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*Via Electronic Filing and First Class Mail*

February 21, 2020

Jeffrey R. Gaudiosi, Esq.  
Executive Secretary  
Public Utilities Regulatory Authority  
10 Franklin Square  
New Britain, CT 06051

Re: **Docket No. 20-01-33: PURA Review of Electric Distribution Companies' Method of Payment to Licensed Electric Suppliers for Uncollectible Customer Accounts**

Dear Mr. Gaudiosi:

Enclosed please find the Comments of Retail Energy Supply Association in connection with the above-referenced proceeding.

I certify that a copy hereof has been sent to all participants of record as reflected on the Public Utilities Regulatory Authority's ("Authority") service list as of this date. A copy has also been filed with the Authority as an electronic web filing and is complete.

Please feel free to contact me if you have any questions or require additional information. Thank you.

Sincerely,



Joey Lee Miranda

Enclosure

Copy to: Service List

**STATE OF CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY**

PURA REVIEW OF ELECTRIC : DOCKET NO. 20-01-33  
DISTRIBUTION COMPANIES' METHOD OF :  
PAYMENT TO LICENSED ELECTRIC :  
SUPPLIERS FOR UNCOLLECTIBLE :  
CUSTOMER ACCOUNTS : FEBRUARY 21, 2020

**COMMENTS OF RETAIL ENERGY SUPPLY ASSOCIATION**

The Retail Energy Supply Association (“RESA”)<sup>1</sup> hereby submits its comments in response to the Public Utilities Regulatory Authority’s (“Authority”) February 7, 2020 Notice of Request for Written Comments in the above-captioned proceeding.<sup>2</sup>

**BACKGROUND**

Connecticut General Statutes section 16-244c requires, in pertinent part, that the electric distribution companies (“EDCs”) bill customers on behalf of participating electric suppliers and “pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the” Authority (i.e., on a bills rendered basis).<sup>3</sup> The United Illuminating Company (“UI”) has paid suppliers on a bills rendered basis since retail electric restructuring was implemented in Connecticut.<sup>4</sup> The Connecticut Light and Power Company

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

<sup>2</sup> Notice of Request for Written Comments (Feb. 7, 2020) (“Notice”).

<sup>3</sup> Conn. Gen. Stat. § 16-244c(j).

<sup>4</sup> See Docket 98-06-17, *DPUC Investigation into Billing and Metering Protocols and Appropriate Cost-Sharing Allocations among Electric Distribution Companies and Electric Suppliers*, Decision (Jan. 13, 1999). At the time of the decision, the Authority was known as the Department of Public Utility Control (“DPUC”).

d/b/a Eversource Energy was required to pay suppliers on a bills rendered basis to implement Connecticut General Statutes section 16-244c(j).<sup>5</sup>

On January 13, 2020, the Authority opened this proceeding to review the costs and benefits of the current purchase of receivables (“POR”) method used by the EDCs to pay electric suppliers amounts due from customers for generation services.<sup>6</sup> On February 7, 2020, the Authority issued the Notice.<sup>7</sup> RESA now hereby submits its comments in response to the Notice.

### LEGAL STANDARD

Connecticut General Statutes section 16-244c(j) provides: “Each electric company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the Public Utilities Regulatory Authority.”<sup>8</sup>

### COMMENTS

According to the Notice, the Authority is reviewing the current POR program because it believes that uncollectibles have risen.<sup>9</sup> However, the Authority specifically required the EDCs to adjust the “average uncollectibles percentage annually *to capture recent changes in the level of this expense.*”<sup>10</sup> Further, the Authority concluded:

Reflecting the generation portion of non-hardship uncollectibles through a Bills Rendered mechanism does *not* increase the cost. Instead, it allocates a portion of this expense to the generation component of rates and allows the cost to follow

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<sup>5</sup> See Docket No. 05-08-05RE02, *DPUC Investigation Into the Process By Which Customers Can Choose an Electric Supplier When Initiating Electric Service – Amended Referral Program*, Decision (Oct. 10. 2007) (the “POR Decision”); see also Notice, at 1.

<sup>6</sup> See Notice of Proceeding (Jan. 28, 2020) (“Notice of Proceeding”), at 1; see also Notice, at 1.

<sup>7</sup> See Notice, at 2.

<sup>8</sup> Conn. Gen. Stat. § 16-244c(j).

<sup>9</sup> Notice, at 1.

