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H.B. 6389 -- Office of Consumer Counsel (OCC)

General Law Committee public hearing -- March 8, 2011

Testimony of Raphael L. Podolsky

Recommended Committee action: REJECT SECTION 42

The "independent Office of Consumer Counsel" (see I. 2049-2050 of the bill) has for more than three decades been the principal voice of Connecticut consumers in utility rate-making proceedings. Its participation and expertise in those extremely complex proceedings on behalf of utility customers have saved Connecticut consumers millions of dollars, and its participation in DPUC regulatory proceedings has helped shape numerous rules that protect consumers from improper billing and shutoff.

Section 42 of this bill abolishes OCC and moves its functions to the Department of Consumer Protection. This change will significantly undercut OCC's ability to perform the primary function of the office of protecting rate-payers. In addition, other than reducing staff (which can be done without a change in structure), it is hard to see what financial savings will accrue to the state from this change.

- Independence: The Office of Consumer Counsel is currently structured as an independent agency that is placed in the Department of Public Utility Control (DPUC) for administrative purposes only. The Consumer Counsel is appointed by the Governor, not by the DPUC. That independence is critical for it to advocate positions before the state utility regulatory agency (DPUC) and to challenge the recommendations and research of the DPUC staff. Although the OCC may sometimes provide some consumer assistance, it is not a consumer assistance agency. Its primary role is to be the voice of consumers in utility rate-making and regulatory proceedings. It is hard to see how a state agency -- whether DCP or some other agency -- will be able to play this role effectively.
- Location: If OCC is maintained as an independent agency, it is probably not critical in which agency it is housed administratively. It would be desirable, however, that it be housed physically in or near the place where it would do most of its work, which is at the DPUC. That is where the filings, applications, and records with which it works are maintained, and it is where the hearings in which it participates are held. For this reason, it appears to us that the DPUC (or the new entity into which DPUC is merged) is probably the most convenient place to house OCC.
- Cost: This reorganization seems to be driven by a desire to reduce costs. OCC, however, is funded out of the Public Utility Fund (from assessments on ratepayers),

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while DCP is funded from the General Fund. Moreover, OCC is already placed for administrative purposes within another agency (here, DPUC). That is itself a cost-saving mechanism, because it does not require a separate administrative structure of its own. Moving it into a line agency to obtain access to administrative staff there does not seem to represent any additional savings. If, on the other hand, the goal of reorganization is to eliminate the actual position of Consumer Counsel, we are concerned that it implies there would be no DPUC advocacy unit and no coordinated direction. I would think that the Consumer Counsel function, which is different from anything else that DCP does, would constitute a division or its equivalent within DCP and that it would require a division director -- I do not see the Commissioner of DCP being able to function as the actual day-to-day director of the highly complicated functions of this agency. Where would the savings be, other than in the form of staff reductions from insufficient funding rather from reduced need for staff?