



**Testimony of Lance Johnson
AARP Connecticut Volunteer
S.B. 1 sections 53 and 54**

Good afternoon, my name is Lance Q. Johnson; I am an AARP volunteer here today representing the almost 600,000 AARP members in Connecticut. Overall AARP supports Senate Bill 1. I will be providing testimony today on sections 53 and 54 of the bill, which we believe are essential protections for all electric ratepayers in Connecticut if we are to continue to have a retail choice market for electric service.

To be clear, AARP recommends that policymakers in Connecticut discontinue efforts to pursue a transition to a competitive market for electricity. AARP believes that Connecticut should adopt reforms that ensure affordability, availability, and reliability of service based on a regulated, cost-of-service model. However, as long as we continue to pursue the competitive supply market model, sections 53 and 54 provide our best hope to: reign in abusive market-practices, cut rate-payer subsidies to electric suppliers (a general class of rate payers, even those not interested in shopping for electricity, currently pay for a electric suppliers' marketing costs), and level the playing field.

Section 53 of the bill is a common sense section to benefit all ratepayers. Under current law, competitive suppliers can provide billing and collection services for their customers that have at least 100 kilowatts of demand. The bill requires suppliers to provide these services or obtain these services from the utility company, paying their fair share of these costs. Currently the utility companies, CL&P and UI, conduct the billing and collection for customers who choose to purchase their electricity from a competitive supplier. Those costs are factored into the rate that standard offer customers pay for electricity. These costs should be paid for by the companies that are making profits off the competitive market, not the customers who choose not to use their services. True market forces should determine the success or failure of competitive suppliers. When standard offer customers rates are reduced to no longer reflect the costs of billing for suppliers, then the

suppliers will be competing against a true cost and not an inflated one. This will create a market where the suppliers are competing based on their true cost of doing business.

Section 54 of the bill establishes an electric supplier code of conduct. This code will protect residents who choose to switch to a retail electric supplier from unscrupulous and aggressive marketing practices. The bill does this by requiring electric suppliers, their aggregators or agents to identify themselves appropriately to avoid misrepresentation, and explain to customers the fundamental terms and conditions of the service contract, as well as any hidden fees or variable charges. AARP has received dozens of contacts from our members, who have been victims of unscrupulous practices by some of the suppliers in the competitive market, and we believe section 54 provides essential consumer protections that residents need to make informed decisions about their electric service.

AARP included questions in its 2010 State Voters' Guides on the creation of a code of conduct for competitive suppliers. These provisions were overwhelmingly supported by members of the General Assembly.