<sup>10</sup> POR Decision, at 10 (emphasis added).

generation rates whether these rates are billed by [the EDC] or a supplier. Therefore, [an EDC] is *not* subjected to any greater risk regarding the recovery of this expense than it is under traditional ratemaking. While the [Authority] acknowledges that there may be some administrative cost associated with implementation, there is *no* evidence to suggest that ratepayers will be harmed by this policy.<sup>11</sup>

In fact, the current method of determining the percentage by which EDC payments to electric suppliers are discounted has actually caused electric suppliers to bear a disproportionate share of uncollectible expense. For example, Eversource data from 2016 and 2017 show that the amounts deducted from supplier POR payments *exceeded* the supplier net write-offs.<sup>12</sup> Thus, the higher supplier discounts compared to write-offs *have actually reduced* non-hardship uncollectible expense borne by Eversource ratepayers.<sup>13</sup> Consequently, allocating uncollectible expense “more fairly between the EDCs and the suppliers”<sup>14</sup> may actually require reducing the POR discount rate that suppliers pay to reflect uncollectible bills and overdue payments attributable to supplier service accurately.

Further, according to the Notice, the Authority believes that uncollectible expenses have risen because of “amounts paid to suppliers for uncollectible accounts that were charged supply rates in excess of standard service rates.”<sup>15</sup> However, electric supplier customers, in fact, may be responsible for proportionally less non-hardship uncollectible expense than the general class of

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<sup>11</sup> POR Decision, at 10 (emphasis added).

<sup>12</sup> Docket No. 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*, Eversource Response to Interrogatory OCC-34 (Jul. 26, 2018) (“For 2016, the supplier discounts of \$4,413,317 compare to the supplier net write-offs of \$1,786,113. For 2017, the supplier discounts of \$4,540,279 compare to the supplier net write-offs of \$1,014,527.”). UI does not track supplier write-offs. See Docket No. 18-03-02, *PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company*, UI Response to Interrogatory OCC-31 (Jul. 13, 2018) (“UI currently doesn’t have a report available that would identify the amount of supplier write-offs. This is because customers that use suppliers and become past due are written-off for their entire bill, and not just the supplier portion.”).

<sup>13</sup> Docket No. 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*, Eversource Response to Interrogatory OCC-34 (Jul. 26, 2018) (“[T]he higher supplier discounts compared to write-offs benefit the GSC [generation service charge] and distribution customers by increasing the non-hardship uncollectible reserve, which in effect reduces uncollectible expense over time.”).

<sup>14</sup> Docket Initiation Form (Jan. 13, 2020).

<sup>15</sup> Notice, at 1.

Connecticut ratepayers. For example, in 2017, in the Eversource service territory, the ratio of non-hardship write-offs to billings was *less* for supplier customers than for ratepayers generally.<sup>16</sup>

Nevertheless, if the Authority determines that the current POR method is not producing appropriate results, it should take appropriate steps to adjust the manner in which the POR discount percentage is set. For example, the Authority could consider reviewing and adjusting the POR discount percentage more frequently or it could change the data used to compute the POR discount percentage.<sup>17</sup> Such approaches could enable the POR method to recover uncollectible expense on a more concurrent basis.

**I. FORCING UNCOLLECTIBLE ACCOUNTS ON TO STANDARD SERVICE WOULD BURDEN CUSTOMERS, SUPPLIERS, AND EDCS UNREASONABLY**

The Authority sought comments on the prospect of returning the customer deemed “uncollectible” by the EDC, but with an active service account, to Standard Service until the account is fully paid.<sup>18</sup> Such an approach would be highly problematic and would impose significant disadvantages on customers, suppliers, EDCs, and other stakeholders.

First and foremost, the status of the contractual relationship between the customer and the supplier under this approach is not clear. If the contract is considered terminated, the customer could not simply return to the supplier after paying the uncollectible bill. Rather, the customer would have to enter into a new contract, which would contain new, potentially different, terms.

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<sup>16</sup> Compare Docket No. 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*, Eversource Response to Interrogatory OCC-35 (Jul. 26, 2018) (identifying the ratio of 2017 supplier net write-offs to billings as 0.0016) with Docket No. 05-08-05RE02, *PURA Investigation Into The Process by Which Customers Can Choose An Electric Supplier When Initiating Service – Amended Referral Program*, Eversource Compliance Filing (Mar. 12, 2019), at 2 (identifying the ratio of 2017 uncollectible expense to billed revenue as 0.20% (i.e., 0.0020)).

