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THE MANUFACTURING ALLIANCE OF CONNECTICUT
Energy & Technology Committee—March 16, 2010

The Manufacturing Alliance of Connecticut (MAC) appreciates the opportunity to offer comments on bills currently before the Energy and Technology Committee. As some of the topics addressed are brought up in more than one bill, I will try, where possible, to list each bill or section in which a topic appears.

SB 460 & HB 5505 sec.1 Both of these call for a discounted natural gas and electric rate for low income rate payers. MAC strongly opposes this concept. A discounted rate does not solve the problem of high energy costs, it just redistributes the problem. While there is no guarantee that the qualifying low income customers will be able to pay even the discounted rate, the rest of the rate payers will see significant increases due to this subsidy. Manufacturers in Connecticut are struggling; this increase to their rates could put many out of business. Further, the employees of these businesses who do not qualify for a discounted rate will now see their own costs rise while their employer looks to find a way to mitigate their increase. This will inevitably lead to businesses closing their doors and the work force finding a less expensive state to live in. MAC fully agrees that something needs to be done to help make natural gas and electricity rates as low as possible, but reaching that goal for one customer class at the expense of all others is not the answer.

HB 5505 sec. 4-28 & HB 5508 While there are slight differences, both of these have a similar theme, the creation of a state-run power authority. MAC is in strong opposition to this concept. These bills go into great detail concerning the formation, staffing, leadership and roles of this new potential entity as well as how it will interact with the current DPUC. There are mentions of giving it the ability to represent Electric Distribution Companies (EDC) in procurement negotiations and even having the power to construct state run power plants. The one thing not addressed is cost. Creating such an authority is a massive undertaking which would require duplicating much of the personnel and expertise that already exists in the DPUC as well as the EDC. As we all are well aware, the state is in tremendous financial crises, the creation of a new state agency of the size and scope proposed here is just fiscally irresponsible. Neither bill can adequately explain how a Power Authority will lead to the substantial savings necessary to make it cost effective. Further, aside from the personnel, neither bill describes a procurement or oversight process that is much different than what is seen today.

HB 5505 sec. 36 This section would create a “windfall profits” tax on electric generators who exceed a state-proscribed level of revenue. MAC firmly stands in opposition of this concept. The basic tenet of a free market is that a company provides a service and attempts to make a profit. In no other industry does the state decide how much of a profit is too much. Placing such restrictions on electric generators will lead to less economic investment in Connecticut and encourage all generators to inflate costs to show less profits, both of these will lead to increased rates for the people and businesses of Connecticut.

HB 5505 sec. 29 MAC supports all efforts to provide protection for consumers who are shopping in the electric retail market. MAC also believes all brokers, aggregators and suppliers of electricity should be registered, licensed and clearly communicate all contract terms and offers to potential customers.

HB 5505 sec 30(k)(d)(5) MAC questions the language prohibiting a customer from switching to an alternate supplier for two years after returning to standard service. Also, the language is very confusing as it states a standard service customer may not return to standard service without a penalty, It seems that the arbitrary imposition of penalties would bring any market to a halt thus ending competition and leading to higher rates.

Thank you for allowing MAC to present this written testimony.