consumers in Connecticut that were struck by the nightmare of this lack of communication, in some cases lack of notification, \$10,000 finds times hundreds of thousands of people in Connecticut would have bankrupted some of these companies. That's not what I'm suggesting. I just want them to wake up and pay close attention to their customers.

Thank you, Mr. President.

(Senator Coleman in the Chair.)

THE CHAIR:

Thank you, Senator. Do you care to remark further?
Do you care to remark further?

If there are no further remarks to be made, Senator Duff, do you seek the floor?

SENATOR DUFF:

I was just going to -- since we're on the amendment, we just have a voice vote on the amendment then Senator Chapin can then ask his questions.

jmf/gbr
SENATE

58
April 29, 2014

THE CHAIR:

Thank you, sir.

The Chair will try your minds concerning Senate "A". All those in favor of Senate "A" please indicate by saying aye.

SENATORS:

Aye.

THE CHAIR:

All those opposed say nay.

The ayes have it. Senate "A" is adopted.

Will you remark further on the bill as amended?

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

Mr. President, some questions through you to the proponent of the bill as amended?

THE CHAIR:

Please frame your question and proceed.

SENATOR CHAPIN:

Thank you, Mr. President.

In section one, PURA is initiating a docket on billing redesign. And for those who may not be familiar with that process, could you explain what opportunities arise when they initiate a docket. Is there a public hearing process? Can Legislators play a role in that? How does that actually work? Through you, Mr. President

THE CHAIR:

jmf/gbr
SENATE

59
April 29, 2014

Senator Duff, if you care to respond.

THE CHAIR:

Thank you, Mr. President.

Yes. To Ranking Member of the Energy Committee, the -
- it's a docket that the public and Legislators and
utility companies, suppliers, and anybody who would
like to have a say can have a say, sworn testimony,
and can talk about what they think and how they think
the billing format should look. And we certainly
welcome everybody's participation in this process.
And that we feel is the fairest way where everybody
can have their say outside of this Legislature where
we don't -- where we would put it in our laws but that
can then be in the PURA docket and the proceeding
basically. And then every five years thereafter they
would have to open -- PURA would have to do another
docket on their billing reformat. Through you, Madam
President.

(Senator in the Chair.)

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, in section four it talks about
initiating a contested proceeding. Is there a
difference between that and just initiating a docket
'as in section one procedurally? Through you, Madam
President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Yes, thank you, Madam President. Yes, there is.

jmf/gbr
SENATE

60
April 29, 2014

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

Could the gentleman explain what those differences are? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

Let me look at section four. The proceeding -- the proceeding, as far as I know would go -- would be something a little bit more compressed. The docket is -- is much more elaborate and requires different work than the proceeding does. So I think the proceeding is something that can happen a little bit more quickly and can -- and move things faster through the process. Through you, Madam President.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And back to section one, in this docket that will be initiated it appears that we're prescribing certain things that we'd like to see result in that docket. Would PURA also have the ability to add additional requirements in their final decision? Through you, Madam President.

THE CHAIR:

Senator Duff.

jmf/gbr
SENATE

61
April 29, 2014

SENATOR DUFF:

Thank you, Madam President.

Yes, we're saying to PURA that they shall include certain things, but they're limited -- not limited to doing these things that they shall include. They're able to obviously do other things that may come up through the docket.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, Senator McLachlan talked about PURA's previous docket where they heard from many unhappy customers across the state. Can the gentleman tell me if in that docket PURA intends to or has -- even has the authority to make these sorts of changes under that docket? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

Yes, I would -- I would certainly a guess that they would be able to do some of those things.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, we also heard Senator McLachlan talk about people having -- having to

jmf/gbr
SENATE

62
April 29, 2014

experience a fairly extended amount of time to switch from one supplier to the next when they found themselves in an unfavorable situation and chose to switch. And I see in section one that in the final decision, PURA must talk about the feasibility of residential customers being able to switch from supplier to supplier in a timely manner. I think that may be addressed in section three as well where we're requiring the electric distribution companies to switch residential customers from supplier to standard service within 72 hours, but from supplier to supplier within 45 days. So is it the hope that through this docket that they may find an ability to shorten the length of that to less than 45 days? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

Thank you to Senator Chapin for the question. Yes, it is our hope that eventually that would be able to happy at a shorter time frame. There is always the balance of cost to do that and while I certainly understand the previous speaker's concerns about switching, we also don't want to put a burden on the whole system that would -- that makes us sound good here but ultimately behind the scenes cost millions of dollars to rate payers. So 45 days we found is something that is doable at this moment, but I think at some point we're going to have to relook at that and hopefully shrink that time frame. But we don't want to do something right now that will cost consumers millions of dollars that they're not aware that they're going to pay. If we do this in 45 days, that's I think at this point is something that is feasible and appropriate. Through you, Madam President.

THE CHAIR:

Senator Chapin.

jmf/gbr
SENATE

63
April 29, 2014

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, so I think we heard about teaser rates being right now, I think some companies may have a low introductory rate for one month. And under this bill we would make sure that that minimum - that fixed rate would be at a minimum for three months, is that correct? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Yes, thank you, Madam President.

As I said in my opening remarks that we found from consumers that, and we heard them loud and clear, that they were receiving these notices for teaser rates that were very well below rate setter in the marketplace, but that would only be a one month rate. People might get confused or enticed by that needlessly. And that now we said in this legislation that if you're going to have a introductory rate it will have to be -- last for three months which I think will certainly put parameters around what suppliers might do in -- in the marketplace with consumers. Through you, Madam President.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, so would it be fair to assume that if they had to have a three-month fixed rate that a contract length may be more like six months to have that supplier have three months' worth of a variable rate? Through you, Madam President.

jmf/gbr
SENATE

64
April 29, 2014

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

It might be.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And is there any way that that customer if they didn't like in that fourth month with that variable rate was, could they switch or would they be under contract? Would there be any sort of penalty to switch? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

If they are on a -- in a contract with a fixed rate and they're in that contract, they -- and their contract calls for early termination fee, they would be liable for that. If there is a variable rate and they are month-to-month and they decide to go from one supplier to another supplier, there is no termination fee under this legislation.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

jmf/gbr
SENATE

65
April 29, 2014

And again, through you, the termination fee, is that capped in the bill before us? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

It is \$50.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And I think in section -- I think it is section four and section six, we also talk about hardship customers. Can the gentleman explain what a hardship customer is? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

A hardship customer would be a customer who based on the law that we already have -- existing law, that can't have their electricity shut off within certain months of the year because of the winter months. And so we're -- we're trying to protect them as well and assure that they're not taken advantage of by suppliers or anybody else.

THE CHAIR:

Senator Chapin.

jmf/gbr
SENATE

66
April 29, 2014

SENATOR CHAPIN:

Thank you, Madam President.

And again, through you, in section six it would appear that we're requiring PURA to investigate suppliers who may target hardship customers. Do we know that that goes on today? Through you, Madam President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

Well, certainly I would assume that -- well, I don't know for sure but I would say that there may be. We could all have stories around the circle that that may be the case. But certainly PURA can investigate suppliers who target hardship customers and we're giving them that authority to do so. And that again they'll be facing the penalties that are already prescribed in law if that is the case. Through you, Madam President.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Madam President.

And I thank the gentleman for his answers. Madam President, I do rise in strong support of the bill before us today. And I know there are people who may say once this bill passes that it doesn't provide enough protections. I think it's -- it is fair to say the leadership of the Energy and Technology Committee in our discussions looked for something that we viewed as fair and balanced. It's unfortunate that I guess I would say deregulation has been successful to the degree that we have 20 or so suppliers. And I think when you get up to that many, like anything else,

jmf/gbr
SENATE

67
April 29, 2014

there are good actors and there are bad actors. It is unfortunate that some of those marketing practices made us compel to actually even consider additional consumer protections, but I do believe that they are warranted and I believe the bill before us today does provide a good level of consumer protection, and I encourage my colleagues to support it.

Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?

Senator McKinney. Good afternoon, sir.

SENATOR MCKINNEY:

Good afternoon. Thank you, Madam President.

Madam President, I rise for purposes of an amendment. I believe the Clerk is in possession of LCO 4603. I ask that they call the amendment, please.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 4603, Senate "B" offered by Senator McKinney.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

Madam President, I move adoption of the amendment.

THE CHAIR:

Motion is on adoption. Will you remark, sir?

jmf/gbr
SENATE

68
April 29, 2014

SENATOR MCKINNEY:

Thank you, Madam President.

Madam President, I think both Senators Duff and Chapin have done a very good job of explaining the bill before us. This amendment adds on to that bill understanding that the bill is an attempt to protect consumers from spiking electric rates which we've seen from third-party suppliers. And I certainly think we can look at the bill and try to find some faults, but at the end of the day I think it's a good effort trying to solve a very serious problem. Madam President, this bill does not impact anything in the underlying bill. It adds an extra layer of protection. As I believe everyone in this circle knows, we were not far about a year ago from having the state auction off hundreds of thousands, I think somewhere between 700,000 to 800,000 standard offer customers, aggregating them and selling them off.

Selling them off to whom? To the third-party suppliers that we are here trying to protect consumers against. Selling them off with a one-year promise, and after that I think what we would have looked at were disastrous consequences because of the spiking electric rates and the practices of the third-party suppliers. So, Madam President, this amendment simply would prohibit the state from aggregating electric customers on standard service for the purpose of auctioning the right to provide electric generation service from an electric supplier. It has no fiscal impact.

I think it adds that last layer of protection that we're trying to offer. I would also note specifically there -- there is an exemption on those hardship cases so PURA can still deal with the hardship cases as they see fit. Madam President, I think it's a pretty simple amendment. I think it's a good one. I hope it has bipartisan support. We had bipartisan opposition to the aggregation and sale last year. I would hope we could get bipartisan support for the future protection of standard off customers. And I would ask adoption and when the vote is taken that it be taken by roll call. Thank you.

jmf/gbr
SENATE

69
April 29, 2014

THE CHAIR:

A roll call vote will be taken.

Senator Duff.

SENATOR DUFF:

Thank you. Thank you, Madam President.

Madam President, I rise to oppose the amendment. And certainly understand the good Senator's concern about issues that we may have in the electricity market, however, this -- there's no current legislation with regard to aggregating consumers. As a matter of fact, last year we had a robust debate about that. We talked a lot about how aggregation might save consumers money that maybe they would have spent -- that they may have spent this year.

But I think that this -- while this issue may be connected because of suppliers and electricity, it is unconnected from a standpoint of it's part of a larger debate and a larger issue that we should probably have at another time. And if the Legislature so chooses to raise the issue up again, they can do so in a bill and it goes through the whole process of public hearings and amendments and other types of issues and whether it gets through the House and Senate. But clearly, as the Senator said, we had this debate last year, people didn't feel it was time to do it, it didn't move on. And I think that from time to time, year to year we're certainly willing to have this debate. So I rise to oppose the amendment and urge my colleagues to do so. Thank you.

THE CHAIR:

Will you remark? Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

jmf/gbr
SENATE

70
April 29, 2014

I rise in firm support of the amendment. Thank you to Senator McKinney for reminding us about the debate we had of aggregation last year. I've been on standard rate with CL&P since energy deregulation at home. Why? Well, I kept looking at all of the independent sellers who were available, and I'd see a penny difference or thereabouts. And frankly said, well, I'll just stick with what I've got and then I don't have to worry about fixed rate contracts and variable rates, and it has worked out just fine. But a few minutes ago I talked to you about my experience and that of my legislative aide, Amanda Zavagnine, in my office who answered numerous phone calls and emails that we've received from people about their experience with spiking rates.

Can you imagine if aggregation went through last year and we had 800,000 additional callers saying what has happened to my electric bill? So Senator McKinney is on to something. It makes perfect sense. We can't demand someone to change electric suppliers if they choose to stay where they are. I made my choice and - - and perfectly happy with that choice. And frankly I don't want state government telling me that my electric bill is their next revenue source. You already have a revenue source on the electric bill with taxes. But I don't think it's right for consumers to be susceptible to government selling them as a customer to find more revenue to spend money here at the State Capitol. And frankly it would have been a nightmare if it did pass last year. So thank you, Senator McKinney, for your offering this amendment, and I do encourage support and urge adoption.

Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark?

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

jmf/gbr
SENATE

71
April 29, 2014

I see that Senator Williams is in the Chamber so I can be brief. I do rise in support of this amendment. I do remember, as Senator McKinney talked about during some long budget negotiations, that it was bantered about that this type of policy take place. And I also remember our constituents, probably constituents from all of us around this circle, were very angry about the fact that the State of Connecticut would, to use a street term, slam these customers by selling them off to the market when in fact it really had nothing to do with state finances or the state budget.

So I appreciate Senator McKinney's offering of this amendment because I think if we get into a situation where we will be in need of funds again which it seems like we are after seeing revenue projections just this week come in lower than expected, who knows what could take place in regards to this issue and so many others. So I too believe that if it is put into statute the way Senator McKinney is looking to do, that it would prevent that type of policy from going forward. So I too rise in favor of this amendment and I would hope that the members of the circle would participate as well.

THE CHAIR:

Will you remark? Will you remark?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call on Senate "B" has been ordered the Senate.

THE CHAIR:

Mr. Clerk, will you announce one more for a roll call vote, please.

THE CLERK:

Immediate roll call on Senate "B" has been ordered in the Senate. Roll call on Senate "B" in the Senate.

jmf/gbr
SENATE

72
April 29, 2014

THE CHAIR:

If all members have voted, if all members have voted, wait a minute, I guess not all the members have voted. If all members have voted, if all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On Senate Amendment Schedule "B".

Total Number Voting	36
Necessary for Adoption	19
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Senate "B" fails.

Will you remark further? Will you remark further?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to support the legislation, the underlying bill that's before us. I want to thank very much Senator Duff also Senator Chapin for their work on this bill, the members of the Energy Committee. You know, we have heard from our constituents all around the state about the confusion that's been out there. We've seen rates skyrocket on some of the variable rate policies that have been provided by the electric providers. And quite frankly we've seen folks be frustrated when they have tried to navigate this system.

And thanks to this legislation that's before us, consumers will be much better off in the State of Connecticut. And the reason is that this legislation informs, empowers, and protects the consumers of the State of Connecticut. It informs them be making sure

jmf/gbr
SENATE

73
April 29, 2014

that when they get their electric bill, they're going to see not only the rate that they are paying but if they've got a private power provider, they're going to be able to compare that with the standard offer, the rate that they would be paying if they were with the standard offer with CL&P. They're going to see whether they're paying more or less. They're going to understand that they can switch out. And they're going to be empowered to be able to do that understanding that they can switch power providers within 72 hours.

They'll be provided the phone numbers, the websites in order to do that, and to make that transition. And they're going to be protected because this legislation targets abusive and misleading advertising and deceptive trade practices and provides a process for prosecuting those types of practices in the State of Connecticut. This is what consumers need across the board. And not just senior citizens, but I do want to also thank the American Association for Retired Persons. They have been speaking out about this as well. There are other advocacy groups that are very - - very committed to empowering and protecting our consumers as well.

So I think as others have mentioned, you know, maybe not everything that every advocacy group wanted is in this bill, but this bill moves us forward in a giant way toward protecting consumers, empowering them to have the information they need, and then make changes when there are spikes in the electric market so that they can protect themselves and get the lowest rate possible. That's what we want. We want Connecticut consumers to be empowered to not be price gauged, but on the contrary, take the steps they need to get the lowest electric rates possible. So again thank you, Senator Duff, thank you, Senator Chapin, and the other advocacy groups and Legislators who made this possible.

Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?

jmf/gbr
SENATE

74
April 29, 2014

If not, I guess Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

If there is no objection, might we place this on the
Consent Calendar?

THE CHAIR:

Seeing no objection, so ordered, sir.

The House will -- the Senate will stand at ease for a moment.

(Senate at ease.)

Mr. Clerk, will you call the next on the Calendar, please.

THE CLERK:

On page 41, Calendar 254, Senate Bill Number 424, AN ACT CONCERNING ACCESS TO PRESCHOOL PROGRAMS FOR CHILDREN IN THE CARE AND CUSTODY OF THE DEPARTMENT OF CHILDREN AND FAMILIES, favorable report of the Committee on Education. There are amendments.

THE CHAIR:

Take your time, Senator. It's okay.

Senator Stillman.

SENATOR STILLMAN:

Good afternoon, Madam President.

THE CHAIR:

Good afternoon.

SENATOR STILLMAN:

jmf/gbr
SENATE

92
April 29, 2014

And also, Madam President, if I might move also that all of the bills announced for referral to various Committees in today's session that those bills be transmitted to the Committees to which they have been referred immediately and not held.

SENATOR LOONEY:

Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Madam President.

At this time if the Clerk would read the items on the Consent Calendar so we might proceed to a vote on the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 1, Calendar 478, House Joint Resolution Number 76. On page 2, Calendar 479, House Joint Resolution Number 77, Calendar 480, House Joint Resolution Number 78, Calendar 481, House Joint Resolution Number 79, Calendar 482, House Joint Resolution Number 80, Calendar 483, House Joint Resolution Number 81. On page 3, Calendar 484, House Joint Resolution Number 82, Calendar 485, House Joint Resolution Number 83, Calendar 486, House Joint Resolution Number 84, and Calendar 47, House Joint Resolution Number 85. On page 12, Calendar 339, House Bill 5029. On page 38, Calendar 192, Senate Bill Number 2. And on page 41, Calendar 254, Senate Bill Number 424.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote on the -
- on the Consent Calendar. The machine is open.

