

**Testimony of John Erlingheuser, Advocacy Director, AARP Connecticut**  
**On S.B. 573, AN ACT Concerning Variable Electric Rates**  
Energy and Technology Committee, February 24, 2015

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

Senate Bill 573 seeks to ban variable rate electric contracts offered in the residential third party supply market. This bill is necessary because the retail energy market for residential customers is still “broken” even in spite of the many good and well intentioned reforms passed in 2014 by the legislature. By that I mean that the buyers and sellers in this market operate without equal information or understanding of the risks and rewards associated with purchasing electricity generation supply under variable rate contracts.

In order for any retail market to actually work to the benefit of both buyers and sellers, there must be some access to information to allow for a rational decision about what produce or service best meets the needs of the individual consumer. That does not exist in the retail energy market today. Residential consumers have no knowledge of how the wholesale market works and the terms and conditions offered by suppliers for variable rate contracts do not provide the information necessary to allow for a fair bargain. It may almost be impossible in any event to provide that information to make these contracts a viable option.

You will recall the events of last winter. The vast majority of customer complaints about supplier marketing and contracts related to the variable rate feature. Customers are enticed into entering into these contracts due to a variety of factors: (1) the supplier’s sales agent misrepresents the nature of the contract or how the variable rate term will operate; (2) the customer is enticed to enter the contract with a teaser low ball rate that is followed after 1-3 months with a variable rate without any maximum rate impact; (3) the customer enters into a fixed rate contract but then does not respond to the renewal notice and is put on a variable rate contract by virtue of his/her silence in response to a renewal notice; and (4) there are a few customers who no doubt know exactly what they are doing and they actively “play” the market by moving from supplier to supplier or from fixed to variable and back again when they see it is in their interest to do so. I think we can confidently conclude that group #4 is very small indeed. This group however, was the reasoning given for continuing to allow variable rate contracts to exist. We should keep in mind that electricity is not a luxury; it is a necessity for health and safety. It is not a product that should be treated as a financial instrument used to “play the market.”

Consumers did not understand the risks associated with these contracts. None of these contracts told the customer how their variable rates would be calculated in a manner that could be actually duplicated or used to calculate a specific price. Most of these contracts just made vague references to the “wholesale market”, “market conditions” or other technical terms that are not understand by most consumers. None of these contracts told customers how high their rates could go. None of them contained a maximum variable rate that would be charged. In short,

these contracts shifted the entire risk of what might occur in the short term wholesale market from the supplier to the individual residential customer and never told the customer in some many words that this was the type of contract they were entering into.

Furthermore, the PURA investigation, the OCC testimony, and public hearings last year clearly documented the phenomena of #1-3 are prevalent.

- PURA held five public hearings to allow consumers to publicly talk about their experiences with suppliers in the electric market last spring and summer. Sixty-nine people testified in the hearings. One after another, supplier customers – and former customers – addressed PURA to tell of being lured to suppliers by the offer of a low rate, only to have their rates double and in some instances nearly triple over the succeeding months. They used terms like “bait-and-switch”<sup>1</sup> and “teaser” rate<sup>2</sup> to describe their experiences of being offered a low initial rate, only to have the rate climb to double and triple that amount; one man referred to these practices as a “shell game.”<sup>3</sup> A senior citizen spoke of how one electric supplier offered a restaurant coupon as an inducement for signing up (“one of their catches to get -- to their -- use their company was that they're going to send us food.”)<sup>4</sup> Consumers described being “ripped off,”<sup>5</sup> being “hosed,”<sup>6</sup> and being “tele-terrorized.”<sup>7</sup>
- Customers at these hearings documented that their rates had increased from a low teaser rate to an increase of over 100% in every case and over 200% in some cases. These customers had no notice of these rate increases until the bill arrived and payment was demanded by the local distribution utility billing on behalf of the supplier and using the threat of disconnection of service if the customer failed to make payment or enter into a payment plan.
- Seniors in particular had compelling experiences:

And we purchased a house this past May. And we joined Choice Energy -- excuse me. They offered us a good rate, you know, .0749. It was supposed to end in December. So at the beginning of December, I started searching around to see, you know, what were the rates going on and what was going to happen, who could I join that would be fair, too. And what I had was old numbers. You know, they had sent me an old, whatever you call it, form, you know, of rates or whatever was going on. And I said, "So where's the new one?" And I called and I called. Nobody had any. They didn't know what was going to happen. They didn't know which way they were going. So I'm like what am I going to do?

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<sup>1</sup> See, e.g., Tr. at 234, 236, 240, 241, 242, and 247.

<sup>2</sup> Tr. at 311.

<sup>3</sup> Tr. at 51.

<sup>4</sup> Tr. at 306.

<sup>5</sup> Tr. at 81.

<sup>6</sup> Tr. at 92.

<sup>7</sup> Tr, at 199.

You know, so I called all the way until the day before my rates, you know, my contract was ending with them and nothing. There was nothing. Nobody could talk to me. I would get a recorder telling all these things or some songs that repeated itself for half hour, and nobody, nobody talked to me at all. So I wasn't too happy. I called CL&P also. They didn't even know themselves what they were going to do until the very end, and then they said they posted something. I went and looked at it, and it was only them and people that were going to be charging, like, ten-something, whatever, so I didn't go with them. So I said, Well, I don't know what I'm going to do. I'm just going to have to wait.

