**STATE OF CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY**

PURA Establishment of Rules for Electric )

Suppliers and EDCs Concerning Operations and ) Docket No. 13-07-18

Marketing in the Electric Retail Market )

**TESTIMONY AND EXHIBITS OF**

**SUSAN M. BALDWIN AND HELEN E. GOLDING**

**ON BEHALF OF THE CONNECTICUT OFFICE OF CONSUMER COUNSEL**

Filed: March 10, 2014

**CONFIDENTIAL INFORMATION HAS BEEN REDACTED**

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1. **INTRODUCTION**

**Qualifications**

**Q: Please state your name, position, and business address.**

A: My name is Susan M. Baldwin. I am a consultant, and my business address is 17 Arlington Street, Newburyport, Massachusetts, 01950. Since 1984, I have been specializing in the economics, regulation, and public policy of telecommunications. Since 2001, I have been consulting to public sector agencies and consumer advocates as an independent consultant.

**Q: Please summarize your educational background and professional experience.**

A: I have prepared a Statement of Qualifications, which is included as Attachment A.

**Q: Have you testified previously before the Public Utilities Regulatory Authority (“PURA”) or the Department of Public Utility control (“DPUC”)?**

A: Yes. In 1992, I testified in Docket No. 91-10-06 regarding the DPUC’s review and management audit of construction programs of Connecticut's telecommunications local exchange carriers, on behalf of the Office of the Consumer Counsel (“OCC”). In 1993, I testified on behalf of the OCC regarding the Application of the Southern New England Telephone Company to amend its rates and rate structure (Docket No. 92-09-19). I testified on behalf of the OCC in 1998 regarding the Joint Application of SBC Communications and Southern New England Telecommunications Corporation for Approval of a Change of Control (Docket No. 98-02-20) and in 1999 regarding the Application of New York Telephone Company for Alternative Rate Regulation (Docket No. 99-03-06). In 2009, I testified on behalf of the Communications Workers of America, Local 1298 in both phases of the investigation of the Petition of the Office of Consumer Counsel for Enforcement of Quality of Service Standards for the Southern New England Telephone Company d/b/a AT&T Connecticut (DPUC Docket No. 08-07-15).

**Q: Please state your name, position, and business address.**

A: My name is Helen E. Golding. I am a consultant, and my business address is 18 Louise Rd., Belmont, Massachusetts, 02478. Since 1977, I have been specializing in the law, regulation, and public policy of public utilities. While my work has focused primarily on telecommunications, as Assistant General Counsel and Acting General Counsel at the Massachusetts Department of Public Utilities, I also had responsibility for reviewing matters involving electric, gas, water, and transportation companies, as well as adjudicated consumer complaints.

**Q: Please summarize your educational background and professional experience.**

A: I have prepared a Statement of Qualifications, which is included as Attachment B.

**Q: Have you submitted evidence previously before the PURA or the DPUC?**

A: Yes. I was retained as an expert consultant by the New England Cable Television Association (“NECTA”) to assist in the preparation of comments and position papers in several of the proceedings opened by the DPUC to consider that frameworks for introducing competition into telecommunications in Connecticut and for implementing Public Act 94-83. In some of this work, I collaborated with other members of the consulting firm, Economics and Technology, Inc., at which I was then employed.

**Assignment**

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

A: This testimony is being submitted on behalf of OCC. OCC asked us to assist with its review of sales and marketing practices of companies licensed by PURA to supply electric generation services (“Suppliers”) and with its recommendations regarding possible remedies to address consumer harm in the market.

**Summary of Testimony**

**Q: Please summarize your findings and recommendations.**

A: Our testimony demonstrates that:

* The data that we reviewed demonstrates that Suppliers serve 42% of Connecticut’s households that receive their electricity via one of the state’s two commercial electric distribution companies, The Connecticut Light & Power Company and The United Illuminating Company (“UI”) (together, the “EDCs”). Suppliers’ practices clearly affect the well-being and pocketbooks of a substantial portion of Connecticut’s citizens, including some of the state’s most vulnerable residents – those on fixed incomes, those who have been classified as “hardship” customers, those for whom English is a second language (“ESL”), and those who identified themselves as senior citizens or Senior (“Seniors”).
* As further set forth below, the substantial majority of consumers who purchase service from Suppliers pay more than do their counterparts who purchase standard service from CL&P and UI.
* As evidenced by the quantity and types of complaints that consumers are making to PURA, and by the high prices that households pay for electricity, the Supplier market is malfunctioning. Between January and September 2013, 818 residential consumers in 141 of Connecticut’s 190 cities and towns complained to PURA about Suppliers’ rates and sales practices.
* In the month of September 2013, CL&P customers who chose Suppliers rather than remaining on CL&P’s “Standard Offer” rate – taking into account both those whose rate exceeded the Standard Offer and those who paid a lower rate – paid in aggregate $10.75 million more than the Standard Offer for their electric generation *for that one month*. For one 30-day billing cycle for UI, from December 2013-January 2014, UI customers who chose Suppliers rather than UI’s Standard Offer rate paid in aggregate $2.96 million more*, again just during that month*. These calculations are based on the average monthly usage of a typical non-heating household (750 kWh). This calculation of the consumer harm from overpriced electricity is an underestimate, because it applies the usage of non-heating customers as a proxy for all residential customers (rather than weighting the usage of heating and non-heating customers separately). Were the additional usage by heating customers factored into this calculation, the estimated consumer harm would be even greater.
* In CL&P’s territory, in total, 56,518 residential customers (or approximately 13% of Suppliers’ residential customers) paid less than CL&P’s Standard Offer, 6 residential customers paid the same price as the Standard Offer, and383,763 residential customers (or 87% of Suppliers’ residential customers) paid more than CL&P’s Standard Offer.
* In UI’s territory, 41,412 residential customers (or 30% of Suppliers’ residential customers) paid less than UI’s Standard Offer and95,398 (or 70% of Suppliers’ residential customers) were paying more than UI’s Standard Offer.
* The fact that the vast majority of Suppliers’ residential customers throughout the state *pay more than if they purchased the Standard Offer* suggests that the market is not functioning properly as it is presently structured and regulated.
* In CL&P’s region, the potential savings available in the Supplier market for residential customers is vastly less than the potential costs, as the lowest price available was 6.3 cents/kwh, while the highest price identified was 21.8 cents/kwh. So while a residential customer could pay up to 14.2 cents over the Standard Offer, that same customer could only potentially save no more than 1.3 cents below the Standard Offer.[[1]](#footnote-1)
* In UI’s region, the potential savings available in the Supplier market for residential customers is vastly less than the potential costs, as the lowest price available was 6.1 cents/kWh, while the highest price identified was 29 cents/kWh. So while a residential customer could pay up to 20.7 cents over the Standard Offer, that same customer could only potentially save no more than 2.1 cents below the Standard Offer.
* The prevalence of customer complaints and the exorbitant rates that some Suppliers are able to maintain suggest a distorted marketplace. If consumer “loyalty” depends on their confusion, it is not in Suppliers’ interest to educate consumers properly – key information may be buried in fine print, and references to variable rates may be negligible.
* Complaints about Suppliers’ sales and marketing practices are numerous and concern such matters as slamming, purportedly fixed rates unexpectedly becoming variable, phone harassment, and misleading representations by sales representatives.
* Customers complain that Suppliers fail to provide adequately staffed customer service support lines: there are long phone queues, after which the customer may only reach an answering machine; calls go unanswered; promised return calls do not occur; and consumers’ cancellation efforts are thwarted by this poor customer service.
* Senior and ESL consumers are among those who feel taken advantage of by Suppliers. Certain suppliers drew a disproportionate share of the overall complaints from Seniors.
* Some Suppliers’ customer bases include disproportionate percentages of customers who are designated as “hardship” (*i.e.*, indicating that the customer cannot be turned off under certain situations). Costs incurred by the EDCs associated with hardship customers’ inability to pay are shifted to other customers. Thus, to the extent hardship customers are being charged high rates they cannot afford, at least some of that cost is being borne by all EDC customers, even those on the Standard Offer.
* The EDCs do not track customers who receive energy assistance from state, local or federal programs, so OCC was unable to determine the prices being charged to those customers. Assuming some overlap with hardship customers, at least some customers receiving energy assistance have been victimized by Suppliers’ unfair sales practices and are being charged unreasonably high rates. Energy assistance programs – the cost of which are borne by all customers – are thus vulnerable to unnecessary depletion because they are unintentionally funding some Suppliers’ unscrupulous sales practices.
* Some Suppliers give credits in response to consumers registering their complaints with PURA, but the magnitude of these credits pales in comparison with the revenues that Suppliers generate with rates that vastly exceed Standard Offer rates.
* State law already addresses (with either affirmative requirements or prohibitions) many of the sales and marketing practices that underlie many consumer complaints, but some Suppliers persist in violating these laws and rules.
* It is clear that an overhaul of the sanctions and remedies used to address ongoing violations is necessary, and additional resources should be made available to PURA for enforcement purposes. In addition, PURA should immediately begin license reviews for Suppliers which consumers have repeatedly reported for unfair or abusive sales and marketing practices, and such reviews should occur on a regular – perhaps biannual – basis.

**II. STATUTORY AND REGULATORY BACKGROUND**

**Q: Please briefly describe your understanding of the origins of retail electric competition in Connecticut.**

A: Connecticut restructured its regulation of the electric industry in 1998, pursuant to Public Act No. 98-28. As part of its electric industry restructuring, which also occurred in many other states in this same timeframe, Connecticut permitted competitive Suppliers to sell electric generation services to end use customers, using the transmission and distribution facilities of the EDCs. Suppliers must obtain a license (from PURA) to operate in the state[[2]](#footnote-2) and are subject to PURA’s oversight, but their rates are not subject to prior review and approval, based on the assumption that they operate in a competitive market. The state’s two EDCs also continue to sell electric generation services at the Standard Offer, or default, rate, which is subject to PURA review and approval.

PURA’s predecessor agency, the DPUC, implemented the provisions of PA 98-28 shortly after that law was enacted, and the DPUC and now PURA have modified its requirements relative to competitive retail supply on several occasions, in response to subsequent revisions to that statutory framework.[[3]](#footnote-3)

**Q: What can be gleaned from Public Act 98-28 about Connecticut’s objectives in adopting this restructuring, particularly with respect to its impact on residential and small business customers?**

A: The Act includes several explanatory provisions that bear directly on retail sales and their consumer impacts, including (emphasis added):

* “the provision of affordable, safe and reliable electricity is key to the continuing growth of this state and to the health, safety and general welfare of its residents;”
* “it is in the best interest of the state to reduce rates for electricity to all customer classes;”
* “public policy measures under current law, including, but not limited to, those protecting customers under the winter moratorium and hardship provisions as well as conservation measures and incentives for using renewable energy sources;” and
* “the assurance of safe, reliable and available electric service to all customers in a uniform and equitable manner is an essential governmental objective and a restructured electric market must provide adequate safeguards to assure universal service and customer service protections.”

In other words, electric restructuring was intended to make service *less expensive*, without sacrificing the core public policy protections that existed prior to restructuring.

**Q. Beyond the general principles set forth by the legislature, what were the anticipated benefits of introducing competition into retail supply?**

A. In a 2007 report to Congress, The Electric Energy Market Competition Task Force, representing several federal agencies involved in overseeing electric energy markets, explained the benefits that states hoped would materialize from retail competition in this way:

The idea was that customers could obtain electric service at lower prices if they could choose among suppliers. For example, they could buy from suppliers outside their local market, from new entrants into generation, or from power marketers, any of which might charge lower prices than the local distribution utility. The ability to choose among alternative suppliers was intended to reduce market power that local suppliers might otherwise have, so that customers might see lower prices from local suppliers. Also, it was thought that new suppliers might offer innovative price and other terms to purchase electricity that could improve the quality of service.[[4]](#footnote-4)

**Q: Does the current law include provisions that prohibit unfair and deceptive sales and marketing practices, truth in billing, and other consumer protection, particularly for residential and small business customers?**

A: Yes, it does, and the legislature has strengthened these provisions, once consumers had experience with Suppliers and other industry participants, and reported complaints. However, a lack of enforcement has prevented customers from receiving the full benefit of these protections.

**Q: Would you be more specific about the existing protections that relate to Supplier sales and marketing practices?**

A: As bolstered most recently by revisions adopted in Public Act 11-80, Conn. Gen. Stat. Section 16-245o includes (among others) specific requirements and prohibitions[[5]](#footnote-5) directed at:

* Timely and accurate disclosure of rates and other pertinent information, including the customer’s right to cancel service;[[6]](#footnote-6)
* Verifiable evidence of a customer’s consent to select the Supplier’s service (which the Supplier must maintain for a minimum of two years);[[7]](#footnote-7)
* For any customer with demand of less than 100 kilowatts, a written contract that discloses all material terms and states terms pertinent to the rates the customer will be paying in a “clear and conspicuous” manner;[[8]](#footnote-8)
* Limitations on door-to-door solicitations, including, among others, time of day restrictions, proper identification, and a requirement that the person making the solicitation “explain all rates, fees, variable charges and terms and conditions for the services provided.”[[9]](#footnote-9)
* Telemarketing restrictions[[10]](#footnote-10)
* A limitation on the amount that can be charged for termination or cancellation of services.[[11]](#footnote-11)
* Explicit requirement regarding customer notification when fixed rates become variable.[[12]](#footnote-12)

**Q: Is Conn. Gen. Stat. section 16-245o explicit about Suppliers’ obligation to provide a customer clear and accurate bills, to not make any material change in their contract without express consent from the customer, and to ensure that bills are formatted in the clear and detailed manner required by law?**

A: Yes.

**Q: Does the law also make clear that a Supplier cannot avoid responsibility for actions of its agents?**

A: Yes.

**Q: Does Conn. Gen. Stat. section 16-245o authorize PURA to sanction a Supplier for an individual act of misconduct?**

A: Yes, as we discuss more in Section VI, Remedies, “any violation” of Section 16-245o is sufficient to permit PURA to declare the customer’s contract “void and unenforceable,” and “any violation or failure to comply with any provision of this section” makes the Supplier subject to civil penalties, license suspension or revocation, or a prohibition on accepting new customers.

