

JOEY LEE MIRANDA

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299
jmiranda@rc.com
Direct (860) 275-8227

Also admitted in District of Columbia and
Massachusetts

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September 23, 2019

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

Re: 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)

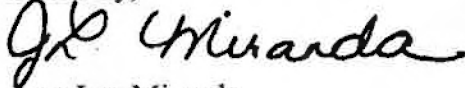
Dear Mr. Gaudiosi:

Enclosed please find the Reply Brief 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 do not hesitate 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

REVIEW OF FEASIBILITY, COSTS, AND	:	DOCKET NO. 18-06-02
BENEFITS OF PLACING CERTAIN	:	
CUSTOMERS ON STANDARD SERVICE	:	
PURSUANT TO CONN. GEN. STAT. § 16-	:	
245O(M)	:	SEPTEMBER 23, 2019

REPLY BRIEF OF RETAIL ENERGY SUPPLY ASSOCIATION

The Retail Energy Supply Association (“RESA”)¹ hereby submits its reply brief in the above-referenced proceeding. RESA will not reiterate the arguments it made in its initial brief;² instead, in this reply brief, RESA will respond to arguments presented by other participants in their initial briefs.

ARGUMENT

Competitive supply has provided and continues to provide Hardship Customers with the benefits of quantifiable savings and other value as compared to Standard Service. Prohibiting Hardship Customers from receiving competitive supply has substantial costs, including potential increases to Hardship Customer uncollectible expenses, and is otherwise infeasible. Thus, for the reasons set forth more fully below and in RESA’s initial brief, the Public Utilities Regulatory Authority (“Authority”) should continue to permit customers enumerated in Connecticut General Statutes section 16-245o(m) (“Hardship Customers”) to maintain their right to choose an electric supplier and decline to force such customers onto Standard Service.

¹ 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.

² Brief of Retail Energy Supply Association (Sep. 16, 2019) (“RESA Brief” or “RESA Br.”).

I. COMPETITIVE SUPPLY PRODUCTS HAVE PROVIDED THOUSANDS OF HARDSHIP CUSTOMERS WITH THE BENEFIT OF SAVINGS

The Attorney General, the Department of Energy and Environmental Protection, Bureau of Energy and Technology Policy (“Bureau”), and the Office of Consumer Counsel (“OCC”) focused their arguments on the net, aggregate, average amount that all Hardship Customers served by electric suppliers were billed for electric supply over what they would have been billed had they been served on Standard Service for the period from October 2016 to September 2018 (the “OCC Study Period”).³ This focus, however, oversimplifies the analysis and conveniently downplays the tens of thousands of Hardship Customer bills that reflected savings over Standard Service during the OCC Study Period.⁴ In fact, the OCC contended that these Hardship Customers are a “small minority” of Hardship Customers.⁵ This assertion, however, is incorrect and fails to recognize the even higher proportion of Hardship Customer bills that reflected savings over Standard Service after the OCC Study Period.⁶

In fact, between January and March 2019, 38% to 41% of the electric supplier billed prices for Hardship Customers in The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource”) service territory were lower than the Standard Service rate.⁷ In The United Illuminating Company (“UI”) service territory, for this same period, the proportion of

³ See Brief of William Tong, Attorney General for the State of Connecticut (Sep. 16, 2019) (“AG Brief” or “AG Br.”), at 5; Brief of the Department of Energy and Environmental Protection, Bureau of Energy and Technology Policy (Sep. 16, 2019) (“Bureau Brief” or “Bureau Br.”), at 5; Brief of the Office of Consumer Counsel (Sep. 16, 2019) (“OCC Brief” or “OCC Br.”), at 4-5.

⁴ See Direct Testimony of Susan M. Baldwin on Behalf of the Office of Consumer Counsel (Feb. 27, 2019); Errata to Direct Testimony of Susan M. Baldwin (Apr. 9, 2019); Susan M. Baldwin – Errata to Testimony (Apr. 25, 2019); Errata to Direct Testimony of Susan M. Baldwin (Jun. 26, 2019) (collectively, the “OCC Testimony”), at 26 (indicating that 22% of bills for Hardship Customers served by electric suppliers in OCC Study Period (i.e., 133,192 bills) reflected savings over Standard Service).

⁵ OCC Br., at 5.