Then all of a sudden I get my bill for .16999 which was 2.36 times more than what I was paying before. And I was, like, what is going on? It went from -- it went from 185.96 for -- how many days -- it was 21 for 32 days, no. I'm lying -- for 34 days. And it went up to \$430.10. And I was like, my God, you know. My husband and I, you know, I'm retired, but he's still working. ... I don't know what is going to happen with what we're doing here, but I hope that something happens because I'm not going to pay \$430. ....

I don't think it's right that it went from .0745 to .16990. That's outrageous. That's uncalled for. It's not right, at all. And we should be told what's going to happen so that we can have a choice, but I had no choice. It was too late. ....[text deleted here] So I don't know what I'm -- what we're going to do, but my -- we're seniors, we're not young people that have a lot of money.<sup>8</sup>

The second comment follows:

THE WITNESS: I, too, was with Discount Power. Our December bill was, approximately, \$330. I live with my elderly mother. And, in our January bill, our rate had jumped from .09 to .219 in 33 days. We went from \$330 bill to a \$728 bill. When I called Discount Power, first of all, they did not answer the phone for hours. And, then, when they did, they said that it was the -- the rate increase was due to the spike in the natural gas rate, so my rate went up 130 percent. The natural gas rate did not go up 130 percent. So all those -- and I -- I had signed up previously for a fixed rate, which I am sure had long since expired from when I had originally signed up for this with Discount Power, but there was no notification, whatsoever, of a rate increase or that my -- my fixed rate had expired and I would be on a variable rate. So I have since changed from Discount Power and will never use them again. I've been burned. I do realize, too, that I had higher kilowatt usage hours in December due to family being in town for the holidays, Christmas lights, Christmas tree, the whole bit. I get that. I'm totally onboard with having a higher rate; however, I think that their methods are suspect. ...

THE WITNESS One more thing -- I'm sorry.

COMM. CARON: Sure.

THE WITNESS: They did tell me at --

COMM. CARON: Discount Power?

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<sup>8</sup> Tr. at 125-128.

THE WITNESS: Discount Power that the rate had – did decrease from .219 to .169 for the January and February bill.<sup>9</sup>

Finally, this comment:

One of the principal points that I'd like to make, though, as a senior citizen myself, at 81 years old, this is so complicated that if I don't have skills with computers, fortitude, and -- you're out of luck. This thing is a bear to deal with it.<sup>10</sup>

While the elimination of variable rate contracts for residential customers is a significant step in what is supposed to be a “competitive” market, the negatives outweigh the positives with this type of contract for residential customers. There is little or no value proposition for these contracts for residential customers because there is nothing customers can do to protect themselves under these contracts. Even if there are some months where the supplier’s variable rates are below Standard Offer Service (SOS), the customer has no means of tracking this information and predicting when the prices will significantly exceed SOS rates. This is because the supplier pricing terms are not transparent. There is no publicly available formula or methodology in these agreements for customers to understand what they are purchasing. All the risks are with the customers. None of the risks are with the supplier. Contrast with credit card contracts where the formula for setting interest rates on credit cards and mortgages are a reflection of a publicly available index plus a contractually stated “adder” that represents the credit card’s issuer of costs and profits. Customers can easily shop and compare credit card rates because the formula for setting the prices is prominently disclosed and the methodology used to calculate changes in credit card rates is publicly available.

I urge you to support and draft S.B 573. I have attached copies of the Office of Consumer Councils supplemental testimony from last year’s PURA investigation. I have also provided language for this legislation that AARP worked on with OCC.

I want members of the Committee to once again keep in mind that electricity is not a luxury; it is a necessity for health and safety. It should not be viewed as an instrument that should be used as a means to “play the market”.

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<sup>9</sup> Tr. at 177-178.

<sup>10</sup> Tr. at 131.

## **PROPOSAL TO ELIMINATE VARIABLE RATES FOR STANDARD SERVICE ELECTRIC CUSTOMERS**

(Effective October 1, 2015)

- (a) “Fixed plan” shall mean a contract for electric generation services where the rate per kilowatt-hour does not vary for a period of at least four complete billing cycles.
- (b) “Protected customer” shall mean a customer whose maximum demand is one hundred kilowatts.
- (c) “Interim rate” shall mean a rate charged for electric generation services during a period after expiration of any fixed plan but prior to contract termination and prior to any affirmative agreement between the electric supplier and the protected customer as to a new fixed plan. The “interim rate” shall be no higher than the lowest fixed plan price, for a fixed plan of any duration, being offered by the electric supplier to any new protected customer in the same electric distribution company service territory on the date that is sixty days prior to the date that the fixed plan of the protected customer will expire. If the electric supplier does not have an active fixed plan offer for customers in the same electric distribution company service territory on the date that is sixty days prior to expiration of a protected customer’s fixed plan, the rate in the expiring fixed plan shall be the interim rate. An interim rate of a protected customer is determined on the date that is sixty days prior to fixed plan expiration and will not change for that protected customer until the electric supplier and the protected customer agree to a new fixed plan or the contract is terminated in accordance with its terms.

