

**Testimony of Beverly Dunn on behalf of the CT Citizen Action Group (CCAG)  
before the Energy & Technology Committee**

**In support of SB 570 AAC ELECTRIC SAVINGS AND FIXED BILL FEES and  
SB 573 AAC VARIABLE ELECTRIC RATES**

**Feb. 24, 2015**

Senator Paul Doyle, Representative Lonnie Reed, and distinguished members of the committee:

My name is Beverly Dunn and I'm writing on behalf of the over 20,000 member families of the CT Citizen Action Group in support of SB 570 AAC ELECTRIC SAVINGS AND FIXED BILL FEES and SB 573 AAC VARIABLE ELECTRIC RATES

I am writing to support passage of legislation that would *lower and cap the fixed charge* for electric service for residential customers at \$10 per month and for small business customers at \$25 per month. Connecticut's residential customers now pay the highest (\$19.25/month; Eversource) and second highest (\$17.25/month; UI) monthly fixed charge for any major electric utility in the region. Eversource's Connecticut small business customers have seen fixed charges jump nearly 80% since 2007. We believe that increases of the fixed customer service charge is unfair and bad for ratepayers, especially seniors, lower-income individuals and families who already pay a disproportionate share of their income on utilities. Residents will not be able to escape the impact of the most recent increase, no matter how much energy they conserve adding to the misery of those already struggling to pay their bills this winter.

Higher fixed charges work against the state's commitment to energy efficiency and solar programs, slow the growth of a green jobs economy, and hit hardest those who can least afford to pay. Connecticut has made great progress on energy efficiency and clean energy over the last few years, and high fixed charges will just get in the way of further progress. The higher the fixed charge, the less incentive consumers have to buy efficient lighting and appliances, to weatherize their homes, or to install rooftop solar. That is the wrong kind of economic signal to send our residents and businesses as they consider their energy options, and it is at odds with state energy policy.

The modern power grid should enable consumers to make beneficial energy decisions. A key feature of the modern power grid is full consumer control over energy generation, consumption, and costs. High fixed charges interfere with this objective by increasing the amount that must be paid regardless of energy use. By lowering and capping fixed charges right now, we will give all consumers, including the most vulnerable, a real chance to benefit economically from the rapid advances in technology that are already modernizing the power grid. It is for these reasons that we are in support of SB 570.

We would like to thank Senate President Martin Looney for introducing S.B 573 and Co-Chairs Doyle and Reed and Ranking members Formica and Ackert for holding a public hearing on this important proposal regarding variable electric rates.

Third party electric suppliers in Connecticut often market variable rate contracts to customers with the promise that it will save them money on their electric bills. We are all bombarded with mailings and phone calls' offering what looks on the surface like a cost savings deal. These "teaser" rates usually are initially priced below the Standard Offer (default) rate offered by the electric distribution companies. Unfortunately, despite recent reforms, these plans have proven to end up costing residential customers more in the long run.

When the PURA held hearings last year, the number one consumer complaint was the variable rate. Over and over people testified that their rates were doubled and tripled and asked that the variable rate be eliminated.

Variable rates shift risk entirely to the customer and not the third party suppliers. In fact, a supplier has the right to dump a customer into Standard Offer service at any time, for any reason, without penalty, if a customer misses the contract expiration deadline, suppliers are allowed to put them into a costly variable rate plan without their prior consent even if the same company offers a lower fixed rate plan. This is a principle that works against the consumer and in favor of suppliers. In fact, suppliers can raise variable rates from month to month by 25% without notice. If a contract is canceled early the consumer is subject to penalty, and the same does not hold true for the suppliers.

Variable rates provide no benefit to customers, they only benefit suppliers. Electricity is a necessity and should not be used as an investment tool that forces consumers to try to beat a market price. It should be priced at the lowest reasonable cost for reasons of health, safety and security.

Thank you for your consideration.

Sincerely,

Beverly Dunn on behalf of CCAG  
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