

TESTIMONY OF
JERROLD OPPENHEIM
IN SUPPORT OF
JANUARY SESSION 2009
RAISED BILL HB 6512
BEFORE THE
CONNECTICUT GENERAL ASSEMBLY
JOINT COMMITTEE ON ENERGY AND TECHNOLOGY

February 24, 2009
Hartford, Connecticut

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commitments as well as short-term opportunistic purchases, both of which would reduce costs. It will also be possible for utilities to conduct a limited amount of long-term planning and make decisions about resource diversity, in contrast to the current unplanned additions of little else but natural gas plants. This will contribute to increased reliability and price stability by reducing reliance on any one fuel.

HB 6512 dovetails with HB 6507, which provides that electric utilities will once again become the sole supplier of electricity to residential customers. HB 6512 also coordinates with HB 6514 which assesses a tax on excess profits of generators whose power utilities may be purchasing, thereby either reducing the price of those generators in the first place or returning the excess profit to ratepayers. Finally HB 6512 is supported by HB 6510, which provides additional long-term financing for new, lower-cost, cleaner generation.

For all these reasons, I urge your support of HB 6512.

BACKGROUND

The idea that government should protect its people by regulating prices of essential services is a very old one. As early as the 17th Century and before, English law recognized the need to regulate the price and availability of public services, a need which has been firmly established in American law from the beginning. Despite this ancient wisdom, there came to be a belief over the last 30 years that markets were never in need of supervision by regulation. Industry by industry, decades of protections were removed. Airlines were deregulated and many went bankrupt, oversight of savings and loan institutions was lightened and many collapsed, electricity regulation was weakened and prices skyrocketed, financial regulation almost disappeared and even the staunchest free-marketeers concede that deregulation brought us to the edge of catastrophe.

Just as renewed regulation and government intervention is required to restore our financial system, so too are renewed regulation and government intervention required to restore just and reasonable prices to the electricity industry. Connecticut residential electricity bills have risen approximately 80% in this decade and Connecticut prices are reliably the highest or second highest in the country.

As in so many other corners of the economy, weakening the regulation of electricity in Connecticut has been unaffordably expensive.

In recognition of these truths are four important raised bills before you:

Jerrold Oppenheim has represented low-income and consumer advocacy groups on public utility and energy issues across the country and world for more than 35 years and is co-author of the book Democracy And Regulation.

A graduate of Harvard College and Boston College Law School, Mr. Oppenheim has held prominent positions in the Attorneys General offices in New York and Massachusetts. Earlier, he directed consumer and utility legal assistance programs in New York and Chicago, was the founding Director of Renewable Energy Technology Analysis at Pace University Law School, and directed the energy and telecommunications program at the National Consumer Law Center in Boston. He is a member of the Center for Public Utilities Advisory Council, New Mexico State University.

Mr. Oppenheim has worked with legislatures and public utility commissions in Massachusetts, Connecticut, New York, the District of Columbia, Illinois, Kentucky, Arkansas, New Mexico, Texas, and Utah to develop – in both restructured and traditional regulatory settings – consumer and low-income protections, service quality, and funding for low-income efficiency and affordability programs. Mr. Oppenheim led pioneering negotiations of efficiency agreements with the electric and gas utilities in Massachusetts. Mr. Oppenheim's work contributed to enactment by the Texas Legislature of the first statutory low-income electricity discount in the South, adoption by the Utah Public Service Commission of that state's first low-income electricity discount, and adoption by the New York Public Service Commission of that state's first broad-based low-income electricity discount..