**Q: What is your general understanding of the circumstances that gave rise to the current proceeding?**

A: PURA’s “Request to Establish a New Docket on PURA’s Own Motion” cites both the recent changes in the law and a “spike in customer complaints against various electric Suppliers in recent months” which make it “necessary for PURA to review the current operations and marketing rules governing participants in the Connecticut electric retail market.” Of course, within the scope and timeframe of this proceeding it is not feasible to address Supplier-specific abuses, although based on information in this proceeding, future Supplier-specific investigations seem well-warranted. In fact, several such proceedings against specific Suppliers are currently underway at PURA.[[13]](#footnote-13)

**III. CONSUMER EXPERIENCE**

**Overview**

**Q: How did you go about assessing consumers’ experience purchasing electricity from Suppliers?**

A: We analyzed complaints that PURA recorded on their standard “intake forms” for a time period in 2013. We also analyzed the prices that residential consumers pay Suppliers and compared this to what they would have paid at EDCs’ standard rates.

**Q: Please describe the consumers’ complaints to PURA that you examined.**

A: We reviewed 818 PURA Intake Forms that concerned residential complaints. The complaints concerned the prices, sales and marketing of Suppliers’ electric services and were communicated, typically by telephone, but also by e-mail and written correspondence, to PURA between approximately January through September 2013.[[14]](#footnote-14) PURA Staff recorded each complaint on an Intake Form, which includes various “fields” of information, including the date of contact; the customer’s name and address; the category of the complaint (selected from among a fixed set of categories on PURA’s intake form); the date of the initial customer contact; the Supplier’s name; the name of the PURA employee handling the complaint; a description of the customer’s complaint; and information about the Supplier’s response. It is our understanding that we were provided records for all of the complaints received by PURA from residential consumers during this approximate nine-month period.

 **Q: How did you go about analyzing this information?**

A: As we reviewed the complaints, we excluded those that concerned businesses and then cataloged the residential complaints by Supplier,[[15]](#footnote-15) by municipality, according to the reasons that the customer complained, whether there was an indication that the customer was a Senior or spoke English as a second language, whether there was an indication that the transaction with the Supplier originated with door-to-door sales, whether the Supplier gave the customer a credit, and the size of the credit. Based on our detailed analysis, we then created tables that summarize these various aspects of the complaints. OCC’s objective is to understand how the market works (and does not work) from the consumer’s perspective, and also to assist PURA in identifying and adopting remedies to prevent or at least to minimize the types of consumer harm that now appear prevalent.

**Q: By your tally, 818 residential customers of Suppliers complained to PURA between January and September 2013. How many residential customers do Connecticut’s Suppliers serve in total?**

A: Approximately 586,000 households purchase Suppliers’ service (rather than purchasing the Standard Offer directly from the two EDCs). CL&P bills on behalf of 449,026residential customers of Suppliers[[16]](#footnote-16) and UI bills on behalf of 137,021 residential customers of Suppliers. [[17]](#footnote-17)

**Q: By way of comparison, how many residential customers purchase the Standard Offer from the EDCs?**

A: CL&P serves 655,326 residential customers with standard service, and UI serves 150,734 customers with standard service.[[18]](#footnote-18)

**Q: In total, then how many residential customers of electricity are there in Connecticut?**

A: There are approximately 1.4 million residential customers who receive their electric distribution services from one of the state’s two EDCs; Suppliers serve approximately 42% of this number.[[19]](#footnote-19)

**Q: So, is it accurate to say that how Suppliers conduct their businesses has a significant impact on Connecticut’s residential consumers?**

A: Yes. Supplier practices clearly affect the well-being and pocketbooks of a substantial portion of Connecticut’s residents, including some of the state’s most vulnerable residents.

**Q: The complaining customers, then, represent a seemingly small percentage of the Suppliers’ customer base of approximately 586,000. Please comment.**

A: The 818 complaints during the first part of 2013 are likely just the “tip of the iceberg,” because they correspond with the subset of consumers who took the time to call and to complain to PURA. One can reasonably assume that there were many more consumers who experienced harm but did not call PURA for various reasons such as: English is a second language; they may be nervous to discuss complicated utility matters which they may not fully understand; consumers may consider utility bills to be unassailable; consumers may not even look at their utility bills (especially if they rely on automatic bill payment); and/or consumers may assume that a higher electricity bill correlates to higher electricity usage. Moreover, it is OCC’s understanding that there has been a substantial uptick in customer complaints in the second half of 2013 and the early part of 2014. In addition, there have been roughly 150 additional Customer Comments (almost uniformly negative) submitted into the record by consumers as part of this docket, to date, and more are have been arriving daily. There were also many other complaints raised at PURA’s four public meetings in this docket. We are in the process of reviewing those additional complaints, and will supplement this testimony once we have done so.

**Q: Is there other information that indicates that these complaints are evidence of more pervasive harm throughout the market?**

A: Yes. In Section IV, below, we demonstrate through our analysis of detailed data regarding Suppliers’ prices for electricity that the majority of consumers who purchase service from Suppliers pay more than do their counterparts who purchase the Standard Offer from CL&P and UI. The fact that some Suppliers are able to maintain exorbitant rates while retaining their customers is symptomatic of widespread consumer harm and a malfunctioning market. Unless underlying costs of producing goods and services justify otherwise, in a functioning market, competition should create pressure on prices to decline; that has not happened in Connecticut.

**Q: Before you delve into the details of your analyses, please provide an overview of the Supplier markets “as seen through” the consumer complaints that you reviewed.**

A: Our detailed review of hundreds of “intake forms” for consumer complaints about the sales and marketing practices of 33 Suppliers that were made to PURA during the first nine months of 2013 show patterns of consumer abuse that have elements that appear to be systemic.[[20]](#footnote-20) There is compelling evidence that, among other things, customers in at least 141 of Connecticut’s 190 municipalities[[21]](#footnote-21) are being misled, harassed, slammed, and charged significantly more by Suppliers than if they purchased service under a Standard Offer.

**Q: But customers voluntarily choose to migrate from the Standard Offer to Suppliers, correct? As long as it is an option and not a requirement to select a Supplier, why should PURA be concerned about the Supplier market?**

A: PURA should be concerned because the process of selecting a Supplier is flawed. Advertising and sales pitches are misleading, and consumers are either not informed or are inadequately informed about the range of rates that they may be billed in the months after they have contracted with the Supplier. Also, customers experience serious difficulties when they attempt to contact the Supplier to cancel their service – at that point they are no longer “choosing” the Supplier, but instead are captive customers. While the Supplier is being unresponsive, these customers are generally prevented from immediately switching back to the Standard Offer or to a different Supplier. Moreover, there is ample evidence that many customers are “slammed” – that is, they are switched from one company to another one – without approving that switch.

**Q: Did your review of the 818 complaints reveal consumer harm from poor customer service by some Suppliers?**

A Yes. There are numerous instances showing that when consumers seek to contact their Suppliers to question their bills or to cancel their service, they are thwarted by the Suppliers’ poor customer service support. Customers complained that they are put on hold for long periods of time; they may then be shifted over to an answering machine after a prolonged wait; and if they have been given the opportunity to leave a message, they may not receive a call back from the Supplier’s customer service and billing departments. This poor level of customer service hampers customers’ efforts to cancel their service in a timely manner, and, as a result, Suppliers “renew” contracts and then charge consumers hefty termination fees. Also, consumers complain that sales representatives have hung up on consumers who call to complain or that the representatives are rude.

 **Q: What were some of the other practices about which consumers complained?**

A: There were multiple cases where consumers complained that Suppliers had implied or asserted that they represented CL&P or UI. Consumers also complained that they felt badgered or intimidated by persistent door-to-door sales representatives and telemarketers.

**Q: Once a customer decides to terminate service with a Supplier, is the path to establishing service with the EDC or another Supplier relatively straightforward?**

A: Absolutely not. The complaints reveal that this is a confusing and frustrating process for customers. As we have already discussed, many customers report difficulty reaching their Supplier by phone to get any form of customer service – but some customers report additional obstacles when the purpose of the call is to cancel service. Then, customers may be given incorrect information (*e.g.*, told they cannot terminate or are quoted a termination fee that exceeds the statutory maximum). Customers appear to be unclear on whether they must affirmatively terminate service with their existing Supplier before switching to another Supplier or back to the EDC. There are also delays that occur in the switching process itself, as a result of how the new service request is handled by the new provider (which could be either a different Supplier or could be the EDC) and/or by the EDC. During the interval between when the customer requests a change in Supplier and when the EDC finally processes that request, the customer is stuck paying the original Supplier, most likely at the same high rates that motivated the customer’s decision to switch – in fact, the rate can even increase in that interval.

**Q: Based on your review of the complaints, does it seem that consumers have adequate recourse?**

A: No. By the time a consumer contacts PURA, the consumer has likely already experienced multiple months of high rates, and aggravation if the consumer has experienced poor Supplier customer service. The Suppliers’ pricing practices are making a significant dent in Connecticut consumers’ disposable income, monies which might be spent more productively for other goods and services. The time that consumers spent trying unsuccessfully to contact the Supplier has already been lost, and the harassment they experienced from sales representatives repeatedly calling trying to make a sale has already been experienced. Neither their time nor their “peace and quiet” can be reclaimed.

**Q: When consumers have complaints, does it seem straightforward for them to raise their concerns with the Suppliers?**

A: No. Communication in the electric supply market is often one-way – Suppliers’ sales agents repeatedly call the same customers even when the customers repeatedly request to not be called. Yet when customers attempt to reach the Suppliers, their calls go unanswered. It is seemingly only when these consumers contact PURA that the companies respond, only then putting these customers on their do-not-call lists or providing a credit as a result of having slammed the customer or having misled them about a “fixed” rate, which subsequently doubled.

**Q: Do you have other general observations based on your review of consumer complaints?**

A: Yes. The level of complaints suggests that without regulatory and legislative intervention, the abuse is likely to continue unabated. Also troubling is that those customers who do not complain to PURA (perhaps because English is their second language, or they are not acquainted with the complaint process, or perhaps because they do not know to question exorbitant rates) may be enduring substantial undetected abuse. It is difficult to estimate how much unreported abuse is occurring in the market. One such measure is the level of prices that consumers pay – we analyze this barometer of consumer abuse in Section IV.

**Q: Is the harm to consumers from Suppliers who charge high rates adequately captured by the number of customers who complain to PURA?**

A: No. Simply because consumers have not complained to PURA does not mean that they are paying just and reasonable rates for service offered at acceptable levels. As we mention above, one barometer of abuse is the rate differential between the standard rates that the wholesale companies charge and retailers’ market rates. In competitive markets, consumers may choose to pay more for better service. However, in this purportedly competitive market, many consumers pay more for inferior service.

**Q: Are you suggesting that there are not any customers who save money by purchasing electricity from Suppliers or any Suppliers for which there are few or no complaints being made to PURA?**

A: No. Section IV analyzes Supplier prices, for one month, relative to the EDCs’ Standard Offer rate and includes both prices that are below and above the standard rates. We also identify those Suppliers for which there are few or no complaints. Nonetheless, even with some “good actors,” it is not at all clear that the benefits flowing from this market outweigh the harms to consumers. Moreover, a month’s worth of prices offer only a snapshot of what the customer at each price point is paying throughout the year. Some of the customers at prices lower than the price of standard service could well have faced a price increase in subsequent months that could negate any savings they gained at the lower price.

**Q: If PURA addresses the problems that have been reported, would there be a benefit to Suppliers who are not the subject of consumer complaints?**

A: Yes. The negative reputation of some Suppliers could tend to sour consumers on the idea of competitive generation supply. Cleaning up existing abuses would make consumers better off, and it might also make the market as a whole more sustainable in the long-term.

**Suppliers and Complaints**

**Q: Did you tally complaints by Supplier?**

A: Yes. Table 1 below summarizes the quantities of individual complaints by Supplier, ranked from the highest number of complaints to the lowest.[[22]](#footnote-22)

**Table 1**

**Consumer Complaints by Supplier (ranked by quantity)**

|  |  |
| --- | --- |
| **Supplier** | **Quantity of Complaints** |
| Starion | 190 |
| Public Power & Utility | 133 |
| North American Power & Gas | 79 |
| Direct Energy | 77 |
| Clearview | 41 |
| Choice | 34 |
| Discount Power, Inc. | 29 |
| Dominion | 29 |
| Viridian | 28 |
| Constellation | 27 |
| CT Gas & Electric | 26 |
| Palmco Power | 21 |
| Liberty Power | 19 |
| Verde | 19 |
| Energy Plus | 16 |
| Ambit Northeast, LLP | 6 |
| HOP Energy LLC | 6 |
| Perigree | 6 |
| Community | 5 |
| Con Edison Solutions | 4 |
| XOOM Energy | 4 |
| Town Square Energy | 3 |
| HIKO Energy LLC | 2 |
| Next ERA | 2 |
| Other | 2 |
| Spark | 2 |
| United Energy Partners | 2 |
| Aequitas | 1 |
| Energy Choice LLC | 1 |
| Energy New England | 1 |
| Independence Energy Group | 1 |
| Patriot | 1 |
| So. Connecticut Gas | 1 |
| **TOTAL** | 818 |

**Q: Table 1 summarizes the absolute quantity of complaints by Supplier. In your analysis of complaints about Suppliers, did you take into account the varying quantities of customers that Suppliers serve?**

A: Yes. Table 2 below ranks the Suppliers based on the ratio of the complaints associated with them to the total quantities of customers they serve.[[23]](#footnote-23)

