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Energy and Technology Committee
February 21, 2023, Public Hearing

Testimony of Claire E. Coleman, Consumer Counsel

Thank you for the opportunity to submit testimony today on several proposals before the Energy and Technology Committee that fall within the purview of Connecticut's Office of Consumer Counsel (OCC). We are grateful for the Committee's ongoing efforts to strengthen consumer protections and increase transparency and affordability in Connecticut's complex energy and utility sectors. We thank you on behalf of Connecticut's consumers.

Proposed House Bill No. 5108: ***An Act Concerning the Process for Objecting to Actions Taken by Utility Companies Pursuant to a Vegetation Management Plan.***

The OCC is **generally supportive** of allowing additional time and process for private property owners to contest the removal of trees or vegetation on their property as proposed in H.B. 5108.

Under the current statutory scheme, a public utility conducting vegetation management is required to provide notice to the abutting property or private property owner at least fifteen days prior to the date when vegetation management work is scheduled to commence. *See* Conn. Gen. Stat. § 16-234(c)(2). After receiving notice, the property owner may object to the removal of trees or vegetation by submitting a written objection within ten business days to the utility and either the municipality's tree warden or the Commissioner of Transportation, as appropriate. *See* Conn. Gen. Stat. § 16-234(c)(3)(A).

Additionally, protections for private property owners already exist under Gen. Stat. § 16-234(c)(4), which states: "The utility shall not prune or remove any tree or shrub that is outside of the public right-of-way unless it receives written affirmative consent from the private property owner to whom notice is required in accordance with subdivision (2) of this subsection."

OCC has participated in multiple dockets and working groups related to vegetation management and offers its background and expertise in this area to the Committee to the extent it seeks to draft specific language for H.B. 5108. OCC looks forward to working with the Committee to strengthen the existing protections for private property owners in a manner that aligns with the current statutory and regulatory framework.

Proposed House Bill No. 5626: ***An Act Requiring Electric Suppliers to Obtain Surety Bonds.***

The OCC supports the bill as drafted, which would require a third-party electric supplier to obtain up to two surety bonds in order to operate in Connecticut and **the OCC supports the bill as drafted**. Connecticut is a leader in consumer protections for customers of third-party electric suppliers. It is also a well-timed bill as consumer interest in the third-party supplier market and its products has grown recently due to dramatically increased electric supply prices in our region.

Currently, under General Statutes § 16-245(c), suppliers must "maintain[] a bond or other security in amount and form approved by [PURA], to ensure its financial responsibility and its supply of electricity to end use customers in accordance with contracts, agreements or arrangements." Third-party suppliers are currently required by PURA to post a $250,000 bond as a condition of licensure. OCC believes a surety bond in the amount of $500,000 is another instrument that will contribute to suppliers operating responsibly in the state and thus will help lower risk to ratepayers. This additional financial requirement will potentially dissuade suppliers from harmful, anti-consumer practices, such as signing up large amounts of customers only to arbitrarily drop them before their contract term has ended because the supplier decided to no longer do business in Connecticut. *See, e.g.,* PURA Docket No. 13-09-06, *Application of Sunwave Gas & Power Connecticut, Inc. For an Electric Supplier License.*

OCC also supports an additional surety bond in the amount of $500,000 for suppliers that choose to conduct door-to-door solicitations – a sales technique particularly ripe for abuse. Through multiple supplier marketing violation investigations, it has been OCC's experience that many misrepresentations and aggressive marketing tactics occur in the context of door-to-door sales and many customer complaints are related to this type of solicitation. *See* PURA Docket No. 10-03-11RE03, *Investigation into Town Square Energy, LLC – Marketing*; PURA Docket No. 06-12-07RE07, *Application of Liberty Power Holdings, LLC for an Electric Supplier License – Investigation into Allegations of Consumer Protection Violations.*

Requiring additional financial security to help ensure third-party suppliers are following all state and local laws adds important support to the state's robust consumer protections. In general, the amount of the surety bond seems just and reasonable to OCC, as most suppliers still operating in Connecticut are large multi-state companies and this enhanced regulatory requirement should not pose a significant barrier to competition in our deregulated state.

House Bill No. 6723: ***An Act Permitting Hardship Customers to Purchase Electricity from Energy Suppliers.***

OCC has been focusing on equitable access to energy and is always open to finding new options for hardship customers to save money on their electricity bills. However, this bill does not outline strong enough protections as drafted, and OCC therefore respectfully requests that the Committee consider amending it to include at least one of the following safeguards to ensure hardship customers are not overpaying for electricity: 1) a mandate that electric distribution company billing systems must automatically return hardship

customers to standard service if it becomes cheaper than the third-party supplier rate; or 2) a requirement that third-party suppliers may only offer services to hardship customers that are below standard service rates.

