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*Via Electronic Filing and First Class Mail*

March 27, 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 Retail Energy Supply Association's Petition for Reconsideration of the Motion No. 10 Ruling 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- :  
2450(M) : MARCH 27, 2019

**RETAIL ENERGY SUPPLY ASSOCIATION’S  
PETITION FOR RECONSIDERATION OF THE MOTION NO. 10 RULING**

The Retail Energy Supply Association (“RESA”)<sup>1</sup> hereby files this Petition for Reconsideration of the ruling of the Public Utilities Regulatory Authority (“Authority”) granting in part the objection of The United Illuminating Company (“United Illuminating”) and The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource” and, together with United Illuminating, the “EDCs”) to RESA’s First Set of Interrogatories to the EDCs.<sup>2</sup>

**BACKGROUND**

On June 4, 2018, the Authority initiated the instant proceeding to review the feasibility, costs, and benefits of transferring to Standard Service all customers enumerated in Connecticut General Statutes section 16-245o(m) (“Hardship Accounts” or “§ 16-245o(m) accounts”).<sup>3</sup> As part of its review, the Authority indicated that it intends to investigate several areas, including:

- trends in § 16-245o(m) accounts, including the conditions driving and impacting those trends;
- the number of § 16-245o(m) accounts serviced by a supplier;

<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> Objection of The United Illuminating Company and The Connecticut Light and Power dba Eversource Energy to the Retail Energy Supply Associations’ First Set of Interrogatories to the Electric Distribution Companies (Motion No. 10) (Feb. 22, 2019) (“EDC Objection”).

<sup>3</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1.

- the amount that §16-245o(m) accounts have paid versus the amount that the same accounts would have paid if on Standard Service;
- the impact of placing § 16-245o(m) accounts on Standard Service;
- any nonmonetary value that the § 16-245o(m) accounts have received while being serviced by a supplier; and
- any other information that will assist the Authority in reviewing the feasibility, costs, and benefits of possibly switching § 16-245o(m) accounts to Standard Service.<sup>4</sup>

The Authority also encouraged docket participants to explore and identify what, if any, adjustments should be made to existing policies and practices, or if any new policies and practices may have the potential to positively impact Hardship Accounts.<sup>5</sup>

On February 14, 2019, RESA issued its First Set of Interrogatories to the EDCs.<sup>6</sup> The RESA Set 1 Interrogatories inquired about the cost components of EDC residential generation service,<sup>7</sup> sought historical information about EDC residential generation service over- and under-recoveries,<sup>8</sup> and requested historical information about Standard Service rates<sup>9</sup> and Standard Service procurements.<sup>10</sup>

On February 22, 2019, the EDCs filed the EDC Objection in which they asserted that the RESA Set 1 Interrogatories sought the production of information that is irrelevant to the instant proceeding and were overly broad and burdensome.<sup>11</sup> On March 1, 2019, RESA filed an Opposition to the EDC Objection in which it argued that the RESA Interrogatories are relevant because they seek information directly related to the issues that the Authority intends to explore in the instant proceeding, in part, because this information will enable a meaningful comparison

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<sup>4</sup> See Revised Notice of Proceeding (Feb. 7, 2019), at 1.

<sup>5</sup> *Id.*

<sup>6</sup> See Retail Energy Supply Association's First Set of Interrogatories to the Electric Distribution Companies (Feb. 14, 2019) ("RESA Set 1 Interrogatories").

<sup>7</sup> See Interrogatory RESA-EDC-1 through Interrogatory RESA-EDC-5.

<sup>8</sup> See Interrogatory RESA-EDC-6 through Interrogatory RESA-EDC-7.

<sup>9</sup> See Interrogatory RESA-EDC-8.

<sup>10</sup> See Interrogatory RESA-EDC-9.