(d) Each contract for electric generation services between an electric supplier and a protected customer entered into on or after October 1, 2015, shall (i) begin with a fixed plan; (ii) provide that any rate charged after the initial fixed plan shall either be an interim rate or a new fixed plan rate affirmatively agreed to by the electric supplier and the protected customer. No fee may be charged by an electric supplier to a residential customer for termination or early cancellation of a contract during a period when an interim rate is in place. Nothing in this provision is intended to require a contract to extend beyond the term of any fixed plan.

**STATE OF CONNECTICUT  
PUBLIC UTILITIES REGULATORY AUTHORITY**

PURA Establishment of Rules for Electric            )  
Suppliers and EDCs Concerning Operations and    )  
Marketing in the Electric Retail Market            )       Docket No. 13-07-18

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**SUPPLEMENTAL TESTIMONY OF  
SUSAN M. BALDWIN AND HELEN E. GOLDING  
ON BEHALF OF THE CONNECTICUT OFFICE OF CONSUMER COUNSEL**

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Filed: March 17, 2014

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## I. INTRODUCTION

### Qualifications

**Q: Please state your names.**

A: My name is Susan M. Baldwin. My name is Helen E. Golding.

**Q: Are you the same Susan M. Baldwin and Helen E. Golding who filed testimony on March 10, 2014?**

A: Yes.

### Assignment

**Q: On whose behalf is this testimony being submitted?**

A: This testimony is being submitted on behalf of the Office of the Consumer Counsel (“OCC”) and supplements our testimony of March 10, 2014.

**Q: Why are you submitting this supplemental testimony?**

A: At the time we were finalizing our initial testimony, the public hearings that the Public Utilities Regulatory Authority (“PURA”) held in various communities around Connecticut were ongoing. The consumers that testified at those hearings provided information that corroborates what we addressed in our initial testimony. This

supplemental testimony summarizes our review and analysis of the transcripts of these five public hearings.<sup>11</sup>

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<sup>11</sup> Public Comment Hearings were held in Milford (February 19, 2014), Farmington (February 20), Brookfield (February 24), Norwich (February 25), and Waterbury (February 27).

**PUBLIC HEARINGS**

**Q: Did consumers who came to provide testimony describe their experience with Suppliers?**

A: Yes. Sixty-nine people testified in the hearings. One after another, supplier customers – and former customers – addressed PURA to tell of being lured to suppliers by the offer of a low rate, only to have their rates double and in some instances nearly triple over the succeeding months. They used terms like “bait-and-switch”<sup>12</sup> and “teaser” rate<sup>13</sup> to describe their experiences of being offered a low initial rate, only to have the rate climb to double and triple that amount; one man referred to these practices as a “shell game.”<sup>14</sup> A senior citizen spoke of how one electric supplier offered a restaurant coupon as an inducement for signing up (“one of their catches to get -- to their -- use their company was that they're going to send us food.”)<sup>15</sup> Consumers described being “ripped off,”<sup>16</sup> being “hosed,”<sup>17</sup> and being “tele-terrorized.”<sup>18</sup>

**Q: Did consumers’ comments address the types of issues that you discussed in your initial testimony?**

A: Yes. Consumers voiced concerns about problems similar to those covered in our initial testimony, including:

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<sup>12</sup> See, e.g., Tr. at 234, 236, 240, 241, 242, and 247.

<sup>13</sup> Tr. at 311.

<sup>14</sup> Tr. at 51.

<sup>15</sup> Tr. at 306.

<sup>16</sup> Tr. at 81.

<sup>17</sup> Tr. at 92.

<sup>18</sup> Tr, at 199.

- No notice (or vague notice) of rate change;<sup>19</sup>
- Rate changed in shorter interval than promised;<sup>20</sup>
- The long interval required to switch away from a supplier (some also commented on fact that during this time high rates persist);<sup>21</sup>
- Difficulty reaching the Supplier by telephone;<sup>22</sup>
- False or misleading information about the customer's right to terminate a Supplier's service;<sup>23</sup>
- Aggressive door-to-door sales tactics;<sup>24</sup> and
- Telemarketing in violation of do-not-call rules.<sup>25</sup>

**Q: Did customers give specific examples of the high rates they were being charged by certain Suppliers?**

**A:** Yes. Table 1 summarizes the information provided by customers during the hearings who specified their supplier and the rates paid, starting with a low initial rate and escalating to rates as much as 286% of the initial rate (an increase of \$0.20/kWh relative to the initial "teaser" rate).<sup>26</sup>

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<sup>19</sup> See, e.g., Tr. at 33-34, 238, 242 (vague notice), 297, and 299.

<sup>20</sup> Tr. at 248-249.

<sup>21</sup> See, e.g., Tr. at 8, 10, 35, 173-176, 179-181, 212-213, 236, and 294. See also comment: "Why does it take 90 days for CM -- CL&P to make that change? I have 40 years in corporate finance with Union Carbide and Boehringer Ingelheim. I'm very well versed in computer systems, accounting systems. I can't understand why it takes 90 days for them to change a vendor code and a billing rate." Tr. at 180.

<sup>22</sup> See, e.g., the comments of three individuals each complaining about the difficulty of reaching Discount Power. Tr. at 132-143; 188-189. The third individual stated: "So I tried calling Discount Power. There was just a recorded message about gas going up. Then, I tried to hit the right number to get to billing, and I got a number that just rang and rang and rang and rang, and there was no answer."