If the bill is amended to include at least one of the above protections, the OCC would be able to offer strong support.

House Bill No. 6724: ***An Act Concerning Utility Customer Payment Plans and Extending the Shutoff Moratorium.***

OCC supports the spirit of H.B. 6724 as a well-intended bill seeking to increase protections for low-income utility customers. Even as the COVID-19 pandemic recedes in economic impact, there remains a major, unrelenting need to protect hardship customers in our state. We remain in an affordability crisis.

Tackling this complicated and stubborn problem requires new thinking and multiple solutions. In my first year as Consumer Counsel, I have made it a priority of our Office to focus on expanding front-end assistance measures for struggling customers that can help prevent the need for shutoffs, which are often a negative, life-altering step that should always be a last resort. Some examples of our work in this arena over the past year include:

- We provided substantial rate design expertise in support of PURA's development of a low-income discount rate – part of a broader effort under my direction to make energy equity a stronger focus of our Office;

- Similarly, in the two major rate cases that are currently before PURA – Aquarion Water Company (PURA's proposed decision was released last week) and United Illuminating (now in the hearing phase) – we submitted extensive expert testimony on affordability and low-income issues, such as improved performance metrics, in addition to seeking to strike all unnecessary and unjustified costs and expenses;

- In the performance-based ratemaking docket, the OCC has encouraged PURA to adopt strategies to explicitly integrate social equity into foundational regulatory considerations, and to ensure a diverse range of stakeholders can meaningfully inform metric design;

- We initiated a thorough investigation before PURA into the debt collection practices of our utilities, resulting in a $3 million dollar settlement payment from Avangrid to Operation Fuel for Avangrid's failure to notify customers that were subject to wage garnishment actions of the availability of the COVID-19 payment plan; and

- We drafted a data sharing agreement and facilitated discussion between Department of Social Services and the electric distribution companies that resulted in a pathway for utility customers eligible for DSS benefit programs to be automatically determined eligible for

hardship status and related protections.

While prevention is key to avoiding the harms of shutoffs, it has also been necessary in recent months to take emergency measures to help low- and moderate-income customers survive the recent supply price hike. Thus, we worked with the Governor, Department of Energy & Environmental Protection, Department of Social Services, and the electric utilities on a short-term, preliminary plan to provide some bill relief, which PURA approved. OCC continues to look for short-term ways to bring more immediate funding and resources to ratepayers to offset our high electric rates.

In this affordability context, OCC is also very concerned about Connecticut's alarming and rising numbers of arrearages. Lagging effects of the pandemic are clearly still weighing down Connecticut's ratepayers, and the longer unpaid bills, known as arrearages, sit there and accumulate, the more expensive it will be for all ratepayers to resolve in the long run. Currently, Connecticut's utilities are carrying over $600 million of unpaid debt, and half of the state's two million electricity and gas customers are behind on their payments, many of whom are non-hardship residential customers. This is a huge and growing problem for our state, and we must do everything in our power to ensure that this debt does not fall solely on the ratepayer's shoulders.

Against this backdrop, OCC **supports Section 1(b)(9)**, which would permit PURA to authorize utility customer amortization agreements of up to thirty-six months or longer. However, OCC has concerns with **Section 1(b)(10),** which would allow PURA to distribute funds to "organizations or individuals providing legal services" for enrollment in utility-sponsored bill payment programs. While OCC values the advocacy work that non-profit legal services organizations do before PURA, and agrees that it would benefit the state's most vulnerable residents to have additional resources for these organizations to ensure low-income customers understand and have access to bill assistance programs, OCC objects to funding organizations with ratepayer dollars (as we presume this legislation intends) that are currently funded through foundation grant funding and other non-ratepayer funding. Ratepayers already fund the utility matching payment programs, arrearage forgiveness programs, Operation Fuel's energy assistance program, the new low-income-discount rate, and other affordability measures. While the OCC has been a strong advocate and proponent for all of these crucial programs as they will enable low-income customers to more feasibly pay their bills, which in the end will help all ratepayers as it reduces arrearages, alternative funding sources should be considered carefully before adding additional energy assistance program costs to electric bills.

OCC also seeks clarification regarding **Section 1(b)(11)**, which extends the shutoff moratorium for hardship customers of gas and electric companies from May 2, 2023 to October 31, 2023. Given the focus of OCC, PURA, and other stakeholders on ensuring that no resident's energy burden exceeds 6%, which should prevent the accrual of arrearages and shutoffs resulting from such arrearages, and the communications campaign that is required before any shutoffs resume this spring, OCC is concerned that further extending

the moratorium may unnecessarily result in additional costs that will ultimately accrue to ratepayers. Given that many customers get on a bill payment plan to avoid shutoff upon receiving a shutoff notice, OCC is also concerned that sending a shutoff notification in October (leading up to the winter) may present more challenges for customers than those that receive a shutoff notice in May. We look forward to understanding if there are specific concerns regarding the October date leading to this bill proposal that may shift our position.