 **Table 2**

**Suppliers Ranked by Complaints as Percent of Total Customers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier** | **Customer Count** | **Number of PURA Complaints** | **Percent of Supplier Customers Served** | **Percent of All Complaints about Suppliers** | **Percent of Supplier's Customers Who File Complaints** |
| STARION ENERGY |  26,258  | 190 | 4.55% | 23.23% | 0.72% |
| LIBERTY POWER |  2,755  | 19 | 0.48% | 2.32% | 0.69% |
| CONN GAS & ELECTRIC |  6,693  | 26 | 1.16% | 3.18% | 0.39% |
| CLEARVIEW |  13,325  | 41 | 2.31% | 5.01% | 0.31% |
| PALMCO POWER |  6,975  | 21 | 1.21% | 2.57% | 0.30% |
| CONSTELLATION |  8,815  | 23 | 1.53% | 2.81% | 0.26% |
| CHOICE ENERGY |  13,036  | 34 | 2.26% | 4.16% | 0.26% |
| HOP ENERGY |  3,614  | 6 | 0.63% | 0.73% | 0.17% |
| PERIGEE |  3,667  | 6 | 0.64% | 0.73% | 0.16% |
| PUBLIC POWER & UTILITY |  82,089  | 133 | 14.22% | 16.26% | 0.16% |
| INDEPENDENCE |  628  | 1 | 0.11% | 0.12% | 0.16% |
| VIRIDIAN ENERGY |  18,216  | 28 | 3.16% | 3.42% | 0.15% |
| NORTH AMERICAN POWER |  56,406  | 79 | 9.77% | 9.66% | 0.14% |
| DIRECT ENERGY |  76,967  | 77 | 13.33% | 9.41% | 0.10% |
| DISCOUNT POWER |  32,088  | 29 | 5.56% | 3.55% | 0.09% |
| ENERGY PLUS |  19,419  | 16 | 3.36% | 1.96% | 0.08% |
| NEXTERA ENERGY |  2,617  | 2 | 0.45% | 0.24% | 0.08% |
| VERDE ENERGY |  32,706  | 19 | 5.67% | 2.32% | 0.06% |
| XOOM |  7,053  | 4 | 1.22% | 0.49% | 0.06% |
| DOMINION |  57,265  | 29 | 9.92% | 3.55% | 0.05% |
| AEQUITAS |  2,523  | 1 | 0.44% | 0.12% | 0.04% |
| TOWN SQUARE ENERGY |  9,747  | 3 | 1.69% | 0.37% | 0.03% |
| SPARK ENERGY |  6,817  | 2 | 1.18% | 0.24% | 0.03% |
| AMBIT |  24,644  | 6 | 4.27% | 0.73% | 0.02% |
| CONSTELLATION NEW ENERGY |  18,306  | 4 | 3.17% | 0.49% | 0.02% |
| HIKO |  9,963  | 2 | 1.73% | 0.24% | 0.02% |
| CONSOL EDISON SOL |  25,848  | 4 | 4.48% | 0.49% | 0.02% |
| GULF OIL |  5,176  | 0 | 0.90% | 0.00% | 0.00% |
| ABEST |  2,136  | 0 | 0.37% | 0.00% | 0.00% |
| PEOPLE'S POWER |  667  | 0 | 0.12% | 0.00% | 0.00% |
| Small companies with no complaints |  893  | 0 | 0.15% | 0.00% | 0.00% |
| Other | \* | 13 | \* | 1.59% | \* |
| TOTAL | 577,312 | 818 | 100.00% | 100.00% | 0.14% |

**Q:       Please explain Table 2 further.**

A:        By way of example, Starion Energy, Inc. (“Starion”) serves 26,258 customers, and there were 190 consumer complaints concerning this company.  Although this Supplier serves fewer than five percent of the customers who are served by Suppliers (*i.e.,* 4.55%), complaints about the company represent over 23% (23.23%) of all complaints, that is, the complaint rate for Starion *is five times* a proportional level.

**Q: Can you further explain the complaint rate or ratio that you just discussed in generic terms?**

A: Throughout this testimony, we will refer to “Complaint Ratio” to describe the comparison of the percent of all Supplier complaints to the percent of all Supplier customers represented by individual Suppliers. That is, the complaint ratio, as we use the term in our testimony, measures the extent to which an individual Supplier’s complaints exceed the relative proportion of customers it serves.

**Q: What do Tables 1 and 2 show?**

A: Certain Suppliers stand out based both on the high absolute quantity of complaints associated with their service and as measured relative to their customer base. These Suppliers, all of which have a complaint ratio of 1.0 or above, include: Starion, Liberty Power, Connecticut Gas & Electric, Clearview, Palmco, Constellation, Choice Energy, Hop Energy, Perigree, Public Power & Utility, Independence, and Viridian Energy. The Suppliers on this list are ranked in descending order, beginning with the Supplier with the highest (worst) complaint ratio. In Section IV, below, we compare these and other Suppliers’ prices with the EDCs’ standard rates, so that PURA can consider the relationship between consumer complaints and Supplier prices.

**Demographics of complaints and communities where complaints originate**

**Q: Earlier you mentioned that you had tracked information about the customers who complained to PURA. What did you analyze?**

A: We analyzed three factors: (1) whether the complaint was made by or on behalf of a senior citizen (“Senior”); (2) whether the complaint was made by an ESL person; and (3) the customer’s municipality.

**Q: What did you find regarding the instances Senior consumers complaining to PURA about electric Suppliers’ rates and practices?**

A: We summarize our review in Table 3 below, which shows that *at least* 70 of the 818 consumer complaints – almost one out of every ten – were associated with Seniors.

 **Table 3**

**Complaints Originating from Seniors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier** | **Total Complaints** |  **Total # of Customers**  | **# of Senior Complaints** | **% of Complaints Relating to Senior Consumers** |
| Liberty Power | 19 |  2,755  | 2 | 11% |
| HOP Energy LLC | 6 |  3,614  | 2 | 33% |
| Clearview | 41 |  13,325  | 7 | 17% |
| CT Gas & Electric | 26 |  6,693  | 3 | 12% |
| Palmco Power | 21 |  6,975  | 3 | 14% |
| Starion | 190 |  26,258  | 10 | 5% |
| Spark | 2 |  6,817  | 1 | 50% |
| Public Power & Utility | 133 |  82,089  | 12 | 9% |
| Direct Energy | 77 |  77,120  | 11 | 14% |
| North American Power & Gas | 79 |  56,406  | 7 | 9% |
| Choice | 34 |  13,036  | 1 | 3% |
| Constellation | 27 |  27,121  | 2 | 7% |
| Discount Power, Inc. | 29 |  32,088  | 2 | 7% |
| Verde | 19 |  32,706  | 2 | 11% |
| Viridian | 28 |  18,216  | 1 | 4% |
| Dominion | 29 |  57,265  | 3 | 10% |
| Energy Choice LLC | 1 |   | 1 | 100% |
|   |   |   |   |   |
| Subtotals | 761 | 462484 | 70 | 9% |
| Subtotals for Suppliers without Senior complaints | 57 |  108,632  | 0 | 0% |
|   |  |  |  |  |
| TOTALS | 818 |  571,116  | 70 | 9% |

**Q: Why do you emphasize “at least”?**

A: We classified complaints as “involving a Senior” only if there was an unambiguous reference in the PURA Intake Form to the presence of a Senior.[[24]](#footnote-24) But the fact that any given complaint does not specifically refer to this attribute does not mean that the customer was not a senior citizen. Furthermore, sometimes a complaint would refer to the fact that a son or daughter called on her parent’s behalf, but in those instances, unless the person explicitly referred to the parent as being Senior, we did not count the complaint as involving a Senior.

It is difficult to draw definitive conclusions about Suppliers’ practices because the PURA Intake Forms do not specifically track whether the complainant is a Senior. We recommend that PURA track this information in the future so that it can assess better whether and to what extent older residents are more vulnerable to unscrupulous and misleading sales practices.

**Q: What criterion did you use to classify a complaint as being from an ESL consumer?**

A: We deduced that a complaint was from an ESL customer if the complaint specifically mentioned that a customer wanted to speak with a Spanish-speaking staff member (no other languages were mentioned).

**Q: What did you find regarding the instances of ESL consumers complaining to PURA about electric Suppliers’ rates and practices?**

A: *At least* 29 of the 818 consumer complaints were associated with ESL consumers, and 15 (or half) of those complaints are associated with Starion (8% of the total complaints against that Supplier).

**Table 4**

**Complaints Originating from ESL Households**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier** | **Total Complaints** | **Total # of Customers** | **# of ESL Complaints** | **% of Complaints Relating to ESL Consumers** |
| Starion | 190 |  26,258  | 15 | 8% |
| Liberty Power | 19 |  2,755  | 1 | 5% |
| Clearview | 41 |  13,325  | 3 | 7% |
| Palmco Power | 21 |  6,975  | 1 | 5% |
| Choice | 34 |  13,036  | 1 | 3% |
| Constellation  | 27 |  18,306  | 1 | 4% |
| Public Power & Utility | 133 |  82,089  | 3 | 2% |
| Verde | 19 |  32,706  | 1 | 5% |
| Direct Energy | 77 |  76,967  | 2 | 3% |
| North American Power & Gas | 79 |  56,406  | 1 | 1% |
| Subtotal | 640 |  328,823  |  29  | 5% |
| All other Suppliers about which complaints were made | 178 |  230,802  | 0 | 0 |
| **TOTALS** | 818 |  559,625  | 29 | 4% |

**Q: Why do you emphasize that “at least” 29 complaints originated from ESL customers?**

A: I classified complaints as “ESL” only if there was an unambiguous reference in the comment to these attributes. But the fact that any given complaint does not specifically refer to the presence of an ESL resident does not mean that the customer was not ESL.

**Q: In your review of PURA complaints, did you identify any complaints relating to Suppliers’ marketing practices in public housing?**

A: Yes. Exhibit 4 reproduces the PURA Intake Form for a complaint from the Director of the East Hampton Housing Authority. As described on the Intake Form, in pertinent part:

Several of her tenants have received phone calls from an alternative energy Supplier (named Clearview Energy) who uses language that leads the tenants to believe they are speaking with the CT energy assistance program. The tenants supply the information and are signed up for Clearview without their knowledge. They lose their energy assistance, and when they dis-enroll from Clearview to get back with CL&P they are charged a fee of “$12.50 per remaining months of the contract period.” In the case of one tenant I spoke to this fee came to $125.00.

**Q: In your view, what does this particular complaint illustrate about the present Supplier market?**

A: This complaint illustrates several flaws. First, those consumers who can least afford to be overcharged have been subjected to deceptive marketing practices. Not only did they reportedly lose their energy assistance, but they are also being told that they must pay termination charges to discontinue Clearview’s service. Furthermore, it is our understanding that even if the termination charge were permissible (which does not appear to be the case), the $125.00 fee exceeds the maximum level allowed.[[25]](#footnote-25)

**Q: Did you seek data from CL&P, UI, and the Suppliers about the demographics of their customers?**

A: Yes. We describe and analyze this information that was provided in Section IV below. However, it is important to note that the EDCs do not track customers by all demographics, and it is therefore not possible to determine if widespread targeting of certain demographics is occurring using the information provided by the EDCs.

**Q: Please summarize your analysis of complaints relative to municipalities.**

A: Exhibit 1-A and Exhibit 1-B shows quantities of complaints separately by municipality and also expressed as complaints per 1,000 residents of each municipality – the first table orders the towns alphabetically and the second table ranks the municipalities based on the quantity of complaints per 1,000 residents. For example, nine complaints in Granby (population 11,316) results in a complaint rate of 0.80, and 42 complaints in Stamford (population 125,109) results in a complaint rate of 0.34. There were no clear trends from the data on the incidence of complaints by municipality alone.

It is possible, however, that some patterns might be revealed by cross-referencing with the number of customers served by each Supplier within each municipality, which numbers were sought by OCC from individual Suppliers and provided under motions for protective orders for some suppliers.

**Reasons for Complaints**

**Q: Please describe the categories the PURA Intake Forms include.**

A: PURA Staff classify each complaint among the following five categories: billing; general complaint; quality of service; slamming; and termination. The PURA Intake Form also includes some or all of the following: PURA Staff’s description of the consumer’s complaint; the verbatim e-mail or letter from the consumer; or an “embedded” letter (the original of which was not accessible). Also, PURA Staff’s description of the company’s response (or the company’s letter to PURA) sometimes shed light on the nature of the complaint. Based on our review of the PURA Intake Forms, we observed complaints such as these:

*High rates; practices associated with rate changes either violate state law or, if within the letter of the law, are maintainable only because customers lack sufficient, timely information*:

* Customers are “livid,” characterize Suppliers’ actions as “bait-and-switch,” state that high rates are “extortion.”
* Consumer uses electronic bill payment and “did not notice till this month” when the “bill jumped” to $900. (PDF 14-26).[[26]](#footnote-26)
* Customers call practices “unethical” –(*see, e.g.*, PDF 20-25) and refer to price-gouging.
* Failure to charge the promised rates (*see ,e.g.,* PDF 13-34, 13-36, and 14-1).
* Raised rate without notification.
* First month’s rate is low and in the second and subsequent months, the rate increases astronomically.
* The rate on the customer’s bill is higher than the rate that the customer sees being advertised or posted on the Supplier’s website.
* Incorrect bills (*see, e.g.,* PDF 14-5).

*Poor customer service; practices that delay or deny accurate billing, access to information about the customer’s account, or the ability to cancel service:*

* Unduly long duration of the complaint resolution process with the Supplier.
* Told that the high rates were a result of a “computer glitch” (*see, e.g.,* PDF 1-33).
* Told that sales representative mistakenly used an old sales script.
* Customer is unable to reach the Supplier because the phones are not staffed or operated adequately, which delays the cancellation process and may cause cancellation fees.
* Very long hold times and then after waiting, call may get cut off.
* Supplier promises to call back but does not call back.
* Delay in implementing rate reductions.
* Customer attempts to cancel on the same day as enrollment and is told that they cannot without incurring a fee.

*Deceptive promotions; misrepresentation of Supplier identity:*

* Supplier promises customer rebate card with service initiation; Supplier does not send card (very frequent complaint).
* Supplier representative tells customer that CL&P will shut off customer’s power if he does not switch to that Supplier (*see, e.g.,* PDF 1-31).
* Supplier was “very deceptive” and said they were with “electric company,” CL&P or UI (*see, e.g.,* PDF 19-38).

*Telemarketing and door-to-door sales abuses:*

* Suppliers repeatedly call consumers even when they ask not to be called – the calling stops only when customers complain to PURA.
* Customer is asked in a door-to-door solicitation to show copy of his/her electric bill, which Supplier then misappropriates as authorization to switch.
* Failure to provide copy of third-party verification to customer upon request.