<sup>17</sup> Cf. POR Decision, at 10 (providing that the POR discount percentage is adjusted annually to reflect two-year average of non-hardship uncollectible expense).

<sup>18</sup> See Notice, at 2 (Item 2).

If the contract is not considered terminated, it is not clear how the period of time during which the customer is on Standard Service would affect the contract. Would its term continue to run while the customer is on Standard Service? If so, would the supplier be required to send renewal notices based on the contract term<sup>19</sup> and could the contract expire while the customer is receiving Standard Service? Similarly, it is not clear how this approach would affect the supply summary information printed on customer bills.<sup>20</sup> As a practical matter, because the customer, by paying his or her bill, would control when (s)he returned from Standard Service to supplier service, neither the EDC nor the supplier would be able to state with confidence who would serve the customer and, therefore, what the customer's rate would be in any upcoming monthly billing cycle. In addition, it is not clear whether customers that were forced on to Standard Service would be able to enroll with a different supplier while on Standard Service or would be blocked from doing so.

Second, returning active customers deemed “uncollectible” by the EDC to Standard Service until the account is fully paid could compel customers to pay higher prices. Customers can and do enroll with an electric supplier at a per kilowatt-hour price less than the Standard Service rate.<sup>21</sup> If a customer enrolls in such an offer with an electric supplier, but is later forced back on to Standard Service because one of his or her bills becomes uncollectible, the customer will pay more for electric supply than (s)he otherwise would have if allowed to remain on the competitive supply product that the customer freely chose. In effect, by forcing such a customer

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<sup>19</sup> See Conn. Gen. Stat. § 16-245o(h)(8) (establishing renewal notice requirements).

<sup>20</sup> See, generally, e.g., Docket No. 14-07-19RE05, *PURA Investigation into Redesign of the Residential Electric Billing Format – Review of Summary Information, Implementation and Display*, Decision (Dec. 19, 2018).

<sup>21</sup> See Docket No. 06-10-22, *PURA Monitoring the State of Competition in the Electric Industry*, Monthly Migration Reports (showing the amounts paid by customers to their suppliers, including amounts that are less than the Standard Service rate); see also Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (showing offers providing savings compared to Standard Service) (last visited Feb. 21, 2020).

on to Standard Service, the Authority may make it more difficult for the customer to pay his or her past due bills.

Further, forcing active accounts with uncollectible bills on to Standard Service will harm suppliers. When customers enroll with a supplier, the supplier incurs expense to serve the customers.<sup>22</sup> If customers complete their contractual terms, suppliers are generally able to recoup all of these costs. However, if a customer's contract is terminated, the supplier may not be able to recover all of these costs. Although suppliers may be able to charge certain early termination fees ("ETFs") to recover these costs, as a practical matter customers that cannot pay their bills are unlikely to be able to pay ETFs. Consequently, suppliers are unlikely to be able to recover the costs that they incurred to serve these customers through ETFs. Further, residential ETFs are capped at fifty dollars.<sup>23</sup> However, suppliers frequently incur higher costs to acquire these customers and for the hedges to serve those customers. If residential-customer contracts are terminated, even if the affected customers could pay the applicable ETFs (which is unlikely), the ETFs may not be sufficient to cover all of those costs. As a consequence, suppliers could suffer a significant financial loss. Moreover, some suppliers have made the business decision not to charge certain customers ETFs.<sup>24</sup> Thus, if the contracts of these suppliers are terminated prematurely, those suppliers could incur considerable losses that are not even partially reimbursed. This would create a more significant financial loss for these suppliers.

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<sup>22</sup> Cf. Docket No. 18-06-02, *Review of Feasibility, Costs, and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Testimony of Richard J. Hudson, Jr., on Behalf of Retail Energy Supply Association (May 21, 2019), at 75 ("Suppliers must procure energy and related services in the wholesale energy markets to hedge their retail load positions. These procurement activities carry a significant cost.")

<sup>23</sup> Conn. Gen. Stat. § 16-245o(h)(7) (prohibiting suppliers from assessing an ETF to residential customers that exceeds \$50).

<sup>24</sup> See, e.g., Connecticut Rate Board (<https://www.energizect.com/compare-energy-suppliers>) (displaying offers that do not have any cancellation fees) (last visited Feb. 21, 2020).

