

The Energy and Technology Committee  
March 3, 2009

Raised Senate Bill No. 1075: *AAC Competitive Electric Suppliers*

Testimony of Dominion Retail, Inc.

My name is William Barkas and I am Manager of State Government Relations for Dominion Retail, Inc. Dominion Retail, Inc. is a retail electric supplier for about 300,000 electric customers in seven states, including Connecticut where we supply power to more than 60,000 small, mass market customers. Additionally, we have over 630,000 retail natural gas customers throughout the Northeast and Midwest.

Dominion Retail is supportive of the changes proposed by SB 1075 in order to eliminate customer choice confusion and to facilitate consumer interest and enrollment processes. These revisions are technical in nature so we hope this Committee will accept them without much controversy, as corrections to the Electricity and Energy Efficiency Act of 2007 (PA 07-242).

Section 1 (D) of the proposed language reads that a "Qualifying electric offer" means an offer to provide full requirements commodity electric service and all other generation-related service to a residential or small commercial customer at a fixed price per kilowatt hour for a term of no less than *six months*." Revising the term from one year to six months would be a beneficial change for consumers who would better be able to clearly and directly compare the six month standard service price offer of their electric distribution company to that of the participating retail supplier's offer under the referral program. This modification is, we believe, consistent with the legislature's intent to provide customer education and choice. Otherwise, it is not easy to compare a six month price with that of a price offer of one year or greater. In other words, by currently requiring a minimum term of sale, the price for that minimum term sale has been consistently higher than that of a six-month offer and effectively has artificially raised the price that suppliers can offer consumers. Such a revision is clearly in the consumer's interest to obtain lower prices and should be adopted.

Another suggested clarification is found in Sec. 1(D) (5). The intent of the debate surrounding adoption of the 2007 Electricity and Energy Efficiency Act was to allow customers participating in the referral program (“qualifying electric offers”) to switch enrollment between the suppliers and utilities without any early contract termination fees, but only during this period. Instead, the actual adopted language was expanded to allow customers to terminate their supplier contracts at any time to switch to the utility or even to other competitive suppliers without an early termination fee. Such language clearly discourages any type of long-term contracts between retail suppliers and customers, especially commercial customers who tend to favor a known, fixed electric rate for budgetary purposes. No supplier is likely to assume the financial risk of committing to a long-term fixed price contract, even if it benefits the consumer, if the customer has the ability to terminate the agreement without any consequence. The wholesale electric suppliers in Connecticut do not have such a restriction on their sales agreements. Other industries like cable, cell phone, and even bank certificate of deposit agreements have the ability to include some type of fee in a competitive marketplace. The current statutory language should be amended to clarify the intent that the prohibition against any “additional charges” for early contract termination is applicable only during the term of the “qualifying electric offer” (referral period).

Section 3 (a) and (b) would also improve current law (PA 07-242) by easing the enrollment procedure for consumers wanting to enroll with a competitive retail electric supplier by telephone. In recent testimony before this Committee, some speakers have commented on how confusing the process is to do business with a retail supplier and they are discouraged from doing so. Some of this confusion lies in current regulations and some lies in the statute itself which this bill, SB 1075, would remedy. This bill language would allow a consumer to contact a retail electric supplier directly to enroll as a choice customer without having to be “bounced” to another entity, a third-party verification company, which is now the current requirement. Even worse is the situation under the referral program wherein a consumer contacts the utility company for information about supply offers, is then switched to a retail supplier, who then is required to “bounce” the customer to the third-party verification company in order to enroll the customer. It is no wonder that consumers are confused over what should be a fairly easy process. This improved process for “in-bound” phone calls is more consistent with current industry practices, is more customer friendly with fewer hassles, and lowers the cost to suppliers (and ultimately to the

consumer), while still protecting the consumer against an unauthorized, undesired enrollment. Such protection would include recorded telephone verification by the supplier, subject to DPUC audit. We further recommend that the third-party verification requirement for "out-bound" supplier calls also be eliminated and substituted with recorded phone calls as well.

Thank you for the opportunity for us to present our views on this important piece of legislation.