**Q: Did some consumers express frustration that these practices were occurring in a seemingly regulated industry?**

A: Yes. A number of consumers said that they were surprised that PURA would “allow” such abuses to occur. One person complained, “PURA is allowing these people to be crooks.”[[27]](#footnote-27)

**Q: Were there any other categories about which certain customers complained to PURA that are not reflected above?**

A: Yes. Many customers complained that they had been promised gift or restaurant cards that they never received. Also, several customers complained after their chosen Supplier (ResComm) was acquired by another company (PPU). Concerns included the transfer of their information (credit card, etc.) to another Supplier that they did not actively choose.

**Q. Even though these customers were not “slammed,” should they be given the opportunity to choose a new Supplier under these circumstances, without paying a termination penalty?**

A. Yes. That would be a fair and reasonable approach.

**Q: Did you attempt to tally complaints based on categories of your own design?**

A: Yes. Based on the customer’s description, we identified three broad categories of reasons:

* **Rates.** Under this category, there are two reasons that surface repeatedly: (1) rates are extremely high; and (2) customers were told the rates would be fixed for some amount of time but they increased. In the latter instance, consumers felt misled, misinformed, or inadequately informed. In the first instance, consumers commented on the “bill shock” they experienced and were typically outraged to learn that instead of saving money on their electricity bills, they were paying more than if they had stayed with CL&P or UI.
* **Aggressive and misleading sales practices.** Weobserved that consumers complained to PURA about the following sales tactics:
	+ - Phone harassment – sales representatives would repeatedly call consumers to market the Suppliers’ services long after the customer had asked them to desist.[[28]](#footnote-28)
		- In a few instances, consumers complained of being badgered by door-to-door sales representatives, and in one instance a consumer remarked that she should have called the police.[[29]](#footnote-29)
		- Consumers complained that they were told they *must* switch from the EDC Standard Offer.
		- Consumers complained that sales representatives either explicitly stated or implied that the sales personnel were representing either CL&P or UI.
		- In at least one instance, a consumer complained that a Supplier had forged his signature.
		- In many instances, consumers complained that they had been slammed, *i.e.*, switched to the Supplier without the consumers’ consent.
* **Quality of Service.** This category generally encompasses complaints that concern the way in which Suppliers make themselves available (or fail to do so) when consumers seek to reach the Suppliers with questions, to seek promised rebate cards, or to terminate service. Among the concerns that consumers raise are:
	+ - The 800 number is not in service.
		- The consumer must wait a long time (*e.g.*, 30 minutes, 45 minutes, etc.) in a telephone queue.
		- The customer’s call is turned over to an answering machine.
		- The customer cannot reach the company.
		- The company fails to answer the customer’s call.
		- The company is rude to the customer.

**Q: Are there any particular consumer complaints that stand out?**

A: There are many that stand out for diverse reasons. We have prepared a document, which we include as Exhibit 3 to our testimony, with excerpts from actual complaint forms to illustrate consumer harm and consumer frustrations. We have grouped them by general categories of reasons for the complaints.

**Q: When you classified complaints, could a single complaint be counted in more than one of your categories of reasons?**

A: Yes. For many of the 818 unique complaints, a complaint spans several categories of consumer harm: for example, a customer is slammed; then calls the Supplier to complain, but must wait a long time in a telephone queue; at the end of the queue the call may be turned over to an answering machine; and the Supplier may fail to return the customer’s call. For our purposes, we tallied the complaint in all of the following categories: slamming; quality of service – queue; quality of service – answering machine; and quality of service – failure to return customer’s call. Also in reviewing cases, we noticed some instances in which the customer’s initial characterization of the problem, and thus the “reason” recorded in the intake form, did not match what the customer subsequently described; in such cases, we would adjust the classification in our own cataloging.[[30]](#footnote-30)

**Q: Could you please explain further by illustrating with an actual example of your analysis of an individual Intake Form?**

A: Yes. We classified the following complaint in three categories: (1) high rates; (2) evidence of door-to-door sales; and (3) evidence of customer being Senior. [[31]](#footnote-31) This complaint illustrates other issues as well:

* The customer was asked to show the sales representative a copy of her electric bill.
* The customer was not given the relevant paperwork.
* The representative misled the customer into believing that she would save money.
* There is a high cancellation fee.



**Q: Did you notice any patterns in the consumer complaints?**

A: Yes. For example, in the case of North American Power & Gas, LLC (“NAP”), we noticed many complaints that customers expected three months at a fixed rate, but only got one. In the case of this Supplier, it seems that the “squeaky wheel got the grease.” As Table 8 shows, 56 of the 79 customers who complained about NAP’s service (*i.e.*, 71%) received credits (typically based on the difference between the original fixed rate and the as-billed variable rate). Of course, consumer credits are welcome, but credits to specific consumers does not eradicate the harm to the many other consumers who either did not observe that premature rate increase or did not take the time to complain

Also, in the instance of Clearview, we noticed that many consumers complained about cancellation fees. One consumer could not get through on Clearview’s phones to cancel the service. Another customer had a one-year contract and then did not renew the service but was charged 10 months of early termination fees. In this case, it seems as though the customer would have benefitted from better communication prior to the Supplier’s renewal of his contract.

**Ongoing evidence of persistent consumer harm**

**Q: Earlier you mentioned that the complaints that you examined spanned January through September 2013. Are you aware of any more recent information demonstrating that consumers are continuing to pay exorbitant rates and are complaining about Suppliers’ practices?**

A: Yes. There is ample evidence of ongoing consumer outrage and concern, which includes, among other things, sworn Connecticut resident testimony at the five PURA Public Comment Hearings in this docket, and copious Consumer Comments (*i.e.,* complaints) filed specifically in this docket. We plan to update this testimony prior to the commencement of hearings to incorporate some of this recent information.

Based on our conversations with OCC, it is our understanding that the Public Comment Hearings thus far have been very well-attended, and consumer testimony is consistent with the areas of concern that PURA Intake Forms identify. Public Comment Hearings have been held in Milford (February 19, 2014), Farmington (February 20), Brookfield (February 24), Norwich (February 25), and Waterbury (February 27).

**Complaints about Suppliers’ rates**

**Q: What information is summarized on Table 5 below?**

A: Table 5 shows that customers complained frequently about high rates and about rates that increased dramatically when they changed from fixed to variable.Many customers are indignant about the fact that Suppliers’ rates are high, when the sales pitch that was used to promote the service focused on saving the customer money. In many cases, the customer was pitched a low introductory fixed rate that became variable, at a much higher level.

**Table 5**

**Complaints - Rate Levels and Rate Changes[[32]](#footnote-32)**

|  |  |  |
| --- | --- | --- |
| **Supplier** | **Complaints That Rates are High** | **Was Told Would be Fixed Became Variable** |
| Starion | 98 | 23 |
| Public Power & Utility | 61 | 16 |
| North American Power & Gas | 60 | 41 |
| Direct Energy | 43 | 19 |
| Dominion | 28 | 7 |
| CT Gas & Electric | 21 | 8 |
| Viridian | 20 | 8 |
| Choice | 18 | 11 |
| Energy Plus | 13 | 1 |
| Clearview | 10 | 4 |
| Palmco Power | 10 | 1 |
| Discount Power | 8 | 4 |
| Constellation Energy | 7 | 3 |
| Liberty Power | 7 | 2 |
| Con Edison Solutions | 3 | 2 |
| XOOM Energy | 3 | 1 |
| HOP Energy LLC | 2 | 0 |
| Spark | 2 | 1 |
| Town Square Energy | 2 | 1 |
| Aequitas | 1 | 0 |
| Verde | 1 | 0 |
| **TOTALS** | 418 | 153 |

**Aggressive and Misleading Sales Practices**

**Q: Did you count complaints about different aspects of aggressive and misleading sales practices?**

A: Yes. The leading complaint (260 of them) concerned consumers’ concern that they were slammed, sometimes from an EDC and sometimes from another Supplier. Even though each and every instance may not have been “slamming,” the sheer volume suggests that slamming is occurring on a wide scale and furthermore that Suppliers are not fully informing or are misleading consumers about the process for selecting a Supplier. Related to slamming are the 30 “companion” complaints that sales representatives have represented that they are from “the electric utility,” or from “CL&P” or from “UI.” In one instance a consumer related that a door-to-door Supplier’s sales representative said he was from CL&P and when the consumer informed him that it was UI territory, the sales representative then simply stated that he was from UI.

 As Table 6 shows, phone harassment is a frequent complaint, with 76, or almost 10% of all PURA Intake Forms, referring to being called repeatedly by a single Supplier, even after the consumer has repeatedly requested that the calls stop. This table excludes Suppliers for which no complaints were recorded in this category.

**Table 6**

**Complaints - Aggressive and Misleading Sales Practices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Phone harassment** | **Badgered by door-to-door sales reps** | **Rep told customer s/he must switch** | **Rep said s/he was from CL&P** | **Rep said s/he was from UI** | **Rep forged signature** | **Slamming** | **Total** |
| Starion | 1 | 3 | 1 | 4 | 1 | 3 | 106 | 119 |
| Public Power & Utility | 29 | 0 | 1 | 5 | 2 | 1 | 47 | 85 |
| Direct Energy | 13 | 5 | 1 | 2 | 0 | 0 | 7 | 28 |
| Choice | 8 | 1 | 0 | 1 | 1 | 0 | 10 | 21 |
| Clearview | 1 | 1 | 0 | 0 | 0 | 0 | 18 | 20 |
| Palmco Power | 0 | 1 | 0 | 3 | 1 | 0 | 14 | 19 |
| Verde | 5 | 0 | 0 | 4 | 1 | 0 | 8 | 18 |
| Discount Power | 10 | 0 | 0 | 1 | 0 | 0 | 5 | 16 |
| Constellation | 0 | 2 | 0 | 2 | 0 | 0 | 11 | 15 |
| Liberty Power | 1 | 0 | 0 | 1 | 0 | 0 | 5 | 7 |
| North American Power & Gas | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 6 |
| Ambit | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| CT Gas & Electric | 3 | 0 | 0 | 0 | 0 | 0 | 1 | 4 |
| Community | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| Next ERA | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 3 |
| Perigree | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 3 |
| Viridian | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| HOP Energy LLC | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Other | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| United Energy Partners | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| XOOM Energy | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Con Edison Solutions | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Energy Choice LLC | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| HIKO Energy LLC | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Independence Energy Group | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Town Square Energy | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| **TOTALS** | 76 | 13 | 3 | 24 | 6 | 5 | 260 | 387 |

**Suppliers’ Quality of Customer Service**

**Q: What information is summarized in Table 7 below?**

A: After being pursued unrelentingly to sign up for service, customers report a great deal of difficulty getting certain Suppliers to take their calls to respond to questions, complaints, or requests to cancel service. In other words, they get the run-around. Table 7 catalogs the various ways customers described this highly unsatisfactory customer service experience.

**Table 7**

**Complaints - Suppliers’ Quality of Customer Service[[33]](#footnote-33)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **800 # not in service** | **Lengthy queue for 800 number** | **Call turned over to answering machine** | **Cannot get through to company to cancel** | **Failure to return call to customer** | **Rude to customer** | **Total** |
| Public Power & Utility | 0 | 12 | 10 | 12 | 7 | 7 | 48 |
| Starion | 0 | 9 | 0 | 16 | 3 | 5 | 33 |
| Direct Energy | 3 | 4 | 1 | 3 | 4 | 4 | 19 |
| Viridian | 5 | 6 | 0 | 1 | 2 | 0 | 14 |
| North American Power & Gas | 0 | 1 | 0 | 7 | 2 | 2 | 12 |
| Choice | 0 | 0 | 0 | 1 | 1 | 2 | 4 |
| Dominion | 0 | 0 | 0 | 1 | 1 | 1 | 3 |
| Clearview | 0 | 1 | 0 | 1 | 0 | 0 | 2 |
| Con Edison Solutions | 1 | 0 | 0 | 0 | 0 | 1 | 2 |
| Constellation Energy | 1 | 0 | 0 | 1 | 0 | 0 | 2 |
| Ambit | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| CT Gas & Electric | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Discount Power | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Energy Plus | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| HIKO Energy LLC | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Liberty Power | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Perigree | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Spark | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Verde | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| **TOTALS** | **11** | **34** | **11** | **46** | **23** | **23** | **148** |

**Customer credits resulting from complaints to PURA**

**Q: Does PURA track whether, as a result of a complaint, the Supplier gives the customer a credit?**

A: Yes. Table 8 below shows the quantity and magnitude of credits given, separately by Supplier, and shows that this practice varies significantly among Suppliers. We tally a credit only if it appears in the “credit” field on the PURA intake form.[[34]](#footnote-34)

**Table 8**

**Credits to Consumers, by Supplier**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier** | **Total Number of Complaints** | **Quantity of Credits Given** | **% of Complaints Leading to Credits** | **Total $ of Credits Given** | **Average $ Credit per Credit Given** |
| North American Power & Gas | 79 | 56 | 71% |  $6,680.81  |  $119.30  |
| Community | 5 | 3 | 60% |  $729.51  |  $243.17  |
| Con Edison Solutions | 4 | 2 | 50% |  $27.66  |  $13.83  |
| Spark | 2 | 1 | 50% |  $51.49  |  $51.49  |
| CT Gas & Electric | 26 | 12 | 46% |  $3,011.84  |  $250.99  |
| Starion | 190 | 67 | 35% |  $10,685.69  |  $159.49  |
| Palmco Power | 21 | 7 | 33% |  $1,348.99  |  $192.71  |
| Choice | 34 | 10 | 29% |  $963.73  |  $96.37  |
| Viridian | 28 | 7 | 25% |  $684.21  |  $97.74  |
| XOOM Energy | 4 | 1 | 25% |  $52.35  |  $52.35  |
| Clearview | 41 | 8 | 20% |  $357.24  |  $44.66  |
| Energy Plus | 16 | 3 | 19% |  $385.00  |  $128.33  |
| Public Power & Utility | 133 | 23 | 17% |  $5,411.90  |  $235.30  |
| HOP Energy LLC | 6 | 1 | 17% |  $25.00  |  $25.00  |
| Constellation | 27 | 4 | 15% |  $324.01  |  $81.00  |
| Direct Energy | 77 | 9 | 12% |  $582.16  |  $64.68  |
| Liberty Power | 19 | 2 | 11% |  $352.95  |  $176.48  |
| Discount Power | 29 | 2 | 7% |  $64.08  |  $32.04  |
| Verde | 19 | 1 | 5% |  $50.00  |  $50.00  |
| Dominion | 29 | 1 | 3% |  $20.00  |  $20.00  |
| Subtotal | 789 | 220 | 28% |  $31,808.62  |  $144.58  |
| all other Suppliers about which consumers complained | 29 | 0 | 0 | $ - |   |
| **TOTALS** | 818 | 220 | 27% |  $31,808.62  |  $144.58  |

**Q: What do you infer from Suppliers’ seemingly varying practices regarding customer credits?**

A: The fact that one Supplier gives credits while another Supplier does not give a credit does not necessarily mean that the first is “more culpable” (because it has been compelled to give credits) nor does it necessarily mean that its business practices are superior (because it has voluntarily given credits). We do not draw any specific conclusions based on the data in Table 8, above; rather the data is useful to add some dimension to PURA’s understanding of the variances in industry practices.