THE CLERK:

jmf/gbr
SENATE

93

April 29, 2014

Immediate roll call is ordered in the Senate on today's first Consent Calendar. Immediate roll call ordered in the Senate.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On the Consent Calendar for today.

Total Number Voting	36
Necessary for Adoption	19
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

The Consent Calendar passes.

Are there any points of personal privilege or announcements? Any points of personal privilege or announcements?

Seeing none, Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if there are no announcements or points of personal privilege, it is our intention tomorrow to commence with a Democratic Caucus tomorrow morning at 10:00 a.m. followed by -- followed by Session. And at this point, Madam President, if there is no -- no additional comments or comments for announcement of Committee meetings in advance of the session tomorrow, I would move the Senate stand adjourned subject to the Call of the Chair.

THE CHAIR:

The Senate will stand adjourned subject to the Chair.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**ENERGY AND
TECHNOLOGY
PART 1
1 – 478**

**2014
INDEX**

fact, they are virtually a monopoly. Residents who use a municipal company cannot usually make the switch to another. Residents do not set rates nor determine increases. Municipal utility companies are not governed by our mayors or alderman who can vote out of office. They have self-appointed commissioners whose authority is rarely questioned. Please do not give them more power by allowing them to lessen these protections for our poor, elderly and disabled.

REP. REED: Thank you very much for your testimony. Are there any questions for Ms. Gomes? Thank you very much. Up next is Joe Rosenthal. Good morning, Joe.

JOE ROSENTHAL: Thank you, Chairwoman Reed, Chairman Duff, the Vice Chairs, the Ranking Members, members of the Committee. I am Joe Rosenthal from the Office of Consumer Council. I submitted written testimony on behalf of the Consumer Council, Elin Swanson Katz and Attorney General, George Jepsen. Consumer Council Katz and Attorney General Jepsen and Attorney General Jepsen's usual representative, Mr. Clark, all would have like to have been here today, but they all had prior commitments, so I'm appearing.

I rise to support Proposed Senate Bill 2, which seeks primarily to bolster what we call the rate board on the energizedCT.com website, also sometimes known as the CTenergyinfo.com website, but energizeCT is the new name. And what that does -- what the rate board does -- and it's already a useful tool, it helps people compare electric supply offers between the standard service offer from the utilities and what they can get from

a retail supplier based on their usage
there's blocks there for CL&P and UI.

But, as we're finding as you're seeing on the news and so forth, we're finding that there are a significant number of complaints this year from customers, your constituents about their bills and many of the complaints relate to the retail suppliers. Some of the complaints probably can be dealt with, with existing laws, some of them are claims of slamming or unauthorized switching of supply or that they're not being charged in accordance with their contract.

Obviously existing laws exist for those things. But, we have a different problem of a different character this year which is we're having winter price spikes. And in the underlying market and that is because we're using more and more natural gas in our power plants and there's not as much spare natural gas capacity for those power plants to rely on. And it raised the price last year so this is not the first year. It raised the price last year in the New England markets and it did so again this year.

So you may hear today that for many that yes, we can't help raising the price for our customers when they go to a variable rate. What is the trigger point for the problem? When people go from the fixed rate of seven or eight cents that beats the utility price and then some of them, not all of them, but some of them, when they switch to variable according to the contract it says it will go to variable but there's not a lot of information about what that will mean and some of them have gone from 15 to 18 to 20, we've seen it as high as 25. So people are

25
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

complaining.

We heard it in Milford last night, there's four other public hearings that PURE is going to hold in addition to four days of hearings in New Britain on this subject. So it's a very serious subject so we need the rate board to be updated so people will have more information about where their variable rates are going to go. But the problem is the suppliers had to have known going into this winter that they were likely going to have to have very high variable rates to deal with the underlying market.

It was not a surprise. It was not a surprise to us and I'm sure it was not a surprise to them. So there should have been in our view, significantly more notice that when you go to your customers that -- okay, your eight cents now and we're going to have to charge you 14, 16, 18, 20. Okay? When you're going to double people's price in the winter, I think that should have warranted some notice.

And if it takes laws that bolster those disclosure requirements, if it takes more enforcement resources authorization, I think later in this session we'll ask you to consider some of those topics and AARP has some terrific testimony that they'll be talking about today getting into some of those specifics as well. So this is the problem in a nutshell and I'll be glad to answer more questions about that, but this is what we're facing, this is what we're all facing because I'm sure you're hearing it from your constituents.

REP. REED: We are and we're really going to want to work closely with you going forward. I

think one of the things we've all experienced is that there are certain bad actors in this game who seem to be the repeat offenders. And one concern is there any way legally that we can ensure that they have much better capitalization before they get into this business so it's so clear they're spending their money on marketing materials and they're buying very short term spot market contracts, interruptible contracts and setting consumers up for this kind of disaster.

And I know we've all heard from people that say, you know, lawyers, I mean people who have really read the contract and still got burned. So it's not the inability of people to really understand what's being told to them, it really feels like it was a whole bait and switch.

JOE ROSENTHAL: Yeah, all good points. In fairness to the suppliers, we worked with them last year cooperatively to bolster some of the disclosure requirements. There is a new provision that came out of that, that was thankfully passed by the legislature that you do have to notify customers now between 30 and 60 days before their fixed rate ends that they're going to be moving from fixed to variable.

So that is better but it still doesn't indicate to those customers yet what the variable may entail. And again in fairness to the suppliers, a lot of them have to buy short term because they don't know exactly what their load is going to be and that's their issue.

But even being fair and going into that, they

need to be fair to their customers as well when they are anticipating based on experience and we're going to see it for the next several years. So we're going to have winter price spikes. So going into this we feel they should be doing more to reach out to their customers before just socking them with 18 cent bill where it had been an eight cent bill.

And the other problem is we don't, and it came up last night, we don't yet have instant switching. So you can be stuck on that rate for one or two months or more. And the utilities are working hard to move us into faster switching and we appreciate that and the suppliers I think, some of them want to help there too. But customers really don't appreciate getting socked and then getting stuck.

REP. REED: Thank you. Any more questions for Joe? Representative Bowles.

REP. BOWLES: Yeah, thank you. That actually triggers a question in my mind in terms of is there a way to expedite CL&P as a default provider in cases like that? I'm just curious about that. That would seem to be the most expeditious route to go as an alternative just to have a trigger in there where CL&P becomes a default within a much more reasonable timeframe.

JOE ROSENTHAL: It's my understanding that CL&P will work with a customer to try to expedite that process. There is an information exchange required with that customer to switch that customer either back to standard service or to another retail supplier.

REP. REED: Thank you. Representative Yaccarino.

REP. YACCARINO: Thank you, Madame Chair. Thank you for your testimony. I just have a couple of brief questions. If a supplier, you said they can't hold the capacity, they don't have enough capacity for the consumer, is that correct, because of the spikes?

JOE ROSENTHAL: It's -- the problem is a little more nuance than that. The problem is the power plants don't have firm pipeline capacity, natural gas pipeline capacity. So natural gas pipeline capacity gets scarce in the winter, the electric prices go up in the electric market and if you're a retail supplier, you buy short term in the electric market. So whereas standard service now is 9.2 cents because we buy in longer blocks for standard service, in the winter 9.2 cents is well below the underlying market price right now, it really is. The underlying market price might justify 12, 13, 14 cents. I'm not sure exactly what it would be for this month. But it's high. But when you're buying short term and you're just passing that on to consumers who are used to paying eight, obviously it creates a lot of --

REP. YACCARINO: That's my point then. If that's the case and these suppliers or these independent companies, if you know CL&P or UI or PURE knows they can't meet those needs of the consumer, why let them if they have 1,000 customers, I'm just using an arbitrary number, cap them at a certain number. If they can't meet that, it's not fair to the consumer. Somebody's going to get short changed and that's what's happening.

JOE ROSENTHAL: Yeah. I think there will be

probably some proposals for caps that float around this building in the next few months. Another alternative is to say you can't charge above a certain price X unless you disclose that in advance that you may.

REP. YACCARINO: Right. That makes -- because they know they can't lose. They can't lose because they're going to buy at a certain rate and they're going to pass it on to consumers. So if it's cold or warm they're going to make that percentage and there should be a cap or some sort of provision in their buying power.

JOE ROSENTHAL: I think the difficulty you'll hear is they'll say well that's forcing me to take a loss for several months.

REP. YACCARINO: They shouldn't be in the business then.

JOE ROSENTHAL: Well --

REP. ROSENTHAL: They shouldn't be in the business then if that's their business model, that's a poor business model. It's not your fault, you're fine. They should not be in the business in they can't meet those needs. It's like an oil delivery man or woman. They could buy -- they know what they can buy. They don't have that opportunity.

JOE ROSENTHAL: Right. The difference being in oil is I think the prices are a little better known.

REP. YACCARINO: Right. So my point they have stability. That's just my point. It's not fair to consumers. Especially an elderly consumer, they might not look at that bill

next month.

JOE ROSENTHAL: Right. And that brings me to mind of something potent that was said last night and there was a lot of great testimony last night in Milford. But one gentleman said, it's like paying \$4 for gas one day and \$12 the next day and even worse knowing that your neighbor might still be only paying \$4.

REP. YACCARINO: Right. I never switched to these companies because to me it's almost too good to be true sometimes. They are very inconsistent.

JOE ROSENTHAL: Yeah, if you do, I mean, our recommendation is that you watch it very closely and we are recommending to people s) that they not buy door to door and b) that they not be on a variable rate for this winter, next winter and the winter after that and we'll see after that.

REP. YACCARINO: Did you ever think, I think you might have said it, having a cap, like banks have a cap for the variable interest rate no more than two percent per year, no more than four percent -- knowing that then they have to be careful what they buy. They can't overbuy or over-leverage.

JOE ROSENTHAL: Yeah. Well, I think you know a lot of the stakeholders have to get together and work on improvements to this in this session. There is a PURE docket going on right now that is getting into these issues. It will be four days of hearings in March but I don't think we can wait -- I mean, there will be learning from those hearings, but I don't think we can wait until the next session to try to deal with this issue.

31
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

REP. YACCARINO: No, you're right. Thank you for being here.

REP. REED: Thank you. Representative Ritter.

REP. RITTER: Thank you, Madame Chair. Good morning, Joe.

JOE ROSENTHAL: Good to see you again.

REP. RITTER: Good to see you and like many or probably all of my colleagues, I've been hearing from constituents with some remarkable stories so I can certainly substantiate some of them. In some cases it's three fold increases in one month. So I wanted to put out there for discussion a couple of more front end ideas and that would be perhaps and maybe get some feedback from you.

Clearer definitions of what variable rate means to the consumer and how this indeed could be seasonably related and what seasons it could be related to so that people understand. I think -- well, when I've had conversations with my constituents and we've talked about variable rates, that doesn't speak to them in a way at the point when they're signing up for this kind of thing that it should.

They don't understand -- I mean, all rates are variable; my CL&P rate varies sometimes too. But it's not the same thing. And so I think that a clarity at that point in time would be extremely helpful because at least then there's an evaluation going on, on the part of the potential consumer about what they're getting into. So there would be

that.

Possibly some real life examples about what that would look like to the consumer. For example, a variable rate would mean that this could happen to your rate within X period of time with an explanation then and this is on the front end, of what the escape clause would look like should they choose not to stay, what it mean and maybe run through. So I'm interested in your feedback because you deal with many more consumers than I have on this issue about how that could be actualized.

JOE ROSENTHAL: You know we are analyzing those same issues to try to figure out where the improvements need to be. Part of it is on the disclosure side, where the suppliers would be required to disclose some of the issue, clearer definitions, seasonal components, and so forth. But part of it I think we can also do on the rate board and we can make it -- right now the rate board, you know, it's got a great list of the fixed, it doesn't have a lot of indication of where you might be on the variable side. But we have history now so we can require on the rate board that they provide, well what did your average variable customer face last year in terms of their variable rate and what was it in different months.

REP. RITTER: Excellent. Maybe in addition to some of that information could be information about whether that applied to all the customers, some of them in certain areas or under certain circumstances because I'm getting also, as many of us are, I think wildly different accounts of these rate variations. Sometimes confined to this same

company and sometimes across companies which makes me -- causes me to be suspicious, I guess would be a fair word.

JOE ROSENTHAL: Well, we're working hard on it, you know, but looking forward to looking with all of you on it.

REP. RITTER: Thank you. One last thing just for the benefit of perhaps others on the committee who have had this experience. It's not that often my constituents perhaps are as immediately motivated as they have been over this to go to the PURA hearings that are being held around the state. But I have I think three or four planning to go up to Norwich which pleases me because often they ask me to do that but no, no, they're going. So I think that's an indication -- certainly to me, that's an indication right there there's a lot more of this than I've been thus far made aware of.

JOE ROSENTHAL: Right. And thank you -- I think its Farmington tonight, Brookfield and Norwich next Monday and Tuesday, I don't remember which day is which --

REP. RITTER: Yeah, Norwich I think is the 25th.

JOE ROSENTHAL: Okay. And then I'll be at both the Brookfield and Norwich and then Waterbury just after that I believe.

REP. RITTER: Thank you very much.

JOE ROSENTHAL: Okay. Thank you.

REP. REED: Thank you, Representative Ritter. Representative Hoydick.

REP. HOYDICK: Thank you, Madame Chair. Good morning still, I think, Joe. How are you?

JOE ROSENTHAL: Great to see you.

REP. HOYDICK: Nice to see you too. I'm going to ask you this question because there's no one on the testifying list from the utility companies, but what are the barriers to switching, quickly.

JOE ROSENTHAL: The barriers to switching, I think they need meter data so they know on the changeover who's paying for which kilowatt hours, that's part of it.

REP. HOYDICK: The point of delivery meter data? I mean what --

JOE ROSENTHAL: Your actual outside meter. I mean I think they -- one of things they need is the actual figure so that they know exactly when you went off X retail supplier and went to Y retail supplier.

REP. HOYDICK: Let me clarify that, I'm sorry. I didn't -- the question was not well orchestrated. The barrier to switching back to the public utility company.

JOE ROSENTHAL: Oh, minor from what I understand other than they need the meter data.

REP. HOYDICK: But they would have that meter data because they are the point of delivery. UI, CL&P, they're municipals, they have that meter data.

JOE ROSENTHAL: I still think they need in most circumstances, the customer to go out and read it if they want really expedited

switching.

REP. HOYDICK: Interesting. Okay.

JOE ROSENTHAL: That's my understanding.

REP. HOYDICK: Okay. That's good. A question about the variable rate on these contracts versus variable rates on your home equity line, I mean there's -- or your credit cards. There's caps are there not? And there are no caps for energy, for electricity?

JOE ROSENTHAL: We don't have a cap on the variable rates at present.

REP. HOYDICK: Okay. And that's one of the suggestions that you think you would be interested in exploring?

JOE ROSENTHAL: Exploring, yes. I mean I think that will be one of -- I think there will be cap or don't charge a price without disclosing that you might charge that price type requirements. Straight disclosure requirements of what variable rates means a more definitional type disclosure requirements. Enforcement resources, you know, the complaint line is really heavy right now for PURA so you may see some discussion of enforcement resources. And then whatever changes we do through legislation and outside to improve the rate board so that customers will be able to have more information, better information when they go to chose.

REP. HOYDICK: And you're suggesting that legislation be done now because of the timing of the PURA docket would not enact it fast enough for us to go through another heating

season and with the pipeline restriction you're fearful that this is going to happen again for the next several years?

JOE ROSENTHAL: Yeah, we are already seeing -- it's mentioned in my testimony, we're already seeing some suppliers and you know, I don't want to complain if they want save people money, right, but I mean we're already seeing suppliers who say, we'll give you a fixed rate until November. Well, what does that mean? It's variable in December and then we could be facing the same set of problems. Now it's getting a lot of publicity so maybe the problem wouldn't be as severe as it is this year, but if we can solve it now, I'd rather solve it now.

REP. HOYDICK: Plus the natural gas restriction and the pipeline, I mean there's only so much capacity. That's not going to be fixed by next year.

JOE ROSENTHAL: Right. No, no, that is an issue -- that's a long term issue. It might be solved in four or five years, it might not be solved for a decade. I mean you have the Algonquin aim spectra project but a lot of that is already going to be used for heating. So will that create capacity for the power plants? It may. Maybe not enough to solve this problem.

REP. HOYDICK: So I know your office and the Attorney General's offices have been working very hard on this with suppliers, especially from the complaints that you've been getting. Can you tell us, are there any success stories about suppliers that have turned it around and how they have worked with your department and with the AG's office and how

this can work in the future, what you all have been working toward?

JOE ROSENTHAL: We've gotten a lot of openness from many suppliers and their representatives who know that, you know these situations need to be improved. Not all of them are charging in this way, first of all, I want to make that clear, I think that was mentioned earlier. But they know the industry as a whole, this is another hurdle that they need to get past. So we've experienced last year and we expect to experience this year that there will be at least some cooperation from them on additional requirements or a good subset of them on some additional requirements so we could try to clean this up.

REP. HOYDICK: Okay. So I'm taking that as I'm trying to get there, Joe, so your department, your offices are working with the offenders, excuse the air quotes on that?

