

DAVID FELDMAN

Chairman Fonfara, Chairman Nardello ladies and gentleman of the Energy & Technology Committee, thank you for the opportunity to speak before you today.

As many of my colleagues have already addressed, deregulation is working in Connecticut.

Over 600,000 Connecticut consumers have taken advantage of energy choice ... saving an estimated \$200,000,000.00 in the last year alone.

The industry has created over 17,000 jobs and growing. All of this is possible because **the current structure works.**

Section 53 of the bill seeks to change the system as it is currently configured.

The single biggest reason that the rate at which Connecticut consumers have converted to alternate suppliers has dramatically increased over the last few years is ... Purchase of Receivables

Purchase of Receivables, as you know under the current system, the utility bills the customer for both the generation and distribution charges... collects from the customer ... and is required to pay the electric supplier. All bills tendered to the supplier's customers less a bad debt allowance.

The reason that this system works is that the "guaranteed" payment from the utility allows the small to midsized supplier to obtain the necessary financing to cover the cash float that this industry requires.

This results in greater competition in the marketplace.

In its simplest terms the supplier pays for the electricity twice weekly and then gets paid by the utility approximately 55 days later.

The tremendous cash reserves that this formula inflicts on the supplier makes this market impossible to compete in without financing the float.

Financing the float is only possible because of POR.

The impact of Section 53 is that it seeks to require the supplier to either dual bill the customer and take on the collection burden...

Or pay the utility to do so. Either of these requirements will result in increased rates by Connecticut's electric ratepayers.

If you mandate the supplier to dual bill and collect, at best, the supplier will be forced to add a whole additional level of overhead that will out of necessity require the suppliers to increase their rates and pass those costs onto the consumer

... And at worst, will result in the supplier losing its financing and be out of business.

If this happens you will have effectively reregulated the Connecticut marketplace and undo all the gains made by Connecticut ratepayers over the last few years.

If you chose dual billing, it will add to confusion of the ratepayer as they will now need to pay two electric bills.

It adds a whole layer of complexity for the consumer.

What happens if they pay the supplier but not the utility or visa versa.

Who has the right to shut off the consumer's service for example?

If the supplier has to pay the utility for this billing service you are again adding a layer of overhead that will be passed on to the consumer.

Regardless of whether the utility bills and collects on behalf of the supplier it must still bill and collect from the consumer for the distribution portion of the bill.

They are incurring the cost of billing and collecting regardless of whether they do so for the supplier or not.

This in effect gives the utility the ability to double dip at the cost of the Connecticut consumer.

This is the exact result that this committee is trying to avoid.

I laud this committee's efforts in an attempt to reduce the cost of electricity to the Connecticut consumer...

But by requiring the electric supplier to dual bill or allowing the utility to charge the supplier we believe flies in the face of this objective.

Thank you,