⁶ See Testimony of Richard J. Hudson, Jr. On Behalf of Retail Energy Supply Association (May 21, 2019); Errata to Testimony of Richard J. Hudson, Jr (May 22, 2019); Revisions to Testimony of Richard J. Hudson, Jr. on Behalf of Retail Energy Supply Association (Aug. 14, 2019) (collectively, the “RESA Testimony”), at 17 (indicating that 40.5% of Hardship Customers served by electric suppliers in March 2019 received savings over Standard Service).

⁷ See RESA Testimony, at 15.

Hardship Customers receiving savings was even higher. Between January and March 2019, 47.3% to 52.3% of the electric supplier billed prices for Hardship Customers in the UI service territory were lower than the Standard Service rate.⁸ Every single one of these customers would have been billed more if they had been compelled to take Standard Service during these months.

In actuality, during this period, a *large minority* and, in the UI service territory, even a *majority* of Hardship Customers, saved money as compared to the Standard Service rate.⁹ Every one of those customers would have been worse off financially if they had been forced to remain on Standard Service. In addition, these customers would have been denied the other value, such as green energy,¹⁰ they otherwise would have received from competitive supply product offerings during both the OCC Study Period and the months that followed.

II. COMPETITIVE SUPPLY PRODUCTS PROVIDE HARDSHIP CUSTOMERS WITH THE BENEFIT OF AVAILABLE QUANTIFIABLE SAVINGS OVER STANDARD SERVICE

The Attorney General and the Bureau asserted that it is more appropriate to consider the OCC Study's historical price comparisons of Standard Service and competitive supply bills than analysis of "potential," going-forward savings for Hardship Customers on competitive supply.¹¹ However, as noted above, these contentions ignore the fact that tens of thousands, in some cases, constituting a majority, of Hardship Customers have saved money as compared to the Standard Service rate.¹² Moreover, if Hardship Customers are forced to take Standard Service, that will happen prospectively.¹³ Further, customers making choices about energy supply do so on a

⁸ See RESA Testimony, at 15.

⁹ See *id.*

¹⁰ See, e.g., *id.* at 55-58 (establishing that Hardship Customers have taken advantage of green offers and the value of such offers).

¹¹ See AG Br., at 5; Bureau Br., at 7; see also OCC Br., at 12.

¹² RESA Testimony, at 15.

¹³ See Conn. Gen. Stat. § 16-245o(m) ("[T]he authority may, in a final decision issued pursuant to this subsection, order all such customers *to be placed* on standard service.") (emphasis added).

prospective basis to meet their needs going forward.¹⁴ Thus, any analysis of the amount of savings customers could have achieved retrospectively is irrelevant. By being compelled to take Standard Service, all Hardship Customers will prospectively lose the opportunity to take advantage of the savings and other substantial value available from competitive supply offers. Thus, future lost savings and value are the most pertinent to determining the costs and benefits of taking such draconian action.

In an effort to downplay this impact, the Attorney General characterized these potential savings as somehow “hypothetical.”¹⁵ However, when RESA calculated the available savings to Hardship Customers, it used actual electric supplier offers posted on the Connecticut Rate Board in March 2019 and compared that price to the actual Standard Service rates in effect at the time.¹⁶ RESA’s calculations revealed that a Hardship Customer enrolling in that offer would have achieved quantifiable savings over Standard Service.¹⁷ Indeed, assuming average usage, a customer in the Eversource service territory would have saved \$17.11 per month, and a customer in the UI service territory would have saved \$23.76 per month.¹⁸ Thus, if every Hardship Customer on Standard Service at the time had enrolled in this product offering, those customers would have saved nearly \$1 million per month.¹⁹ Moreover, by May 2019, thousands of customers had actually enrolled in this supplier product offering.²⁰ Each and every one of these customers *actually* and quantifiably saved money as compared to the Standard Service rate.²¹

¹⁴ See RESA Testimony, at 16.

¹⁵ AG Br., at 5.

¹⁶ See RESA Testimony, at 27-28.

¹⁷ See *id.* at 25.

¹⁸ *Id.*

¹⁹ See *id.* at 25, Table RJH-4.

²⁰ See Late-Filed Exhibit (“LFE”) 2, May 2019 Migration Reports; see also OCC Br., at 12-13 (*citing* LFE-2).

²¹ See RESA Testimony, at 25 (showing the savings available on the Town Square Energy product on a per kilowatt-hour basis).

Thus, despite claims to the contrary, savings as compared to Standard Service available in the competitive supply market are not hypothetical; they are real.