<sup>11</sup> EDC Objection, at 5-6.

of the amount that Hardship Accounts have paid versus the amount that the same accounts would have paid if on Standard Service.<sup>12</sup>

On March 8, 2019, the Authority issued a ruling that sustained the EDCs' objections to Interrogatories RESA-EDC-1 through RESA-EDC-7 ("RESA Interrogatories 1-7").<sup>13</sup> RESA now hereby seeks reconsideration of the Motion No. 10 Ruling.

### ARGUMENT

As set forth more fully below, RESA Interrogatories 1-7 are relevant because they seek information directly related to the issues that the Authority intends to investigate in the instant proceeding, including information that explores and may identify adjustments to be made to existing policies and practices, or new policies and practices, that may have the potential to benefit Hardship Accounts. Accordingly, RESA requests that the Authority reconsider its Motion No. 10 Ruling and direct the EDCs to respond fully to RESA Interrogatories 1-7.

#### I. LEGAL STANDARD

The Authority generally adheres to the following standard respecting the scope of discovery in proceedings: "parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in a pending proceeding."<sup>14</sup> Evidence is relevant if it "has a logical tendency to aid the trier in the determination of an issue."<sup>15</sup> Additionally, "[o]ne fact is relevant to another if in the common course of events, the existence of one, alone

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<sup>12</sup> RESA Opposition, at 2-3, 4-10.

<sup>13</sup> Motion No. 10 Ruling (Mar. 8, 2019) ("Motion No. 10 Ruling"), at 2. In the ruling, the Authority also overruled the EDC Objection with respect to RESA-EDC-8 and RESA-EDC-9. This petition for reconsideration is not addressed to that portion of the Motion No. 10 Ruling.

<sup>14</sup> *Office of Consumer Counsel v. Department of Public Utility Control*, 44 Conn. Supp. 21, 27 (1994) (quoting August 20, 1992 Authority ruling setting forth Authority discovery procedures). At the time of the decision, the Authority was known as the Department of Public Utility Control.

<sup>15</sup> *State v. Pagan*, 158 Conn. App. 620, 634 (2015) (citations and internal quotation marks omitted).

or with other facts, renders the existence of the other more certain or more probable.”<sup>16</sup> In fact, “[a]ll that is required is that the evidence tend to support a relevant fact even to a slight degree . . . .”<sup>17</sup> Indeed, in the instant proceeding, the Authority has deemed evidence relevant, even when it was not expressly mentioned among the areas to be explored in the Authority’s Notice of Proceeding because it provides a “basis for comparison” that “may be helpful to the Authority in determining the best result.”<sup>18</sup>

## **II. RESA INTERROGATORIES 1-7 SEEK RELEVANT INFORMATION**

The Authority has determined that the instant proceeding will review, among other things, the costs and benefits of switching Hardship Accounts to Standard Service.<sup>19</sup> Further, the Authority has noted that a necessary part of this inquiry involves comparing costs paid by Hardship Accounts when enrolled in competitive supply products to the costs “the same accounts would have paid if on standard service.”<sup>20</sup> Similarly, the Authority has recognized that another necessary part of its inquiry involves exploring the impact of placing Hardship Accounts on Standard Service.<sup>21</sup> The information sought by RESA Interrogatories 1-7 is relevant because it is directly related to all of these issues.

### **A. RESA Is Not Requesting Rate Changes In The Instant Docket**

The Motion No. 10 Ruling concluded that “[i]f the rate charged by a supplier contains different components than the standard service rate, then the forum in which to address those

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<sup>16</sup> *State v. Colon*, 272 Conn. 106, 200 (2004) (citations and internal quotation marks omitted).

<sup>17</sup> *Id.* at 201.

<sup>18</sup> See Motion No. 5 Ruling (Nov. 21, 2018), at 2 (“Although this docket addresses returning only hardship customers to standard service, a basis for comparison regarding such customers may be helpful to the Authority in determining the best result.”).

<sup>19</sup> See Revised Notice of Proceeding (Feb. 7, 2019), at 1 (“The Authority will solicit and receive information on the feasibility, costs, and benefits of switching the accounts detailed in Conn. Gen. Stat. §16-245o(m) to standard service.”).