Proposed Senate Bill No. 123: ***An Act Concerning the Public Utilities Regulatory Authority, the Regulation of Electric Rates and State Public Policy Concerning Electricity Generation.***

S.B. 123 raises many similar proposals as S.B. 966, and while OCC commends Committee members for proactively seeking ways to reduce costs for utility customers, OCC is unable to support many of these provisions.

Section 1 provides PURA with discretion as to whether and how it implements revenue decoupling. As OCC explained in detail in its testimony in response to S.B. 966, decoupling is a critical tool that overwhelmingly benefits ratepayers. OCC has proposed alternatives to addressing utility underperformance concerns that would not jeopardize decoupling. Similarly, and as stated previously in our testimony on S.B. 966, OCC has hesitations regarding **Section 2**'s new requirements for settlements proposed to PURA and would like the opportunity to discuss revisions with the Committee. OCC **opposes the changes laid out in Section 3** that require PURA to initiate a docket to redesign the residential customers standard billing format as it relates to the following categories: supply, distribution, transmission, and public policy. This provision seems duplicative of the work PURA has recently concluded in a focused docket on bill redesign. *See* Docket No. 14-07-19RE06. We also find the "public policy" label could benefit from clarification, which would be best explored through this PURA docket's annual review before it is codified in statute.

OCC also **opposes** the changes in **Sections 4 through 14** to Connecticut's Renewable Portfolio Standards (RPS), which would essentially attempt to create a new clean energy standard. While OCC supports diversifying Connecticut's energy supply, OCC does not support additional ratepayer support (through the renewable energy credit market) for energy resources that are already fully commercialized and may not align with other public policy goals of the state, and where such investments would not be a net benefit to ratepayers.

While OCC does believe there is merit to investing in energy technologies that reduce our state and region's reliance on imported, expensive fossil fuels, changes of this magnitude require careful consideration, especially of unintended consequences. Since the benefits and consequences for ratepayers are unknown at this time, and in order to develop thoughtful policy, DEEP as a starting point could be tasked with evaluating the impacts of

transitioning from an RPS to a clean energy standard as part of the Comprehensive Energy Strategy development process before the legislature makes significant changes to our current RPS framework.

OCC has particular concerns with respect to funding waste-to-energy through the renewable energy credit market. Even if developing new waste-to-energy facilities made sense in the larger scheme of our state's waste management goals, any such initiative should not be funded by electric ratepayers since any potential benefit would be to Connecticut residents in general – not to the electric system itself. While OCC supports waste reduction and diversion programs that address Connecticut's waste crisis, these programs are most appropriately funded through non-ratepayer sources.

OCC does not oppose **Section 15's** proposed task force to study the electric distribution companies' procurement of electric generation supply for standard service, but would prefer the PURA-led study on procurement issues that was proposed in S.B. 966 because it would allow for the creation of a lasting evidentiary record on the topic.

Proposed Senate Bill No. 997: ***An Act Concerning Revision to the Clean Energy Statutes.***

The OCC generally supports this bill, which proposes technical and clarifying fixes that have been identified through dockets before PURA regarding the state's Shared Clean Energy Facility Program (SCEF), the Residential Renewable Energy Solutions Program (RRES), and the Non-Residential Renewable Energy Solutions Program (NRES). Continuing to refine these programs is important to minimizing their ratepayer impact.

OCC therefore appreciates that some of the bill's proposed changes will give more administrative flexibility and regulatory discretion to PURA to help it oversee these three ratepayer-funded programs more efficiently. OCC especially supports the clarification in subsection (e), line 325, that requires the utilities' recoverable costs for these programs to be "prudently and reasonably" incurred. OCC likewise supports the change made in subsection (a)(2), lines 60-61, that allows for joint utility procurements, as this may help increase SCEF bid competition and thus lower the cost of winning SCEF project awards, which should also lower ratepayer funding needs for the SCEF program. OCC also supports the change regarding the definition of "moderate-income consumer," which will create a uniform reference regarding levels of income across our local, state, and federal partnerships, as the language in this proposed definition now aligns with that of the U.S. Department of Housing and Urban Development.

Should you have any questions, please do not hesitate to contact me at Claire.E.Coleman@ct.gov or **Brooke Parker, OCC Communications & Legislative Program Manager**, at 203-885-4509 or Brooke.Parker@ct.gov.