Finally, returning “uncollectible” customers to Standard Service until the account is fully paid would impose additional administrative burdens on the EDCs. For example, electronic data interchange (“EDI”) protocols would need to be developed to ensure that customer switches are processed appropriately and that suppliers are notified of the return to Standard Service and the possibility that the customer might be transferred back to supplier service after some interval. In addition, if “uncollectible” customers are prohibited from taking competitive supply until their accounts are current, further EDI changes may be required to develop appropriate rejection codes. Establishing this code and other appropriate processes and training personnel on these processes would take EDC time and resources and could impose additional expense.

## **II. DEVELOPING INDIVIDUALIZED POR DISCOUNT PERCENTAGES IS NOT PRACTICAL**

The Authority also sought comments on a POR system that assesses each supplier’s uncollectible accounts and pays for the supplier’s receivables at a rate that reflects the uncollectible percentage of the supplier’s customer pool.<sup>25</sup> This approach would be designed to attempt to assign to each particular electric supplier the uncollectible expense that its customers actually experienced. However, developing accurate and reliable discount percentages on a supplier-by-supplier basis may be difficult.

For instance, if the individual supplier percentages are developed consistent with current practice (i.e., based on the average of the ratio of individual suppliers’ annual uncollectible expense to billed revenue for each of the last two years),<sup>26</sup> there may be significant fluctuations in particular suppliers’ annual billed revenues because customers may change suppliers, or may

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<sup>25</sup> See Notice, at 2 (Item 3).

<sup>26</sup> Cf. Docket No. 05-08-05RE02, *PURA Investigation Into The Process by Which Customers Can Choose An Electric Supplier When Initiating Service – Amended Referral Program*, Eversource Compliance Filing (Mar. 12, 2019), at 2 (showing the calculation of Eversource’s 2019 discount percentage).

switch between competitive supply and Standard Service, multiple times during any year.<sup>27</sup> In fact, material changes in supplier enrollments occur on a monthly basis.<sup>28</sup> Because of this fluctuation, the historical uncollectible experience of the supplier's customer base may have little relation to its current uncollectible expense. Similarly, a supplier's historical billed revenues may have very little bearing on its current billed revenues. Consequently, a supplier specific percentage may not accurately represent the uncollectibles of that supplier.

If despite the foregoing, the Authority is inclined to further consider adopting a POR methodology that uses discount percentages individualized for each supplier, it should gather evidence to allow it to evaluate how individual suppliers' historical billed revenues and uncollectible expense differ and how these factors change over time. This is particularly important because an ill-conceived methodology could lead to situations in which uncollectible expense incurred by some suppliers is shifted to suppliers that did not incur the expense, which would be an unjust and unreasonable outcome. To do so, the Authority could follow an approach recently taken in New York. There, the New York Public Service Commission ("NY PSC") required distribution utilities to track data on uncollectible expense on a supplier-by-supplier basis.<sup>29</sup> The NY PSC contemplated using these data, if necessary, for establishing supplier-specific or tiered POR discount rates.<sup>30</sup> Requiring the Connecticut EDCs to gather this

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<sup>27</sup> See, e.g., Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (showing offers for supply products with four-month terms) (last visited Feb. 21, 2020).

<sup>28</sup> Compare, e.g., Docket No. 06-10-22, *PURA Monitoring the State of Competition in the Electric Industry*, Eversource Electric Suppliers – MWh Load & Customer Count Data as of November 30, 2019 (Dec. 19, 2019) with Docket No. 06-10-22, *PURA Monitoring the State of Competition in the Electric Industry*, Eversource Electric Suppliers – MWh Load & Customer Count Data as of December 31, 2019 (Jan. 17, 2020).

<sup>29</sup> See Case 15-M-0127, *In the Matter of Eligibility Criteria for Energy Service Companies*, Case 12-M-0476, *Proceeding on Motion of the Commission to Assess Certain Aspects of the Residential and Small Non-residential Retail Energy Markets in New York*, Case 98-M-1343, *In the Matter of Retail Access Business Rules*, Order Adopting Changes to the Retail Access Energy Market and Establishing Further Process (Dec. 12, 2019) ("NY Order"), at 102.