JOE ROSENTHAL: Well, retail suppliers who have had high variable rates and some who haven't had terribly high variable rates, we're working with both. We're talking to both.

REP. HOYDICK: You're talking to both but moving to the direction where you see progress that you're happy with, with --

JOE ROSENTHAL: It's at an early phase, you know, I mean we did see it last year. The discussions this year -- I mean we have the docket right, so I mean and we don't have testimony filed yet, so we're still at an early phase of discussing with them. I mean I think we're further along in discussions with the Attorney General's office. I think

you'll see as I mentioned earlier, that the AARP has some interesting ideas as well and really well formulated. So we are open -- we are working and we are open to working with the supplier community as we have in the past to try to make some improvements here for their customers and for customers of standard service.

REP. HOYDICK: Thank you, Joe.

JOE ROSENTHAL: Okay. Thank you.

REP. REED: It's kind of interesting as much as we love the small guys, this might be a case where the big guys are giving people a better deal and would be something to look at going forward. Representative Becker.

REP. BECKER: Thank you, Madame Chair and Joe, let me be the first to wish you good afternoon, since we're now there.

JOE ROSENTHAL: Thanks. Good to see you again.

REP. BECKER: Good to see you too. Can you tell me how frequently can the suppliers change their variable rates? Are we talking on a daily, weekly, monthly basis? How frequently -- does it vary by supplier?

JOE ROSENTHAL: It depends. I think it just depends on how often they can get CL&P to change it on the billing system. I think it's probably monthly, but I don't that for sure.

REP. BECKER: And the reason why I'm asking is in your testimony you're suggesting that suppliers provide customers with 30 to 60 day prior notice or notice prior to the end of

the fixed term and I'm wondering beyond just, hey you're terms coming up in 30 or 60 days, presumably you'd want them to disclose what the new rate would be at that time. But if it's 60 days out and they're able to change the rates in 30 days, the information they give would be outdated by the time the expiration actually came.

So somehow I think as we think about this. We have to think about either holding the suppliers to the price that they give at whatever time period we identify and obviously, the period of time we set should be tied to how quickly consumers can change. And I'm a little confused following up on Representative Hoydick's question and answer with you on the fact that the customer needs to read their meter.

That should be something that should be that the customer could walk down to their basement and do it quickly or go outside or wherever the meter happens to be and do it very quickly so it shouldn't take 30, 50 or longer -- 30 to 60 days or longer to do that and I know that some consumers, I think I'm one of them, has actually a relatively new meter that CL&P can read via radio waves and not even have to have anybody go down and physically read it.

So with that, that seems like an inadequate excuse for not being able to switch people more quickly and obviously there's a value to be able to do it quickly so that you can get a more accurate -- shorter notice period and a more accurate read on what the wait would be should it change. I just wanted to kind of throw that out there, get your reaction to it and make sure that we're thinking this

through from all angles and come up with an appropriate solution that will in fact protect our consumers.

JOE ROSENTHAL: Right. Instant switching or more rapid switching is definitely on our list of issues that we are working on. The feasibility of making that global is something that I don't know off the top of my head. But my understanding is that if you can get them the meter reading, they can at least expedite the process. And obviously you're talking about matching notice periods with variable rate periods and that's something that would be important to us also and that again, the improvement that was made last year was you at least had to get notice when you were going to be switched from fixed to variable. But I think this experience has shown we need to get more granular than that in the notice what the variable might look like.

REP. BECKER: And in your investigations so far, have you come across any other glitches or things that lead to delays in switching beyond the meter data? Have you found sort of where the sticking points are in the process?

JOE ROSENTHAL: Well, you know I think there have been -- there have been reports and complaints at times that I asked my supplier to switch and it didn't happen. But I think you can contact your utility directly to work on that if you're not satisfied with the response that you're getting from your supplier.

REP. BECKER: Thank you. Thank you, Madame Chair.

41
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

REP. REED: Thank you. Representative Genga.

REP. GENGA: Thank you, Madame Chair. Attorney Rosenthal thank you for your testimony and I concur with what you're doing and will tell you from my own experiences getting about a half a dozen calls and hearing from people around my town, getting a number of calls from outside. I made a couple of calls recently to independent energy suppliers and found this kind of information in the same company, two calls, two different people, different -- different prices, different answers. One company was very direct, would give me a 10 month rate that was under the current standard and I said that's a good company. Did you see the channel three editorial investigating energy suppliers two nights ago on the 11 o'clock news?

JOE ROSENTHAL: I did not.

REP. GENGA: They had 10 companies listed who had charges way beyond the standard who were very vague in their description. What I'm getting at is, all this information we should be able to get to the public. I've got an energy forum going on March 6th in East Hartford and I would ask if you would -- or your department, be part of that to provide information just like you did tonight because it's going to be broadcast on the local access channel and we're advertising it around town. And I think that's how we combat this.

JOE ROSENTHAL: It's an evening hearing?

REP. GENGA: Seven p.m. -- seven to eight p.m. with a half hour for questions and answers

and then following that people will be able to meet with any of the agencies or organizations like CL&P that will be there to get their personal questions answered.

JOE ROSENTHAL: Thank you, Representative Genga and always good to see you also. One of the problems that we've seen as well and you talked about people offering two different rates, I mean part of the problem I suppose, is that you have a lot of these sales around commission. And when you have a product that's not -- still not necessarily well-understood by the consumer, and I think that's part of it too, I think maybe some more outreach like you're doing is warranted. But when you have that issue and you have people on commission who really need the commission to make their own ends meet, I think sometimes you have customers told things that may or may not turn out to be true.

REP. GENGA: No question in my mind because it happened. Is that something that you would get back to me on though, this forum if you would participate?

JOE ROSENTHAL: If we'll attend? Yeah, I'll certainly --

REP. GENGA: I want to put you on the program to be part of it, Joe. I want to put you on the spot, Joe.

JOE ROSENTHAL: Okay. I'll give you a 99 percent commitment.

REP. GENGA: The other thing is I will tell you, I've gotten -- I've seen the marketing schemes where you get something that's bold.

print and maybe 36 or 48 font and then you get the little print that's about size six font and if you don't read that little one, you're going to find the problem. And they'll say, well we gave you the information. Well they really didn't, they only wanted you to read a certain part. And I think you've got to be a proponent that that has to stop.

JOE ROSENTHAL: Well actually in Public Act 13-1-19 last year that we worked with the suppliers again, there is now a font provision. I think the minimum is 10 point font. So I --

REP. GENGA: Well then I better give you the documents that I have.

JOE ROSENTHAL: All right, all right. Great.

REP. GENGA: Okay. It sounds like there is a violation here.

JOE ROSENTHAL: Okay.

REP. GENGA: Thank you.

JOE ROSENTHAL: Yep. It's a new requirement.

REP. GENGA: I remember, I remember Elin being very outspoken about it and she was right. Thank you.

JOE ROSENTHAL: Thank you.

REP. REED: Thank you. So you're booked on Henry's show, right, we're all set with that? Are there any other questions for Joe Rosenthal? Thank you so much and we'll be seeing a lot of you. Thank you. We're now

going to move on to the members of the public testifying and obviously we have a lot of people here and we want to hear from all of you. So that's going to be three minutes per testimony and when you hear the bell go off, just think about wrapping up. That will be a good thing. The first person that we're calling is John Holtz.

JOHN HOLTZ: Hi.

REP. REED: Welcome, good afternoon.

SB2

JOHN HOLTZ: Thank you. Thanks for the opportunity to speak with the committee today. My name is John Holtz and I am with NRG Retail. And by way of introduction, NRG Retail -- the NRG Retail companies include Green Mountain Energy Company, Energy Plus, Reliant Energy Northeast and our newest brand which we just launched in Connecticut at the start of February, NRG Residential Solutions.

The NRG Residential or the NRG Retail companies are wholly owned subsidiaries of NRG Energy, Incorporated which as the committee knows has power plants here in Connecticut.

I submitted to the record our written testimony. I'll briefly summarize. First of all, I'm here today to pledge the committee our organizations, our companies' considerable energy competition public policy and real world marketplace experience. Like my company, I've personally been involved in the development of retail markets in several states for the better part of two decades, frankly. And we really sincerely want to help make what is a good market even better for Connecticut consumers.

That said, we totally are -- we are totally are onboard with the objective of Senate Bill number 2, and that is to provide Connecticut customers with additional information and tools for shopping for electric service. To that point, I'd like to say a well-informed customer is probably the most powerful consumer protection regulator that you could have. I mean a well-informed customer if they don't like the price, they should fire us, find a better deal. If they don't like the terms, switch. If we aren't responsive to their needs, their calls, then they can drop us. If our energy sources aren't clean enough, they can find a greener supplier. And frankly, if they disapprove of sales tactics, I think door to door was mentioned by an earlier speaker, then they should ignore us.

The bottom line is if another company has a better deal, better service, greater integrity, an informed customer can select the service that's right for them. And by the way, along those lines they'll also be keeping the industry honest. Frankly, if we cannot please a customer, we can't keep them; we're not going to be in business very long.

Senate Bill 2 also addresses the energize Connecticut website, the rate board as Joe Rosenthal referred to it, the shopping website, and we can help the committee with the details on that too to make it more useful, more consumer friendly, more informative. Over the last dozen years or so our IT and marketing people have lent their expertise and helped in the creation or the enhancement of successful energy shopping websites with the Texas Public Utility

Commission, the Pennsylvania Public Utility Commission and the New York Public Service Commission.

So if you take a chance to read our testimony and in our testimony we've expounded upon other recommendations such as optimizing the existing laws, regulations and programs for the benefit of Connecticut customers and we also offer the committee some additional market based solutions to protect and empower Connecticut electric customers. So that's the extent of what I wanted to say and thank you for listening.

REP. REED: Thank you for your testimony. I think those of us who have been around your association and spoken to a lot of the retail electric folks, have sometimes wondered because I know we've been told that there was sort of potentially a self-policing aspect to your association, you know kind of like, MD's board certified and you get de-certified by your organization. Is there any move to do something like that? Because it's so clear these bad actors are giving you all a really bad name.

JOHN HOLTZ: Yeah, well first of all just to clarify, I'm here for NRG, not for the Retail Energy Supply Association which we are a member of. And in the industry association, we have pretty strict standards, the RESA as our acronym is known. The members literally interview for hours at a time, prospective members and we pay close attention to their records in other jurisdictions. We send out alerts constantly to the leadership of the organization when there's something going on in the industry. If it's one of our members, you know it's kind of like being censored in

the legislature or in congress, you know, you don't want that and if necessary and never could be expelled under those circumstances.

REP. REED: I think this is an area that it could be really helpful to have those of you who are doing a good job to participate in devising a real program that has a lot of different layers because this would be very helpful and definitely de-certifying members would be a very good thing. Are there any other questions? Representative Hoydick.

REP. HOYDICK: Thank you, Madame Chair. Thank you for testifying today. Since you are the first retail supplier here, I'm going to ask you a couple of questions about how your company sets variable rates. So if you could talk a little bit about the different rates that were offered in this season and how they were set and how it was communicated to your customers.

JOHN HOLTZ: Sure. Well our rates are -- we have variable as well as a variety of fixed term products across our companies. There's month-to-month as you've mentioned, there are three, six month and 12 month products that are available. And with them are various price points depending on also -- if you were to put it all on a spreadsheet, Representative, you'd have your various factors.

Your raw material costs as it were, the cost of the power, capacity costs, transmission costs -- all of those components that go into it and then of course the business costs behind it which can include the cost of acquiring a customer. You know unlike the public utilities, CL&P and United

Illuminating, we don't have a captive audience.

The way the industry is set up there's this assumption that the utilities own the customers, that's where it starts, the retail suppliers have to lure those customers, win the hearts and minds of those customers away from the utilities and that's a pretty expensive proposition in terms of the acquisition costs.

The other cost components could include the value added aspects of a particular product. Perhaps it's 100 percent wind power, perhaps it's part of an affinity program with another company like an airline or a hotel chain that you can be earning points with your electric usage. So all of those costs ultimately go into it.

The other important thing is to be able to hedge property, to anticipate and hedge and be well-capitalized. In our written testimony we recommend that the state look at the legislature, the state and PURA look at raising the bar, raising the standard for participating. If you don't have the ability to hedge properly, if you don't have the management experience in that, as we're seeing in some of the shakeout going on right now, then maybe you should not be a market participant in that market.

Now, having said that we've just had a historic winter and it's not over yet, unfortunately, we've still got a whole week of February left and who knows what March is going to bring, but at least the good news is there throwing baseballs down in Florida so spring is coming, but we've had this historic

winter and we're a very large company. We're a generator as well and we've got the know how to hedge.

But two things happen. One is despite our hedge positions, you have the usage of the customers regardless of what the price is on the bill, whether it changes or not, bills are going up because usage has gone up this winter. People have used more electricity. Our customers -- we used in the New England area, 20 percent more this December and January than January and December a year ago. Now we anticipated an increase, the average annual by the way, and it's not just my number, but the New England ISO has that same number, a normal winter would be a four percent increase. We build a little bit more of a buffer in there to hedge against that, but 20 percent increase.

So we had to go and buy and some real time supply to fill that in. That became a little bit of a cost component. So when you're doing that, Representative, there were times in January where, to put it the equivalent of a kilowatt hour price, that kilowatt hour price was like 30 to 40 cents per kilowatt hour compared to the standard offer of around nine cents.

So there's a spreadsheet line item list of many components. There are the power components and then there are the costs of doing business components. And I mentioned -- I have to say this, it's important to keep in mind and in perspective. You've got the public utilities which are regulated entities and then the competitive marketers. The public utilities don't have those other business costs, the marketing, the

acquisition costs of \$130, \$150 per customer, they basically have their wholesale costs that they pass through to the customer and have a guaranteed rate of return.

The other side, the competitive suppliers have all those business costs. I mention that only so that we're always conscious of not trying to make an apple to apples comparison between the two. It's not necessarily going to be the same.

REP. HOYDICK: Well that may be why the standard offer rate is usually higher than what you can offer as a third party supplier in most cases.

JOHN HOLTZ: It varies during the time of the year so this is a tough time. And as I said, there -- the best educated consumer is going to be the best watchdog against what's going on because if they're not happy, if they don't like the price, then they should switch. And I'd like to expand a little bit on something that you and others brought up with Mr. Rosenthal, is the whole idea of more immediate rapid switching.

I mean the present process means a customer -
- it could take two, one to two billing cycles for them to be able to switch off their current supplier. Before I was doing regulatory affairs, I was our business manager in New York State and earlier in Connecticut back in the early 2000s, I can't tell you how many customer calls that would get escalated to me because somebody was furious and they wanted to talk to a supervisor.

The most frustrating things for customers

51
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

are, well if you could -- if I call you up, I want to be dropped today; I want to be switched back to my utility today or to supplier XYZ. They don't understand it and they don't -- they really are frustrated by the fact that -- I have to say, I understand that and I am going to drop you today, but we're still going to be on your bill for another one or two months. There's a -- its technology is what it boils down to.

REP. HOYDICK: It is technology as I was educated briefly before I asked you that question, we don't have the capacity across the state to switch quickly because we don't have smart meters at every residential house.

JOHN HOLTZ: Well, it's not just smart meters though.

REP. HOYDICK: But it's the ability to read a meter on a timely basis and if you're meter read is within the switch period, is very close to the switch period, you're not going to get adjusted until the next meter read and that seems to be a problem and that could be something we could address on another bill or explore further. But that is one of the issues we currently have though it intrigues me, you comments in your testimony. Thank you very much.

JOHN HOLTZ: Yeah, on that point there would be some technology development needed between the utilities and the suppliers, but it can be done. Our transactions are done by electronic data interfaces, the acronym is EDI. It's not like there's a bunch of people sitting behind cubicles entering all these orders or dropping all these orders or updating usage date. It's all electronic.

And in other states, in Texas for example, they do immediate switching. It's just a matter of technology; it's a cost, true.. But you know it's how that cost could be borne by the participants to make it happen. I think consumers would be better off.

REP. REED: Thank you. I know Representative Steinberg has a question but that just created one in my brain. So when you sign up for a retail supplier, does that happen instantly or does that also --

JOHN HOLTZ: No.

REP. REED: So it's the same.

JOHN HOLTZ: One to two billing cycles.

REP. REED: Just wondering about that. Representative Steinberg.

REP. STEINBERG: Thank you, Madame Chair and then you Mr. Holtz. Your testimony today, as has been alluded to, you're very brave to be the one out here. I am and a number of my colleagues happened to attend a RESA meeting that was held in Hartford last year and I recall that we had many of the same conversations back then about bad actors, about best practices, about the need for some manner of self-regulation but I recall coming out of that meeting still somewhat skeptical about whether we could count on the industry to really take care of itself and sort of avoid the wild west feel that it had to it.

And I'm particularly proud that we as a legislature then resisted the temptation to sell off our captive standard rate customers to the highest bidder because it's quite

clear that they would have been in the same shape as any number of other customers at this point in time.

Which really brings me back to the point that Chairman Reed raised which is what reason do we have to believe that they'll be any sort of self-monitoring going on, you ever censored one of your -- I mean is the shakeup clearly on the basis that they fail financially or is there any real reason to believe that anybody other than the legislature can manage the bad actors in this industry?