<sup>23</sup> Tr. at 16.

<sup>24</sup> Tr. at 49.

<sup>25</sup> See, e.g., Tr. at 129-131 (phone harassment), 199, and, 322.

<sup>26</sup> The information in Table 1 is obviously limited to the universe of people who were willing and able to take the time to show up and to speak on the record at a public hearing. Our analysis of data that we discuss in our

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initial testimony shows that there are clearly many more customers who experience rate spikes. On the other hand, of course, customers who are content with their service are not as likely to show up at a public hearing, although a few satisfied customers did, in fact, speak on the record. For example, one consumer stated: "I had signed up with a supplier through a friend, Ambit Energy, and I've been a customer for two years now. There are good companies out there compared to some of the stories I'm hearing. Everything they said was true. I've been a customer for two years. They've, for two years now, have offered a competitive rate to UI saving me money. They had a free energy referral program where I've referred their service and the consumer's choice to go to them, customers, and Ambit has been sending a rebate check for my supply for the last two years." Tr. at 6.

**Table 1<sup>27</sup>**  
**Comments from Five Public Hearings that Refer to Specific Residential Prices**

			Trend of Increases in Prices Charged by Supplier					Rate Increase		
Transcript	Begin	End	Supplier	Initial Rate	Rate Changed to	Rate Changed to	Rate Changed to	Highest Rate	Absolute	Percent
124	124	128	Choice Energy	\$0.0749				\$0.1699	\$0.0950	127%
109	109	112	Direct Energy	\$0.0800				\$0.1600	\$0.0800	100%
236	236	240	Direct Energy	\$0.0799	\$0.1000			\$0.1600		
132	132	137	Discount Power	\$0.0690	\$0.0890	\$0.0980		\$0.2290	\$0.1600	232%
118	118	123	Discount Power	\$0.0900				\$0.2200	\$0.1300	144%
266	266	269	Discount Power	\$0.0699	\$0.0850			\$0.2200		
212	212	213	Discount Power	\$0.0699				\$0.2199	\$0.1500	215%
173	173	176	Discount Power	\$0.0800				\$0.2190	\$0.1390	174%
176	176	179	Discount Power	\$0.0900	\$0.2190	\$0.1690		\$0.2190	\$0.1290	143%
187	187	192	Discount Power					\$0.2190		
137	137	143	Discount Power	\$0.0900	\$0.1600			\$0.2100	\$0.1200	133%
167	167	170	Discount Power	\$0.0700				\$0.2100	\$0.1400	200%
79	79	83	Discount Power	\$0.0750	\$0.1499			\$0.1999	\$0.1249	167%
296	296	303	Discount Power	\$0.0700	\$0.0890	0.098		\$0.2190	\$0.1490	213%
113	113	115	Energy Plus	\$0.0700	\$0.0900	\$0.0110	\$0.1300	\$0.1500	\$0.0800	114%
3	3	5	North American Power	\$0.0749				\$0.1250	\$0.0501	67%
181	181	187	North American Power	\$0.0900				\$0.1900	\$0.1000	111%
206	206	211	North American Power	\$0.0699	\$0.1300	\$0.1400		\$0.1800	\$0.1101	158%
105	105	109	North American Power	\$0.0999	\$0.1390			\$0.1790	\$0.0791	79%
8	8	9	North American Power	\$0.0699				\$0.1950	\$0.1251	179%
60	60	63	Palmco	\$0.0699	\$0.0970			\$0.2700	\$0.2001	286%
103	103	105	Palmco	\$0.0799	\$0.1575	\$0.1875	\$0.2175	\$0.2775	\$0.1976	247%
86	86	90	People's Power and Gas					\$0.1200		
164	164	167	Public Power and Utility	\$0.0850				\$0.1500	\$0.0650	76%
15	15	21	Starion	\$0.0699	\$0.0750			\$0.1990	\$0.1291	185%
234	234	236	Starion	\$0.0799	\$0.0820			\$0.1800	\$0.1001	125%
293	293	295	Xoom	\$0.0900				\$0.1900	\$0.1000	111%
56	56	59	Supplier not identified	\$0.0699				\$0.1220	\$0.0521	75%
47	47	51	Supplier not identified	\$0.0699				\$0.1700	\$0.1001	143%

**Q: Were these the only customers who complained of high rates?**

<sup>27</sup> The transcript cites correspond to the following public hearings: 19-Feb (1-70): Milford; 20-Feb (71 -150): Farmington; 24-Feb (151-225): Brookfield; 25-Feb (226-277): Norwich; and 27-Feb (278-332): Waterbury. Two consumers described a rate as a falling within a one-cent range (e.g., 13-to-14 cents); in those cases, we used the midpoint (e.g., 13.5 cents).