<sup>30</sup> See NY Order, at 102.

information and provide it regularly to the Authority would assist the Authority in determining whether supplier specific POR rates are “just and reasonable and in the public interest.”<sup>31</sup>

### **III. BASING POR ON STANDARD SERVICE PRICES WOULD VIOLATE CONNECTICUT GENERAL STATUTES SECTION 16-244c(j)**

The Authority also requested comments on a POR system that limits suppliers’ receivables from uncollectible accounts to the product of billed usage and the applicable Standard Service rate.<sup>32</sup> As an initial matter, such an approach appears to run afoul of Connecticut General Statutes section 16-244c(j), which requires that the EDCs pay electric suppliers the amounts that they are due for the generation service that they provide to customers, less a *percentage* reflecting uncollectible bills and overdue payments.<sup>33</sup> Moreover, such an approach fails to take into account that some customers pay less than the Standard Service rate for electric supply.<sup>34</sup>

Moreover, an approach of compensating electric suppliers for uncollectible bills at the applicable Standard Service rate fails to account for differences between Standard Service and competitive supply products. Competitive supply products can and do contain value added services that customers on Standard Service do not receive, such as renewable energy content above the statutory minimum amounts.<sup>35</sup> Voluntary renewable energy content could add between one cent (\$0.01) and two cents (\$0.02) per kilowatt-hour to the price of a competitive supply

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<sup>31</sup> Cf. Notice, at 1.

<sup>32</sup> See Notice, at 2 (Item 4).

<sup>33</sup> See Conn. Gen. Stat. § 16-244c(j).

<sup>34</sup> See Docket No. 06-10-22, *PURA Monitoring the State of Competition in the Electric Industry*, Monthly Migration Reports (showing the amounts paid by customers to their suppliers, including amounts that are less than the Standard Service rate).

<sup>35</sup> See, e.g., Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (showing offers providing renewable content in addition to the statutory minimum) (last visited Feb. 21, 2020).

product.<sup>36</sup> Consequently, a POR approach that bases payments to electric suppliers on the Standard Service rate will not account for unique features that competitive supply products may contain and that customers enrolled on these products actually receive. As a result, under such an approach, electric suppliers will not receive the amounts that they are due for the generation services *that they provide* to customers less a *percentage* reflecting uncollectible bills and overdue payments.<sup>37</sup>

Further, because it is not clear if the suppliers will be made whole if the customer ultimately pays the “uncollectible” bill in full, this approach could frustrate the contractual expectations of suppliers. When entering into a contract, a supplier and a customer agree that the supplier will provide generation service at a specified price. The supplier will make arrangements, including entering into wholesale power transactions, designed to allow it to provide service at that price.<sup>38</sup> If the supplier provides service, but is not paid the price that it contracted for, its contractual expectations will be frustrated. For example, if the Authority caps a supplier’s recovery for a bill that had been deemed “uncollectible,” even if the customer later pays the bill in full, the supplier’s contractual expectations will be frustrated if the supplier does not receive the difference between the amount billed at the contract price and the amount billed under the Standard Service rate. Consequently, if the Authority adopts an approach of capping payments to suppliers for uncollectible bills at the amount that would have been charged under Standard Service, if the customer then pays the previously uncollectible bill in full, the supplier

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<sup>36</sup> Docket No. 16-12-29, *PURA Development of Voluntary Renewable Options Program*, Comments of 3Degrees Group Inc., Sterling Planet, and Community Energy Inc. (Feb. 12, 2020).

<sup>37</sup> See Conn. Gen. Stat. § 16-244c(j).

<sup>38</sup> Cf. Docket No. 18-06-02, *Review of Feasibility, Costs, and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Testimony of Richard J. Hudson, Jr., on Behalf of Retail Energy Supply Association (May 21, 2019), at 75 (“Suppliers must procure energy and related services in the wholesale energy markets to hedge their retail load positions. These procurement activities carry a significant cost.”).

should be entitled to receive the full amount that it was originally due under its contract with the customer.

#### **IV. THE AUTHORITY COULD CONSIDER MORE REASONABLE APPROACHES TO REDUCING UNCOLLECTIBLE EXPENSE AND ENHANCING POR**

The Authority also requested comments on other states' best practices regarding POR to alleviate "burgeoning uncollectible accounts" and alternatives to the current POR method that would be "beneficial to all ratepayers over the status quo."<sup>39</sup> As demonstrated above, the premise that suppliers are responsible for increases in uncollectible expense<sup>40</sup> or that the current POR system is not working to the benefit of ratepayers is not well founded.<sup>41</sup> Further, going forward, because suppliers will not serve hardship customers, they will not incur and will not be responsible for any hardship uncollectible expense.<sup>42</sup> Accordingly, making changes to the current POR mechanism cannot be assured to alleviate "burgeoning uncollectible accounts" or to be "beneficial to all ratepayers over the status quo." Approaches that are more likely to reduce aggregate uncollectible expense might include heightened scrutiny of regulated transmission and

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<sup>39</sup> See Notice, at 2 (Items 5 & 6).