JOHN HOLTZ: Well you know our industry is often referred to as the deregulated electric industry and frankly, it's anything but deregulated. There's quite a bit of regulation on our industry. Not just by what the laws that the legislature passes such as the act that was passed last year that Joe Rosenthal referred to before with some additional consumer safeguards, but PURA and the Office of Consumer Counsel and the Attorney General all have a role in regulating this industry. The individual players and the trade association share a role as well.

As I said before, if my company is keeping customers, then we're not going to be in business for very long. So you know, you've created this legislature and the agency and OCC have created a very good framework and there's on-going activity as you've heard testified earlier today, that I think are going to result in additional safeguards. It's interesting there are times when, for example, a particular regulation could have the unintended effect of causing a different

problem and I'll give you an example.

Everybody hates door to door marketing, right? You hate door to door, you hate telemarketers. I do too. But why is it being done? Well, number one, I'll start at the top. Because of the assumption that the utilities own the customers. So right away you've got these suppliers that have to wrestle away the customer from the utility and when do they think about their service? When they move into a new house or an apartment. They're not thinking about -- you don't go to a party and say, hey who's your electric supplier? I don't get up on Saturday morning and say I got to go down to the convenience store, do you? I'd like to go to your party with a few brochures.

But you know, you don't go out on Saturday morning and run your Saturday morning errands and on that list is I'm going to go shop for an electric supplier. So it's not top of the line for customers.

But going back where I was going -- so we've got the fact that the utilities have a stranglehold on the customers, rightly or wrongly. Numbers two, then we've got certain regulations. Well, you can't switch suppliers without providing your 10 to 15 digit customer account number. Well, people don't walk around with that in their pocket, they don't have it memorized and one of the things that we have tried in not only Connecticut but in other jurisdictions, is we want to have a conversation with customers where they're shopping.

It's at the mall, it's at the farmers market in the warmer weather, it's at festivals and

fairs and try to sell those customers there. Because then they're in a more comfortable at east environment and it's more main stream like the kiosks you see in the hallways of the mall, right? But, those customers don't have their account number so what happens here? So they sign a form and they say, yeah, I want to sign up with you but now I've got to call them or email them multiple times to get them to call me back or email me back with their account number so we can fill that in and finish that enrollment.

Conversely, they also get frustrated. It's like NRG why are you calling me? I signed up with you at the mall last week and you said it was done. So the customers get very frustrated too. So, what's the result of that? Then suppliers to feel compelled if they want to grow their business to go where the customers have their account number, at their homes and that might be knocking on their door or calling on the phone with telemarketing. So, it's one of those cases where if we could lessen the barriers without compromising consuming protection standards to making that enrollment a little more convenient, a little more easy, that would be great.

You know the other part is the whole timeframe it takes to switch. We live in the Amazon.com era. You know, I ordered it today and it's going to be delivered tomorrow. But the utility industry is living in the Thomas Edison era where it takes two months to get it all the way through. So, you know again, I think the best thing that's going on, Representative, is the work that's being done by OCC and PURA in bringing the stakeholders together and hammering out a workable,

protected marketplace and then -- and I'm going to keep hammering on this -- is that well-informed customer is ultimately going to keep us in business or shut us down.

REP. STEINBERG: Thank you for your comments. I'll just end with a comment of my own. I'll both agree and disagree with the statement you made earlier about this being in the midst of a historic year in terms of fluctuations in natural gas prices. I agree that this is setting a new historic standard but I believe that quite likely it's going to represent the trend than the exception going forward. We're years away from being able to seriously affect the capacity for national gas here in this state. So I think that's all the more reason to be having this conversation about providing some level of oversight and control because we're probably looking at, at least several years of these exact same conditions. Thank you for your testimony.

REP. REED: Thank you. Are there any other questions for the gentleman from NRG? Thank you very much. That's been very helpful.

JOHN HOLTZ: Thank you for your time and please consider us a resource. My contact information is with the testimony. I'm happy to talk or meet with any and all of the members as you're working on this bill. Thank you.

REP. REED: Thank you. Next to testify is Ken Sullivan.

KEN SULLIVAN: Good morning.

REP. REED: Good afternoon. Good afternoon and

the harm it would do would far outreach its financial benefits. Thank you for your time today.

REP. REED: Thank you so much for coming to talk to us, very impressive testimony. Thank you. Does anybody want to ask a question? Thank you very much. Next up is Byron Peterson.

BYRON PETERSON: Good afternoon.

REP. REED: Good afternoon, Mr. Peterson.

BYRON PETERSON: My name is Byron Peterson and I'm a volunteer leader with AARP Connecticut. On behalf of the 603,000 members of AARP in our state, I want to thank Senator Williams and Senator Looney for their efforts on consumer protections found in Senate Bill 2 and in support of older Connecticut residents. I also want to thank the Energy and Technology Committee for holding today's public hearing on Senate Bill 2.

In the first legislative session, AARP volunteers and members were instrumental in defeating legislation that would have eliminated the standard offer electric plan that would have weakened consumer protections for all ratepayers. The defeated energy auction plan helped bring to light some of the problems Senate Bill 2 attempts to address.

This bill is a beginning step in the right direction but AARP Connecticut asks that you include additional language that will provide the highest level of consumer protections, marketplace transparency and asset protection for all residents, especially those ages 50 and up. I want to share with you a story

that illustrates the need for consumer friendly legislation in the electric retail supply market.

I believe I'm a savvy consumer. I look for good deals and know a scam when I see one. As a 30 year customer of UI, I saw a chance to save some money and switched to a retail supplier. For a few months I saw a savings and was quite pleased. However, I lost that savings, the entire savings and more because as it turned out I had signed up for a variable rate that after a very short introductory period, increase significantly. The variable rate was 30 percent higher than the standard offer. I had learned a lesson about shopping in the retail market that left a very bad taste in my mouth.

AARP hears from its members regularly about stories just like mine and often significantly worse than mine. We have stories from our members about aggressive sales techniques, inaccurate portrayal of the standard offer; misleading advertising, cancellation fees, variable rates with no caps and inadequate customer service, so that we can give voice to our members and seniors across Connecticut.

We look forward to working with legislature to pass a strong consumer protections bill so that we don't just band-aid problems with third party electric suppliers. We look forward to working collaboratively with all of you to solve them permanently. Thank you and I will answer any questions that you might have.

REP. REED: Thank you, Mr. Peterson. Any questions for Mr. Peterson? Well said.

REP. REED: Well, welcome, Mr. Gauster.

WILHELM GAUSTER: Thank you, Madame Chair, members of the committee. I'm Will Gauster and I live in East Avon and I'm very happy to see my own representative Brian Becker here and thank you very much for letting me testify in support of proposal S.B. 2, concerning electric customer consumer protection.

As people have said here several times, the proposal contains important steps but clearly more is needed beyond the proposal that's now under discussion. Let me tell you about my experience, but to put it in context, let me just say a little bit about myself. My wife and I have lived in Avon the past eight years. We moved here to be closer to our two sons. We came from New Mexico where I had worked at a national laboratory and did my career of some 40 years with scientific research and science management. I was clearly not prepared well enough to deal with the complexities of being an electric utility customer in Connecticut.

The first thing that I noticed was that the rates were higher here than in any other state that I had lived in and was a very complex system of choosing among many suppliers. But it isn't just the number of suppliers, there are complicated options with varying rates, varying time durations, the question of cancellation fees and what turned out often to be misleading advertising or marketing. So I was glad that the standard plan was available and that's what I signed up for. But then after some time, I did take the fixed rate plan. Now unfortunately, I

forgot to look when it expired and suddenly I had much higher bills for a couple of months and by the time I was able to unwind that, all the savings of that year had been lost.

Now, it should be said that more recently I have been getting notice of a change and I've been able to avoid running out of a plan. However, all the rates in our deregulated market have gone up recently by quite a bit and as far as I can tell from my unprofessional research, the increases here have been considerably higher than in most other states including in regulated markets.

The flyer that I received with my most recent bill here and I'm embarrassed to say I miscounted the number of suppliers the first time, so I did it again this morning, the written testimony is in error, there are 30 suppliers of electricity for residential customers with varying rates and price plans and in addition there is another list of 10 suppliers that are stated to negotiate directly with customers.

Now, when I checked with my current supplier about one of the rates listed here, I was told it was out of date. So clearly, better information for one stop shopping is necessary and if someone who is even, just to belabor an old joke, if someone who has even worked in rocket science finds this too difficult to deal with, just imagine what the average retiree faces when things are supposed to get simpler as we get older, rather than more complex. Thank you very much.

REP. REED: Thank you. Is it Mr. Gauster or Dr. Gauster?

WILHELM GAUSTER: Well, both I can't help --

REP. REED: Okay. I was going to say, you've been in rocket science.

WILHELM GAUSTER: -- I can't help you if you have a health issue, but I could tell you about a homing transfer if you have a satellite that needs to be put into orbit.

REP. REED: Well, I think that's going to be in our next public hearing, so I want you to come back.

WILHELM GAUSTER: Okay. I'll be back. Thank you.

REP. REED: Representative Becker has a question to ask and I hope his constituent is enjoying Avon.

WILHELM GAUSTER: Very much so and I enjoy getting to know Brian, as well.

REP. BECKER: Well, Will, I just want to welcome you here today. I won't deal with Dr. or Mr. Gauster, I'll just call you Will.

WILHELM GAUSTER: That's my name.

REP. BECKER: That's right. And you know I think it's appropriate that you are a rocket scientist because this is the Energy and Technology Committee so we may talk to you about satellites in the future.

WILHELM GAUSTER: Okay. But actually I'm a solid state physicist so nanoscience would be better.

79
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

REP. BECKER: There you go. So I just wanted to thank you for coming in.

REP. REED: Next is John Erlinghauser. Oh, there you are. Good to see you, welcome.

JOHN ERLINGHAUSER: Good to see you and believe it or not it's the first time I've testified before this committee in all these years in person. I don't have -- my name is John Erlinghauser, I'm the advocacy director for AARP here in Connecticut and I do work mostly on utilities related issues. I did not bring prepared remarks. I submitted some recommendations with regards to Senate Bill 2. We thank the Chairs, Ranking Members, for raising the bill. We thank Senator Williams and Senator Looney for introducing it and as some others have said, we think it's a good start.

SB 110

I have some brief 11 pages of recommendations that we feel would really get to the crux of some of the issues that exist in the retail supply market. I for one get dozens of calls, literally dozens of calls and emails every single day about some of the types of problems that have come out here today and frankly, a lot of them are a lot more extreme and severe than what we've heard today and maybe even that you've heard from your individual constituents.

So we think that a holistic approach to this is needed. And as somebody said, not a band-aid approach because in essence it will continue to exacerbate problems. We believe at this point we're trying to make the market work because as Will pointed out in his testimony, in the best of scenarios if everybody navigates this system correctly, in

the best of scenarios with a fixed rate, you according to the PURA website, you save about \$70 a year off of your generation portion of the bill and that's if you use 750 kilowatt hours a month. Most seniors don't, I for one don't and most use maybe about a third of that.

So when you think about the risk versus potential reward and we have to remember this is billed as and promoted as a way to save money. In fact more people end up losing money because of that two month lag when the rates are going up two and three times, two and three times what a fixed rate is or what the standard offer is, then I believe we've got a problem and we need to address it.

One of the biggest concerns that we have in our 11 pages of recommendations, is we could write rules until we're blue in the face, in fact we did some in 2011 and I'm not frankly sure, and I haven't been able to get a clear answer from anybody, that any of those have ever been put into effect. But regardless of whether they are or they aren't, there really isn't much of an enforcement unit at PURA to deal with all of the complaints and in fact investigatively and enforcement, people can break whatever the rules are regardless because there really aren't much consequences for them.

And we wouldn't have to keep coming back to this year after year after year if self-policing of the industry was really working. I mean in fact, it's just not so we have to do something. So we're happy to work with anybody including the industry frankly, although I would encourage them to come to the table and all of us be open minded, but

come up with something that's workable so that the market works for those who chose to enter into it, that the standard offer continues to exist for those who don't and that it remain a viable option and that people can actually get something on this.

And I do want to say very quickly because I know I heard the bell, we'd also like to add our voice to the opposition on Senate Bill 110. Believe me, when I first started we fought the acid test that was implemented on ConnPACE and what we saw is the chilling effect. The amount of enrollments for ConnPACE the old Connecticut State Prescription Drug Assistance Program, dramatically decreased and the biggest problem with the acid test is that most seniors who are low income and low asset, are frankly embarrassed to reveal that information, scared to reveal that information and as other experts have said, there are more reliable sources for getting that type of information that having to put an elderly, disabled or vulnerable person through that process. So I open myself up to any questions and I'd be happy to try to answer them and look forward to working all of you hopefully.

REP. REED: Thank you, John. I've been reading through your testimony and it has so many very good ideas and we really look forward to working with you on this and get the best products that we can as quickly as we can. Any other questions for John?

JOHN ERLINGHAUSER: I would just add, we'll make available our national staff as well as our national consultant that we've hired to work on this and we're also involved in the PURA

SB 2

proceeding which tonight is again in Farmington for anybody who's interested in that proceeding. Thank you very much.

REP. REED: The next is Pam Greenberg. Welcome.

PAM GREENBERG: (Inaudible - no microphone) -- thank you and members of the Energy and Technology Committee. I am here today to voice opposition to Bill S.B. 110, AN ACT CONCERNING FRAUD PREVENTION IN CONNECTICUT'S UTILITY TERMINATION PROGRAMS. My name is Pam Greenberg and I'm from Glastonbury. I'm here to read testimony for Lisa Fine who was not able to attend.

Thank you for the opportunity to testify today. I am an individual -- I'm reading Lisa's words -- I am an individual living with multiple sclerosis and insulin dependent diabetes. My boyfriend is on dialysis and is waiting for a kidney transplant. We rent a first floor apartment in an old house in Manchester. I am here to oppose S.B. 110. We are struggling like many to afford our energy costs. We both receive social security disability insurance payments and work part time to make ends meet.

2013 was the first year Andy and I qualified for LIHEAP, Low Income Home Energy Assistant Program funding. I was told that if Andy were to get a part time job, our household would exceed the income allowable. Though we were both very thankful for the 128 gallons of heating oil we received, it was very concerting because there is so much more to our story than merely our income.

Our medical bills are exorbitant and because of our medical conditions we must follow

the next season. But if you do it -- these are printed and at warehouses in the area weeks in Advance of a distribution so if you did it two weeks in advance, you wouldn't be opted out for that particular distribution cycle.

SENATOR DUFF: Because it seems like a lot of them come at this similar time frame.

AMY HEALY: It's a competitive business and they're constantly jockeying distribution schedules based on what the competition is doing. Everybody wants to be the last book on the street.

SENATOR DUFF: Oh really? Not the first.

AMY HEALY: Not the first because the next one that comes you recycle the one that was already in your house, generally, that's what I hear.

SENATOR DUFF: I have a feeling there's not going to be a lot of them sitting at our mailboxes right now because you can't even get to your mailboxes.

AMY HEALY: Correct.

SENATOR DUFF: Okay. Thank you for your testimony. Thank you, Madame Chair.

REP. REED: Thank you. Any other questions? Thank you for your testimony. Next up is Tom Swan. I don't see him -- oh, there he is. Welcome.

TOM SWAN: Good afternoon, Representative Reed, Senator Duff, other members of the Energy and Technology Committee. My name is Tom Swan

SB 2
SB 110

and I'm the Executive Director of the Connecticut Citizen Action Group. I want to thank you for having the hearing today. I'm here to express our opinion that Senate Bill 2, AN ACT CONCERNING ELECTRIC CONSUMER PROTECTION, is a start and to offer some ideas on how it needs to be improved and to make clear our opposition to Senate Bill 110, an act on the -- you've heard a lot of people testify on, on the supposed fraud within the Connecticut utility termination programs.

In terms of Senate Bill 2, I'll not go into details on the need for greater protections. I think if anybody went to last night's hearing in Milford or goes to tonight's hearing that PURA is holding in Farmington, you will hear the need for greater protections.

I'll focus in and try to go quickly on some of the areas I think we need to look at. First, we need more stringent licensing requirements including lifting the cap on bonder's security interest requirement to cover possible customer restitution and we also need PURA to be given a clearer deadline and timeline in terms of when they're going to release these stronger guidelines and protections.

PURA needs to do greater monitoring enforcement over the retailers including clear marketing standards, the ability to reject, suspend and rescind licenses, the obligation to order suppliers to provide restitution to customers when deemed just, the duty to place an injunction on questionable marketing practices pending resolution of any investigation, the obligation to assess civil penalties and

115
djp/gbr ENERGY AND TECHNOLOGY
COMMITTEE

February 20, 2014
11:00 A.M.

refer potential criminal activities and the authority to assess fees and levy fines that will cover any increased costs and PURA's education supervision enforcement activities.

Senate Bill 2 takes potentially some good steps in terms of disclosure but there needs to be even clearer standard for people to be able to compare costs and to understand what they may be signing up for. The truth in lending act should serve as a model floor for looking at some of these activities. People who receive energy assistance should not be subject to the whims of the market unless they're guaranteed to save money.

It just seems like we're going to be wasting public funds and what we're trying to do to alleviate people with limited incomes ability to pay their bills, we're going to take that away by the current activities we're seeing, the doubling and tripling of rates in the retail market.

PURA needs to develop stringent guidelines and enforcement mechanisms that use phone and/or marketers and they need to be held accountable for their training, the transparency of their marketing practices, complete procedures monitoring and acceptable marketing practices. Thank you for your time. I don't need to go into any more on 110.