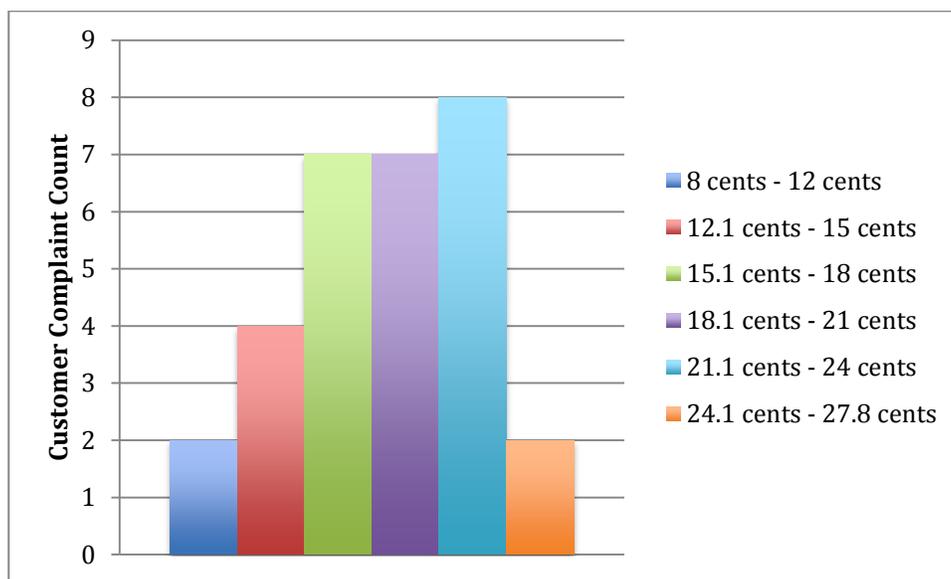
A: No. Other customers expressed outrage at rates that had doubled or tripled, without giving the actual rates paid,<sup>28</sup> or referenced the very high bills they had received.<sup>29</sup>

**Q: Did you analyze the distribution of the rates that customers mentioned during these five public hearings?**

A: Yes. Figure 1 shows the distribution of the highest rate each customer indicated they were paying a supplier, and shows, for example, that eight of the 30 customers mentioned rates ranging between 21.1 cents and 24 cents per kWh.

**Figure 1**

**Distribution of Highest Rates Mentioned by Consumers (per kWh)**



**Q: One of the concerns that consumers raise is that Suppliers offer a “teaser” rate and then the rate spikes up after the consumer has signed up for the**

<sup>28</sup> See, e.g., Tr. at 244 and 249.

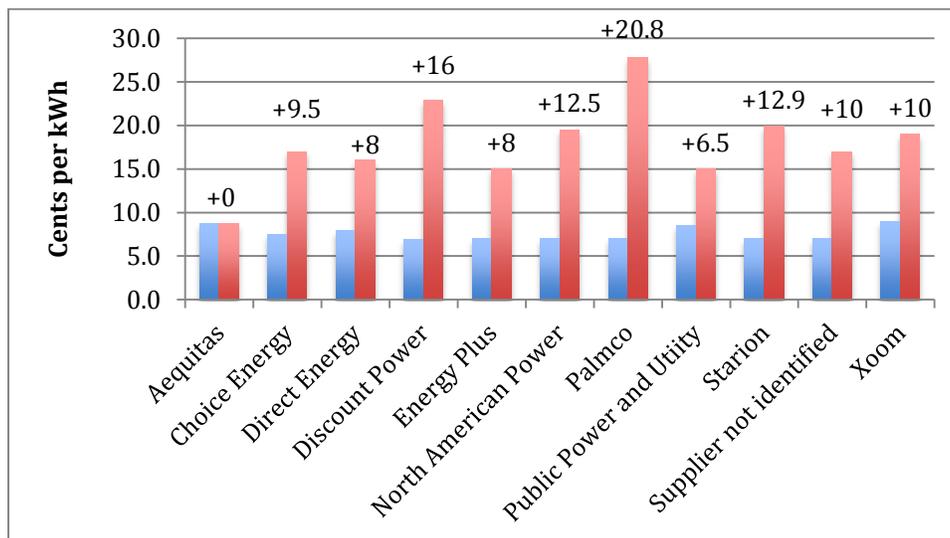
<sup>29</sup> See, e.g., Tr. at 100, 167, and 297.

**Supplier's service. Did the consumer comments during the public hearings corroborate this concern?**

A: Yes. Comments at the hearings demonstrate that the typical pattern was a large price increase experienced by customers. In Figure 2 below, we show the lowest rate offered as an initial price and the highest price reported by any customer of each supplier who spoke at the hearings.

