



Testimony of AARP  
Energy and Technology Committee  
On H. B. 5591, H.B 944, H.B. 6470, H.B 6473, S.B. 315 and S.B 109  
March 5, 2013

AARP submits the following testimony stating our position on several of the bills before the Committee for hearing today. AARP is a nonpartisan, nonprofit social welfare organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP is an advocate nationwide for the rights of people aged 50 and older. A substantial percentage of AARP's members live on fixed or limited incomes. A major priority for AARP is to protect consumers from utility expenses that may endanger their health and financial security.

Stable rates and service are essential for older and low income people's health and wellbeing. People living on low or fixed incomes are particularly vulnerable to high utility costs and are often forced to reduce expenditures on other basic needs, including food and medicine, or to cut back on usage of heating and cooling beyond safe levels if they cannot afford their utility bills. Older people are less able to maintain their internal body temperature and disproportionately suffer from certain medical conditions that make them especially sensitive to temperature extremes, such as diabetes, lung disease, and heart disease. High or unpredictable utility costs also threaten the ability of older people to continue to live independently.

Concerns Regarding Provisions of H.B. 5591

H.B. 5591 would permit "on-bill-financing" for energy-related technology to residential and small commercial customers. On bill financing or "OBF" may sound good in theory, but it actually imposes serious risks to utility customers. According to the Comprehensive Energy Strategy, OBF would not be viable unless lenders are able to force disconnection of essential utility service as the ultimate collection tool. Too many Connecticut households already struggle to pay their utility bills, and too many already face disconnection of service. While the same households could benefit from energy efficiency measures, they should not be subjected to new debt, and a greater risk of losing essential service. The hammer of disconnection is an unacceptable short cut for lenders and program designers who should instead ensure that any OBF program enhances the customer's ability to afford utility bills and is marketed only to those for whom it is appropriate.

In addition to our opposition to using disconnection of essential service as a loan collection tool, AARP questions moving forward with OBF for residential customers based on little to no information about how the program would operate in practice. Unanswered questions include:

- What is the ratepayer's ability to assume the risk that the financed energy efficiency measures will not achieve expected savings?
- Do loan payments consider household size and income?
- What is the ability of subsequent owners and tenants to assume the loan repayment attached to the meter? How is the household size and income of subsequent tenants or owners considered? What notice is given future residents of the loan attached to the meter?
- Only a handful of OBF programs have been implemented for residential customers, primarily at electric cooperatives. What is the track record of OBF for residential customers across a variety of income categories?

## Support H.B. 6470

This bill will require that advertisements for competitive electric service include a conspicuous disclosure of an advertised price and expiration of the term of such price. This type of disclosure is crucial to consumers who are often frustrated by “teaser” rates, which provide attractive, short term energy savings, but then ramp up into much higher rates. The consumer has no choice but to pay these rates, as most plans include hefty termination fees.

In order to have an effective and robust competitive retail market, consumers must have confidence when shopping. The Standard Offer Plan provides such confidence. So too do clear and accurate disclosures, so that consumers know up front what they are purchasing.

## Support H. B. 944

AARP supports municipal aggregation, which has proven in other states, such as Illinois and Ohio, to give consumers better rates than are available when shopping for alternative service on their own. Aggregation offers consumers two things they don’t have on their own: the power of bulk purchasing, and access to a sophisticated energy manager who has the training to successfully navigate the competitive market.

The bill does not require residents to be part of the aggregation program. AARP recommends the bill be clarified to ensure that residents can choose to stay out of the aggregation before their service is switched.

## Support Provisions of H.B. 6473

This legislation contains numerous provisions, some of them “clean up” in nature, and others that have appeared in previous legislation which AARP supported. AARP supports the following specific sections of the bill:

- Notice of public hearings and opportunity to submit comments on rate increases (Section 5)
- Ability of the Office of Consumer Counsel to initiate a review of fuel, purchased gas and transmission adjustment clauses (Section 6)
- Requirement for 3 weeks written notice of a change in generation rate (Section 12). In addition to this, AARP recommends that customers be able to cancel without penalty within the three week period.

## Support S.B. 315

One of the biggest complaints from consumers from last year’s storms was the lack of communication from their utilities about restoration plans. AARP supports S. B. 315 which will require communication plans.

## Support S.B. 109

This bill will help ensure public health and safety by requiring utilities to notify municipalities of customers who have had service disconnected for more than 7 days. Municipal officials may be able to help a family or a senior obtain needed bill payment assistance or other social services.

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