REP. REED: Thank you for your testimony. Any questions for Mr. Swan? Well we know you'll be around so we can talk with you about all these things.

TOM SWAN: I will be around.

And then the third advantage is simply that they will help reduce carbon pollution. In the United States the transportation sector is generally one of the largest contributors to carbon pollution, something like 28 percent nationally. Here in Connecticut it's actually higher, about 40 percent and that's partly because we've done such a great job with making our buildings energy efficient. But if we can increase the options for consumers to purchase clean low cost electric vehicles like we can here through Senate Bill number 108, I think that would be a win for Connecticut.

REP. REED: Thank you. I know other states have these cars and one of the issues is them driving over -- they only go a certain speed so it's like 35 miles an hour or something so driving over other roads with higher -- have they been able to work these out, are there models that we should look at?

BILL DORNBOS: That's my understanding. There are other states who have adopted a similar approach to neighborhood electric vehicles and they've been able to overcome the safety concerns.

REP. REED: Any other questions? Thank you so much. Next up is Melissa Biggs. Good afternoon.

SB 2

MELISSA BIGGS: Good afternoon, Representative Reed and Senator Duff and members of the Energy and Technology Committee. I am here today representing RESA, the Retail Energy Supply Association. We are a trade association of 20 energy companies that operate throughout the nation. I know there was some talk earlier about self-policing.

RESA does require its membership to agree to a standard of consumer protections. Each year they evaluate that and they send out more pamphlets and more materials that they want to circulate throughout their membership and have their membership circulate throughout their consumers.

While RESA to date has never denied someone membership after they've become a member of RESA, they have prohibited companies from joining RESA based on their track record and their background in the market place.

RESA is here today supportive of Senate Bill 2. We do agree that a new website portal might be easier for consumers. We think that disclosures are important for consumers and we want to make sure that there is as much openness into the process as possible. We would like to work with the committee and with the department to ensure that the website is working properly. We think there is a lot of fine details including how you're going to list out the rates, how those are going to be changed, how are you going to make sure the website doesn't prefer one supplier over another. That we think we can help assist with. In our testimony we cited the two states that have ideal websites that we think the committee should look at and try to align themselves with. But again, we would like to work with the committee as that process moves forward.

We also think that additional disclosures would help alleviate some of the concerns in the market place. We do want consumers to know and be aware of what their rates are, when they're going to change. That's why we worked so hard on last year's bill. We do

think that went a really good step. Last year's bill will require notification when someone moves from a fixed rate to a variable rate. That letter should be received between 30 to 60 days before that rate changes. Last year's bill also changed the requirements for the font of advertising prices which I know was already mentioned. That part of the bill did not become effective until January 1st of this year so that I know we're probably still seeing and receiving complaints from last year, but we hope that as the bill becomes effective that we're going to see more disclosures and more consumers being aware of what they're getting into as they're getting these flyers.

RESA believes that more resources are needed for PURA. We believe that Connecticut currently has a lot of good policies on its books for consumer protections but we don't feel as if PURA has the resources to comprehensively enforce these protections. Just some of the current requirements are that suppliers have full disclosure of contract terms and conditions. There's a verifiable and documented authorization for customer enrollments. There is already a penalty free rescission window for residents and small businesses. The notice requirement for when the contract expires and prohibitions against any deceptive, misleading or unfair trade and advertising practices.

I'll try and wrap up real quickly. RESA would support quicker switching times. I know that there's a lag between the one and two months, but RESA would support any movement in that direction. We believe that we want consumers to be able to switch and be

happy with their supplier as soon as possible. We also are working diligently with PURA on the open docket they have right now. We've complied with all of the OCC's interrogatories to give them more information about what we are sending out to consumers.

Also finally, I would like to offer my services and RESA's services for any community outreach you are doing. I know that there are a lot of misconceptions with consumers. So if you're having a senior affair or community organization and you'd like someone there to help explain to them the current website or the current market structure, I'd be more than happy to attend. If I cannot attend, I'm going to try to enroll some of my recent members to send someone who would not try and solicit them to enroll with anyone but purely give them information on the market and what their choices are. So with that, thank you for your time and I'll take any questions you may have.

REP. REED: Good to see you, Melissa. I was just wondering, you began to talk about the association again and it is quite a large association and I was just wondering do you have any way that consumers can actually contact your association and you notify members that there's a lot of bad behavior going and they're going to be kicked out of the club? Any help you can give in that area?

MELISSA BIGGS: I don't know that there is a customer hot line per se, but I know that internally members bring up with the association's director if they received bad complaints. They follow all the regulator

authorities across the nation and if they see that one supplier is having a high percentage of complaints, RESA approaches that member. Because like you all know, one bad apple is going to tarnish the name and that's something that RESA fights against often.

REP. REED: Thank you. Senator Duff.

SENATOR DUFF: Thank you. Thank you, Melissa for being here today and your testimony. I just wanted to thank you for your help last year on the disclosure legislation. It helped this committee tremendously and you're right in the fact that it was only effective January so it will take some time for that to kind of go through the process so that consumers are more aware of it. But we just want to thank you for your help last year on that.

MELISSA BIGGS: Thank you and I hope that I can help again this year as well.

REP. REED: We may. Some of us may be taking you up on your offer to come to our communities and talk to our constituents.

MELISSA BIGGS: I am completely serious. I will be there, I will bring my laptop, I will walk them through all the steps, so please, take me up on it.

REP. REED: Any more questions? Representative Bowles and then Representative Genga.

REP. BOWLES: Thank you, Melissa. I appreciate your being here. How many bad apples would you say there are? It seems again, just the public outcry around this issue and the significance of the increases are fairly

exorbitant.

MELISSA BIGGS: They're high. And I will admit I am enrolled in the PURA's docket so I have been reading the customer complaints as they've been filed. And personally, I view them as a lot of miscommunication, misunderstanding. You know you're seeing filings about people complaining about their distribution rates as well and how those have been going up. So there is a high volume of people not understanding the market and what role the retail supplier has on their bill. But, I also have looked at -- PURA has a complaint page where you can analyze whose received complaints. RESA has some concerns with that page because I'm told that even if you make a call and you're confused who your supplier is, it's still counted as a complaint against them. But, based on that site I would say that there's only five companies that would have over 10 complaints on the record for this year.

REP. BOWLES: Okay. That's helpful and I think you're willingness to work with this committee in terms of addressing these problems is also very helpful thank you. Thank you, Madame Chair.

REP. REED: Thank you, Representative Bowles. Representative Genga.

REP. GENGA: Thank you, Madame Chair. Thank you for your testimony. I will take you up on your offer because I'm holding a forum, March 6th in East Hartford at 7:00 at town hall.

MELISSA BIGGS: I'll be there.

REP. GENGA: And there's a panel going to

represent and provide information to the public and it's going to be televised locally. But what I wanted to ask you, did you see Tuesday night, the 11:00 news on channel three regarding independent suppliers and the names of the suppliers that were listed and the individual complaints they received about them?

MELISSA BIGGS: I did not see that.

REP. GENGA: It was an investigative report.

MELISSA BIGGS: Yep. I think I saw some of the previews for it but I did not see the full report, unfortunately.

REP. GENGA: Okay. Because I would have asked you if you did, were any of those part of your association?

MELISSA BIGGS: I don't believe any of the complaints on the variable rate products which are who those organizations are against are a part of RESA. I will say -- I won't say that no RESA members have had complaints in the past, but I believe when you're talking about the high variable rates, you're talking about some of the smaller companies that exist within the industry.

REP. GENGA: Okay. I had my own experiences that I provided testimony earlier in making calls and getting calls and I will tell you there's a big scam going on with the public and there's a marketing program with many of these that aren't what you hear. If you think it's too good to be true, it is.

MELISSA BIGGS: And I'd also like to welcome the committee to let me know of any problems they

are having with an individual supplier.

REP. GENGA: I'll give you the names privately.

MELISSA BIGGS: Yes, because I will contact them. I've had that problem come up last session and I was able to get a hold of the sale person and they were able to bring up the telephone call that had recorded in their system so that they could fix any of the problems that they had. So I would love to know those names and see if I can help ensure that those people are notified of their bad behavior.

REP. GENGA: I'd be willing to give you the names, but I also talked to them personally myself and said if you didn't believe me, listen to your recordings.

MELISSA BIGGS: And many companies have. I've had a company go back six months to look at the IO recording of the call and then they were able to go back and talk to that sales person and say this was incorrect and this is why. So it has been helpful. So if you hear about those complaints, out of the companies I work with do appreciate to know because they can't catch everything and they want to make sure that everyone's having a positive experience.

REP. REED: Anybody else you want to invite to be on your panel? This is going to be a good show. Any more questions? Thanks, Melissa. We'll be seeing you again soon.

MELISSA BIGGS: All right. Great thank you for your time.

REP. REED: Next up, Mike Morrissey. Good

**BEFORE THE
STATE OF CONNECTICUT
COMMITTEE ON ENERGY AND TECHNOLOGY**

February 20, 2014

Testimony of Daniel W. Allegretti

On behalf of

Exelon Corporation

Proposed Bill No. 2 (LCO 629)

Members of the committee, thank you for the opportunity to provide this written testimony. My name is Daniel W. Allegretti and I am a Vice President for State Government Affairs - East with Exelon Corporation ("Exelon"). By way of introduction, Exelon is a Fortune One Hundred company, headquartered in Chicago, Illinois, with operations and business activities in 47 states, the District of Columbia and Canada. Exelon owns Commonwealth Edison Company, the Baltimore Gas and Electric Company and PECO Energy Company, which combined own electric transmission and distribution systems that deliver electricity to approximately 6.6 million customers. Here in Connecticut we are best known through our retail brand, Constellation NewEnergy Inc. ("Constellation"), which provides electricity directly to thousands of Connecticut businesses and residents and to over a million customers nationwide.

I am providing these comments on behalf of Constellation, to convey our support of Senate Bill No. 2. We are firm believers in the benefits of retail choice and strongly support the advancement of Connecticut's retail electric market. One of the best things Connecticut can do to help consumers is to educate and inform them about the choices available to them. This bill does just that. By directing the Department of Energy and Environmental Protection to make improvements to its current web site and giving it the resources to do so, the General Assembly will be empowering the Department to build upon the good work it has done to date to provide the public with clearer and more comprehensive information with which to make choices. We hope that you will pass this bill and look forward to working with the Department to share our experience and to help implement this bill to further these laudable goals.

Regrettably, due to a conflicting hearing, I am unable to be here in Hartford with you today. Please accept my apology and, to the extent I may be helpful in answering any questions, I would be more than happy to hear from members after the hearing. Thank you.

Bob Rodman

5 Homestead Lane

Avon, CT 06001-2933

(860) 675-1824 nspst@comcast.net

I am writing to you to in support of Senate bill 2. I also request that it be made even stronger.

I jumped into the competitive market several years ago based on all the promotion of it as a way to save significant amounts of money on my electric bill. Confident I could use the website for information, I chose the lowest fixed rate from one supplier. When that contract ended I switched to ConEdison Solutions which was then the lowest fixed rate on the website. This was done with a minimum of effort over the phone. In ConEd's favor, I happened to speak to people whose language skills were clear and favorable to my 81 year old hearing loss

Through this time period my mail always contained multiple full color brochures featuring reasons to switch to this or that company mostly all promoting themselves as a way to save money on my energy costs. In early December of 2013, even though I am on a "Do Not Call List", Starion Energy began a relentless telephone campaign to warn me that the CL&P rates were going up and I should act fast.

Unfortunately at that point, ConEd Solutions hadn't communicated with its existing customers what their rate would be for 2014. This factor caused me to accept Starion's rate...the only one offered, which turned out to be a variable rate. Within 24 hours, I had read an article titled, "Electric Shadyland" that pointed out that a principle involved with Starion had some serious problems with the CT Attorney General regarding business practices. I called Starion to opt out of the contract and that I wanted to stay with a fixed rate. On doing that they suddenly offered me a fixed rate. I still refused based on the information in the magazine article...that information stunned the salesperson and she asked if I would send it to her. I did. The contract was voided. I was troubled that they did not even offer me or make available to me a fixed rate as opposed to the variable rate in the first place during their relentless telephone campaign.

The business plans for most of these third party electric suppliers seems to prey on the elderly and try to sell the variable rate and hope the customer doesn't notice a later change upward. Keeping up with this market is possible but requires diligence, personal fortitude, and a healthy confidence in the use of a computer. As a Senior Citizen, I and my fellow seniors will be challenged to avoid getting bilked in this market game. However, even in the best of circumstances, even if I pay due diligence to the supplier market and make all the correct choices the savings that it affords me hardly seem to make the entire process worth it.

Testimony in support of Senate Bill #2 ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION
February 20, 2014
Energy & Technology Committee Public Hearing

I consider myself a savvy consumer. I play the market, I look for deals, I shop around for good electric rates with private suppliers, especially since I own an all-electric home.

Given the recent news and attention to the fluctuating rates in the competitive market and evidence that so many people were paying rates well in excess of the CL&P and UI standard offer, I took another look at what I was paying. While I had been sure I had signed up for a fixed rate, it turns out that I had actually signed up for a variable rate contract. I noticed this because my cost per kilowatt hour had gone up slightly from the prior month.

The good news is that the plan I signed up for has a clause that says the variable rate charged by my company, Town Square Energy, can't exceed the fixed rate being charged by CL&P. I know I am very lucky to have this clause, it is clear that most consumers who find themselves in this position are not protected in this way.

I have nothing negative to say about my experiences with Town Square Energy per se, but I do believe that strong consumer protections that make the rates, clauses, termination fees explicitly clear to those of us who are interested in shopping around. I would additionally suggest a cap on kilowatt hour charges in excess of the standard offer and private supplier offers that match the timed changes in the standard offer.

I appreciate your efforts to expand consumer protections in the electric market.

Roy Duncan
Bloomfield, CT

BEFORE THE CONNECTICUT GENERAL ASSEMBLY
COMMITTEE ON ENERGY AND TECHNOLOGY

Filed Testimony of

ALEXANDREA L. ISAAC
GENERAL COUNSEL
STARION ENERGY, INC

Senate Bill No. 2
Hearing Date - February 20, 2014

Dear Members of the Energy and Technology Committee,

Thank you for the opportunity to submit comments regarding Senate Bill No. 2, "An Act Concerning Electric Customer Consumer Protection" Starion Energy, Inc. ("Starion"), an alternative electric supplier, formed in 2009 in Southbury, Connecticut and entered the Connecticut market in January 2010. Since 2010, Starion has rapidly grown as a supplier of electricity and gas in several jurisdictions. Currently, Starion services residential and commercial customers in nine (9) states and twenty-two (22) utility territories

Through its growth and development, Starion has and continues to constantly evolve with a concerted effort to improve the customer experience. Starion has offered a variety of products for our consumers including renewables, charitable donations, as well as variable and fixed rate offerings. Starion supports the General Assembly's goal of continuing to improve the customer experience, as well as ensuring customers are well informed about the contracts they enter into. Starion, on its own accord, has established several measures of verification, which are intended to promote quality assurance and consumer protection. Some of these measures include: live monitoring, a third-party verification system and live follow-up quality control calls.

Starion can appreciate the value of having an on-line portal where consumers can go shop for electricity as proposed in SB No. 2, and would appreciate the opportunity to work with the Department of Energy and Environmental Protection on how to make the website as affective as possible. As a local small business we have a unique perspective that may be helpful to this development.

As you may be aware, the Public Utilities Regulatory Authority has opened a docket to examine the supplier industry in Connecticut and the rules that govern it. The PURA docket is entitled "PURA Establishment of Rules for Electric Suppliers and EDCs Concerning Operations and Marketing in the Electric Retail Market [13-07-18]". This docket encompasses and will examine each and every licensed supplier in Connecticut. In an effort to gather information in this docket, the Office of Consumer Counsel issued a thorough set of interrogatories on all suppliers. A copy of these interrogatories is attached hereto as Exhibit A for your review.

Starion believes that PURA and OCC will utilize this docket to conduct an in-depth analysis of the retail electric market. Currently, PURA has designated four days (March 24th - 27th) to conduct evidentiary hearings of Connecticut suppliers and has committed to adding additional time for hearings should it be deemed necessary. As a result of this extensive process, Starion hopes that PURA, OCC and the suppliers, such as itself, who are committed to improving the industry as a whole will be able to work together to identify and implement procedures that advance the industry as well as improving existing consumer protections. Starion encourages the Committee to ensure any bill passed this session works in unison with any PURA rulings and the extensive efforts that are being made by all parties involved in the current supplier docket.

Thank you for your time. Starion appreciates your consideration of its testimony in this matter.