Furthermore, the policy remedy advanced by OCC, the Bureau, and the Attorney General is itself rooted in a hypothetical scenario—one based on a dangerous false assumption that the relative price position of Standard Service compared to supplier billed prices will remain the same on a going-forward basis as it did in the historical OCC Study Period, which has already proven to be untrue.²² Thus, if Hardship Customers are placed on Standard Service there is no guarantee that, as future Standard Service rates change, such a decision will result in savings for even a majority of such customers. In fact, as the most recent prior Standard Service period (i.e., January 1-June 30, 2019) shows, a majority of such customers may actually pay more for Standard Service than they would have if they continued to have the right to choose who provided their supply service.²³

Nevertheless, the OCC attempted to dismiss the savings available by asserting that customers might not be offered the prices available on the Rate Board during telemarketing and door-to-door marketing interactions and that any particular competitive supply product offering might not be able to accommodate all customers interested in enrolling.²⁴ However, these bald assertions are unavailing. Even if electric suppliers market other products at other prices through other means, the prices on the Rate Board still remain available. Furthermore, even if this product could not accommodate every customer interested in enrolling (which was not established), customers still had significant opportunities for savings because the Rate Board

²² See RESA Testimony, at 13-16.

²³ See RESA Testimony, at 15-17.

²⁴ See OCC Br., at 12-13.

contained scores of other offers below the Standard Service rate²⁵ - offers in which customers actually enrolled.²⁶

The ability of Hardship Customers to have access to these savings, however, depends on their continued right to choose who provides their electric supply. Indeed, if the Authority prohibits Hardship Customers from purchasing competitive supply, they will lose access to the savings that tens of thousands of Hardship Customers have already enjoyed²⁷ and that are available in the market.²⁸ For Hardship Customers that are receiving savings from competitive supply, an order placing them on Standard Service will operate as an immediate and real rate increase. Moreover, if the Authority accepts the view of the AG, Bureau and OCC that savings as compared to Standard Service is the only appropriate metric of the benefits the competitive supply market can provide (which RESA vehemently disputes), denying Hardship Customers the opportunity to pay *less* for electric supply than they would pay on Standard Service would be a truly perverse outcome.

III. COMPETITIVE SUPPLY PRODUCTS PROVIDE HARDSHIP CUSTOMERS WITH THE BENEFIT OF QUANTIFIABLE VALUE OVER STANDARD SERVICE

The Attorney General, the Bureau, and the OCC asserted that there is no evidence in the record demonstrating that Hardship Customers served by electric suppliers “as a class, received any commensurate benefits for paying the above-market premium” and that it is impossible to establish the actual value of such value-added components.²⁹ However, RESA established that

²⁵ See RESA Testimony, at 28-29.

²⁶ Compare RESA Testimony, Exhibit RJH-3 (showing competitive supply offers available in March 2019) with LFE-2, April 2019 Migration Reports (showing customers paying prices offered in March 2019).

²⁷ See RESA Testimony at 15-17 (identifying the percentage of customers that achieved savings as compared to Standard Service in December 2018 through March 2019); OCC Testimony, at 26 (identifying the proportion of Hardship Customers receiving savings as compared to Standard Service in the OCC Study Period).

²⁸ See RESA Testimony, at 28-29.

²⁹ Bureau Br., at 4; see also OCC Br., at 10; AG Br., at 6.

suppliers offer value-added products,³⁰ quantified such value³¹ and demonstrated that such products have actually provided value to Hardship Customers.³²

For example, the Authority itself has determined that the retail value of a 100% green energy electric supplier product is between 1.15 and 1.9 cents per kilowatt-hour.³³ Further, the evidence demonstrates that tens of thousands of Hardship Customer bills reflect enrollment on such products.³⁴ In fact, Verde Energy only offers residential products identified as 100% green energy³⁵ and, during the OCC Study Period, Verde Energy was the electric supplier on 30,402 Hardship Customer bills in the Eversource service territory and 13,429 Hardship Customer bills in the UI service territory.³⁶

In an attempt to overcome this evidence, the OCC baldly asserted that competitive supply offerings with premium renewable energy content lack specificity about their actual green energy content or the origin of the green energy content.³⁷ In purported support of this claim, the OCC cited the failure of certain electric suppliers to meet their mandatory renewable energy content requirements.³⁸ However, this is a *non sequitur*. Notably, OCC did not establish, or even claim, that any of these suppliers offered green products or that any suppliers who did offer green products failed to satisfy the parameters of those product offerings.