**Figure 2**

**Difference Between Lowest Teaser Rate and Highest Rate Reported For Each Supplier At Public Hearings**



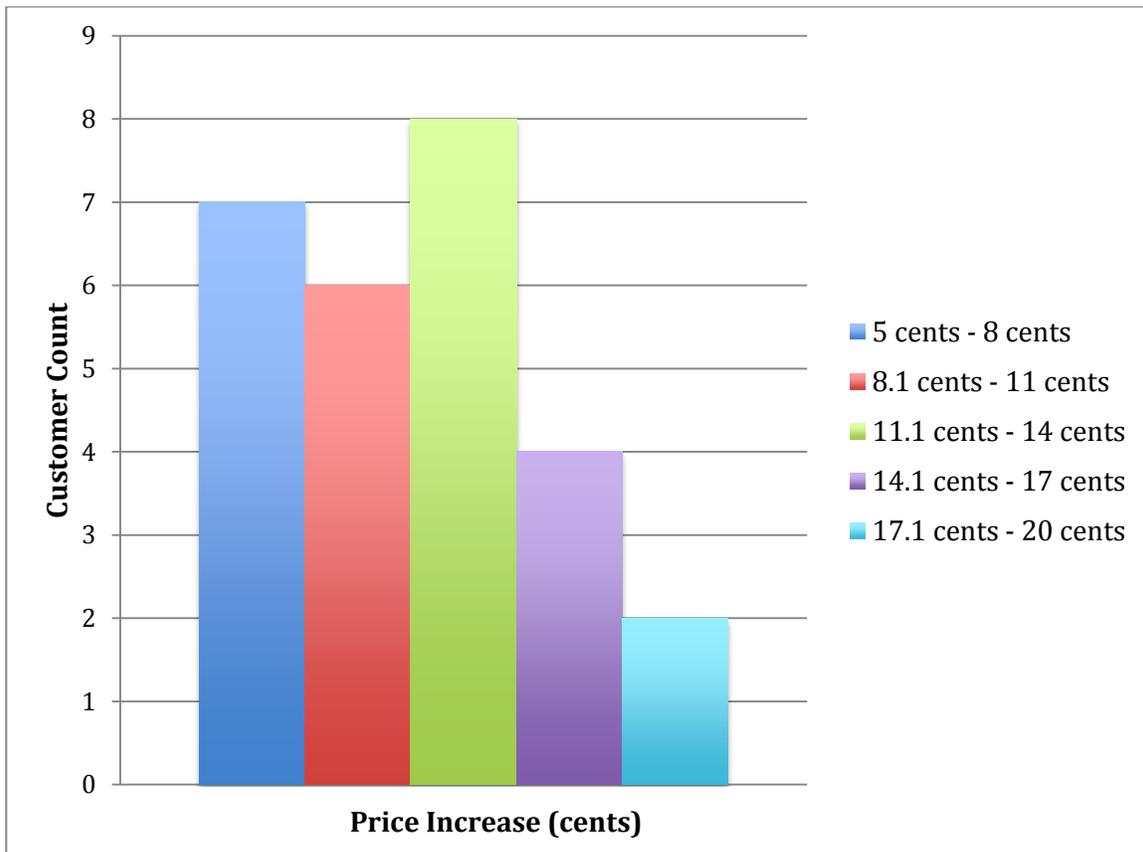
**Q: Figure 2 illustrates, on a supplier-specific basis, the wide range of rates reported for various suppliers at the public hearings. Have you also considered individual customers' experiences with changing rates?**

A: Yes. Figure 3 graphically demonstrates the price increases experienced by individual consumers who spoke at the hearings. Eight participants at the hearings experienced increases in rates between 11 and 14 cents over their original teaser

rate; four participants indicated rate increases of 14 to 17 cents; and 2 indicated rate increases over 17 cents. Figure 3 only includes customers who experienced increases, and does not include the one person who described a Supplier which had not raised its rates.

**Figure 3**

**Distribution of Consumers Experiencing Rate Shock by Magnitude of Rate Increase**



**Q: The three figures above that you created are based on a small sample of customers. Why did you include this analysis in your supplemental testimony?**

**A:** We include this analysis because the pricing information discussed in the public hearings, unlike the comprehensive supplier-specific pricing data (which

corresponds with the entire universe of supplier customers) that we analyzed for our initial testimony, is not subject to a Supplier claim of confidentiality. We have provided very detailed analyses of allegedly proprietary data that corresponds with the prices that customers actually pay in our initial testimony. We consider it important, however, for policy makers to be able to discuss as many aspects of Suppliers' prices as possible in an open and public forum. We realize that prices mentioned by 30 customers are not statistically significant, but these prices are illustrative and certainly consistent with the general pricing patterns we describe in great detail in our initial testimony.

**Q: Do any of the customers' comments stand out for their illustration of customers' confusion with the market and their vulnerability to frequent and unexpected price increases?**

A: Yes. As we mention above, numerous consumers complained about exorbitant rates. One consumer's "story" – related by a concerned friend – is particularly compelling because of the unceasing rate increases he experienced and because of his difficulty in changing the situation.

**Q: Please provide the relevant excerpt from the transcript of the public hearing.**

A: The excerpt follows:

I'm not actually here on behalf of myself tonight. I have a fixed rate with Dominion Retail. I was with them last year. The price was below the CL&P standard offer. They gave me a new price in November, which increased as all the prices have been going up, but it was still below CL&P, so I'm doing okay.

I'm actually here on behalf of a fellow by the name of Jimmy. Now Jimmy is the guy that drives the shuttle bus between my parking lot in New Haven and where I work on the green in New Haven. And in the interest of full disclosure, I work for UI. So don't throw any tomatoes

or anything. But knowing that I was in the business, Jimmy came to me with his power bill.

And the first bill he gave me was back -- was the bill for his summer consumption. And he had signed up with Palmco. He had done it over the phone. Now Jimmy speaks good english, but it's -- quite frankly, it is his second language. And I think most of what he heard over the phone was the introductory rate of 7.99, and I don't think he heard too much more. Because when he gave me his bill and wondering why it was so high, he had two rates in the month of December. It was 15.75 and, then, for most of his consumption, he had bumped up to 18.75. So I gave him the name of two other suppliers that, at the time, were offering fixed rate of 8.6, or thereabouts, fixed through the end of the year. Gave him the phone numbers but I'm not quite sure if he knew what to do with it.