**Q: Are you aware of any regulatory guidelines for credits?**

A: No.

**Q: Do the credits Suppliers gave to customers who complained show a pattern that suggests the existence of policies or procedures for determining whether to give a credit and, if so, in what amount?**

A: No. As shown in Table 8, there is no consistent pattern to these credits within or among Suppliers.

**Q: Are customer-specific credits enough to redress the harm consumers are identifying through their complaints?**

A: Most likely not. Even when a Supplier has given relatively more credits than some other Suppliers, this does not mean that it has fully redressed the harm to consumers. Paying off the “squeaky wheels” generates some goodwill, but it hardly puts a dent in the profits that Suppliers earn from the rest of their customers who may not take the time to complain.

There is an implicit form of price discrimination occurring: those who notice the high rates and complain may get a refund, or, at a minimum, change Suppliers, while those who respond less quickly to changes in price or who do not track their bills continue to pay high rates.

**Q: Other than credits, how else do Suppliers respond to consumer complaints?**

A: As described in the intake form, the resolution of consumer complaints, when it does not involve a credit, could include the following:

* Supplier agrees to put the consumer on the do-not-call list.
* Supplier insists that the customer knowingly signed a contract for variable rates.
* Supplier agrees to train/educate its sales representative.
* Supplier apologizes.
* Supplier provides an explanation such as: the complaint was “not properly filed in our pending case list and was overlooked….did not process properly within our EDI system.”[[35]](#footnote-35)
* There was a computer glitch.
* Supplier provides an explanation such as: the sales representative used an old sales script in error.[[36]](#footnote-36)

**Q: Please summarize your findings based on your review of 818 residential complaints filed between approximately January and September 2013 regarding the sales and marketing practices of Suppliers that serve Connecticut’s residential consumers.**

A: Complaints are originating throughout the state and generally concern rate levels, misleading advertising and communication from sales representatives, and an inability to reach the Supplier with questions or to seek cancellation. There seem to be instances of Suppliers implying or asserting that they represent the EDCs, or asserting that customers *must* switch. The consumers who complain include the Senior and ESL households. Suppliers are providing credits and “running interference” only for those consumers who take the time to call PURA. The vast majority of consumers do not receive credits or relief.

**Q: Based on your findings, do you have any recommendations for PURA?**

A: Yes. For the reasons we discuss throughout our testimony, including our analysis of consumer complaints, we recommend that PURA adopt remedies, pursue more effective enforcement of existing regulations and continue consumer education. We describe our proposed remedies in Section VI below.

**Supplier responses to OCC interrogatories**

**Q: How many Suppliers responded to the OCC’s Second Set of Interrogatories?**

A: More than three dozen Suppliers filed responses, including several that simply indicated that they were not yet serving customers and thus did not have responses to provide to the OCC’s questions. Collectively their responses were voluminous, as anticipated.

**Q: Did a substantial portion of the Suppliers assert claims of confidentiality with respect to their answers, and, if so, how did this affect your ability to review their responses?**

A: Yes. It greatly delayed consultants’ access to these responses.

**Q: What are your overall impressions of the Supplier responses?**

A: There is not always a straightforward correlation between what the Suppliers claim they are telling customers and what customers later claim has gone wrong in their dealings with Suppliers. In other words, it is difficult to pinpoint from the official scripts or training materials any specific language that might encourage employees or third-party marketers to employ false or misleading claims, to harass customers, or to interfere with a customer’s desire to terminate service. However, it is clear that some Suppliers or their agents are either encouraging or condoning this behavior, or else it would not be occurring.

**Q: Looking in particular at the Suppliers that drew the largest number of customer complaints, did you observe any patterns?**

A: Yes. Of the five Suppliers that drew the largest number of customer complaints, four relied on door-to-door sales.[[37]](#footnote-37) Door-to-door salespersons can bring to bear more immediate pressure on the potential customer than more remote forms of contact, and they are less easily monitored by a supervisor to ensure compliance with whatever guidelines the Supplier or third-party telemarketer may purport to maintain.

**Q: Is there anything else that stands out with respect to this subset of Suppliers?**

A: Each of the top four Suppliers, ranked by complaints to PURA, was subject to investigation in at least one other jurisdiction (as well as in additional Connecticut proceedings, in some cases) regarding their sales and marketing practices.[[38]](#footnote-38) Regardless of whether these proceedings ended in a commission order or were resolved by settlement, the resolutions typically included mandates to change certain practices and some monetary payment (which took various forms).

**Q: Was there any reference to the use of door-to-door sales in the consumer complaints that you reviewed?**

A: Yes. Some complaints specifically mention the use of door-to-door sales.[[39]](#footnote-39) The lack of a specific reference to the use of door-to-door solicitation, however, does not mean the absence of such use – this simply may not have arisen in the conversation between the consumer and the PURA Staff. Therefore, we suspect that our tally understates the total quantity of complaints that are linked to sales that originated with door-to-door sales. With that major caveat, Table 9 below includes those seven Suppliers for which door-to-door sales were mentioned on the PURA Intake Form.

**Table 9**

**Suppliers with Complaints Mentioning Use of Door-to-Door Sales**

|  |  |  |
| --- | --- | --- |
|  |  | **Complaints Associated With Sales That Clearly Originated With Door-to-Door Solicitation** |
| **Supplier** | **Total Number of Complaints** | **Quantity** | **As % of Total Complaints** |
| Palmco Power | 21 | 9 | 43% |
| Direct Energy | 77 | 15 | 19% |
| Starion | 190 | 25 | 13% |
| Clearview | 41 | 5 | 12% |
| Constellation | 27 | 3 | 11% |
| Energy Plus | 16 | 1 | 6% |
| Public Power & Utility | 133 | 3 | 2% |
| Subtotal | 505 | 61 | 12% |
| Total all Suppliers (including Suppliers with zero door-to-door | 818 | 61 | 7% |

**IV. ELECTRIC RATES**

**Q: Did you analyze Suppliers’ rates and standard rates?**

A: Yes. One measure of consumer benefit (or harm) is the price that consumers pay for electricity. In interrogatories, OCC requested detailed Supplier pricing information from CL&P and UI, which they provided on a confidential basis. In this section of our testimony, we summarize our analysis of the prices that consumers who chose to purchase service from Suppliers in the recent billing period covered by the EDCs responses paid, compared with the prices paid by consumers who chose to purchase standard service from their EDCs.

**Q: How many customers’ prices did your analysis encompass?**

A: We examined price and demand data for approximately 1.4 million residential customers who purchased electricity in Connecticut either from the two EDCs with a standard rate or from Suppliers (billed by EDCs).[[40]](#footnote-40) As Table 10 below shows, approximately 80% of these customers reside in CL&P’s territory.

**Table 10**

**Residential Customers Purchasing Service from EDCs and Suppliers**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   |   |   |   |   |   |
|   | ***Standard Offer Residential Customers*** |  |   |   |   |
|   |   |  655,326  | CL&P |   |   |   |
|   |   |  150,734  | UI |   |   |   |
|   |   |  806,060  | Total Standard Offer Residential |   |
|   |  ***Supplier Residential Customers***  |  |   |   |   |
|   |   |  449,027  | CL&P Territory |   |   |
|   |   |  137,021  | UI Territory |   |   |
|   |   |  586,048  | Total Residential Supplier-Served |   |
|   |  **Total Residential Customers**  |  |   |   |   |
|   |   |  1,392,108  |   |   |   |   |
|   |   |   |   |   |   |   |
|   |  ***CL&P Territory***  |   |   |   |   |
|   |   |  655,326  | CL&P Standard |   |   |
|   |   |  449,027  | CL&P Territory - Supplier-Served |
|   |   |  1,104,353  | Total CL&P territory |   |
|   |  ***UI Territory***  |   |   |   |   |
|   |   |  150,734  | UI standard |   |   |
|   |   |  137,021  | UI territory – Supplier-served |   |
|   |   |  287,755  | Total UI Territory |   |   |
|   |  **Total Residential Customers**  |   |   |   |   |
|   |   |  1,392,108  |   |   |   |   |
|   |   |   |   |   |   |   |

CL&P serves 655,326 residential customers with standard service, and bills on behalf of 449,027 residential customers of Suppliers.[[41]](#footnote-41) UI serves 150,734 customers with standard service and bills on behalf of 137,021 residential customers of Suppliers.[[42]](#footnote-42)

**Q: Have you reviewed data responses from CL&P about the rates Suppliers charged to customers?**

A: Yes.

**Q. Can you indicate generally which materials you reviewed?**

A: We reviewed the materials CL&P provided in response to OCC-001 through OCC-010.

**Q: Did you review confidential data as well?**

A. Yes. We reviewed, in particular, the confidential attachments to responses that CL&P provided to OCC-01, OCC-06, and OCC-07.

**Q: Do you have initial observations?**

A: In the confidential attachment to CL&P’s response to OCC-06, CL&P provided the number of customers, by service plan and billing type, for40Suppliers. The total number of customers encompassed by the response (which provides data as of January 7, 2014) is 449,027.The confidential response to OCC-01 provides every Supplier price that was charged in a billing period and the number of customers for any given price for each Supplier, individually. This encompasses a slightly different number of customers and time period: 440,291 in the month of September 2013. The data in OCC-01 encompasses 37 Suppliers.

**Q: Do you have any public information about the magnitude of customers that are being served in CL&P’s operating territory?**

A: Yes. Table 11 below shows the number of heating and non-heating customers as well as hardship designations (*i.e.,* indicating that the customer cannot be turned off under certain situations) for CL&P and the Suppliers for which CL&P provides distribution services.[[43]](#footnote-43) The number of customers differs slightly from the more detailed confidential data we present below derived from CL&P’s response to OCC-001 because the public answers refer to the customer base as of January 2014. We note that the number of customers served by a supplier is not considered confidential, as it is required by PURA to be filed as a compliance filing in Docket No. 06-10-22.

**Table 11[[44]](#footnote-44)**

**Number and Type of Customers Billed by CL&P (January 2014)**

|  |  |  |
| --- | --- | --- |
|  | **CL&P** | **CL&P Suppliers** |
|   | **Number of Customers** | **Percent of Total Customers** | **Percent of Total Customers** | **Number of Customers** |
| **Total residential customers** | 655,326 |   |   | 449,026 |
| **Residential 1001 (non-space heating)** | 573,402 | 87% | 87% | 390,213 |
| **Residential 1005 (heating)** | 79,545 | 12% | 13% | 57,683 |
| **Customers coded as “assistance”[[45]](#footnote-45)** | 51,959 | 8% | 6% | 26,515 |
| **Customers coded as “hardship”[[46]](#footnote-46)** | 16,245 | 2% | 4% | 17,026 |
| **Customers coded as “life threatening situations”** | 5,042 | 1% | 1% | 5,006 |
| **Customers coded as “medically serious”** | 3,650 | 1% | 1% | 3,997 |

**Q: Do you have information about how many customers (billed by CL&P) the Suppliers serve individually?**

A: Yes. Table 12 lists the Suppliers by name and indicates the number of residential customers each serves. It has been sorted from largest to smallest number of residential customers in CL&P’s territory.

