



**Testimony of Abraham Scarr, Director  
Connecticut Public Interest Research Group (ConnPIRG)  
in support of  
Proposed Senate Bill No. 2:  
An Act Concerning Electric Customer Consumer Protection**

Chairperson Duff, Chairperson Reed, and Members of the Committee: My name is Abe Scarr and I am the Director of the Connecticut Public Interest Research Group (ConnPIRG). Thank you for the opportunity to submit written testimony in support of Proposed Senate Bill No. 11: An Act Concerning Electric Customer Consumer Protection.

ConnPIRG is a non-profit, non-partisan consumer group. Our consumer program works to alert the public to hidden dangers and scams and to ban anti-consumer practices and unsafe products.

We commend Senate leaders Williams and Looney for introducing this bill and the committee for raising it.

A January 16<sup>th</sup> [consumer advisory](#)<sup>1</sup> from the Office of Consumer Council and Attorney General announced that 10 electric suppliers were charging at least some customers rates higher than 17 cents per kilowatt hour (kWh), compared to the standard offer of around 9 cents per kWh. A [Hartford Courant article](#)<sup>2</sup> the following day further reported that tens of thousands of Connecticut ratepayers pay well above the standard offer.

By now it is well documented how some electric suppliers lure customers with teaser rates only to significantly raise rates later, roll fixed rate supply agreements over into variable rate agreements at the conclusion of a fixed rate term, and charge excessively high termination fees. The need for reform is clear.

Senate Bill 2 would deliver critical consumer protections in two ways. First it gives the Department of Energy and Environmental Protection additional resources to redevelop the website where consumers can compare electric suppliers to “enhance the ability of a customer to compare electric supplier offers and make a purchase directly through the marketplace.” Second, it increases disclosure of contract terms and rates *on consumer bills*.

While both are important reforms, the second is the real “game changer.” Consumers review their bills on a monthly basis but they do not regularly take the additional step of going online to review their generation rate in comparison to others, or the fluctuation of their rates over time. Placing more of this information on bills will dramatically improve consumers’ ability and likelihood to avoid scams or rip-offs.

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<sup>1</sup> [http://www.ct.gov/occ/lib/occ/1-16-14\\_oag\\_occ\\_electricsuppliers.pdf](http://www.ct.gov/occ/lib/occ/1-16-14_oag_occ_electricsuppliers.pdf) accessed 2/19/14

<sup>2</sup> <http://www.courant.com/business/hc-electric-prices-suppliers-20140116,0,2968824.story> accessed 2/19/14

The ConnPIRG-backed 2009 federal CARD Act could provide a model of good disclosure rules. Below is a summary of how the law changed disclosure from a Consumer Financial Protection Bureau [fact sheet](#):<sup>3</sup>

*Prior to the CARD Act, monthly statements provided consumers with limited information about their balances and obligations, and about the interest, finance charges, and other fees they were incurring. This information was presented with confusing terminology and in a format that could make it hard to find key information. This made it difficult for consumers to determine how much they were paying for their credit card. The CARD Act and related Federal Reserve Board rules made a number of changes, including the following:*

- *Each monthly statement must include how long it will take to pay off the bill and the total cost to the consumer as a result of paying only the minimum amount due.*
- *Each monthly statement must include how much the consumer should pay each month to pay the bill off in three years, the total cost to the consumer in doing so, and the savings compared to paying only the minimum payment.*
- *Regulations issued by the Federal Reserve Board, which took effect along with the CARD Act implementing rules, require each monthly statement to include the total amount of interest charged year to date, and a similar disclosure relating to the total amount of fees.*

Of course credit card statements and utility bills are different, but we think the committee can draw important principles from this example. We recommend the committee consider not only what information Senate Bill 2 requires disclosed on monthly bills, but also how that information is presented. It should be prominent, easy to understand, and written in plain language. Consumers should be able to see their rate in comparison to the standard rate, contract terms, any change or impending change of terms, impending auto-renewals, and any cancellation fees. These rules should apply equally to printed and online bills.

Again, thank you for the opportunity to submit written testimony in strong support of Senate Bill 2.

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<sup>3</sup> <http://www.consumerfinance.gov/credit-cards/credit-card-act/feb2011-factsheet/> accessed 2/19/14