

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-75—sSB 2

Energy and Technology Committee

Finance, Revenue and Bonding Committee

AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION

SUMMARY: This act changes laws concerning the electricity market for residential customers. In this market, residents may choose to purchase electricity from electric companies at the standard service rate or from electric suppliers at an electric generation service rate, which may be variable.

The act prohibits suppliers from raising rates for the first three billing cycles of new supplier contracts entered into on or after July 1, 2014. It also requires electric suppliers to notify residential customers in advance of certain rate changes and prohibits them from charging cancellation or early termination fees to residents who (1) move within the state and do not change suppliers or (2) lack a contract with a supplier and receive month-to-month variable rates. The act decreases the cap on such fees. It also requires electric companies to transfer eligible residential customers to standard service within 72 hours of their request.

The act requires the Public Utilities Regulatory Authority (PURA) to redesign the (1) standard billing format for residential customers' electricity bills; (2) customer account summaries on the electric companies' websites; and (3) rate board, the website that provides information on the rates of electric companies and electric suppliers. PURA must also develop a standard summary form of the terms and conditions of the contracts between electric suppliers and residential customers.

The act prohibits and restricts certain electric supplier marketing practices and also requires PURA to develop and implement additional standards for certain practices, including abusive switching practices, telemarketing, door-to-door sales, and the hiring and training of sales representatives.

The act requires electric companies and electric suppliers to distribute certain rate information in bills and mailings, and to facilitate the transfer of customers in a timely manner. It requires electric suppliers to disclose information on their highest and lowest rates charged in the previous year, and distribute that information online and with certain notices.

It also directs PURA to study the feasibility of switching certain vulnerable customers from electric suppliers to electric companies. If PURA's findings support it, PURA may order these customers to be placed on standard service.

EFFECTIVE DATE: Upon passage, except for (1) provisions (a) requiring supplier disclosure of the highest and lowest electric generator service rates and (b) prohibiting suppliers from increasing rates in the first three billing cycles, which are effective July 1, 2014, and (2) a provision specifying that PURA may

OLR PUBLIC ACT SUMMARY

investigate the targeting of certain customers with artificially elevated electric generation services rates, which is effective September 1, 2014.

§ 1 — STANDARD BILLING AND ACCOUNT SUMMARY PAGE

Implementation and Timeline

The act requires PURA to initiate a docket to, among other things, redesign (1) the standard billing format to better enable customers to compare pricing policies and charges between suppliers and (2) customer account summaries on an electric company's website. PURA must open the docket by July 1, 2014 and issue a final decision within six months. It must implement the redesigned billing format and customer account summary by July 1, 2015 and change or repeal any regulations necessary to do so.

PURA must reopen the docket by July 1, 2020 and every five years thereafter to ensure that both the standard billing format and the account summary page continue to help customers compare electric suppliers' pricing policies and charges.

Requirements for Billing Format Redesign

PURA's final decision must require the first page of each electric company's residential customer bill to include:

1. the electric generation service rate, its term, and expiration date;
2. any change to the rate effective for the next billing cycle and, if there is a rate change, the cancellation fee;
3. notification of whether the rate is variable;
4. the standard service rate, its term, and expiration date;
5. the dollar amount that would have been billed under the standard service rate;
6. an electronic link to, or web address of, the rate board website; and
7. the company's telephone number and other information enabling the customer to obtain standard service.

(PA 14-94 limits this requirement to residential customers who are receiving electric generation service from an electric supplier.)

Temporary Requirements for Bill Inserts and Mailings

Beginning in June, 2014 and continuing quarterly for one year, the act requires electric companies to include, in a bill insert for each residential customer, (1) the electric generation service rate, its term, and expiration date; (2) any change to the standard service rate within 45 days after its approval by PURA; and (3) the electric company's name before any reference to the term "standard service." (PA 14-94 requires these inserts to list (1) the standard service rate, instead of the electric generation service rate, and (2) any change to the standard service rate at least 45 days before it becomes effective, instead of within 45 days of its approval.)

During the same period, electric suppliers must include, in quarterly mailings to each of their residential customers, (1) the electric generation service rate, its

OLR PUBLIC ACT SUMMARY

term, and expiration; (2) any rate change applying to the next billing cycle and, if there is a change, the cancellation fee; (3) notification if the rate is variable; (4) the standard service rate, its term, and expiration rate; and (5) the dollar amount that would have been billed under the standard service rate.