³⁰ See, e.g., RESA Testimony, at 52, Table RJH-10.

³¹ See, e.g., *id.* at 51, Table RJH-9.

³² See, e.g., *id.* at 57-58.

³³ See *id.* at 55 (demonstrating the value of the renewable energy content available through the Connecticut Clean Energy Options program).

³⁴ See *id.* at 56.

³⁵ See *id.* at 57; see also Tr., at 302.

³⁶ See RESA Testimony, at 57-58.

³⁷ See OCC Br., at 11.

³⁸ See *id.* at 11-12.

The OCC also attempted to rely on the limited number of electric suppliers with Green-E certification.³⁹ However, Green-E is only one of various ways a supplier can provide verifiable premium renewable energy content.⁴⁰ For example, the Authority itself has recognized that premium renewable energy content can be provided through the purchase of Connecticut Class I, II and/or III New England Power Pool Generation Information System (“NEPOOL GIS”) certificates in excess of those necessary to satisfy the renewable portfolio standards.⁴¹

In addition to the 100% renewable content of its product, Verde Energy also offered a \$100 (\$50 after the first month of service, and \$50 after six months of service) rebate as an incentive to new customers.⁴² Over a twelve month term, this rebate had a value of 1.19 cents per kilowatt-hour (assuming 8,400 kilowatt-hours of usage).⁴³ When combined with the value of the premium energy content that Verde Energy provided in its products, Verde Energy Hardship Customers that received this rebate would have received more value, on a kilowatt-hour basis, than ratepayers enrolled on Standard Service; specifically:⁴⁴

³⁹ See OCC Br., at 11-12.

⁴⁰ See RESA Testimony, at 53.

⁴¹ See *id.*

⁴² See *id.* at 58-59.

⁴³ *Id.* at 58.

⁴⁴ See *id.*

Table RJH11 Verde Energy Value-Added Benefits		
	Eversource	UI
Verde Price Delta for Hardship Customers Over EDC Weighted Average Price	\$ 0.01980	\$ 0.01310
Estimated Value of Green Content (midpoint of range discussed in prior section: \$0.0115 to \$0.019 per kWh)	\$ 0.01525	\$ 0.01525
Estimated Value of Rebate Low (12 month scenario:\$100/8400)	\$ 0.01190	\$ 0.01190
Adjusted Verde Price Delta Factoring in Green Content and Rebate	\$ (0.00735)	\$ (0.01405)

In March 2016, Hardship Customers also could have enrolled in a thirty-five-month competitive supply product that included a smart thermostat.⁴⁵ A customer, with average monthly usage that enrolled on this product and also used natural gas, in addition to immediately receiving the \$249 value of the thermostat, would have also saved \$136 over the thirty-five month term of the product.⁴⁶

In addition to these quantifiable value-added components, competitive supply products offer Hardship Customers further benefits, such as fixed price contract terms longer than the six-month Standard Service term.⁴⁷ Such components allow Hardship Customers to avoid Standard Service rate volatility⁴⁸ and offer “peace of mind.”⁴⁹ While the value this peace of mind provides may vary based on the needs of an individual customer,⁵⁰ there is no doubt that fixed prices have

⁴⁵ See RESA Testimony, at 61-64.

⁴⁶ See *id.* at 64.

⁴⁷ See *id.* at 42.

⁴⁸ See *id.* at 43-44.

⁴⁹ Tr., at 339.

⁵⁰ See *id.*

substantial value to customers.⁵¹ The Bureau attempted to downplay this value by asserting that “there is no evidence that demonstrates that hardship customers are intentionally paying higher rates as a hedge against volatility.”⁵² However, there is evidence that Hardship Customers are actually receiving a hedge against volatility.⁵³ For instance, on January 1, 2019, Eversource and UI both experienced significant Standard Service rate increases.⁵⁴ However, Hardship Customers were protected against those rate increases because they were receiving service from competitive suppliers at prices that remained the same before and after such increase.⁵⁵

Overall, the evidence in the record demonstrates that the different types of value-added components available through the competitive supply market⁵⁶ offer Hardship Customers significant benefits – which will be lost if all Hardship Customers are forced to take Standard Service. In fact, RESA established that:

- Fixed price supplier products provide value by protecting customers from volatile Standard Service rate swings.
- Supplier offers include enrollment incentives with monetary values ranging from 0.4 cents to over 6 cents per kWh.
- The green energy content of supplier offers can be valued between 1.15 cents to 1.9 cents per kWh.
- The cost comparison between Standard Service and a supplier product can change significantly when factoring in potential energy efficiency benefits, turning an apparent \$400 difference to a \$136 savings after accounting for energy cost reductions.⁵⁷

⁵¹ Cf. RESA Testimony, at 34, Table RJH-4 (establishing that the cost of a fixed rate mortgage is 19% higher than that of a variable rate mortgage).