EXHIBIT A

STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY

RE: PURA ESTABLISHMENT OF
RULES FOR ELECTRIC
SUPPLIERS AND EDC'S
CONCERNING OPERATIONS
AND MARKETING IN THE
ELECTRIC RETAIL MARKET

DOCKET NO. 13-07-18

DECEMBER 24, 2013

SECOND SET OF INTERROGATORIES FROM
THE OFFICE OF CONSUMER COUNSEL

The Office of Consumer Counsel (OCC) requests responses to the following interrogatories from all electric suppliers operating in the State of Connecticut by
January 7, 2013

DEFINITIONS

- A As used in these interrogatories, "any" shall include "all," and "all" shall include "any," as needed to make the request inclusive and not exclusive.
- B As used in these interrogatories, "and" shall include "or," and "or" shall include "and," as needed to make the request inclusive and not exclusive. For example, both "and" and "or" mean "and/or "
- C As used in these interrogatories, "include" and "including" mean "including but not limited to."
- D As used in these interrogatories, "Company " means the respective electric suppliers subject to this current PURA proceeding, any domestic and foreign parents, present or former subsidiaries, affiliates, branches, divisions, principals, associated persons, control persons, directors, officers, employees, agents, trustees and beneficiaries. Each reference to Company shall be interpreted to include any, all, or any grouping or subgrouping of persons and entities named in the foregoing enumeration as needed to make the reference inclusive and not exclusive
- E As used in these interrogatories, "document" means all materials and tangible forms of expression in each Company's possession, custody or control, whether drafts or unfinished versions, originals or nonconforming copies thereof, however,

or by whomever prepared, created, produced, maintained, used, sent, received, dated, or stored (manually, mechanically, electronically or otherwise), including books, papers, records, files, notes, e-mails, messages, bulletins, personal digital assistants (PDAs), smartphones (e.g., "Blackberry," "iPhone," "Droid") and other mobile electronic devices, or other electronic, social or industrial web-based media (e.g., Facebook®, Twitter®, LinkedIn®) within the Company's control, letters, chronologies, charts, studies, graphs, computer printouts, receipts, schedules, itineraries, declarations, affirmations, affidavits, deposition transcripts or other sworn, affirmed or unsworn statements, scripts, press releases, minutes, summaries, analyses, correspondence, memoranda, work papers, ledger sheets, confirmations, cables, wires, telecopies, facsimiles, telegrams, telexes, telephone logs, notes or records of conversations or meeting, contracts, agreements, notices, advertisements and including all metadata in all electronic documents.

- F.** "Communicate" or "communication" means every manner or means of disclosure, transfer or exchange, and every disclosure, transfer or exchange of ideas or information, whether orally, by document, or electronically, or whether face-to-face, by telephone, mail, personal delivery, electronic transmission or otherwise
- G.** "Identify," "identity," or "identification," (1) when used in reference to a natural person, means to state his or her full name and present or last-known address, present or last-known position and business affiliation and each position with you, social security numbers, and telephone numbers for residence and business; (2) when used in reference to any other person means to state its full name, present or last-known address, and telephone number; (3) when used in reference to a document means to state the type of document (*i.e.*, letter, memoranda, chart, handwritten notes, calendar (electronic or paper), spreadsheet, sound reproduction, report, computer inputs or outputs, etc.), the location where maintained, the Company's identifying marks and code, the subsidiary, division, or department where prepared and sent, the document date, the author and persons to whom copies were sent or persons initialing or reading or approving the document, and the name and address of each of the present custodians of the document; (4) when used in reference to an event or instance means to identify each natural person involved in the event, to state when and where the event occurred, to state a description of the nature and substance of the event, and to identify any document related to the event; (5) when used in reference to a communication means to state each communication, the persons involved in the communication, where the communication took place, and a brief description of the substance of the communication, and to identify any document related to the communication.

INTERROGATORIES

- OCC-21. Identify all means by which the Company's products are sold, including, but not limited to, telemarketing, door-to-door sales, multi-level marketing ("MLM"), referral sales, direct mail solicitation, and internet sales. For each such sales practice, identify and explain how the entity or person conducting the sale is compensated.
- OCC-22. Provide a copy of all internal training materials in effect in 2012 and 2013 for any entity or person that has engaged in sales of the Company's electric retail products in Connecticut. In your response, identify the dates during which the training materials were in effect or when revisions occurred.
- OCC-23. Please indicate whether the Company sells its products to:
- a. residential customers,
 - b. business customers,
 - c. apartment buildings where tenants are not responsible for paying the utility bill directly, and
 - d. apartment buildings where tenants are responsible for paying the utility bill directly
- OCC-24. For each of the 12 most recent months for which data are available, please indicate separately:
- a. the total quantity of residential customers served,
 - b. the total quantity of residential customers who are tenants;
 - c. the total quantity of new residential customers for the given month; and
 - d. the total quantity of residential customers whose service was terminated in the given month
- OCC-25. Provide the geographic boundaries of the areas in which the Company's employees, contractors or agents or anyone authorized to sell the Company's products conducted door-to-door sales activities in Connecticut since January 2012, and the dates of such activities. Identify by name, title, business address and physical location the individuals who supervised the door-to-door sales activities.
- OCC-26. Please list the criteria used to determine the geographic area to conduct door-to-door sales activities and identify any and all individuals (including title and business address) involved in deciding where such activities would be conducted. Provide all documents, including but not limited to discussions, decisions, instructions, or company policies, related to where to conduct door-to-door sales activities.
- OCC-27. Provide the geographic boundaries of the areas within which the Company's products were promoted through telemarketing efforts since January 2012, and the dates of such telemarketing activities. Identify by

name, title, business address and physical location the individuals who supervised such telemarketing activities.

- OCC-28. Please list the criteria used to determine the geographic area to target for telemarketing and identify all individuals (including title and business address) involved in deciding where such activities would be conducted Provide all documents, including but not limited to discussions, decisions, instructions, or company policies, related to where to conduct telemarketing activities
- OCC-29 Identify the date, trainer, number of attendees, and location where training occurred for any entity or person engaged in the sale or promotion of the Company's products in Connecticut during 2012 and 2013 to date
- OCC-30 Provide a copy of the Company's internal compliance program to assure compliance with its training materials and Connecticut law and regulations.
- OCC-31. Provide documents related to any internal audits or investigations conducted by or on behalf of the Company since January 2012, including reports, draft reports, and any documents in which such reports and draft reports were mentioned or discussed
- OCC-32 Provide internal documents that identify the results of any internal audits or investigations undertaken since January 2012.
- OCC-33 Identify the employees (including names, positions, mailing addresses, and physical locations) with the responsibility to ensure compliance with the Company's internal policies and Connecticut law and regulations for entities or people engaged in the sale or promotion of the Company's products in Connecticut
- OCC-34. Identify any internal discipline and sanctions imposed on any entity or person engaged in sales of the Company's product as a result of actions undertaken in Connecticut since the initiation of the Company's retail sales of electricity in Connecticut
- OCC-35 Provide the contract(s) or arrangement(s) in effect with any contractor or agent authorized to verify customer authorizations to switch electric suppliers for Connecticut consumers.
- OCC-36 Provide the script in effect to obtain verbal customer authority to switch their electric supplier for Connecticut sales transactions
- OCC-37 Provide a copy of every residential service contract or consent to service, including disclosure documents and terms of service, with the applicable price and pricing methodology, used in Connecticut since January 2012, noting the location and date when such contract was in effect.

- OCC-38. For each month of June through December 2013, provide an electronic spreadsheet showing the following information for each Connecticut residential customer billed for generation supply service:
- a. Customer Name;
 - b. Customer Address;
 - c. Contract version (as internally labeled or tracked),
 - d. Price or range of prices of generation supply service in cents per kWh format;
 - e. Billed amount sent to utility (total amount billed),
 - f. Renewable or "green" product (Y/N),
 - g. Fixed or variable rate (F or V),
 - h. Contract term (length in months), and
 - i. Contractual early termination fee amount (\$).
- OCC-39. Provide a copy of every contract renewal notice sent to a Connecticut residential customer since January 2012
- OCC-40. Provide a copy of all mass marketing materials (including but not limited to radio ad scripts, TV advertisements, newspaper ad copy, postcards, mailings and brochures) used in Connecticut since January 2012.
- OCC-41. Identify any telemarketing campaigns undertaken in Connecticut since January 2012. In your response, provide the sales scripts, the identity of the telemarketing contractors, a copy of the contract with such contractors, and the resulting sales activity for each sales campaign since January 2012.
- OCC-42. With regard to the Company's verification of customer authorization to switch their electric supplier, provide a CD with the audio recordings of each call attempted or conducted in the January through April 2013 period
- OCC-43. Provide a copy of the Company's compensation arrangement with any entity or person engaged in the sale or promotion of the Company's product in Connecticut, whether the Company pays the compensation directly or acts as a conduit for payment by the customer. In addition, provide a summary of all such compensation, monetary or otherwise, paid to the same on a monthly basis since January 2012, including bonuses and incentives.
- OCC-44. Identify each state in which you or an affiliate has been under investigation in any state or federal regulatory or judicial proceedings since January 2012, and provide the latest information on the status or result of that investigation. Where completed, provide an order or other document indicating the final result. Where not completed, identify the status of the proceeding and provide copies of any materials submitted to the relevant authority to date. For the purposes of this response, please

interpret "proceeding" as one noticed to the supplier in writing and in which further information is sought or requested about the supplier's retail sales of energy marketing conduct or related activities

- OCC-45 Provide any internal reports or other documents that summarize and identify customer complaint trends and actions taken as result of evaluation of customer complaints since January 2012
- OCC-46 Describe fully the Company's policies and procedures for handling consumer complaints, and, in the response, identify the name, title, address, and telephone number of the employee(s) responsible for supervising the handling of consumer complaints. Also, please indicate how many months/years the employee has held the position. Please also indicate to whom the employee person reports.
- OCC-47. Please provide an organizational chart for the Company
- OCC-48 Provide a monthly compilation of customer complaints from Connecticut residential customers since January 2012 by the following complaint categories:
- a. Door to door or telemarketing sales agent conduct,
 - b. Pricing or pricing methodology;
 - c. Early termination fee amount or requirement;
 - d. Allegation of slamming (that the customer's supplier was changed without authorization);
 - e. Allegation of cramming (that the customer was billed for charges not agreed to);
 - f. Billing errors;
 - g. Customer service call center call not answered, wait times; failure to reach live representative; dissatisfaction with result;
 - h. Misrepresentation of identity;
 - i. Impersonation of utility employee,
 - j. Customer intimidation, *i.e.*, telling customers they are required to choose a supplier or their power will be shut off; and
 - k. Other.
- OCC-49 With regard to each type of variable rate contract entered into with Connecticut residential customers since January 2012, provide the methodology used to calculate the customer's monthly bill and provide an example using an average of 750 kWh
- OCC-50. With regard to any product sold to Connecticut residential customers labeled "renewable" or "green" energy, identify the basis for such characterization by documenting that portion of the Company's sales to such customers that reflect compliance with Connecticut's renewable energy mandate and that portion that reflects the incremental renewable energy content. In your response, provide documents related to the

contracts or purchases that show compliance with each portion of the product marketed as renewable or green since January 2012

- OCC-51 Please provide the following data for the most recent time period available, and specify the time period that corresponds with the response:
- a. All residential counts,
 - b. Residential counts separately by zip code,
 - c. Residential counts separately by municipality;
 - d. Quantity receiving elderly home heating assistance;
 - e. Quantity receiving low income energy assistance,
 - f. Quantity of medical no shut-off, excluding those flagged as moratorium on shut-off;
 - g. Quantity of moratorium on shut-off (the 11/1 until 4/1 moratorium), excluding those that are also flagged as medical no shut-off,
 - h. Quantity that are flagged both as medical no shut-off and moratorium on shut-off; and
 - i Home Energy Solution – Income Eligible.

Respectfully submitted,

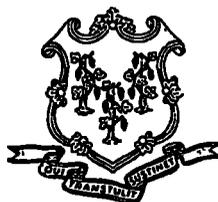
ELIN SWANSON KATZ
CONSUMER COUNSEL

By: _____
Victoria P Hackett
Staff Attorney
Lauren Henault Bidra
Staff Attorney

I hereby certify that a copy of the foregoing has been mailed, electronically filed, and/or hand-delivered to all known parties and intervenors of record, this 24th day of December, 2013.

Lauren Henault Bidra
Commissioner of the Superior Court

Room 3300
Legislative Office Building
Hartford, Connecticut 06106-1591



860-240-8600
1-800-842-1420
www.SenatorWilliams.cga.ct.gov

State of Connecticut
SENATOR DONALD E. WILLIAMS, JR.
Twenty-ninth District
President Pro Tempore

**Testimony before the Energy and Technology Committee
Senator Donald E. Williams, Jr.**

**In Support of S.B. 2, AAC Electric Customer Consumer Protection
February 20, 2014**

Senator Duff, Representative Reed, distinguished members of the Energy and Technology Committee; I appear before you today to thank you for raising S.B. 2, AAC Electric Customer Consumer Protection, and to express my wholehearted support of the bill.

One goal of electric supplier deregulation was to give consumers more choice in their electric suppliers and accordingly, more opportunities for savings. As of September 2012, over 700,000 customers have chosen a private supplier, including more than 90% of large industrial customers, while another 800,000 customers have not and remain with the standard offer.

Shopping for a competitive electric supplier can, and has, provided significant savings to electric customers, but the process of doing so can often prove confusing, especially to residential customers. Recently it has become apparent that many consumers are not saving, and in fact, are paying many times more than the "standard offer" rate.

Over the last several months I have heard numerous stories of consumers who are confused about the process, unable to make informed choices and at worst, have been misled about their electric rate and the terms of their contracts. Many private suppliers advertise low introductory "teaser" rates of a limited duration, which quickly increase in future months. Customer rates often skyrocket with little if any notice, and no ability to cancel without paying a penalty. Some private supplier contracts contain auto-renewal provisions that are buried in fine print. Private supplier rates and contract terms often change over time, and the full terms of offers are not now available for comparison in a uniform, easy-to-read format.

In fact, as a result of receiving a flood of consumer complaints about electric suppliers, the Public Utilities Regulatory Authority (PURA) recognized that a problem exists and opened a docket to investigate the issue (Docket No. 13-07-18, Establishment of Rules for Electric Suppliers and EDCs Concerning Operations and Marketing in the Electric Retail Market). PURA will be holding a series of public hearings around the state over the next month or two (the first of which was last evening). I would encourage the committee to listen to the feedback from the public and to take this into consideration as the session, and hopefully this bill, moves forward. I would note that the committee should not wait for PURA to rule on the docket before taking action on this issue. This is a very real and urgent problem that is costing Connecticut consumers each and every day.

To address this problem, I would propose a series of consumer protections bring transparency to electric rates will help consumers make informed, cost-conscious decisions. The proposals fall into three primary areas:

- Clear disclosures and capping of fees on consumers;
- Fair and open marketing practices; and
- Licensing and Enforcement.

With clearer, easier-to-access information on private supplier offers, customers will be better equipped to make the best possible decisions. Consumers will be protected from deceptive marketing practices and suppliers will be held accountable if they mislead customers.

The competitive market can work for the benefit of Connecticut families and businesses only when our consumers are empowered with the information necessary to make the choices that meet their needs and maximize their savings.



Real Possibilities

Testimony of AARP CT

Senate Bill Number 2: AAC Electric Customer Consumer Protection
Energy & Technology Committee
February 20, 2014

AARP CT thanks Senator Williams and Senator Looney for submitting Senate Bill Number 2. We would also like to thank the Energy and Technology Committee for hearing it today. Senate Bill Number 2 is a good first step towards protecting consumers from the pitfalls and abuses in the third party electric supply market, however, AARP believes a more holistic approach to fixing the market is truly. Several recommendations to enhance consumer protections are outlined below.

I. WHY REFORMS ARE NEEDED

Connecticut consumers, similar to those in other states, were promised that deregulation or retail competition would provide benefits and result in lower electricity prices compared to traditional cost of service regulation of electric generation. What proponents of deregulation failed to recognize that markets require supervision, consumer protections, and proper enforcement. Some marketers have turned to means to capture customer interest and agreement that have resulted in complaints, misrepresentation of prices, the use of variable rates that are not predictable or even plainly stated, teaser rates, the renewal of fixed rate contracts into variable rate contracts without affirmative customer consent, and a host of telemarketing and door to door activities that confuse customers and take advantage of their lack of education and understanding of the terms being proposed to them in a hard sell marketing technique.

The evidence of the need for reforms is well known to many of you because you have heard the complaints from your constituents. You will hear actual stories of consumer experience in the current retail electric market from several witnesses

from AARP and others in these hearings. Let me summarize the events and trends that need your serious attention to develop appropriate reforms:

- Consumers are told repeatedly that they will receive “lower bills” or “savings” in marketing materials from alternative suppliers, but while the initial rate may be slightly below the current Standard Offer price, the contract typically relies on variable prices after the initial term that are significantly higher than the Standard Offer price.
- Variable rates are disclosed as “based on wholesale market conditions” and do not reflect any publicly available index or formula that a consumer can access to determine the degree of variability in the prices based on historical conditions or even predict their next monthly bill. A typical example is the following disclosure from Blue Pilot Energy:

Price per Kilowatt Hour. You have a variable rate plan with a starting price set at 7.5 cents per kWh. This initial rate will be effective for at least the first ninety (90) days of service. Thereafter, your price may vary on a month-to-month basis. This price includes Generation Charges, but excludes applicable state and local Sales Taxes and the Delivery Charges from your LDU. At any time after ninety (90) days of service, but not more frequently than monthly, Blue Pilot may increase or decrease your rate based on several factors, including changes in wholesale energy market prices in the ISO New England Markets. Your variable rate will be based upon ISO-NE wholesale market conditions. Please log on to www.bluepilotenergy.com or call Customer Service at 877-513-0246 for additional information and updates.¹

Another typical marketing disclosure is that offered by Starion Energy in which customers are told in large and bold print that SAVINGS are promoted, a price is listed slightly below the current Standard offer, but in tiny print at the bottom of the brochure is stated, “Starion Energy’s rate is variable, therefore is subject to change in response to market conditions.”²

- Door to door and telemarketing sales agents are typically independent contractors that are paid by the licensed supplier based on a successful sale, a sales arrangement that often results in untrained agents, an incentive for misrepresentation, and even in some rare cases, criminal conduct.
- The Office of Consumer Counsel has documented that thousands of Connecticut customers are paying significantly more than the Standard Offer procured by utilities in the wholesale market pursuant to a Department approved plan. In a press release last month the OCC documented that 10 Connecticut suppliers are charging higher than 17 cents per kWh for some of their customers, a rate that is more than double the standard offer. This evidence is sadly typical of evidence from other states:

¹ Provided in response to OCC Interrogatory #37, PURA Docket No. 13-07-18.

