

The Energy and Technology Committee

February 3, 2009

Raised Bill No. 6304, AAC MUNICIPAL ELECTRIC COSTS

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and SUPPORTS Raised Bill No. 6304, AAC Municipal Electric Costs.

This bill would allow a school district or municipality to use standard service rather than using electric service from an electric supplier. OCC generally supports this provision. It is OCC's understanding that some municipalities and school districts have had a frustrating and difficult experience with competitive supply. For example, it is OCC's understanding that some municipalities have been overpaying for contracts that might work well for school districts (which tend to have low summer loads) but do not work well for the municipality as a whole. Communications problems (or worse) among brokers, suppliers, and municipal customers have led to some dissatisfying results for numerous municipalities. The DPUC is looking into one such situation now, in Docket No. 08-10-69, Petition of the Attorney General's Office and the Office of Consumer Counsel for an Investigation into Turris Associates, LLC.

While supporting the bill, OCC would like to offer two notes of caution. First, the provision as drafted would only require the municipal customer to take standard service for "six months." That should probably be changed to one year. Standard service procurement prices could suffer if these relatively large customers are able to toggle onto standard service for the summer and off of it for the winter, or vice versa. Second, the effective date for this statute needs to reflect the fact that procurement for additional load in standard service may need some time.