⁵² Bureau Br., at 7.

⁵³ See, e.g., RESA Testimony, at 43 (demonstrating the volatility in Standard Service rates over a five-year period).

⁵⁴ *Id.*

⁵⁵ Cf. Eversource Q-RESA-EDC-037-RV01, Attachment 1 (Aug. 8, 2019) (showing Hardship Customers paying supplier prices that were the same before and after January 1, 2019); RESA-EDC-037, UI Attachment 1 (Aug. 1, 2019) (showing Hardship Customers paying supplier prices that were the same before and after January 1, 2019).

⁵⁶ See RESA Testimony, at 52 (listing offered value-added components on a supplier-by-supplier basis).

⁵⁷ *Id.* at 65.

The OCC Study ignores this value entirely.⁵⁸ As a consequence, the OCC’s conclusion—that, during the OCC Study Period, Hardship Customers served by electric suppliers were billed more, in the aggregate, than they would have been on Standard Service—is misleading. Because competitive supply products included value-added components, Hardship Customer received the benefit of more value than they would have if they were compelled to remain on Standard Service. Not only is it inappropriate to take this value away from Hardship Customers—as thrusting them onto Standard Service would do—but it is also inappropriate to do so on the basis of a study that entirely ignores all such value.

IV. THE COSTS OF PROHIBITING HARDSHIP CUSTOMERS FROM RECEIVING COMPETITIVE SUPPLY ARE SUBSTANTIAL

In their respective briefs, the Attorney General, the Bureau, and the OCC argued that the costs associated with placing Hardship Customers on Standard Service are not significant.⁵⁹ In doing so, they focus on the electric distribution companies’ (“EDCs”) implementation costs.⁶⁰ However, placing Hardship Customers on Standard Service would have significant costs in addition to EDC implementation costs. These costs would include the loss by thousands of Hardship Customers of the savings⁶¹ and other value⁶² competitive supply products offer as compared to Standard Service. The lost opportunity to take advantage of these savings and value-added products in the future,⁶³ the costs of reopening the instant proceeding in two years,⁶⁴

⁵⁸ See OCC Testimony, at 19 (“My analyses do not include . . . value-added products (e.g., gift cards, airline mileage, thermostats) that suppliers may have offered as part of their marketing and enrollment campaigns.”); see also Tr., at 201-03.

⁵⁹ See AG Br., at 7-8; Bureau Br., at 10; OCC Br., at 18

⁶⁰ See AG Br., at 7; Bureau Br., at 10; OCC Br., at 18.

⁶¹ OCC Testimony, at 26 (indicating that 22% of bills for Hardship Customers served by electric suppliers in the OCC Study Period reflected savings over Standard Service); RESA Testimony, at 17 (indicating that 40.5% of Hardship Customers served by electric suppliers in March 2019 received savings over Standard Service).

⁶² See, e.g., RESA Testimony, at 57-58 (establishing that, during the OCC Study Period, over 40,000 bills issued to Hardship Customers included the value of a 100% renewable product).

⁶³ See *id.* at 40-65.

the loss of competitive offerings to Hardship Customers as a vehicle for advancing sustainable energy policy goals,⁶⁵ and the incalculable cost to Hardship Customers’ dignity of being denied the right to participate fully in the marketplace because of illness or economic condition.⁶⁶

Indeed, the cost to Hardship Customers’ dignity is particularly acute. Effectively, an order forcing Hardship Customers onto Standard Service is a judgment that Hardship Customers are simply incapable of making economic decisions for themselves, even decisions that would lead to savings as compared to the Standard Service rate. This view, however, is offensive and wrong. Hardship Customers contract for goods and services regularly in competitive markets, even essential goods and services, such as heating oil,⁶⁷ which are available at price points that vary substantially.⁶⁸ In addition, electric suppliers will incur costs.⁶⁹ Together, these various costs are substantial and must be considered in determining the overall cost of forcing tens of thousands of Hardship Customers onto Standard Service.