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

differences would be a rate case or the docket that created any potential differences.”<sup>22</sup> Further, the Motion No. 10 Ruling observed that “[t]he purpose of the current docket is to look at the costs *as they currently exist*. It is beyond the scope of this docket to alter the current rate structure.”<sup>23</sup>

However, RESA does not intend to request that the Authority alter the manner in which costs are collected in this proceeding. Rather, RESA is requesting the information “to explore and identify what, if any, adjustments should be made to existing policies and practices . . . ,” which the Authority has explicitly concluded should be investigated in this proceeding.<sup>24</sup> To the extent the information developed in this proceeding results in a finding that adjustments are appropriate to the manner and method by which the EDCs collect certain costs, RESA anticipates any such adjustments would be made in a rate case or other appropriate proceeding.

**B. RESA Interrogatories 1-7 Seek Information Relevant To Trends In § 16-245o(m) Accounts, Including The Conditions Driving And Impacting Those Trends**

The Motion No. 10 ruling concluded that “[e]xamining the components that make up the generation rate is not relevant to the issues before the Authority in this proceeding because it does not change the end result – a customer receiving supply from a supplier must pay the total generation rate, and a customer receiving supply from standard service must pay the total generation rate.”<sup>25</sup> However, in the Notice of Proceeding, the Authority specifically indicated that it would evaluate “[t]rends in § 16-245o(m) accounts, including the conditions driving and

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<sup>22</sup> Motion No. 10 Ruling, at 2.

<sup>23</sup> *Id.* (emphasis in original).

<sup>24</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1

<sup>25</sup> Motion No. 10 Ruling, at 2.

impacting those trends.”<sup>26</sup> The allocation of generation-related costs between supply and delivery rates is one of the conditions driving and impacting those trends.

RESA Interrogatories 1-7 seek information about the various generation-related costs that the EDCs incur, where those costs are collected, when those costs are collected, and the magnitude of those costs.<sup>27</sup> An improper allocation of generation-related costs to non-bypassable rates (i.e., the delivery portion of a customer’s bill) improperly skews any comparison of the amount that Hardship Accounts have paid to the amount that the same accounts would have paid if on Standard Service. Similarly, under-recoveries and over-recoveries from prior periods also skew the comparison of supplier prices to Standard Service rates. These conditions drive and impact the trend in that comparison over time. Accordingly, the information sought in RESA Interrogatories 1-7 is relevant to the Authority’s evaluation of “trends in § 16-245o(m) accounts, including the conditions driving and impacting those trends.”<sup>28</sup>

**C. RESA Interrogatories 1-7 Seek Information Relevant To The Impact Of Placing § 16-245o(m) Accounts On Standard Service**

The Motion No. 10 Ruling sustained the EDC Objection, in part, because it found that “[u]nder the current rate structure, *any differences* between a supplier’s charge and standard service rate are reflected *solely* in the generation service charge, or the supply portion of a customer’s bill.”<sup>29</sup> However, in the Notice of Proceeding, the Authority indicated that it would evaluate “[t]he impact of placing § 16-245o(m) accounts on standard service.”<sup>30</sup> In order to appreciate the full impact of returning Hardship Customers to Standard Service, the Authority

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<sup>26</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1.

<sup>27</sup> See RESA Interrogatories 1-7.

<sup>28</sup> Cf. Revised Notice of Proceeding (Feb. 7, 2019), at 1.

<sup>29</sup> Motion No. 10 Ruling, at 2 (emphasis added).

<sup>30</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1.

must understand the true value of supplier offers. The information sought by RESA Interrogatories 1-7 is necessary for the Authority to fully understand that value.