§§ 1 & 3 — TRANSFER OF CUSTOMERS

In the same docket as the redesigns above, PURA's final decision must also assess the feasibility of:

1. an electric company transferring a residential customer receiving service from one electric supplier to another supplier in a timely manner and
2. ensuring the electric companies and relevant electric suppliers provide each other timely information to facilitate the transfer.

The act additionally requires electric companies to transfer eligible residential customers to standard service at their request within 72 hours. A transferred customer must stay on standard service through the remaining billing cycle. The act requires electric companies to transfer customers to an electric supplier's service within 45 days after receiving the enrollment from the supplier.

§§ 1, 2, & 4 — NOTIFICATION REQUIREMENTS

Rate Changes

By law, electric suppliers must provide written notice to residential customers of any change to the customer's electric generation price between 30 and 60 days before the expiration of a fixed-price term. The act requires electric suppliers to additionally provide written notice to any residential customer (1) 45 days before charging a month-to-month variable rate following the expiration of any contract entered into after June 3, 2014 and (2) 15 days before the effective date of any rate change that is 25% more than (a) the original contract price or (b) the last rate notification provided by the electric supplier. (PA 14-94 limits this second requirement to contracts entered into after the requirement becomes effective. It also specifies that subsequent notice requirements apply to rate increases that are at least 25% higher than the most recent rate change notice.)

By law, electric suppliers may renew a contract by clearly informing the customer in writing, between 30 and 60 days before the renewal date, of the renewal terms and the option not to accept the renewal offer. The act requires this notice to include a summary of any new or altered contract terms.

Method of Notification

Under the act, customers must choose a written notice method for notifications at the time the contract is signed or verified through third-party verification. Available methods must include (1) U.S. mail, (2) email, (3) text messaging, (4) cellphone applications, and (5) PURA-approved third-party notification services. The act allows the customer to change the notification method at any time during the contract. In the same docket as the redesigns, PURA must assess the feasibility of allowing residential customers to choose how

OLR PUBLIC ACT SUMMARY

to receive information related to bill notices from among these options.

Highest and Lowest Rates

Beginning July 1, 2014, the act requires electric suppliers, as a condition of continued licensure, to disclose their highest and lowest electric generation service rates charged to any standard service eligible customer as part of a variable rate offer in each of the last 12 months. They must post this information monthly to their websites and make it available for publishing on PURA's website. (PA 14-94 specifies that the posted rates must only be those charged to customers with a peak demand under 50 kilowatts during a 12 month period. Peak demand for customers with multiple locations must be aggregated.)

The act also requires electric suppliers to include this information with the 45-day written notice required before charging a month-to-month variable rate after a customer's contract expires.

Electronic Billing

The act requires electric companies, starting July 1, 2015, to email a link to the customer's bill and payment confirmation to any residential customer who does not receive a bill through the mail and is enrolled in automatic electronic bill payments.

§§ 2-4 — RATES, FEES, AND MARKETING

Rates and Fees

The act prohibits suppliers from raising rates for the first three billing cycles of supplier contracts entered into on or after July 1, 2014.

It also lowers the cap on all termination or early cancelation fees to \$50. Prior law capped such fees at the lesser of \$100 or twice the estimated average monthly bill for energy services. The act also prohibits charging such fees to customers who (1) lack a contract with a supplier and receive month-to-month variable rates or (2) change residences within the state and remain with the same electric supplier. It specifies that nothing must prevent such a relocating customer from immediately receiving service from the same supplier.

Marketing Practices

The act prohibits representatives or agents of electric suppliers or aggregators from:

1. wearing apparel, carrying equipment, or distributing materials that include (a) the logo or emblem of an electric company or (b) any language suggesting a relationship that does not exist between an electric company, government agency, or other supplier or
2. making any statement suggesting a prospective customer is required to choose a supplier.

The act also requires each electric supplier to develop and implement standards and qualifications for employees and third-party agents engaged in the

OLR PUBLIC ACT SUMMARY

sale or solicitation of electric generation services.