V. HARDSHIP CUSTOMER UNCOLLECTIBLE COSTS WILL LIKELY INCREASE IF ALL HARDSHIP CUSTOMERS ARE COMPELLED TO TAKE STANDARD SERVICE

The OCC asserted that “hardship customers disproportionately pay[ing] more for electricity on third-party suppliers will only further the risk of these accounts becoming uncollectible and in turn plac[ing] greater costs on all of the state’s electric ratepayers”⁷⁰ In support of this claim, based on the Eversource data from September 2018, the OCC contended

⁶⁴ See Conn. Gen. Stat. §16-245o(m) (“If the authority issues such an order [placing Hardship Customers on Standard Service], it shall reopen such docket not less than every two years.”).

⁶⁵ See RESA Testimony at 7.

⁶⁶ See *id.* at 6; Tr., at 269-71.

⁶⁷ See RESA Testimony, at 37.

⁶⁸ *Id.* (“For example, the April 29, 2019 DEEP Heating Oil Regional Price Survey shows a high price of \$4.599 per gallon, which is 81 percent higher than the low price of \$2.540 per gallon.”).

⁶⁹ See, e.g., *id.* at 70.

⁷⁰ OCC Br., at 9.

that “the data in the record demonstrates that on a per-account basis, the level of uncollectibles associated with accounts on third-party suppliers versus those on standard service varies significantly, from \$4,918 to \$2,865, respectively.”⁷¹ However, this selective presentation of the data is misleading.

Full consideration of the data included in the OCC’s own testimony established that, in many cases, on a per-account basis, Hardship Customers on Standard Service were responsible for *more* uncollectible expense than Hardship Customers on competitive supply. For example, for the months of September 2011 and 2016, in the Eversource service territory, Hardship Customers on Standard Service produced more uncollectible expense, on a per-account basis, than Hardship Customers on competitive supply.⁷² In the UI service territory, for the month of September *for every year studied* (2011-18), Hardship Customers on Standard Service produced more uncollectible expense, on a per-account basis, than Hardship Customers on competitive supply.⁷³ Since, in many instances, on a per-account basis, Hardship Customers on Standard Service produce more uncollectible expense than Hardship Customers on competitive supply, there is no basis for the Authority to conclude that ratepayers will necessarily bear less uncollectible expense if all Hardship Customers are placed on Standard Service. In fact, despite OCC’s bald claims to the contrary,⁷⁴ based on the evidence in the record, it appears the exact opposite would occur.⁷⁵

Moreover, if despite the foregoing evidence to the contrary, the Authority concludes that permitting Hardship Customers to remain on competitive supply could increase uncollectible

⁷¹ OCC Br., at 9 (footnote omitted).

⁷² OCC Testimony, Exhibit SMB-11(A).

⁷³ OCC Testimony, Exhibit SMB-11(B); *see also* RESA Testimony, at 76.

⁷⁴ OCC Brief, at 9.

⁷⁵ *See* OCC Testimony, Exhibits SMB-11(A), SMB-11(B).

expenses, there are less drastic measures available to address this concern than taking away the right to choose for an entire group of customers. For instance, the Authority could revise the purchase of receivables (“POR”) program to include Hardship Customers’ uncollectible expenses in the discount rate assessed to electric suppliers.⁷⁶ Conversely, because suppliers are assessed a percentage discount against all receivables⁷⁷ (including the receivables of supplier Hardship Customers), if Hardship Customers are only served by the EDCs, the discount would no longer be applied. As a consequence, the entirety of the Hardship Customer uncollectible expense (which based on history would likely be higher)⁷⁸ would be borne by ratepayers.

VI. PROHIBITING HARDSHIP CUSTOMERS FROM RECEIVING COMPETITIVE SUPPLY IS NOT FEASIBLE

The Attorney General, the Bureau, and the OCC regard it as a simple matter to force Hardship Customers onto Standard Service.⁷⁹ As an initial matter, this view entirely ignores the protections that the Contracts Clause offers to Hardship Customers and electric suppliers, which, as RESA demonstrated in its brief, constitutionally prohibits the Authority from voiding existing Hardship Customer competitive supply contracts.⁸⁰ Further, the Attorney General’s, the Bureau’s, and the OCC’s view vastly oversimplifies the array of complex tasks that would be involved in compelling Hardship Customers to take Standard Service, from determining who, in

⁷⁶ *Cf.* Conn. Gen. Stat. § 16-244c(j) (empowering the Authority to approve a percentage discount rate to be applied to supplier receivables “that reflects uncollectible bills and overdue payments”).