<sup>40</sup> Compare Docket No. 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*, Eversource Response to Interrogatory OCC-35 (Jul. 26, 2018) (identifying the ratio of 2017 supplier net write-offs to billings as 0.0016) with Docket No. 05-08-05RE02, *PURA Investigation Into The Process by Which Customers Can Choose An Electric Supplier When Initiating Service – Amended Referral Program*, Eversource Compliance Filing (Mar. 12, 2019), at 2 (identifying the ratio of 2017 uncollectible expense to billed revenue as 0.20% (i.e., 0.0020)).

<sup>41</sup> Docket No. 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*, Eversource Response to Interrogatory OCC-34 (Jul. 26, 2018) ("For 2016, the supplier discounts of \$4,413,317 compare to the supplier net write-offs of \$1,786,113. For 2017, the supplier discounts of \$4,540,279 compare to the supplier net write-offs of \$1,014,527.").

<sup>42</sup> See Docket No. 18-06-02, *Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Decision (Dec. 18, 2019) (prohibiting suppliers from serving hardship customers after July 1, 2020).

distribution rates<sup>43</sup> or promoting the Connecticut Rate Board to encourage customers to shop for competitive supply offers providing savings compared to Standard Service.<sup>44</sup>

Moreover, to the extent the Authority has concerns about supplier uncollectible expense, it could adopt supplier consolidated billing as an alternative.<sup>45</sup> Under supplier consolidated billing, the supplier would assume the billing responsibility for both its generation supply charges and the EDC's distribution service charges. Essentially, supplier consolidated billing is the reverse of utility billing with POR model. With supplier consolidated billing, the supplier would assume the collection responsibility along with any risk of non-payment. To the extent that the Authority has concerns about the current POR method and whether suppliers bear sufficient risk, supplier consolidated billing should be considered<sup>46</sup> because it would shift billing and collection responsibility to suppliers.<sup>47</sup> Such an approach would also allow suppliers to offer more innovative products and services and build a more direct relationship with the customer.

## CONCLUSION

For all the foregoing reasons, RESA urges the Authority to leave the current POR method unchanged and evaluate other alternatives to address its concerns.

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<sup>43</sup> See, e.g., Docket No. 20-02-05, *PURA Investigation into Electric Distribution Company Cost Recovery*, Request to Establish Docket on PURA's Own Motion (Feb. 6, 2020) ("The Authority will review the various cost recovery mechanisms of the Connecticut Electric Distribution Companies, including base distribution rates and reconciliation mechanisms. In addition, the Authority intends to examine the suitability of the ratemaking model(s) traditionally used in Connecticut in light of an evolving energy landscape. Finally, the Authority will analyze alternative ratemaking methodologies used in other jurisdictions and consider which, if any, may be utilized under the existing statutory framework for utility cost recovery and are in the public interest.").

<sup>44</sup> See Docket No. 06-10-22, *PURA Monitoring the State of Competition in the Electric Industry*, Monthly Migration Reports (showing the amounts paid by customers to their suppliers, including amounts that are less than the Standard Service rate); see also Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (showing offers providing savings compared to Standard Service) (last visited Feb. 21, 2020).

<sup>45</sup> Cf. Docket No. 18-06-02, *Review of Feasibility, Costs, and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Testimony of Richard J. Hudson, Jr., on Behalf of Retail Energy Supply Association (May 21, 2019), at 76.

<sup>46</sup> Cf. Conn. Gen. Stat. § 16-245d (requiring the Authority to "conduct a review of the costs and benefits of suppliers billing for all components of electric service . . .").

<sup>47</sup> Cf. Docket No. 18-06-02, *Review of Feasibility, Costs, and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Testimony of Richard J. Hudson, Jr., on Behalf of Retail Energy Supply Association (May 21, 2019), at 76-77.

Respectfully submitted,  
RETAIL ENERGY SUPPLY ASSOCIATION

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**CERTIFICATION**

I hereby certify that a copy of the foregoing was sent to all participants of record on this  
21st day of February 2020.

Handwritten signature of Joey Lee Miranda in cursive script.

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Joey Lee Miranda