**Table 12[[47]](#footnote-47)**

**Number of CL&P Residential Customers Served**

**by Alternative Suppliers (September 2013)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Supplier** | **Number of Residential Customers** |   |  | **Supplier** | **Number of Residential Customers** |   |
|   | PUB PWR & UTL GEN SV/CL&P  | 65,723 |   |   | GULF OIL GEN SV/CL&P | 4,215 |   |
|   | DIRECT ENERGY SRV/CL&P  | 57,443 |   |   | PALMCO POWER GEN SV/CL&P  | 3,824 |   |
|   | DOMINION ENG GEN SV/CL&P  | 46,080 |   |   | PERIGEE GEN SV/CL&P | 2,929 |   |
|   | N AMER POWER GEN SV/CL&P  | 39,976 |   |   | HOP ENERGY GEN SV/CL&P  | 2,725 |   |
|   | VERDE ENERGY GEN SV/CL&P  | 26,908 |   |   | LIBERTY POWER HLDGS/CL&P  | 2,710 |   |
|   | DISCOUNT PWR GEN SV/CL&P  | 24,574 |   |   | AEQUITAS GEN SV/CL&P  | 1,654 |   |
|   | AMBIT GEN SV/CL&P  | 19,924 |   |   | ABEST GEN SV/CL&P | 1,010 |   |
|   | STARION ENGY GEN SV/CL&P  | 19,916 |   |   | CONSTELLAT | 907 |   |
|   | CONSOL EDISON SOL/CL&P  | 18,342 |   |   | NEXTERA ENERGY GEN SV/CLP  | 853 |   |
|   | CONSTELLATION ENERGY/CL&P  | 17,973 |   |   | INDEPENDENCE GEN SV/CL&P  | 308 |   |
|   | ENERGY PLUS GEN SV/CL&P  | 16,040 |   |   | GLACIAL ENERGY NEGG/CL&P | 253 |   |
|   | VIRIDIAN ENGY GEN SV/CL&P  | 15,338 |   |   | INTEGRYS ENERGY SVC/CL&P  | 96 |   |
|   | CLEARVIEW ELE GEN SV/CL&P  | 10,735 |   |   | PEOPLES GEN SV/CL&P  | 84 |   |
|   | CHOICE ENERGY GEN SV/CL&P  | 8,504 |   |   | DIRECT ENERGY BUSINESS  | 69 |   |
|   | TOWN SQUARE ENERGY/CL&P  | 7,488 |   |   | GDF SUEZ ENERGY | 16 |   |
|   | CONN GAS&ELE GEN SV/CL&P  | 6,079 |   |   | AMERADA HESS SV/CL&P  | 15 |   |
|   | HIKO GEN SV/CL&P | 5,948 |   |   | RELIANT GEN SV/CL&P | 10 |   |
|   | SPARK ENERGY GEN SV/CL&P  | 5,839 |   |   | TRANSCANADA GEN SV/CL&P  | 3 |   |
|   | XOOM GEN SV/CL&P | 5,780 |   |   |  |  |   |
|   |  |  |   |   | **All Suppliers** |  **440,291**  |   |
|   |   |   |  |   |   |   |  |

**Q: What were you able to conclude about the prices of electricity provided by the Suppliers?**

A: Overall, the weighted average price for electricity that residential consumers in CL&P’s territory paid Suppliers (*i.e.*, not the standard rate) during this time period was $0.10763. This is over 42% higher than CL&P’s Standard Offer price of $0.07573.[[48]](#footnote-48) In total, 56,518 residential customers paid less than CL&P’s Standard Offer, 6 residential customers paid the same price as the Standard Offer, and383,763 (or 87% of Suppliers’ residential customers) paid more than CL&P’s Standard Offer.[[49]](#footnote-49)

**Q: Do you have data on the individual Suppliers’ rates?**

A: Each Supplier has multiple rates. In Confidential Table C-13 below, we provide a summary of the weighted average price, number of customers served, the highest price and the lowest price charged by each of the 19 largest Suppliers (*i.e.*, those with 5,000 or more customers) for those customers billed by CL&P. We provide the full list of Suppliers and weighted average prices as Confidential Exhibit C-5 to our testimony.

**Confidential Table C-13[[50]](#footnote-50)**

**Weighted Average Price of Suppliers With at Least 5,000 Customers**

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|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Supplier** | **Weighted Average Price of Supplier** | **Count of Supplier Prices** | **Number of Customers** | **Highest Price of Supplier** | **Lowest Price of Supplier** |   |
|   |  |  |  |  |  |  |   |
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**Q: Is there other data of interest that CL&P provided?**

A: Yes. CL&P does not track customer migration by Supplier, but it did provide the aggregate migration (usually the percent of customers that change their Supplier in a given month) for residential customers for whom it provides bills. Table 14 below provides information on the number of times residential customers for whom CL&P renders bills switched Suppliers during 2013.

**Table 14[[51]](#footnote-51)**

**CL&P and Supplier Customer Migration During 2013**

|  |  |
| --- | --- |
| **Number of Times Customer Switched** | **Number of Customers** |
| 0 | 1,125,861 |
| 1 | 165,659 |
| 2 | 27,220 |
| 3 | 4,727 |
| 4 | 1020 |
| 5 | 223 |
| 6 | 39 |
| 7 | 14 |
| 8 | 1 |

**Q: Later in your testimony, you analyze hardship-coded customers on a Supplier-specific basis in the UI territory. Were you able to perform a similar Supplier-specific analysis for hardship-coded customers in CL&P’s territory?**

A: No, although this information was requested in interrogatory OCC-16, CL&P only provided aggregate data on hardship-coded customers and did not provide such data on a Supplier-specific basis.

**United Illuminating Company**

**Q: Have you reviewed information that UI provided regarding the number of customers for which UI provides distribution services to alternative Suppliers and the prices those Suppliers charge their customers?**

A: Yes.

**Q. Can you give a general overview of the materials you reviewed?**

A: Yes. We reviewed the materials UI provided in response to Q-OCC-011 through Q-OCC-020, including confidential attachments.

**Q: Do you have public information about the magnitude of customers that are being served in UI’s operating territory?**

A: Yes. For the recent billing cycle it used for its response, UI billed 137,012 residential customers for 38 Suppliers in Connecticut.[[52]](#footnote-52) Table 15 below shows the number of heating customers, non-heating customers, and hardship-designated customers for UI and the Suppliers for which UI provided distribution services.

**Table 15[[53]](#footnote-53)**

**Comparative Distribution of UI Customers and Suppliers’ Customers in the UI Footprint**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   |  | **UI** |  | **UI Suppliers** |   |
|   |  | **Number of Customers** | **Percent of Total Customers** |  | **Percent of Total Customers** | **Number of Customers** |   |
|   | Residential Service |  150,734  |   |   |   |  137,021  |   |
|   |  |   |  |   |   |  |   |
|   | “No Shut Off” Code: |  9,583  | 6% |   | 11% |  15,265  |   |
|   | Life Support |  1,248  | 0.83% |   | 1.32% |  1,815  |   |
|   | Life Threatening  |  787  | 0.52% |   | 0.84% |  1,156  |   |
|   | Military |  1  | 0.001% |   | - |  -  |   |
|   | Protected – Illness |  394  | 0.26% |   | 0.41% |  564  |   |
|   | Winter Protected – AFDC |  213  | 0.14% |   | 0.22% |  307  |   |
|   | Winter Protected – Disabled |  4  | 0.003% |   | 0.003% |  4  |   |
|   | Winter Protected - Senior  |  5  | 0.003% |   | 0.01% |  7  |   |
|   | Winter Protected - Gen. Assist |  99  | 0.07% |   | 0.11% |  156  |   |
|   | Winter Protected - Hardship  |  6,719  | 4.46% |   | 8.10% |  11,099  |   |
|   | Winter Protected – Other |  1  | 0.001% |   | 0.004% |  5  |   |
|   | Winter Protected - Soc.Secur  |  81  | 0.05% |   | 0.09% |  117  |   |
|   | Winter Protected - Unemploymt |  31  | 0.02% |   | 0.03% |  35  |   |
|   |  |  |  |  |  |  |   |

**Q: Do you have any other observations based on public data?**

A: Yes. The weighted average price for residential service across all 38 Suppliers is 0.11112 per kWh.[[54]](#footnote-54) The standard service price charged by UI during the same period was either $0.076974 (for the period prior to and including December 31, 2013) or $0.090041 (for the portion of the billing period after December 31, 2013).[[55]](#footnote-55) We calculate an average UI standard rate of $0.082355 per kWh for comparison with Suppliers’ rates.[[56]](#footnote-56) Therefore, the Suppliers, as a whole, charged consumers approximately 35% more per Kwh in the December 2013 – January 2014 time period.

In total, 41,412 residential customers were paying less than UI’s Standard Offer and95,398 (or 70% of Suppliers’ residential customers) were paying more than UI’s Standard Offer.[[57]](#footnote-57)

**Q: Have you reviewed information regarding the specific data about individual Suppliers?**

A: Yes. Only 27 of the 38 Suppliers in UI’s territory provide service to residential customers that have hardship codes, and the percentage of those Suppliers’ customers that are coded as “hardship” varies considerably among Suppliers.[[58]](#footnote-58) Partially Confidential Table C-16 below shows that some companies, such as HIKO Energy, LLC (“HIKO”), Independence Energy Group, LLC (“Independence”), Abest Power, Palmco Power CT, LLC (“Palmco”) and Connecticut Gas & Electric, Inc. (“CTG&E”) serve a customer base in UI’s territory that is over 20% hardship.[[59]](#footnote-59) Recall, from above, in Table 15, that just 6% of the customers to whom UI provides generation services directly are hardship coded.[[60]](#footnote-60)

**Partially Confidential Table C-16**

**UI Suppliers Ranked by Percent of Customers with Hardship Codes**

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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier Name** | **Number of Customers With Hardship Code** | **Number of Customers** | **Percent of Supplier Customers With Hardship Code** | **Weighted Average Price****CONFIDEN****TIAL** |
| Hiko Energy |  1,326  |  4,015  | 33% |  |
| Independence Energy |  95  |  320  | 30% |  |
| Abest Power |  288  |  1,126  | 26% |  |
| Palmco Power |  788  |  3,151  | 25% |  |
| CT Gas & Electric |  137  |  614  | 22% |  |
| Clearview Electric, Inc. |  479  |  2,590  | 18% |  |
| Starion Energy |  1,171  |  6,342  | 18% |  |
| Choice Energy |  700  |  4,532  | 15% |  |
| Direct Energy Service, LLC |  2,967  |  19,524  | 15% |  |
| People's Power & Gas |  88  |  583  | 15% |  |
| Constellation  |  1,066  |  7,908  | 13% |  |
| Public Power & Utility, Inc. |  2,033  |  16,366  | 12% |  |
| Perigee Energy |  86  |  738  | 12% |  |
| Xoom Energy |  133  |  1,273  | 10% |  |
| Verde Energy |  586  |  5,798  | 10% |  |
| Spark Energy |  94  |  978  | 10% |  |
| **Total in UI Territory** |  **24,848**  |  **287,755**  | **9%** |  |
| HOP Energy |  83  |  889  | 9% |  |
| Discount Power |  641  |  7,514  | 9% |  |
| Energy Plus |  282  |  3,379  | 8% |  |
| Ambit Energy |  373  |  4,720  | 8% |  |
| Viridian Energy |  198  |  2,878  | 7% |  |
| North American Power |  859  |  16,430  | 5% |  |
| Town Square Energy |  104  |  2,259  | 5% |  |
| Gulf Oil |  39  |  961  | 4% |  |
| Aequitas Energy |  35  |  869  | 4% |  |
| Consolidated Energy Solutions |  285  |  7,506  | 4% |  |
| Dominion Energy Solutions |  329  |  11,185  | 3% |  |
| **Total All Suppliers in UI Territory** |  **15,265**  |  **137,021**  | **11%** |  |

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**Q: Have you calculated a weighted average price for each individual Supplier in UI’s operating territory?**

A: Yes. Confidential Table C-17 provides those results and ranks them from highest to lowest weighted average price. The table also provides a count of customers for each Supplier.

**Confidential Table 17[[61]](#footnote-61)**

**Weighted Average Residential Rates of Suppliers in UI Footprint**

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**Rate Impact of Competition on Consumers**

**Q: Have you calculated the monetary impact of these rate differentials?**

A: Yes. We made several different calculations to assess the impact of these rate differentials on households in CL&P’s and UI’s territories. First, we compared the payment for an “average” household’s monthly electricity per month based on each of the EDCs’ Standard Offers with the payment for the same usage based on the weighted average rate charged by Suppliers within each of the two EDCs’ regions. We based our calculations assuming an average usage of 750 kWh/month for non-heating customers.[[62]](#footnote-62) Next, again assuming the same average usage of 750 kWh/month, we compared rates using illustrative high Supplier rates to illustrate the upper end of the range of harm that some individual consumers are experiencing in today’s market.

**Q: What did you find for the CL&P territory?**

A: In September 2013 (the most recent pricing data we have), on average, consumers on CL&P’s Standard Offer rate of 0.07573 would have paid $56.80 per month for the generation portion of their bills. By contrast, consumers in CL&P’s territory who purchased service from a Supplier paid a weighted average rate of 0.10763, resulting in an average total monthly charge per consumer of $80.72. Therefore, on average, a consumer in CL&P’s territory who purchased service from a Supplier paid $23.93 *more than* a consumer who purchased service through a Standard Offer in September 2013.

As Confidential Exhibit 5 and our review of consumer complaints show, Suppliers charge a wide range of rates, and, therefore, it is also important to consider the impact of Suppliers’ charges on the consumers who are, perhaps unwittingly, paying extremely high rates. For example, an average-use consumer who purchased service at $0.2000 per kWh would have paid a Supplier $150 per month, or $93 per month *above* the Standard Offer, and an, average-use consumer who purchased service at $0.1500 per kWh would have paid a Supplier $112.50 per month, or $56 per month *above* the Standard Offer. Based on our review of consumer complaints, it is clear that both of these pricing scenarios are plausible.

**Q: Did you prepare any graphical representation of the financial harm that Suppliers’ consumers are experiencing in the CL&P footprint?**

A: Yes. Figure 1 below shows that only 13% of customers who have chosen Suppliers pay less than CL&P’s Standard Offer, and, with the exception of a very few outliers, no customer pays less than 6.3 cents per kWh.[[63]](#footnote-63) By contrast, approximately one in four Supplier customers (*i.e.,* the sum of the two “slices” that correspond with the two highest price brackets) pay more than 13.1 cents per kWh.

**Figure 1**

**Distribution of Suppliers’ Customers in the CL&P Region by Price**

**Q: Did you also prepare a figure that illustrates the quantities of customers paying more than the Standard Offer and those paying less than the Standard Offer for Suppliers’ services in the CL&P region?**

A: Yes. Figure 2 below shows that 87% of Suppliers’ customers, or approximately nine out of 10 Suppliers’ customers, *pay more than if they purchased at the Standard Offer.* The market, as it is presently structured and regulated, is harming the vast majority of customers who choose to purchase service from a Supplier.

**Figure 2**

**Almost Nine Out of Ten Supplier Customers Pay More than the Standard Offer**

**CL&P Territory**

**Q: What did you find for the UI territory, based on your calculations?**

A: A consumer with average usage purchasing UI’s Standard Offer at a weighted average rate of 0.082355 would have paid $61.77 per month, which is significantly less than the weighted average Supplier rate of 0.11112, which yields a total monthly charge of $83.34. On average, Supplier consumers residing in UI’s territory paid an additional $21.57 in the December 2013/January 2014 timeframe, compared with what they would have paid if they were charged UI’s standard rate.

 On a monthly basis, consumers in the UI territory who paid a rate of $0.2000 would have spent an additional $88 *above* the Standard offer and those who paid a rate of $0.1500 would have paid an additional $51 *above* the Standard Rate. Because of the wide range of rates that prevail, it is important to consider the wide range of monetary impacts that individual consumers are experiencing.