⁷⁷ RESA Testimony, at 74.

⁷⁸ *Cf.* OCC Testimony Exhibits SMB-11(A), SMB-11(B).

⁷⁹ AG Br., at 7-8; Bureau Br., at 10-11; OCC Br., at 17-18.

⁸⁰ *See* RESA Br., at 4-7.

fact, is a Hardship Customer,⁸¹ to ensuring that customers that no longer qualify as Hardship Customers are not prohibited from participating in the competitive supply market.⁸²

In addition, the Bureau claimed that forcing Hardship Customers to take Standard Service is a policy that can be corrected if it is not beneficial.⁸³ While Hardship Customers may, at some later date, again be afforded the right to participate in the competitive supply market, in the meantime, tens of thousands of customers will suffer harm⁸⁴ with no means of recouping those losses. Simply allowing Hardship Customers to purchase competitive supply products again will not make them whole.

Moreover, it would take significant time to complete the necessary regulatory proceedings to consider, adopt and implement such a change.⁸⁵ Even if an expedited regulatory proceeding could be conducted in order to quickly reverse the policy of restricting choice for Hardship Customers, it would take significant time to educate customers about this policy reversal and for suppliers to again begin marketing and enrolling such customers.⁸⁶ These practical considerations mean that it would take months or years to lift the shopping restriction for Hardship Customers at which point the expected benefits may not materialize.⁸⁷ There is also no guarantee that suppliers would again seek to serve Hardship Customers if the shopping

⁸¹ See RESA Testimony, at 66-67; see also Tr. at 400-01 (UI testifying as to the significant variances in the Hardship Customer counts in its various interrogatory responses).

⁸² See RESA Testimony, at 68-69; see also Eversource LFE-5 (Jul. 25, 2019) (providing the number of changes in Hardship Customer status for the timeframe from 2016-19); UI LFE-5 (Jul. 25, 2019) (providing the number of changes in Hardship Customer status for the timeframe from 2016-19).

⁸³ See Bureau Br., at 11.

⁸⁴ OCC Testimony, at 26 (indicating that 22% of bills for Hardship Customers served by electric suppliers in the OCC Study Period reflected savings over Standard Service); RESA Testimony, at 17 (indicating that 40.5% of Hardship Customers served by electric suppliers in March 2019 received savings over Standard Service); RESA Testimony, at 57-58 (establishing that, during the OCC Study Period, over 40,000 bills issued to Hardship Customers included the value of a 100% renewable product).

⁸⁵ See *generally* Record (establishing that this proceeding was opened on May 15, 2018 and still has not been completed).

⁸⁶ RESA Testimony, at 72.

⁸⁷ *Id.*

prohibition is lifted in the future. Suppliers may avoid this customer segment if there is risk that the eligibility of these customers could continually change.

VII. LESS DRASTIC ALTERNATIVES ARE AVAILABLE, WILL PROVIDE BENEFITS AND ARE FEASIBLE

The OCC argued that the consideration of policy alternatives to restricting the rights of Hardship Customers to choose who provides their supply is “unsupported by evidence and unauthorized by the law governing this proceeding.”⁸⁸ Specifically, the OCC asserted that Connecticut General Statutes section 16-245o(m) does not authorize the policy alternatives mentioned in the RESA Testimony⁸⁹ and that the scope of the proceeding is “confined to the specific parameters of” Connecticut General Statutes sections 16-245o(m) and 16-262c.⁹⁰ However, Connecticut General Statutes sections 16-245o(m) explicitly states that “the authority *may* . . . order all such customers to be placed on standard service.”⁹¹ It does not restrict the Authority to such an order as the only action it can take as a result of this proceeding. Thus, the Authority could take other authorized actions.

For instance, as RESA pointed out in its brief,⁹² under its existing legal authority, the Authority can implement programs designed to inform Hardship Customers about specific retailer offers that are priced below current or future known Standard Service rates.⁹³ These programs could include additional promotion of the Rate Board, supplements to EDC Hardship Customer outreach materials, the development of educational materials for distribution to state

⁸⁸ OCC Br., at 15 (typeface and capitalization adjusted).

⁸⁹ *See id.* at 16.

⁹⁰ *See id.*

⁹¹ Conn. Gen. Stat. § 16-245o(m) (emphasis added).

⁹² RESA Br., at 23-24.