As the Authority recognized, Hardship Customers may receive “nonmonetary value . . . while being serviced by a supplier.”<sup>31</sup> Just as the nonmonetary value of supplier product offerings impact the comparison of Standard Service rates and supplier prices so does the EDCs’ allocation of generation-related costs. For instance, an improper allocation of generation-related costs to non-bypassable rates (i.e., in delivery rates) results in “hidden” costs. As a consequence, the Authority is unable to identify the true value of supplier competitive offerings. Conversely, when costs are appropriately allocated between the EDCs’ bypassable (i.e., supply) and non-bypassable (i.e., delivery) rates, the Authority can properly evaluate and compare the value of competitive supply to Standard Service. Thus, understanding the extent of such “hidden” costs is necessary for the Authority to fully understand the costs and benefits of switching Hardship Accounts to Standard Service. Accordingly, the information sought in RESA Interrogatories 1-7 is relevant to the Authority’s evaluation of “[t]he impact of placing § 16-245o(m) accounts on standard service.”<sup>32</sup>

**D. RESA Interrogatories 1-7 Seek Information That Will Assist The Authority In Reviewing The Feasibility, Costs, And Benefits Of Possibly Switching § 16-245o(m) Accounts To Standard Service**

In its Notice of Proceeding, the Authority indicated that it would evaluate “[a]ny other information that will assist the Authority in reviewing the feasibility, costs, and benefits of possibly switching § 16-245o(m) accounts to standard service.”<sup>33</sup> The information sought by RESA Interrogatories 1-7 is intended to provide data necessary for the Authority to understand

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<sup>31</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1.

<sup>32</sup> *Cf. id.*

<sup>33</sup> *Id.*



why a comparison of supplier prices to Standard Service rates is not the appropriate basis on which to determine the costs or benefits of transferring Hardship Customers to Standard Service.

As noted above,<sup>34</sup> in the Notice of Proceeding, the Authority recognized that Hardship Customers may receive “nonmonetary value . . . while being serviced by a supplier.”<sup>35</sup> Also, as discussed above,<sup>36</sup> because of the improper allocation of generation-related costs to delivery charges, the true value of competitive supply prices cannot be determined based solely on a comparison of Standard Service rates to supplier prices. RESA Interrogatories 1-7 seek information about other significant differences between competitive supply products and Standard Service. For instance, unlike competitive supply prices, Standard Service rates include reconciliations of prior period under- and over-recoveries.<sup>37</sup> As a consequence, Standard Service rates reflect costs or credits associated with historical periods as well as expected costs for the Standard Service term; thereby, further improperly skewing any comparison of Standard Service rates to supplier prices. For example, Standard Service rates and competitive supply prices for a particular time period are not directly comparable when the Standard Service rate is so low that it produces a significant under-recovery that has to be recovered from enrolled customers in a future period. If rate and price data are compared for the initial period alone, Standard Service might appear to less costly than some proportion of competitive supply products, even though the under-recovery will be collected from Standard Service customers in a future period. If the under-recovery is taken into account, Standard Service, in fact, might be more costly than a significant proportion of competitive supply products.

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<sup>34</sup> See *supra* Section II.C.

<sup>35</sup> Revised Notice of Proceeding (Feb. 7, 2019), at 1.

<sup>36</sup> See *supra* Section II.B.

<sup>37</sup> See, generally, Docket 18-03-01, *PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company*; Docket No. 18-03-02, *PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company*.

RESA Interrogatories 1-7 seek information about the various generation-related costs that the EDCs incur, where those costs are collected, when those costs are collected, and the magnitude of those costs.<sup>38</sup> Only with this information will it be possible for the Authority to fully understand the value of supplier prices as compared to Standard Service rates. Thus, the information responsive to RESA Interrogatories 1-7 is directly relevant to “assist the Authority in reviewing the feasibility, costs, and benefits of possibly switching § 16-245o(m) accounts to Standard Service.”

### CONCLUSION

For all the foregoing reasons, RESA requests that the Authority reconsider the Motion No. 10 Ruling and direct the EDCs to respond fully to RESA Interrogatories 1-7.

Respectfully Submitted,  
RETAIL ENERGY SUPPLY  
ASSOCIATION

By: 

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<sup>38</sup> See RESA Interrogatories 1-7.

CERTIFICATION

I hereby certify that a copy of the foregoing was sent to all participants of record on this  
27th day of March 2019.

  
Joey Lee Miranda