**Q: Did you prepare a figure that depicts the financial harm that Suppliers’ consumers are experiencing in the UI footprint?**

A: Yes. Figure 3 below shows that 30% of customers residing in the UI footprint who have chosen Suppliers pay less than UI’s Standard Offer, which means that a significantly higher percentage of the Supplier-served customers in the UI region are paying rates below the Standard Offer than their counterparts in the CL&P region (where only 13% of the Supplier-served customers pay less than the Standard Offer). However, Figure 3 also shows that 30% of Supplier customers in the UI region (*i.e.,* the sum of the three “slices” that correspond with the three highest price brackets) pay more than 13.1 cents per kWh (in comparison with the 26% of Supplier-served customers in the CL&P region). Finally, no customer pays less than 6.1 cents per kWh.

**Figure 3**

**Distribution of Suppliers’ Customers in the UI Region by Price**

**Q: Did you also prepare a figure that illustrates the quantities of customers paying more than the Standard Offer and those paying less than the Standard Offer for Suppliers’ services in the UI region?**

A: Yes. Figure 4 below shows that seven out of ten Suppliers’ customers in the UI region *pay more than if they purchased at the Standard Offer.* As is the case in the CL&P region, the market, as it is presently structured and regulated, is harming the vast majority of customers who choose to purchase service from a Supplier in the UI region.

**Figure 4**

**Seven Out of Ten Supplier Customers Pay More than the Standard Offer**

**UI Territory**

**Q: How then do the rates paid by Supplier-served customers in the CL&P region compare with the rates paid by their counterparts in the UI region?**

A: As Table 18, below shows, on average, the differential between the “excess” Supplier rates in the CL&P region and the “excess” Supplier rates in the UI region is $2.36 per month. Because of the wide range of prices in the Supplier-served market and because of consumers’ differing consumption patterns, however, differentials among customers and suppliers varies enormously, with some consumers experiencing substantially greater harm than others. Based on the information we have been provided in this proceeding, we cannot determine whether vulnerable groups such as Seniors, ESL consumers, and those with low and fixed incomes are experiencing disproportionate harm. We recommend that PURA specifically track rates that those customers who are receiving assistance (the cost of which is borne by all consumers) pay for service to ensure that public monies are being prudently expended.

**Q: Have you examined Suppliers’ distribution of customers across municipalities and relative to the two EDCs’ footprints?**

A: No. We sought this information from the EDCs, but they were not able to provide the requested information. In OCC-51, we sought this information from Suppliers, but given the volume of information and the late date at which it was provided by many of the Suppliers, we have not yet comprehensively examined this data. Also, from an initial examination, we note that some suppliers have not provided the information requested.

For example, instead of the “residential counts” by zip code and municipality, HIKO provided the name of each residential customer, plus the customer’s zip code and municipality, on 94 separate pages.

**Q: Please explain Table 18 below.**

A: Table 18 summarizes the differences based on the weighted average rates and the average residential electricity usage in CL&P’s and UI’s territories.

**Table 18**

**Average Cost Difference to Consumers Who Elect Alternative Suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |   | **Per kWh** | **Monthly Usage** |   |
|   | CL&P Standard Offer | 0.07573 | $56.80 |   |
|   | CL&P Supplier Weighted Average | 0.10763 | $80.72 |   |
|   | Percent Difference | 42% | 42% |   |
|   | Monthly Dollar Difference |  | $23.93 |   |
|   |  |  |  |   |
|   | UI Weighted Average | 0.082355 | $61.77 |   |
|   | UI Supplier Weighted Average | 0.11112 | $83.34 |   |
|   | Percent Difference | 35% | 35% |   |
|   | Monthly Dollar Difference |  | $21.57 |   |
|   |   |   |   |   |

Also, it is important to remember that the typical usage of 750 kWh is for non-heating customers. Any price difference is magnified for consumers who also use electricity to heat their homes.

**Q: Have you estimated the total dollar impact of these price differences for Connecticut’s consumers?**

A: Yes. We estimate that Connecticut consumers who elected alternative Suppliers during the month long billing periods we analyzed paid more than $13.7 million over what they would have paid if they had chosen the EDCs’ Standard Offer.[[64]](#footnote-64) Consumers who pay for Supplier-provided electricity for heat are particularly vulnerable to over-priced rates. Table 19 below illustrates our estimates.

**Table 19**

**Total Cost to Connecticut Consumers of Supplier Price Difference**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   |   |   |   |   |   |
|   |   | **Number of Customers** | **Monthly Cost Above Standard Offer Per Customer** | **Aggregate Monthly Cost** |   |
|   | CL&P Supplier Customers |  449,027  | $23.93 | $10,745,216 |   |
|   | UI Supplier Customers |  137,021  | $21.57 | $2,955,543 |   |
|   | Connecticut Supplier Customers |  586,048  |  | $13,700,759 |   |
|   |   |   |   |   |   |

**Q: What do you conclude based on your analysis of pricing data?**

A: Almost half of a million customers are paying above the standard rate for electricity (383,763 customers in CL&P territory and 95,398 customers in UI territory) in Connecticut. It is not clear that they (or consumers on average) are benefiting from the retail supply market.

**Q: Have you compared the Suppliers about which consumers are complaining (based on your analysis in Section III) and the Suppliers with above-average prices?**

A: Yes. We provide a summary table below. Confidential Table C-20 indicates, for each Supplier, whether the Complaint Ratio was .99 or above and how the Supplier’s weighted average rates compared to CL&P and UI’s rates during the time period we analyzed. Recall that the Complaint Ratio is a measure of how the total percentage of all customer complaints compares to the total percentage of customers served for a given Supplier compare (*i.e.,* a measure of whether the Supplier have a disproportionate number of customer complaints given the number of customers it serves).

**Confidential Table C-20**

**Summary of Complaint and Pricing Data by Supplier**

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**Q: Can you make any conclusions about which carriers may merit further scrutiny?**

A: Yes. Confidential Table C-21 below provides the list of 19 Suppliers for which we calculate weighted average rates that were 35% above the Standard Offer of one or both of the distribution companies and/or had a Complaint Ratio above 1.2. In other words, the Suppliers listed below either had rates 35% above the Standard Offer of the distribution company or had more of a share of complaints than would be suspected given the size of their subscriber base (or both). The table ranks the Suppliers based on their weighted average rates compared to CL&P’s Standard Offer from largest price difference to smallest.

**Confidential Table C-21**

**Suppliers with High Rates and High Complaint Ratios**

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**Q: Are there any Suppliers that have low complaint rates and prices on par with CL&P and UI?**

A: Yes. Confidential Table C-22 table below provides a list of Suppliers with low complaint ratios and rates comparable to CL&P and UI.

**Confidential Table C-22[[65]](#footnote-65)**

**Suppliers with Low Rates and Low Complaint Ratios**

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We would also note that the tables and rankings only include a snapshot of consumer prices (*i.e.,* one billing period).

**V. DISTORTIONS IN THE SUPPLIER MARKET**

**Q: In your view, is the residential Supplier market working efficiently in Connecticut?**

A: No. Based on our detailed review of more than 800 residential complaints and of CL&P, UI, and Suppliers’ responses to OCC interrogatories, we conclude that improper sales, marketing, and customer retention practices persist despite clear prohibitions. Absent regulatory and legislative intervention, consumer harm, of the various types we describe in Sections III and IV, above, will persist. The fact that some Suppliers’ rates are so much higher than the average or what is available as “default” service is another indication that this market is not functioning well.

**Q: What might be causing the market to malfunction?**

A: The emphasis seems to be on getting the customer signed up, rather than ensuring that the customer has good service in the longer term. At worst, this leads to unscrupulous sales and marketing practices – badgering by telemarketers or door-to-door sales representatives, unauthorized switching of customers. Even when Suppliers eschew these practices, they may still highlight a low initial rate and downplay the possibility of higher rates down the line. They also count on customer inertia or lack of awareness about rate changes.

**Q: What else may be inhibiting an efficient market?**

A: Just as Suppliers take pains to acquire new customers, some also seem to be overstepping when it comes to preventing customers from terminating service and switching to another provider. Customers report difficulty getting through by telephone to a customer service representative, and the complaints reveal that they are sometimes given incorrect information about their ability to switch providers or the costs associated with switching. In addition, because electricity is an essential service, customers may be anxious about cancelling their service to move to another Supplier.

**Q: Can all of the problems with how this market is functioning be attributed to Supplier misconduct?**

A: No. Despite everything that PURA has done so far to make it easier for customers to understand how electric generation services competition works, it seems that some customers still do not have adequate, accessible tools for comparing the available options. In order for the market to work efficiently, consumers need to be able to make informed decisions. Yet, even here, Suppliers can help overcome this barrier by cooperating in a coordinated education campaign that could be overseen by PURA. We describe this further in the Remedies section of our testimony.

**Q: Have you examined Suppliers’ corporate structures?**

A: No. However, as a result of reviewing consumer complaints, some information has come to our attention. For example, Public Power and Viridian are owned by the same corporate parent.[[66]](#footnote-66) Also, as we discussed earlier in our testimony, Constellation New England and Constellation MX are owned by the same parent company.

**Q: In Section III you describe various reasons for customers’ complaints, such as customers believing that they have a fixed rate only to discover that the rate has doubled or customers claiming they have been slammed. Have you considered the possibility that customers may be misremembering conversations about variable rates, or about their selection of a Supplier?**

A: Yes, we have. Of course such a possibility exists. But the prevalence of similar complaints and the exorbitant rates that some Suppliers are able to maintain suggest a distorted marketplace. If consumer “loyalty” depends on their confusion, it is not in Suppliers’ interest to educate consumers properly – key information may be buried in fine print, references to variable may be negligible. As a way to demonstrate the plausibility of consumer complaints, we have attached examples in Exhibit 3 to our testimony.

**Q: In your view, should PURA afford weight to these and other comments that have been included with the 818 residential intake forms concerning complaints about Suppliers’ sales and marketing practices?**

A: Yes. It takes time and effort to call PURA, and those consumers who make this effort are likely to have legitimate concerns about the way they were sold services. If there were a public feedback site for electric Suppliers (similar to Yelp or Trip Advisor), consumer comments might keep the Suppliers more accountable to the public. PURA should consider adding a “review” option on the Rate Board[[67]](#footnote-67) for customers to provide insight into their experience with each Supplier.

**VI. REMEDIES**

**Q: Should PURA adopt industry-wide remedies based on the record in this proceeding?**

A: Yes. Targeted action is required to respond to the abuses that customer complaints reveal to be increasingly prevalent. The majority of these complaints relate to actions that, if verified, constitute direct violations of Connecticut law and PURA regulations. Moreover, when these abuses distort the conditions under which customers select and terminate their relationship with a Supplier, they interfere with the efficient functioning of the market for electric generation services and thus harm consumers generally.

However, as such sales and marketing practices persist, it should be clear that simply identifying various forms of conduct as improper does not stop improper conduct from occurring. Without adequate enforcement mechanisms, Suppliers can simply flout rules and requirements. Bearing that in mind, we recommend that PURA take specific actions to increase the accountability of Suppliers when customers report conduct prohibited by Conn. Gen. Stat. section 16-245o or any regulation adopted by PURA for purposes of implementing that law.

**Q: Does PURA have authority to adopt the remedies you recommend?**

A: Yes. Conn. Gen. Stat. section 16-245o, which has some very specific requirements pertaining to how Suppliers can go about enrolling new customers, makes it clear that serious consequences should result for Suppliers who fail to adhere to its provisions. Subsections (i) and (j) state (emphases added):

**(i)** Any violation of this section shall be deemed an unfair or deceptive trade practice under subsection (a) of *section 42-110b*. Any contract for electric generation services that the authority finds to be the product of unfair or deceptive marketing practices or in material violation of the provisions of this section shall be void and unenforceable. Any waiver of the provisions of this section by a customer of electric generation services shall be deemed void and unenforceable by the electric Supplier.

**(j)** Any violation or failure to comply with any provision of this section shall be subject to (1) civil penalties by the authority in accordance with *section 16-41*, (2) the suspension or revocation of an electric Supplier or aggregator's license, or (3) a prohibition on accepting new customers following a hearing that is conducted as a contested case in accordance with chapter 54.[[68]](#footnote-68)

These provisions give the Authority very powerful tools for addressing abuses. Whereas in the past PURA may have felt the need to wait until a provider had engaged in multiple “bad acts” before it could apply sanctions, these provisions make clear that “any violation,” once substantiated, warrants a strong response.

**Q: Might PURA need more resources in order to follow up on complaints it receives from consumers?**

A: Absolutely. To put actual teeth in these requirements, PURA should increase the investigative capabilities of its complaint unit so that it can follow up on these complaints in a more timely manner. Where an adjudicatory hearing is required, PURA should make sure that cases are handled without undue delay and that complainants that lack the skill to present their claims effectively receive assistance.

**Q: If PURA decides that a civil penalty is the appropriate sanction for a violation, what should guide its determination of the amount of the penalty?**

A: Penalties should provide sufficient incentive for a Supplier to stop engaging in the deceptive or unfair trade practices. To the extent a Supplier is only required to “make whole” those customers who complained, such penalties would fail to recognize that there are likely numerous other customers who did not complain of the same conduct. Penalties need to be severe enough to prevent Suppliers from thinking of them as merely a cost of doing business in Connecticut.

**Q: How should PURA respond when there is a mounting body of complaints with regard to a particular Supplier?**

A: While a Supplier certainly deserves the opportunity to respond to individual complaints, once the level of complaints exceeds a threshold set by the Authority (*e.g.,* 0.25 percent of customers served over the course of 12 months),[[69]](#footnote-69) there should be a presumption that the Supplier’s conduct warrants closer examination, in a license review proceeding.

**Q: What additional measures should PURA adopt to ensure that Suppliers (or anyone working on their behalf) do not harass customers with unwanted phone calls or take advantage of a customer’s lack of English language skills?**

A: In 2011, the Authority adopted guidelines for sales and marketing practices that made clear that Suppliers were not to attempt repeated contacts with a customer once they were told to desist.[[70]](#footnote-70) This was over and above the obligation to comply with the provisions of the federal “Do Not Call” law, the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. § 6101, *et seq.*, and the Telemarketing Sales Rule, 16 C.F.R. Part 310. The guidelines also provided that:

Where it is apparent that the customer’s English language skills are insufficient to allow the customer to understand and respond to the information conveyed by the agent or where the customer or another third-party informs the agent of this circumstance, the agent shall immediately transfer the customer to a representative who speaks the customer’s language, if such a representative is available, or terminate the call.