So last week, he gave me his January bill, and this time he had three different rates. He started off at 18.75; and then Palmco moved him to 21.75; and then for most of his consumption, a whopping 27.75. 27.75 is three times the UI standard service rate. And I calculated that poor Jimmy, over the past two months, has spent \$200 more with Palmco than if he had been on standard service, or with one of the other retail competitive suppliers. So he wanted his story told. He's still driving the van until eight o'clock. So that's Jimmy's story.<sup>30</sup>

**Q: Did the hearings provide evidence of high electric bills creating a financial hardship for those with limited or fixed incomes?**

**A:** Yes. The following excerpt illustrates such a situation:

I'm a disabled construction worker, been disabled since 2010. I only collect so much money a month. Back in the summer of 2013, the neighborhood was flooded with all these kids running around, begging you to change your power, your electric company. So, like an idiot, I did. And I thought I was getting a fixed rate of, I think, it was somewhere around 7 or 8 cents per kilowatt. All the bills up until a couple months ago seemed normal. Once in a while they would -- they looked a little high, but last month I got a bill of \$279, and it's normally around 125. And then, this month, I got a bill of -- went up to 19 cents per kilowatt and \$357.

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<sup>30</sup> Tr. at 103 - 105.

So I -- I called up CL&P. It took a half hour to get on the line. They told me to contact North American to see if I had any penalty fees for canceling, and I found out that I was on a variable rate and so there was no fee for canceling. So I asked them -- I explained my situation to them and asked them if there's anything they can do about the bill. He offered me a \$25 Visa gift card. So I said, Okay. I'll take that. And -- and then after I took it, I said -- well, as soon as I, you know, he put the information in, I said, "Well, I want to get rid of you guys . . . You -- you're price gouging." It went up from, like, you know, 9 cents to 19 cents in two months, like, how can you do that? That's -- how am I going to get the money to pay that? I only get so much money a month. All right? So, basically, the same complaints as everybody else. They're price gouging. They -- someone should be controlling this. I can see them making a, you know, couple more cents per kilowatt, but not 110 percent in two months. That's ridiculous. ... [S]o all my bills were -- reflected, from North American, were about the same as the CL&P bills, CL&P, up until the last couple of months, then, all the sudden, boom. So, you know, I asked them, like I said, for some type of discount. I says, "Can I talk to the supervisor?" They said, "Well, the supervisor doesn't have any more information that could help you than I -- than I have." And he says, "By the way I can see," he says, "a couple months ago, we sent out info telling customers that we were going to have this spike in the price. But I can tell by my computer that your neighborhood did not receive those -- that information." And I said, "Well, just saying that you just stuck your foot in your mouth." I said, "This is a recorded call." I says, "Well, you just stuck your foot in your mouth." I says, "If you didn't send me the warning, then, now, I could have changed my company two months ago and not incurred this huge bill."<sup>31</sup>

**Q: Did anyone identify problems with the format of the bill that they receive?**

A: Yes. One consumer stated: "I'll tell you the odd thing is I -- I get -- I do paperless billing, and their bill literally just tells you what you owe. It doesn't even give you a rate amount, which doesn't help either, obviously, because you don't know what your rate is. So you just constantly pay the bill and don't think anything of it until you see one which is exuberantly (sic) larger. Hence, you know, from \$200 to \$700

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<sup>31</sup> Tr. at 182 -184.

is a big change. But that's it, and the attitude, I thought, left a lot to be desired as well."<sup>32</sup>

**Q: Did consumers complain about their difficulty in reaching suppliers?**

A: Yes. One consumer stated:

I tried contacting my existing generation provider. I tried on five different occasions, spent over an hour on hold on each occasion. Nobody ever picked up. And my only recourse was to switch again to someone else now, by happenstance, some young girl who came to my door to sell me electricity. Simply because the timing happen to be there. She's not supposed to remain in my home while I'm switching, while I talk to a third-party verifier. She didn't know that. And I can just imagine these young people just showing up at my neighbors' houses and literally standing next to an elderly neighbor and saying, you know, "Place this phone call. Say this. Fill this out." And I find it very concerning.<sup>33</sup>

**Q: Did seniors speak up during the public hearings?**

A: Yes. Three examples of comments by seniors follow:

And we purchased a house this past May. And we joined Choice Energy -- excuse me. They offered us a good rate, you know, .0749. It was supposed to end in December. So at the beginning of December, I started searching around to see, you know, what were the rates going on and what was going to happen, who could I join that would be fair, too. And what I had was old numbers. You know, they had send me an old, whatever you call it, form, you know, of rates or whatever was going on. And I said, "So where's the new one?" And I called and I called. Nobody had any. They didn't know what was going to happen. They didn't know which way they were going. So I'm like what am I going to do?

You know, so I called all the way until the day before my rates, you know, my contract was ending with them and nothing. There was nothing. Nobody could talk to me. I would get a recorder telling all these things or some songs that repeated itself for half hour, and nobody, nobody talked to me at all. So I wasn't too happy. I called

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<sup>32</sup> Tr. at 166-167.

<sup>33</sup> Tr. at 49.

CL&P also. They didn't even know themselves what they were going to do until the very end, and then they said they posted something. I went and looked at it, and it was only them and people that were going to be charging, like, ten-something, whatever, so I didn't go with them. So I said, Well, I don't know what I'm going to do. I'm just going to have to wait.

