

**JOINT COMMITTEE ON ENERGY
AND TECHNOLOGY**

March 16, 2010

Raised House Bill No. 5505: *An Act Concerning
Electric Rate Relief*

Testimony of Dominion Retail, Inc.

My name is William Barkas, and I am Manager of State Government Relations for Dominion Retail, Inc. Dominion Retail is a retail electric supplier to more than 730,000 customers in eight states, including Connecticut where we supply power to more than 81,000 residential and small commercial customers. Additionally, we serve over 600,000 retail natural gas customers throughout the Northeast and Midwestern states.

HB 5505

This lengthy bill contains many provisions, some of which appear to be detrimental to the development and continuation of retail choice for consumers, or at the least, would significantly increase their cost of electricity.

Section 2 would require that end-use customers of electric suppliers would be required to pay a usage fee to fund DPUC educational programs. It would seem more logical to us that if such a program is needed that it should be funded, in the interest of fairness, by all end-use customers of both utilities and marketers.

Section 7 would create a Connecticut Electric Authority which has, as one its mandates, to “encourage competition, when in the interests of state consumers.” This statement clearly implies that competition may sometimes not be in the interests of consumers which is a very confusing statement, but if true still raises the question as to why existing

governmental agencies could not perform this stated mission in order to avoid additional costs to state taxpayers. The creation of a state-owned entity that can build and operate power facilities based on cost-of-service principles also flies in the face of a requirement to “encourage competition.” Furthermore, it appears that the DPUC would be granted the authority to collect operating expenses for the Authority which would mean higher costs for the state’s ratepayers through more non-by-passable, system benefit charges thus continuing to raise consumer prices.

Section 17 (c)(4) involves the change of electric utility procurement from full requirements to a portfolio approach. The most troubling feature of this provision is in subsection (d) whereby the utility would be permitted to true up “actual revenues with expenses twice per year” with the difference recovered either in the current period or subsequent standard service rates. Unfortunately, this mechanism would most likely lead to confusion among both consumers and marketers who would be unable to determine what their future electric prices will be and how to compare the utility price to those offered in the competitive retail market. Additionally, by distorting market signals, state-wide efforts designed to promote energy efficiency and conservation are likely to be frustrated since there would little, if any, reason or incentive for consumers to respond to price signals in their electric usage.

Section 29 proposes new language aimed at consumer protection. We are generally favorable toward such laws and the provisions of this section, but with some reservations and questions. For example, it is not clear, in Sec. 29 (2) (f) (1) what the intent of the language is: “Any third-party agent who contracts with or is otherwise compensated by an electric supplier to sell residential or commercial electric generation service shall be a legal agent of the electric supplier.” What is the definition of “legal agent” and what is the intent of this provision? Without further clarification we cannot comment whether we are in favor or not.

We agree that the DPUC be allowed to adopt regulations to prevent “abusive switching practices, solicitations and renewals by electric suppliers.” (Sec. 29, subsection j). We agree that marketers who act unethically or illegally should suffer the consequences of those actions. Closer oversight of door-to-door marketers is probably warranted to ensure consumers are not misled about retail electric offers from certain

suppliers that would cause consumers to distrust all marketers and question the value of retail choice. Door-to-door sales abuses have arisen in some other states so we would agree that it would be best to prevent them from occurring in Connecticut.

In Section 30 (D), we agree that a “Qualifying electric offer” term should be reduced from one year to six months. However, in subsection (k) (5), consumers would no longer be able to freely exercise their ability to switch suppliers as best meets their needs, but instead would face a minimum stay period of two years with the utility company if they have switched back from a supplier. Some limitations could make sense in the case of very large end-users who might be tempted to “game” the system by repeatedly switching back and forth between suppliers and the utility, but there is no evidence that small, mass market consumers engage in this type of systematic behavior. “Minimum stay” provisions are generally a relic of the past in competitive retail markets in other states with no apparent harm.

Thank you for this opportunity to present our views on this legislation.