² Provided in response to OCC Interrogatory #___, PURA Docket No. 13-07-18.

- The majority of the 2013 bills incurred by low income customers of PPL Electric (Pennsylvania) who enrolled with an alternative supplier were higher than default service. The study showed that 67% of the bills received by known low income customers receiving ratepayer bill payment assistance and who were receiving service by an EGS were above default service, ranging from 58% in June 2013 to 82% in March 2013.³
- An analysis of 24 months of bills for residential customers of Niagara Mohawk (National Grid) in upstate New York documented that between August 2010 and July 2012, 84 % of the residential electric bills and 92 % of the residential gas bills of those who switched to alternative suppliers were higher than the bills of those who decided to keep getting their supply from National Grid. And those statistics translated into huge disparities in consumer bills. For instance, the data showed that over that 24-month period, those with higher bills paid nearly \$500 more for electricity and \$260 for natural gas. In total, residential customers served by alternative suppliers paid approximately \$130 million more for 24 months of service than they would have paid had they not switched to alternative supplier service and instead received full service from the traditional utility for both electricity and natural gas. This study also specifically reported data for the low income customers served by Niagara Mohawk that were identified due to their receipt of LIHEAP and/or participation in the utility discount program, estimated as 33,015 electricity and 20,840 gas customers. Low income customers who selected an alternative supplier paid a net additional cost of \$13.3 million during this study period compared to default electricity rates and \$5.8 million during this same period for gas service compared to default natural gas rates.⁴
- The Canadian experience appears to reflect these evaluations in the U.S. In a 2011 Report by the Office of the Auditor General of Ontario (Canada) the Auditor evaluated the performance of the Ontario Energy Board, the key regulator for natural gas and electricity sectors. As part of this evaluation, the Auditor evaluated the Ontario Energy's Board complaint handling and enforcement activities for licensed electricity suppliers. In Ontario consumers can purchase electricity from the utility at a default service price (called the Regulated Price Plan) set by the Board or purchase from a licensed supplier. Approximately 15% of residential customers had selected an alternative supplier, primarily based on the marketing theme of "price

³ Testimony of Stephen Krone on behalf of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania before the Pennsylvania PUC, Docket No. P-2013-2389572. (January 17, 2014).

⁴ Direct Testimony of William D. Yates, C.P.A., on behalf of the Public Utility Law Project of New York, Inc., before the New York Public Service Commission, Proceeding for Niagara Mohawk Power Co. for Natural Gas and Electric Rates, Case No. 12-G-0202 and Case No. 12-E-0201 (August 31, 2012).

protection and stability.” Most of these supplier plans are fixed price for a 4-5 year period. The Auditor documented that the Board’s customer complaints had significantly increased in recent years from 1,400 in 2006 to 4,300 in 2010 and totaled 17,000 over five years. In addition, the Auditor sampled customer bills from 2006 to 2009 from various suppliers and found that the supplier fixed price ranged from 8.49 cents per kWh to 10.53 cents per kWh but that during this same period the regulated default service price was 5.4 cents per kWh to 6.3 cents per kWh. The same retail customers paid from 35% to 65% more for their electricity compared to the highest default service rate over the term of their contract. Over the term of a five-year contract (which was typical of the contracts entered into by residential customers) a customer using 1,000 kWh per month would pay about \$2,000 more for electricity than under the regulated default service plan. This Report also noted that the suppliers avoided the normal commercial business risk of collections due to the utility’s purchase of the supplier’s receivables and assuming responsibility for collecting the entire bill.⁵

- Recent press reports in Pennsylvania have documented that some residential customers on variable rate plans with alternative suppliers have seen winter electric bills with pricing over 20 cents per kWh.⁶
- Alternative suppliers typically do not issue their own bills but collect their unregulated charges through the local utility and consumers may assume that a utility bill includes charges that are fair and reasonable. Furthermore, under Purchase of Receivables programs, the local utility buys the supplier’s receivables and can threaten and disconnect service for nonpayment of these unregulated supplier charges. This practice must be halted. Utilities should not be able to disconnect service for charges that would exceed what the customer would have paid under the Standard Plan. Many consumers do not understand the relationship between the current market price charged by the alternative supplier and the current standard offer price until the bill is shockingly high.
- In some cases when customers discover that they are paying higher prices than initially promised and call their supplier to terminate the contract, they are told they have to pay an early termination fee. Some tell us they can’t get through to a responsible person to resolve their complaint.

II. AARP RECOMMENDED REFORMS

⁵ This Report is available from the Auditor General of Ontario at http://www.auditor.on.ca/en/reports_en/en11/302en11.pdf

⁶ See, e.g., http://blog.pennlive.com/capitol-notebook/2014/01/heres_what_you_need_to_know_ab.html#incart_river

The statutory and regulatory reforms that AARP recommends are based upon our evaluation of Connecticut retail market activities, our knowledge of fair consumer protection policies for other essential consumer products and services, and our knowledge of regulations and policies adopted in other states.

Standard Plan Policy

If the recent spate of complaints and investigations have taught us anything it is that the current statutory policy governing how the Standard Plan is procured and provided to customers who choose not to choose or who need a safe haven to return to if they are dissatisfied with their experience with marketers must be retained and supported. The proposals to auction off residential customers to alternative suppliers for a fee are hopefully dead and not going to be revised.

Licensing and Enforcement

- The criteria for a license should be stiffened to require electric suppliers to submit a bond or security interest payable to the Commission to cover the potential for customer restitution in the event of a finding of violation, misleading and deceptive advertising, and failure to comply with contractual terms. The current PURA regulation requires \$250,000 or 5% of revenues with the \$250,000 operating as a cap. This bond or security interest should not be limited by the cap, but rather remain tied to the actual sales activity in Connecticut.
- PURA should be required to propose and adopt regulations to conform to all the statutory requirements for consumer protection policies governing the retail energy markets within 90 days of enactment. It should be noted that PURA has yet to adopt regulations to adopt previous statutory reforms.
- The Legislature should give PURA sufficient financial resources and enforcement tools necessary for proper supervision of a retail energy market. Among the enforcement remedies that PURA should have include:
 - The authority to adopt orders requiring adherence to marketing standards as a condition of eligibility to market electricity and gas;
 - The authority to reject, suspend, and rescind a license for violation of the regulations and licensing conditions;
 - The authority to order suppliers to provide restitution to customers where misleading and unlawful behavior has occurred;
 - The authority to order a supplier to halt the use of a particular marketing channel or activity when preliminary evidence suggests that such a suspension is warranted while a more formal investigation is completed, similar to a civil injunction to halt unlawful activity pending resolution of

a formal complaint;

- The authority to assess civil penalties for violation of orders or regulation through an expedited administrative process; and
- The authority to assess licensing fees on suppliers that reflect the heightened level of supervision, education, and enforcement that has arisen in the implementation of retail energy competition.
- The required security amount will change each year and shall equal 10 percent of the licensee's annual revenues from sales of generation services to residential and small non-residential customers in Connecticut over the prior calendar year.
- Upon a finding that a licensee has violated a statute or regulation regarding the provision of service to residential or small non-residential customers, the PURA may direct that amounts from the financial security be distributed as follows:

- (i) to customers for a refund of security deposits or advanced payments paid to the competitive electricity provider;
- (ii) to customers for restitution of amounts paid in error or unlawfully obtained; or
- (iii) to the PURA for payment of administrative penalties or any other sanction ordered by the PURA pursuant to other statutes or rules applicable to competitive electricity providers.

Disclosures: Fixed and Variable Rate Contract Terms

- Suppliers should be required to disclose their price in a uniform manner as part of their marketing materials and terms of service documents. This recommendation is not intended to regulate the pricing method that suppliers choose to use or regulate their underlying pricing decisions. Rather, the recommendation would require that a true "apples to apples" comparison of prices be enabled by requiring suppliers to include all fixed and recurring charges, such as minimum monthly charges or other unavoidable fees, in the cents per kWh price that is presented to customers and listed in any regulatory agency-sponsored website.

This proposal is quite similar to the requirement under the Truth in Lending Act that creditors disclose the Annual Percentage Rate (APR) for all credit transactions in a uniform and "regulated" manner to allow customer comparisons of interest rates.

- The disclosures required for variable rate energy contracts are in need for reform and are the cause of most customer confusion and, in many documented

cases, result in prices higher than the Standard Plan without customer understanding or awareness of how these prices are calculated. The concern is that the customer may be informed that the price will vary, but the disclosures concerning the manner or range within which the price will vary is often obscure or deliberately hidden in fine print. Some of these variable rate disclosures are incomprehensible and allow the supplier to make changes in the customer's rates without any reference to a published or external index that is not in the control of the supplier.

- Suppliers who offer variable rate contracts should conspicuously disclose an example of how the price of their contract would have changed in the past 12-24 months if the contract had been in place with the methodology included in the supplier's contract. Obviously, there should not be any promise that historical changes in the index or methodology will guarantee future price changes, but at least the customer will understand the nature of the variability to which he or she has agreed and see the range of change in price that has occurred in the recent past. Such a disclosure is required, for example, for variable rate mortgages under the Truth in Lending Act.
- Most importantly, variable rate contracts should be required to identify the specific index, formula, or methodology that is external to the supplier's own manipulation or discretion to govern their terms. It is unreasonable and unfair for residential customers to be exposed to a monthly change in price for essential electricity or natural gas service based on an unidentified or unknown methodology. Whatever the methodology, index, or formula used by the supplier, it should be either publicly available or based on an identified formula or methodology that prevents suppliers from making changes at their total discretion. This reform is particularly important because (unlike the natural gas market) there is no publicly available index available to link retail prices with the wholesale market. The term used by suppliers as "response to market conditions" is entirely meaningless and without any means of enforcing contract terms. It is possible to argue that this type of price disclosure is not a disclosure of any "price" at all and borders on an unconscionable contract term that should be per se prohibited. This reform, coupled with the proposed disclosure requirement that the customer be presented with how that index, formula, or methodology has changed the underlying electricity gas price in the past 12-24 months, will allow customers to make a more informed decision about whether a variable rate contract is appropriate for their needs. These disclosures are also crucial for residential customers to understand the nature of variable rate contracts for electricity, a phenomenon that is not typical for these utility services. A publicly available index would also allow PURA to review whether consumers were being charged properly under terms of the agreement.

Additional Fees and Renewal Clauses

Early termination fees should be limited to \$50 similar to a reform adopted in Illinois. Furthermore, there is no reasonable justification for including an early termination fee in month-to-month or variable rate contract.

- Consumers who enter into a fixed term contract are typically given a renewal notice that tells them that they will be put on a variable rate contract if the customer does not initiate contact with the supplier. Suppliers should not be able to interpret a customer's failure to respond to different or "material" contract terms as agreement to renew a contract. The term "material" should be defined at a minimum as a change in the pricing terms. First, it is unreasonable to allow suppliers to change the terms of an existing contract when that term affects the customer's price or fees and charges without affirmative customer consent. Second, when a supplier's contract has reached the end of its stated term, the regulations should require the supplier to obtain a customer's affirmative consent to a renewal of any contract that also seeks to change the original price or related fees and charges.
- Renewal of an existing contract should be allowed to occur without affirmative customer consent only if the underlying terms and price do not change or if the renewal is limited to a month-to-month contract with the original terms and no termination fee. A supplier should not be able to change a fixed price contract into a variable price contract nor alter the fixed rate without obtaining affirmative customer consent.

Low Income Customer Protections

- Customers enrolled in low income programs need additional protections. Such customers who enroll with retail suppliers under the impression that they will save money on their bills and who in fact end up paying more than the Standard Plan threaten not only their own ability to afford essential electric service, but cause additional costs from nonpayment and higher bills to be imposed on all ratepayers.

Stricter Regulation of Door to Door and Telemarketing Sales

While the Connecticut legislature has previously adopted some useful reforms to govern door-to-door marketing by alternative suppliers, additional reforms are required. Our proposals, set forth in greater detail in Appendix A to this testimony, reflect policies recently adopted by the Pennsylvania PUC. AARP's recommendations address the need for additional consumer disclosures, obligations by suppliers for training and supervision of their sales agents, the use of an independent and PURA approved third party verification of customer authorization to change suppliers; and supplier complaint and disciplinary programs governing

their sales agents.

APPENDIX A: AARP RECOMMENDATIONS FOR CONSUMERS PROTECTIONS FOR SALES OF ELECTRICITY BY DOOR TO DOOR AND TELEMARKETING

- **Suppliers should be required to develop and implement standards and qualifications for employees and agents engaged to interact with retail customers, and document that it has procedures in place to prevent the hiring or engagement of individuals that do not meet these standards;**

- **A supplier shall ensure the training of its agents on the following subjects:**
 - **State and Federal laws and regulations that govern marketing, telemarketing, consumer protection and door-to-door sales, including state-specific consumer protection laws and regulations.**
 - **Responsible and ethical sales practices as described in these regulations.**
 - **The supplier's products and services.**
 - **The supplier's rates, rate structures and payment options.**
 - **The customer's right to rescind and cancel contracts.**
 - **The applicability of an early termination fee for contract cancellation when the supplier has one.**
 - **The necessity of adhering to the script and knowledge of the contents of the script if one is used.**
 - **The proper completion of enrollment and customer authorization documents.**
 - **The supplier's disclosure statement.**
 - **Terms and definitions related to energy supply, transmission and distribution service.**
 - **Information about how customers may contact the supplier to obtain information about billing, disputes and complaints.**
 - **The confidentiality and protection of customer information as required by state law and regulations.**

- **Suppliers should be required to document the training of an agent and maintain a record of the training for 3 years from the date the training was completed.**

- **Suppliers should be required to make training materials and training records available to the Commission upon request, as well as evidence that the training materials and records have resulted in reasonable management oversight to implement the training requirements.**

- **Suppliers should be required to monitor a representative sample of telephonic and door-to-door marketing and sales calls to: (1) Evaluate the supplier's training program; (2) Ensure that agents are providing accurate and complete information, complying with applicable rules and regulations and providing courteous service to customers.**
- **Suppliers should be required to develop and implement a disciplinary program to ensure compliance with its training programs and these regulations and document that such disciplinary program has been implemented to prevent violations and internal management failures.**
- **Suppliers must issue an identification badge to employees or agents that interact with consumers in door to door sales or public events. The badge must:**
 - **Accurately identify the supplier, its trade name and logo.**
 - **Display the agent's photograph.**
 - **Display the agent's full name.**
 - **Be prominently displayed.**
 - **Display a customer-service phone number for the supplier.**
- **Suppliers should be required to affirmatively identify the name of the Supplier that he represents and affirmatively state that he is not working for and is independent of the customer's local distribution company or other supplier. This requirement shall be fulfilled by both an oral statement by the agent and by written material provided by the agent.**
- **When conducting door-to door activities or appearing at a public event, an agent should be prohibited from wearing apparel or accessories or carry equipment that contains branding elements, including a logo, suggests a relationship that does not exist with any distribution utility, government agency or another supplier.**
- **A supplier should not be able to use the name, bills, marketing materials or consumer education materials of another supplier, distribution utility, or government agency in a way that suggests a relationship that does not exist.**
- **A supplier or supplier agent may not say or suggest to a customer that utility customers are required to choose a competitive energy supplier.**
- **Door to door sales should comply with local ordinances regarding door to door marketing and sales activities.**
- **With regard specifically to door-to-door sales or telemarketing marketing activities, an agent should be required to comply with the following:**

- After greeting the customer, the agent shall immediately identify himself by name, the supplier the agent represents and the reason for the visit. The agent shall state that he is not working for and is independent of the local distribution company or another supplier.
- The agent shall offer a business card or other material that lists the agent's name, identification number and title and the supplier's name and contact information, including telephone number. This information does not need to be preprinted on the material. When the information is handwritten, it shall be printed and legible.
- When a customer's language skills are insufficient to allow the customer to understand and respond to the information being conveyed by the agent, or when the customer or a third party informs the agent of this circumstance, the agent shall terminate contact with the customer.
- When an agent completes a transaction with a customer, the agent shall:
 - Provide a copy of each document that the customer signed or initialed relating to the transaction. A copy of these documents shall be provided to the customer before the agent leaves the customer's residence. If requested by the customer, a copy of the materials used by the agent during the call shall be provided to the customer as soon as practical.
 - Explain the supplier's verification process to the customer
 - State that the supplier shall send a copy of the disclosure statement about the service to the customer after the transaction has been verified if the disclosure statement has not been previously provided.
 - State that the customer may rescind the transaction within seven business days after receiving the disclosure statement.
- An agent shall immediately leave a residence when requested to do so by a customer or the owner or an occupant of the premises or if the customer expresses no interest in what the agent is attempting to sell.
- A supplier shall comply with an individual's request to be exempted from door-to-door marketing and telemarketing sales contacts and annotate its existing marketing or sales databases consistent with this request within 2 business days of the individual's request.
- A supplier shall not initiate a telemarketing call to any residential customer to solicit enrollment or authorization more than once per calendar year unless the customer has a business relationship with the supplier.