Then all of a sudden I get my bill for .16999 which was 2.36 times more than what I was paying before. And I was, like, what is going on? It went from -- it went from 185.96 for -- how many days -- it was 21 for 32 days, no. I'm lying -- for 34 days. And it went up to \$430.10. And I was like, my God, you know. My husband and I, you know, I'm retired, but he's still working. ... I don't know what is going to happen with what we're doing here, but I hope that something happens because I'm not going to pay \$430. ....

I don't think it's right that it went from .0745 to .16990. That's outrageous. That's uncalled for. It's not right, at all. And we should be told what's going to happen so that we can have a choice, but I had no choice. It was too late. ....[text deleted here] So I don't know what I'm - - what we're going to do, but my -- we're seniors, we're not young people that have a lot of money.<sup>34</sup>

The second comment follows:

THE WITNESS: I, too, was with Discount Power. Our December bill was, approximately, \$330. I live with my elderly mother. And, in our January bill, our rate had jumped from .09 to .219 in 33 days. We went from \$330 bill to a \$728 bill. When I called Discount Power, first of all, they did not answer the phone for hours. And, then, when they did, they said that it was the -- the rate increase was due to the spike in the natural gas rate, so my rate went up 130 percent. The natural gas rate did not go up 130 percent. So all those -- and I -- I had signed up previously for a fixed rate, which I am sure had long since expired from when I had originally signed up for this with Discount Power, but there was no notification, whatsoever, of a rate increase or that my -- my fixed rate had expired and I would be on a variable rate. So I have since changed from Discount Power and will never use them again. I've been burned. I do realize, too, that I had higher kilowatt usage hours in December due to family being in town for the holidays, Christmas lights, Christmas tree, the whole bit. I get that. I'm totally

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<sup>34</sup> Tr. at 125-128.

onboard with having a higher rate; however, I think that their methods are suspect. ...

THE WITNESS One more thing -- I'm sorry.

COMM. CARON: Sure.

THE WITNESS: They did tell me at –

COMM. CARON: Discount Power?

THE WITNESS: Discount Power that the rate had – did decrease from .219 to .169 for the January and February bill.<sup>35</sup>

Finally, this comment:

One of the principal points that I'd like to make, though, as a senior citizen myself, at 81 years old, this is so complicated that if I don't have skills with computers, fortitude, and -- you're out of luck. This thing is a bear to deal with it.<sup>36</sup>

**Q: Did any of those who testified comment generally about the need for more regulatory oversight of the Supplier market?**

A: Yes. Here are some examples:

- “I don’t need to go into the monthly details that everybody else has. It’s very concerning that there isn't anything out here that's regulating these guys. And I agree if you’re not going to regulate them, take them away. Because at least the other people, CL&P and UI, are regulated and we can count on something there.”<sup>37</sup>
- “But what these companies are doing is -- that should not be legal, and I don’t have the time or energy to participate in these things and speak out, but this particular issue outraged me so much on behalf of a lot of other people in this state, I’m sure, that I decided that I needed to take time and speak tonight. I do agree with the gentleman here, we should be refunded, and I believe in regulating these companies. When I -- all I’m going to say is, from December, my bill was \$176, and it went up to \$596 this month. And I

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<sup>35</sup> Tr. at 177-178.

<sup>36</sup> Tr. at 131.

<sup>37</sup> Tr. at 108.

live in a small condo. It's not a house, and most of the time, I'm not even home. We didn't do anything different than what we did two months ago, and I don't think that bill even reflects our usage. When I called the company -- and I went with Direct Energy -- when I called them, their response was, 'Well, you know, your rate is 16 cents per kilowatt. But we can offer you eight cents, but it's not going to kick in until after the next cycle.' So I told him, I said, 'What in the normal world makes you think that you can charge me 16 cents for something that you can offer me for eight cents right now?' And I didn't get a response. All I got was, 'We are going to file a formal complaint and somebody's going to get back to you.' Well, nobody did. And I represent a lot of people out there who are on fixed incomes, people who have to count their money month to month and people who are not able to afford such jumps. And even if they were able, I don't think this should be allowed. I don't think that companies should be able to charge us this much money for electricity. I mean, this is not a luxury product. And this is not -- this is a -- this is something that should not be so overpriced. And another thing, never got a notice in mail, never got any -- any -- anything from them saying that it was going to jump from eight to 16 cents. And that's just not right. That's all I'm going to say."<sup>38</sup>

**Q: Did any of those who testified recommend ways to improve on the status quo?**

A: Yes. Here are some examples:

- A floating "index" rate, that limits supplier rates to a pre-specified upper range above the standard offer;<sup>39</sup>
- More than one attempt to notify customer prior to implementing rate change;<sup>40</sup> and
- Involvement of EDCs in the resolution of customer billing disputes and complaints.<sup>41</sup>

## **Conclusion**

**Q: Does this conclude your supplemental testimony?**

A: Yes. However, we reserve the right to further supplement our testimony as we continue to review evidence in this docket.

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<sup>38</sup> Tr. at 110-112.

<sup>39</sup> Tr. at 254.

<sup>40</sup> Tr. at 50.

<sup>41</sup> *Id.*