By law, electric suppliers, aggregators, or their agents must, in a conspicuous part of any advertisement or disclosure that includes an advertised price, indicate the expiration of the advertised price in at least 10-point font. Under the act, they must also indicate any fixed or recurring charge, including any minimum monthly charge.

Development and Implementation of Additional Standards

Under the act, PURA must initiate a contested proceeding by July 1, 2014, and issue a final decision within six months to develop and implement standards for electric suppliers on (1) abusive switching practices, solicitations, and renewals; (2) the hiring and training of sales representatives; (3) door-to-door sales; and (4) telemarketing practices. The act requires PURA to alter or repeal any relevant regulations to accomplish this. The proceeding must also examine a disclosure statement for the suppliers' promotional materials directing customers to a supplier's highest and lowest rate charged as part of a variable rate offer in each of the last 12 months to any customer eligible for standard service.

§ 4 — SUPPLIER CONTRACTS

Standard Summary Form for Electric Generation Services Contracts

The act requires PURA to initiate, by January 1, 2015, a contested proceeding to develop a standard summary form of the terms and conditions included in the residential customer contract for electric generation services.

The act requires the summary form to include:

1. the rate, its term, and expiration date;
2. whether the rate is fixed or variable;
3. whether the contract will automatically renew;
4. notice of the customer's right to cancel service;
5. information on the air emissions and resource mix of generation facilities operated by, and under long-term contract to, the electric supplier;
6. the supplier's trade name;
7. the supplier's toll-free telephone number for customer service;
8. the supplier's website; and
9. PURA's toll-free phone number for customer complaints.

Prior law required electric suppliers to provide all potential customers with a written notice describing (1) the rates; (2) information on the air emissions and resource mix of generation facilities operated by, and under long-term contract to, the supplier; (3) the terms and conditions of service; and (4) the customer's right to cancel the service. These requirements remain in effect for industrial and commercial customers. Beginning January 1, 2015, for potential residential customers, electric suppliers must instead provide the completed summary form of terms and conditions described above in the contract before initiating electric generation services. (PA 14-94 requires certain supplier notice requirements to remain in effect until the standard summary form required by this act is developed, rather than until January 1, 2015).

OLR PUBLIC ACT SUMMARY

§§ 4 & 6 — HARDSHIP CASES AND OTHER CUSTOMERS

By law, PURA must investigate any possible anticompetitive or discriminatory conduct affecting the retail sale of electricity, or any unfair or deceptive trade practices. Effective September 1, 2014, the act specifies that PURA may investigate any targeting with artificially high electric generation service rates of customers who are eligible for standard service and who:

1. are hardship cases (see BACKGROUND),
2. have money deducted from a delinquent account by electric companies,
3. receive other financial assistance from an electric company, or
4. are otherwise protected by law from termination of electricity services.

The act also allows PURA to initiate a docket to review the feasibility, costs, and benefits of switching customers in these categories from electric suppliers to standard service. The act authorizes PURA, in its final decision, to order all such customers to be placed on standard service. If PURA issues this order, it must reopen the docket at least every two years.

§ 5 —RATE BOARD

The act requires PURA to redesign the rate board, the website that provides information on electric company and electric supplier rates, to better enable customers to compare pricing policies and charges among electric suppliers. Under the act, the redesign must:

1. reflect best practices of similar rate boards in other states;
2. develop a process to remove a supplier's price listing based on PURA's protocols; and
3. emphasize (a) uniformity in how suppliers provide information for each category on the rate board, (b) ease of use, and (c) ease of selecting and purchasing a specific contract from a listed supplier.

PURA must review the rate board by July 1, 2017 and every two years thereafter, making any improvements to ensure that it remains a progressive tool for customers to compare electric suppliers' pricing policies and charges.

BACKGROUND

Hardship Cases

By law, a "hardship case" includes any customer:

1. receiving local, state, or federal public assistance;
2. whose sole source of financial support is Social Security or Veterans' Administration or unemployment compensation benefits;
3. who is head of a household and is unemployed, with a household income less than 300% of federal poverty level (FPL);
4. who is seriously ill or who has a household member who is seriously ill;
5. whose income falls below 125% of the FPL; or
6. whose circumstances threaten a deprivation of food and the necessities of life for the customer or dependent children if payment of a delinquent bill is required.

OLR PUBLIC ACT SUMMARY

OLR Tracking: MF:LH:PF:am