Page 10, line 3 ✓

February 18, 2014

Dear Members of the Energy and Technology Committee:

I am testifying in support of Proposed S.B. No. 2 AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION. This proposal includes important steps toward improved consumer protections in the 3rd party electric supply market, but more needs to be done.

Let me tell of my experience, but let me tell you a little about myself (insert rocket scientist story here).

At the time I moved to Connecticut several years ago, the deregulated market had been in place only a short time and I had no experience with it. All I could see was that electricity rates were much higher here than in any state I had lived in previously; and that I had to choose among complicated options with varying periods of validity, possible cancellation fees, and often misleading advertising or marketing.

I was glad that the Standard Plan was available for convenience. Sometime later I did switch to a fixed-rate plan which initially offered lower costs. Unfortunately, I forgot to renew the plan before its expiration. By the time I did renew, my oversight had resulted in two months of much higher bills, negating the cost savings of the previous year.

More recently I have been receiving notices when my plan was about to expire so that I could pick a new one in time. However, all rates in our deregulated market have been going up; as far as I can tell they have been increasing faster here than in most other states, including those that have not deregulated.

The flyer I received with my most recent electric bill includes a list of 35 suppliers of electricity for residential customers, with varying rates and price plans. In addition, there is a list of another 10 suppliers licensed in Connecticut to market to residential customers, whose rates are not quoted, but who, I am told, "in general ... negotiate contracts directly with customers." When I checked with my supplier on an attractive offer listed in the flyer, I was told that the information was out of date.

Clearly, I need accurate information and "one-stop shopping" to navigate this maze. If a rocket scientist has difficulty figuring out this maze imagines what most seniors deal with when trying to choose an electric supplier with the promise of a couple of dollars of savings.

Respectfully,

Wilhelm B. Gauster
2 Templeton Court
Avon, CT 06001



Testimony of Byron Peterson
Senate Bill 2, AAC Electric Customer Consumer Protection
2-20-14

My name is Byron Peterson and I am a volunteer leader with AARP CT.

On behalf of the 603,000 members of AARP in our state, I want to thank Senator Williams and Senator Looney for their efforts on consumer protections found in Senate Bill 2 and in support of older Connecticut residents. I also want to thank the Energy and Technology committee for holding today's public hearing on Senate Bill 2.

In the last legislative session AARP volunteers and members were instrumental in defeating legislation that would have eliminated the standard offer electric plan that would have weakened consumer protections for all ratepayers. The defeated energy auction plan helped bring to light some of the problem Senate Bill 2 attempts to address.

This bill is a beginning step in the right direction but AARP CT asks that you include additional language that will provide the highest level of consumer protections, marketplace transparency and asset protection for all residents, but especially those ages 50 and up. I want to share with you a story that illustrates the need for consumer friendly legislation in the electric retail supply market.

I believe I am a savvy consumer. I look for good deals and know a scam when I see one. As a 30 year customer of UI, I saw a chance to save some money and switched to a retail supplier. For a few months I saw savings and was quite pleased. However, I lost that entire savings and more because, as it turned out, I had signed up for a variable rate that, after a very short introductory period, increased significantly. The variable rate was 35% higher than the standard offer. I learned a lesson about shopping in the retail market that left a bad taste in my mouth.

AARP hears from its members regularly about stories just like mine, and often significantly worse than mine. We have stories from our members about aggressive sales techniques, inaccurate portrayal of the standard offer, misleading advertising, cancellation fees, variable rates with no caps and inadequate customer service, so that we can give voice to our members and seniors across Connecticut.

We look forward to working with the legislature to pass a strong consumer protections bill so that we don't just band-aid problems with third party electric supplies. We look forward to working collaboratively with all of you to solve them permanently.

Testimony
of
John Holtz
Director, Market Development & Regulatory Affairs
NRG Retail Northeast
NRG Energy, Inc.

SB 2
An Act Concerning Electric Customer Consumer Protection
before the
Committee on Energy & Technology
February 20, 2014

NRG Retail Northeast welcomes the opportunity to contribute more than 23 years of experience with electric restructuring public policy, retail energy marketing and customer service to the Committee on Energy and Technology in its deliberations on SB 2.

The companies comprising NRG Retail Northeast - - Green Mountain Energy Company (Green Mountain), Energy Plus Holdings LLC (Energy Plus) and Reliant Energy Northeast LLC (Reliant) - - are wholly-owned subsidiaries of NRG Energy, Inc., a Fortune 500 and S&P 500 Company. NRG is one of the country's largest power generation and retail electricity businesses. NRG's power plants provide about 46,000 megawatts of generation capacity, including approximately 2,000 megawatts in Connecticut. The company's retail and thermal subsidiaries serve more than 2 million customers in 16 states.

Green Mountain, Energy Plus and Reliant are licensed by the Public Utilities Regulatory Agency (PURA) to serve customers in Connecticut. We recently launched the new NRG Residential Solutions brand to make electric service offers to customers throughout Connecticut.

NRG Retail agrees with the *Statement of Purpose* in SB 2 "to provide Connecticut customers with additional information when shopping for electric service." We support the sponsors' call for the creation of a one-stop online marketplace for comparing and selecting electric supply offers.

NRG Retail firmly believes that a well-informed customer is *the* most powerful consumer protection authority.

Accordingly, NRG Retail stands ready to assist the Department of Energy and Environmental Protection with re-developing the *EnergizeCT* electric shopping web site, as described in SB 2. Over the past dozen years NRG Retail affiliates have worked closely with public utility commissions across the country on the development of Internet electric service shopping web sites. Our digital marketing and Information Technology people have shared their expertise with the Public Utility Commission of Texas and its *Power To Choose* web site, with the Pennsylvania Public Utility Commission in the creation and subsequent enhancements to the *PA Power Switch* web site, and with the New York Public Service Commission on upgrades to its *Power To Choose* web site.

Of course, any effort to provide customers with more knowledge and better tools to shop for electric supply service should facilitate and not frustrate. While customers desire accurate and reliable information, they also want convenience and speed. We live in the *Amazon.com* age of "fast and now" when it comes to consumer purchases. Sometimes even the best intended consumer protection measures can place unintended obstacles in the way of consumers looking to easily place orders for products or services.

A better approach is to optimize existing laws, regulations and programs for the benefit of customers. This includes for example one of the purposes of SB 2 to make the *EnergizeCT* web site more useful to consumers. Last year this Legislature passed HB 6473 which provides for greater transparency in advertising of prices for electric service offers, additional notice requirements for the expiration of customer contracts or changes to prices, as well as greater substantiation of marketing claims for renewable energy products. Currently PURA is conducting a comprehensive review of retail electric marketing practices, which may result in additional consumer protection initiatives. We respectfully suggest that these recent statute changes and the present regulatory proceeding should be provided ample time to prove effective before putting additional laws on the books.

Meanwhile, the Committee may wish to consider additional market-based solutions to further protect and empower Connecticut electric customers while expanding their choices of energy products. We offer the following for the Committee's consideration:

- **Raise standards for market participants** – It's more effective to regulate at the front end than at the back end. We encourage the Committee to review the licensing requirements for companies to compete in Connecticut's retail electric market. For example, only financially stable retail suppliers that meet meaningful financial fitness requirements along with possessing experience in categories such as quality assurance and commodity market risk management should be licensed to provide energy supply service.
- **Deploy smart meters with more information** – Accelerating the deployment of smart meters throughout Connecticut will make for smarter customers. This will help customers manage their energy usage and costs while also allowing retail suppliers to offer innovative products such as "free weekends" and energy conservation rewards. Giving customers "real-time" access to their consumption and cost information will enable them to make better decisions about how they use energy and when to switch to products that better meet their needs.
- **Next day switching** – Customers must be able to act quickly to switch suppliers and choose products that meet their needs. When consumers see prices changing dramatically, as can occur during extreme weather events such as we have seen this winter, they must be able to choose products that offer price protection and to effectuate that change almost immediately. The current system requires customers to wait one to two billing cycles and to continue paying higher prices for another 30 to 60 days while they await their switch. Utilities should be directed to allow off-cycle, next day switches so that customers can protect themselves from price volatility.

Thank you for considering our testimony and market advancement recommendations. NRG Retail would be happy to assist Committee members in crafting a final bill to be released to the full General Assembly for action.



**The Energy and Technology Committee
Public Hearing, February 20, 2014**

Testimony of

Consumer Counsel Elin Swanson Katz and Attorney General George Jepsen

Presented by Joseph Rosenthal, OCC

Proposed S.B. 2, An Act Concerning Electric Customer Consumer Protection

The Office of Consumer Counsel Elin Swanson Katz (OCC) and Attorney General George Jepsen are supportive of this bill, which seeks to increase the funding to the Department of Energy and Environmental Protection (DEEP) to further develop what is known as the "rate board." Customers use the rate board, which is available at <http://www.energizect.com/compare-energy-suppliers>, to compare offers from competitive electric suppliers to each other and to the standard service offerings from The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI). The bill also seeks greater access for customers to information about electric supplier contract terms and pricing.

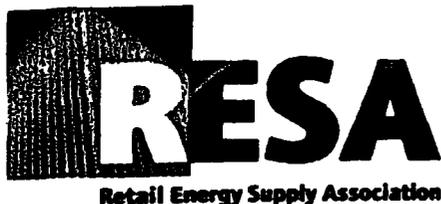
The Public Utilities Regulatory Authority (PURA) is continuing to receive many complaints from customers of electric suppliers, including the residential and small business customers for whom the rate board is relevant. Some of these complaints allege actions by suppliers that are clear violations of law such as "slamming" (unauthorized switching of a provider), or charging rates that are not called for in the contractual terms. Other complaints claim that retail suppliers are making insufficient disclosures, including as to what happens when a fixed price term ends and a variable

price term begins. We are seeing some exorbitant charges by some retail suppliers (in excess of 20 cents per kilowatt-hour in some cases), whereas utility standard service is presently around 9 cents per kilowatt-hour. These kinds of disparities are creating consternation and rate shock for many customers who signed up with a retail supplier in the hope of obtaining savings, only to see the savings evaporate and in some cases reverse this winter.

Part of the complication in resolving these issues is the fact that the underlying electricity market prices are indeed quite high this winter. The cold weather has made natural gas very expensive for the many power plants that now use that fuel. Because the Procurement Manager of PURA buys electricity for standard service well in advance for six month periods, the market price spikes from this winter were anticipated but are reflected in the standard service price from January through June. In contrast, some of the retail suppliers buy their electricity to serve their customers over a short-term and pass on the winter price spikes in variable rates on a monthly basis. Many customers who expected to save with a retail supplier are seeing their hopes dashed because of inadequate disclosures, unduly high variable prices, or even variable prices that reflect market conditions.

The winter price spikes in the underlying electricity market were expected, and occurred last year even in an average winter. Thus, some of the suppliers must have known that customers on a variable rate would likely see a significant increase, but the customers did not. We are starting to see this phenomenon recur already, with some suppliers offering fixed rates below utility standard service until November, which they know will likely followed by high variable rates for next winter. In addition to improved

disclosures on the rate board, the Legislature needs to decide what needs to be done to protect customers from being whip-sawed each winter when high variable rates follow incremental savings over standard service. An Act that passed last year, Public Act 13-119, made some improvements in this area by amending 16-245o(f) to provide that suppliers need to notify customers from 30-60 days prior to the expiration of the fixed price term. However, additional disclosure requirements, enforcement tools, and other protections should be considered. There is an open PURA proceeding on these subjects, Docket No. 13-07-18, with hearings slated for late March. In addition to this bill and its goal of making needed improvements to the rate board, the Attorney General and OCC look forward to working with legislators and interested stakeholders based on existing information and the information to be revealed during the PURA hearings to analyze the need for additional legislation in this session.



February 20, 2014

Dear Members of the Energy and Technology Committee:

The Retail Energy Supply Association (RESA) is the nation's leading association of competitive energy suppliers dedicated to creating and sustaining vibrantly competitive electricity and natural gas markets for the benefit of consumers. RESA is a trade association comprised of 20 competitive energy suppliers who are actively involved in supplying competitive electric and natural gas products across the country, including customers in Connecticut. RESA appreciates the opportunity to comment on Senate Bill 2, a bill working to provide an online database for consumers to purchase electricity as well as enhance disclosures from suppliers.

As a general matter, RESA supports the main purpose of Senate Bill 2; we believe consumer education is vital to a thriving competitive market. RESA, however, is concerned that some additional measures under consideration may be unnecessary and may impose additional costs on consumers and unreasonable restrictions and compliance burdens on retail suppliers.

Regarding the shopping comparison website, RESA would like to assist the Department of Energy and Environmental Protection with the establishment of an online market place where consumers can compare offers from various suppliers. We think it will provide consumers with even more information about their options, but RESA believes developing this database will be a complex process to ensure it contains current information and does not give one supplier an advantage over another. Other state websites, such as Pennsylvania's www.papowerswitch.com, and Texas' www.powertochoose.com, are great examples.

RESA supports Senate Bill 2's goal of increased consumer disclosures but we are concerned additional regulatory restrictions on suppliers may impose additional operating costs with little incremental benefit to consumer protection. We note Public Act 13-119 went a long way to increase consumer education, including adding a requirement that consumers receive a notice of when a fixed term is expiring and any change it will make to the consumer's rate. The act further requires all advertisements for electricity use 10pt font to indicate the advertised price and the expiration of that price. Existing rules also already require the following consumer protections:

- full disclosure of contract terms and conditions
- verifiable and documented authorization for customer enrollments
- a penalty free, rescission window for residential and small business customers
- notice requirements when a contract expires and anytime the supplier proposes changes to the contract
- prohibitions against any deceptive, misleading or unfair marketing, advertising or trade practices

RESA favors comprehensive enforcement of these existing regulatory requirements. RESA notes the PURA currently has a broad proceeding open looking at retail supplier marketing practices. RESA believes this proceeding is the best venue to explore whether additional consumer disclosures or regulations of supplier marketing practices are necessary. RESA appreciates the Committee's concerns regarding violations of the Do Not Call List, but currently the PURA has authority to establish penalties for any violations as an unfair or deceptive practice. RESA encourages the General Assembly to set aside additional resources for the PURA. We believe more staff PURA strictly enforce consumer protections already in statute resulting in additional compliance.

RESA recommends that, if any incremental supplier regulations are adopted, the Committee should limit any new customer protections to residential customers. Commercial customer contracts can be very complex and often include product offerings specific to individual customer needs. Any new requirements on commercial contracts may interfere with a business's ability to get the lowest possible rate available. We believe that by limiting new consumer protections to the residential community the Committee will be able to protect the residential customers without any unintended consequences on the business community.

Thank you for your consideration. RESA hopes we can work with the committee and further provide you with some insight we have gathered through our experience in the industry and working in deregulated states across the nation.

Thank you for your time.

Sincerely,

Melissa Biggs

RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

Page 14, Line 10

Testimony of Tom Swan, Executive Director, CT Citizen Action Group (CAG)
February 20, 2014
Before the Energy and Technology Committee
On SB2 and opposed to SB 110

Good Afternoon, Representative Reed, Senator Duff and other members of the Energy and Technology Committee; my name is Tom Swan and I am testifying on behalf of over 20,000 member families of CCAG; CT Citizen Action Group. I want to thank you for having the hearing today. I am here today to express our opinion that SB 2 AAC Electric Customer Consumer Protection is a start and to offer some ideas on how it needs to be improved and make clear our opposition to SB 110 AAC supposed Fraud Prevention in CT Utility Termination Programs.

In terms of SB 2, I will not get into details on the need for greater protections because I believe it is clear that we need much stronger protections. Areas for action include:

- More stringent licensing requirements including lifting the cap on the bond or security interest requirement to cover possible customer restitution and that PURA is given 90 days to issue stronger licensing requirements.
- Greater monitoring and enforcement by PURA over retailers including clear marketing standards, the ability to reject, suspend, and rescind licenses; the obligation to order suppliers to provide restitution to customers when deemed just, the duty to place an injunction on questionable marketing practices pending the resolution of any investigation, the obligation to access civil penalties and to refer potential criminal activities, and the authority to access fees and levy fines that will cover any increased costs in education, supervision and enforcement PURA may incur.
- SB 2 takes potentially some good steps in terms of disclosure, but there needs to be an even clearer standard for people to be able to compare costs and to understand what they may be signing up for. The Truth in Lending Act should serve as a floor for a model of what we should look to include by PURA and by retailers.
- People who receive energy assistance should not be able to leave the standard offer unless they are guaranteed to save money. In addition, early termination fees should be limited to \$50.
- PURA needs to develop stringent guidelines and enforcement mechanisms for companies that use phone and door to door marketers including training, transparency, complaint procedures, monitoring, and acceptable marketing practices.

In closing I was to express CCAG's strong opposition to SB 110. This is not a solution to a problem – if enacted it would be nothing more than a corporate give away at the expense of vulnerable utility customers. The current system is working fine and should be left alone.

Thank you for your time.