⁹³ *See, e.g.*, Conn. Gen. Stat. § 16-244d(b)(2) (requiring the Authority to “review the rate board Internet web site and make any improvements to ensure such Internet web site remains a progressive tool for customers to compare pricing policies and charges among electric suppliers.”).

agencies and other organizations that assist Hardship Customers, etc.⁹⁴ The Authority is also authorized to establish a supplier referral program and “establish terms and conditions under which a participating electric supplier can be included in the referral program”⁹⁵ Those terms and conditions could include a requirement that the supplier offer a price below the Standard Service rate or another value proposition to Hardship Customers. These less drastic alternatives could provide additional protections to and opportunities for Hardship Customers without restricting the fundamental right of those customers to choose products that best serve their individual needs.⁹⁶

VIII. ALL RATEPAYERS SHOULD BEAR THE COST OF COMPELLING HARDSHIP CUSTOMERS TO TAKE STANDARD SERVICE

Incredulously, the Attorney General and the OCC argued that, pursuant to Connecticut General Statutes section 16-245d(b) and the Authority’s December 19, 2018 Decision in Docket No. 14-07-19RE05 (“Billing Format Decision”), electric suppliers should bear the cost of any decision prohibiting them from serving an entire group of customers.⁹⁷ However, this is not only wrong, it is unfair and inconsistent with cost causation principles.

Connecticut General Statutes section 16-245d(b) authorizes “[a]n [EDC] that provides *billing services* for an electric supplier . . . to recover from the electric supplier all reasonable transaction costs to provide such billing services as well as a reasonable rate of return, in accordance with the principles in subsection (a) of section 16-19e.”⁹⁸ Forcing Hardship

⁹⁴ RESA Testimony, at 80-81.

⁹⁵ Conn. Gen. Stat. § 16-244c(i).

⁹⁶ RESA Br., at 23-24. If the Authority views implementing an alternative to placing Hardship Customers on Standard Service as a better solution to the issues discussed in this proceeding but is unwilling to do so in the instant docket for reasons of procedure, the proper solution is “to issue a report or reports detailing the information received” and to open a new proceeding to evaluate such an alternative. *Cf.* Conn. Gen. Stat. § 16-245o(m); Revised Notice of Proceeding (Feb. 7, 2019), at 1.

⁹⁷ *See* AG Br., at 8-9; OCC Br., at 18-19.

⁹⁸ Conn. Gen. Stat. §16-245d(b) (emphasis added).

Customers onto Standard Service does not constitute billing services.⁹⁹ In fact, if Hardship Customers are placed on Standard Service, electric suppliers will *not* bill any such customers “for electric generation services and related federally mandated congestion charges that such suppliers provide to their customers”¹⁰⁰ Thus, Connecticut General Statutes section 16-245d(b) does not empower the Authority to compel electric suppliers to pay for the cost of having their customers forced onto Standard Service. Similarly, because the Billing Format Decision was based on the authorization of cost recovery for billing services set forth in Connecticut General Statutes section 16-245d,¹⁰¹ it also does not support cost recovery from electric suppliers. Moreover, because every ratepayer is a potential Hardship Customer,¹⁰² any decision to compel Hardship Customers to take Standard Service would affect all ratepayers. Accordingly, all ratepayers should bear the costs associated with such a decision.¹⁰³

CONCLUSION

For all of the foregoing reasons and those in the RESA Brief, the Authority should continue to permit Hardship Customers to exercise their right to choose who provides their electric supply and under what terms.

⁹⁹ See Conn. Gen. Stat. § 16-245d(a) (describing billing and collection services as “for electric generation services and related federally mandated congestion charges that such suppliers provide to their customers . . .”).

¹⁰⁰ *Id.*

¹⁰¹ Billing Format Decision, at 32-33.

¹⁰² See Tr., at 271.

¹⁰³ *Cf.*, Docket No. 14-05-06, *Application of The Connecticut Light and Power Company to Amend Rate Schedules*, Decision (Dec. 17, 2014), at 188 (applying cost causation principles).

Respectfully Submitted,
RETAIL ENERGY SUPPLY
ASSOCIATION

By: 

Joey Lee Miranda
Robinson & Cole LLP
280 Trumbull Street
Hartford, CT 06103
Phone: (860) 275-8200
Fax: (860) 275-8299
E-mail: jmiranda@rc.com

CERTIFICATION

I hereby certify that a copy of the foregoing was sent to all participants of record on this
23rd day of September 2019.



Joey Lee Miranda