**Q: Did these guidelines contain similar provision for protecting customers against harassment by door-to-door sales persons?**

A: Yes. Under (d) “Door-to-Door Sales/Marketing,” the guidelines included a provision, “(3) Ceasing further contact,” that states:

The agent shall immediately leave a customer’s premises when requested to do so by the customer or the owner or an occupant of the premises. Suppliers and Aggregators shall respect any individual’s request to be exempted from further door-to-door marketing or sales contacts and should annotate any existing marketing or sales databases to reflect this request.

**Q: Were these guidelines incorporated into the 2011 revisions to Conn. Gen. Stat. section 16-245o?**

A: No, but they continue to be good ideas that should be implemented, either through regulation, if permitted,[[71]](#footnote-71) or by seeking further legislative changes.

**Q: What should PURA do in response to complaints that customers have difficulty reaching Suppliers’ customer support representatives in a timely manner?**

A: PURA should require a Supplier to provide evidence that it is maintaining a customer support function that is accessible by telephone, toll-free, during normal business hours, with a wait of no more than 5 minutes until the customer reaches either a live person or is able to leave a message for call-back. If the customer leaves a message, the Supplier should be required to call back within 24 hours. In the course of the telephone conversation with the customer, the Supplier’s representative should be required to inform the customer of PURA’s customer complaint line. The Supplier should be required to report to PURA monthly on the number of calls handled and the primary reason for the contact.

**Q: You discuss how customers are being harmed by confusion and delay in switching away from a Supplier that is charging them high rates. What do you recommend to address this problem?**

A: PURA should regulate the process for switching, so that there is a uniform and clearly understood way for customers to make a switch. As part of this process, PURA should take steps to ensure that customers obtain information on the fastest and least expensive path to switching to another electric generation service provider.

**Q: Are additional remedies necessary to address consumers’ concerns about “high rates” being charged by some Suppliers.**

A: Yes. The adoption of competitive retail supply for electric generation services is predicated in large part on bringing consumers lower rates. If the reality is that some Suppliers are able to maintain rates that are much higher than what would prevail in a properly functioning competitive market, this goal is not being achieved and consumers are being harmed by this restructuring.

**Q: What remedy might promote a better awareness by consumers about how the rates they are paying compare to other rates available in the market?**

A: In addition to information already required, every Supplier should be required to furnish the customer with a report, no less frequently than once a year or 30 days before the renewal of the customer’s contract, whichever comes first, showing the average rate paid by the customer during the prior 12 months and also what the same consumption would have cost under the standard rate in effect during the same period. The Supplier would be permitted, on a discretionary basis, to show this comparison for additional time periods (to show, for example, that the Supplier’s rates during the most recent 12-month period compared more favorably in the past or over a longer interval). A Supplier should also be required to disclose to any prospective customer, prior to obtaining that customer’s consent to service, a comparison of the average price paid by the Supplier’s customers over the prior 12months and the average price during than same timeframe for service at the EDC’s Standard Offer.

**Q: What remedy might promote a better awareness by consumers about how the rates they are paying compare to other rates available in the market?**

A: Information that allows the customer to compare his or her current rate with the Standard Offer should appear as a component of the bill the customer receives each month. This information should appear on the first page of the customer’s bill and should be in a prominent and easily understandable format. If the customer uses automatic bill payment, this information should be disclosed with the electronic billing or payment notification, without the need for the customer to log in to his or her account in a separate transaction. PURA has the authority to require EDCs to revise their billing formats to make this information accessible and transparent to consumers.

In addition, at least 20 days and no more than 45 days before any contract renewal, the Supplier should be required to furnish the customer a report that summarizes the customer’s consumption and billing for electric generation service during the prior 12 months, compared with what the same consumption would have cost under the standard rate in effect during the same period. The Supplier would be permitted, on a discretionary basis, to show this comparison for additional time periods (if, for example, this information was deemed to present the Supplier’s rates in a more favorable light).

Finally, a Supplier should be required to disclose to any prospective customer, prior to obtaining that customer’s consent to service, a comparison of the average price paid by the Supplier’s customers over the prior 12months and the average price during than same timeframe for service at the EDC’s Standard Offer.

**Supplier-specific concerns**

**Q:       Are there any Suppliers whose conduct, based on your review of the PURA complaints and responses to OCC interrogatories, warrant immediate action by PURA?**

A:        Yes.  Clearly there are certain Suppliers that merit further, in-depth scrutiny by PURA, based the type and number of customer complaints. Some of those Suppliers are currently being reviewed by PURA, and others should be.

**Conclusion**

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

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

1. We drop ten customers from both the high end and low end of the prices customers pay to eliminate any outliers. [↑](#footnote-ref-1)
2. Connecticut General Statutes (“Conn. Gen. Stat.”) §16-245. [↑](#footnote-ref-2)
3. *See, e.g.*, Public Act (“P.A.”) 03-135, P.A. 10-80, P.A. 11-80, P.A. 13-298. The current proceeding responds, in part, to changes adopted in recent legislation. Request to Establish a New Docket on PURA’s Own Motion, July 12, 2013. [↑](#footnote-ref-3)
4. The Electric Energy Market Competition Task Force, “Report to Congress on Competition in Wholesale and Retail Markets for Electric Energy,” 2007. [↑](#footnote-ref-4)
5. Within Conn. Gen. Stat. § 16-245o, there are some provisions that apply specifically to sales involving customers with a maximum demand of one hundred kilowatts; these would typically be residential or small business customers. [↑](#footnote-ref-5)
6. Conn. Gen. Stat. § 16-245o(e) provides, in part: “Each electric Supplier shall, prior to the initiation of electric generation services, provide the potential customer with a written notice describing the rates, information on air emissions and resource mix of generation facilities operated by and under long-term contract to the Supplier, terms and conditions of the service, and a notice describing the customer's right to cancel the service, as provided in this section.” [↑](#footnote-ref-6)
7. Section 16-245o(e) continues: “No electric Supplier shall provide electric generation services unless the customer has signed a service contract or consents to such services by one of the following: (1) An independent third-party telephone verification; (2) receipt of a written confirmation received in the mail from the customer after the customer has received an information package confirming any telephone agreement; (3) the customer signs a contract that conforms with the provisions of this section; or (4) the customer's consent is obtained through electronic means, including, but not limited to, a computer transaction. Each electric Supplier shall provide each customer with a demand of less than one hundred kilowatts, a written contract that conforms with the provisions of this section and maintain records of such signed service contract or consent to service for a period of not less than two years from the date of expiration of such contract, which records shall be provided to the authority or the customer upon request.” [↑](#footnote-ref-7)
8. Section 16-245o(e) further provides: “Each electric Supplier shall provide each customer with a demand of less than one hundred kilowatts, a written contract that conforms with the provisions of this section and maintain records of such signed service contract or consent to service for a period of not less than two years from the date of expiration of such contract, which records shall be provided to the authority or the customer upon request. Each contract for electric generation services shall contain all material terms of the agreement, a clear and conspicuous statement explaining the rates that such customer will be paying, including the circumstances under which the rates may change, a statement that provides specific directions to the customer as to how to compare the price term in the contract to the customer's existing electric generation service charge on the electric bill and how long those rates are guaranteed. Such contract shall also include a clear and conspicuous statement providing the customer's right to cancel such contract not later than three days after signature or receipt in accordance with the provisions of this subsection, describing under what circumstances, if any, the Supplier may terminate the contract and describing any penalty for early termination of such contract.” [↑](#footnote-ref-8)
9. Conn. Gen. Stat. § 16-245o(g). [↑](#footnote-ref-9)
10. *Id.* [↑](#footnote-ref-10)
11. Conn. Gen. Stat. § 16-245o(g)(7): “No contract for electric generation services by an electric Supplier shall require a residential customer to pay any fee for termination or early cancellation of a contract in excess of (A) one hundred dollars; or (B) twice the estimated bill for energy services for an average month, whichever is less, provided when an electric Supplier offers a contract, it provides the residential customer an estimate of such customer's average monthly bill.” [↑](#footnote-ref-11)
12. Conn. Gen. Stat. § 16-245o(f): “Between thirty and sixty days, inclusive, prior to the expiration of a fixed price term for a residential customer, an electric Supplier shall provide a written notice to such customer of any change to the customer's electric generation price.” [↑](#footnote-ref-12)
13. *E.g.,* PURA Docket No. 13-08-19, *Petition of Consumer Counsel Elin Swanson Katz for an Investigation into Direct Energy Services LLC’s Municipal Marketing Program*; PURA Docket No. 13-07-17, *PURA Investigation Into Direct Energy Services, LLC’s Trade Practices*; PURA Docket No. 13-07-16, *PURA Investigation Into Starion Energy, Inc.'s Trade Practices*; PURA Docket No. 13-07-15, *PURA Investigation Into Connecticut Gas & Electric, In.’s Trade Practices*; PURA Docket No. 13-02-08, *PURA Investigation Into Public Power LLC’s Trade Practices*; PURA Docket No. 13-02-06, *PURA Investigation Into North American Power & Gas’ Trade Practices*. [↑](#footnote-ref-13)
14. The PURA forms we were provided included some business customers, which were excluded from this analysis. [↑](#footnote-ref-14)
15. The following is a list of Suppliers who filed interrogatory responses, by legal name and (if different) as they will generally be referred to in this document: Ambit Northeast, LLC (“Ambit Northeast, LLC” or “Ambit”); Blue Pilot Energy; Clearview Electric, Inc., d/b/a Clearview Energy (“Clearview”); Choice Energy, LLC (d/b/a 4ChoiceEnergy) (“Choice”); Connecticut Gas & Electric, Inc. (“CT Gas & Electric”); Consolidated Edison Solutions, Inc. (“Con Edison Solutions”); Constellation New Energy, Inc. and Constellation Energy Power Choice, Inc. (together, “Constellation”); Direct Energy Business, LLC (“Direct Energy Business”); Direct Energy Services, LLC (“Direct Energy”); Discount Power, Inc.; Dominion Retail, Inc. (“Dominion”); Energy Plus Holdings LLC (“Energy Plus”); Green Mountain Energy Company; Gulf Oil Limited Partnership; Hess Corporation and Hess Energy Marketing, LLC; HIKO Energy, LLC; HOP Energy, LLC; Independence Energy Group LLC (“Independence Energy Group”); Integrys Energy Services, Inc.; Interstate Gas Supply, Inc.; Liberty Power Delaware, LLC (“Liberty Delaware”); Liberty Power Holdings, LLC (“Liberty Power”); Mint Energy, LLC; NextEra Energy Services Connecticut, LLC (“Next ERA”); Noble Americas Energy Solutions LLC; North American Power and Gas, LLC (“North American Power and Gas”); Palmco Power CT, LLC (“Palmco Power”); People’s Power & Gas, LLC; Plymouth Rock Energy, LLC; Public Power, LLC (“Public Power” or “Public Power and Utility” [based on name used on PURA intake form]); Reliant Energy Northeast, LLC; Spark Energy, LLC (“Spark”); Starion Energy, Inc. (“Starion”); GDF Suez Energy Resources NA, Inc.; Texas Retail Energy, LLC (“TRE”); Town Square Energy, LLC; TransCanada Power Marketing Ltd. (“TransCanada”); Verde Energy USA, Inc. (“Verde”); Viridian Energy, LLC (“Viridian”); XOOM Energy Connecticut, LLC (“XOOM”). There may be some minor discrepancies in how these companies are referenced in the tables, based on the different ways that these companies were referred to by customers, on PURA intake forms, and by EDCs. [↑](#footnote-ref-15)
16. CL&P responses to Q-OCC-006 & Q-OCC-007. Data as of January 7, 2014. [↑](#footnote-ref-16)
17. UI responses to OCC-16 & OCC-17. Data for time period December 2013 - January 2014 (specifically, billing cycle 8 for December 2013 through billing cycle 7 of January 2014). [↑](#footnote-ref-17)
18. UI responses to OCC-16 & OCC-17. Data for time period December 2013 - January 2014 (specifically, billing cycle 8 for December 2013 through billing cycle 7 of January 2014). [↑](#footnote-ref-18)
19. This number does not count households served and billed by a municipal electric utility. There were approximately 1,360,000 households in Connecticut between 2008 and 2012, and in 2012, there were 1,487,910 housing units in Connecticut. <http://quickfacts.census.gov/qfd/states/09000.html> [↑](#footnote-ref-19)
20. If one considers the two Constellation affiliates separately, the quantity would be 34. [↑](#footnote-ref-20)
21. Connecticut has 169 towns, 21 cities, and 9 boroughs. <<http://www.ct.gov/ctportal/cwp/view.asp?a=843&q=246434>> (last checked Mar. 5, 2014). The “municipalities” count referenced here is the sum of the cities and towns. On the Intake Forms, PURA Staff occasionally recorded the names of census designated areas, hamlets, neighborhoods, or villages rather than of the towns (*e.g.*,Cos Cob, Dayville, and Uncasville). We classified these complaints by the municipality associated with these smaller areas. [↑](#footnote-ref-21)
22. Unless otherwise specified in tables and exhibits in this testimony, we have combined the 4 customer complaints associated with Constellation New Energy with the 23 complaints associated with Constellation MX, and refer simply to “Constellation.” Based on the company information that is included in the PURA Intake Forms and the interrogatory responses, it is our belief that the two Suppliers are affiliates, owned by the same parent company. Also, in seven instances, a single customer called PURA on two separate occasions. The universe of residential PURA complaint forms therefore corresponds with 811 households making 818 separate complaints. [↑](#footnote-ref-22)
23. Customer counts based on CL&P response to OCC-01, confidential attachment and UI response to OCC-013, confidential Attachment 2. The customer counts themselves are not considered confidential, since they are required to be submitted in PURA Docket No. 06-10-22 as compliance filings. There are 11 Suppliers with no complaints: Abest, Amerada Hess, Direct Energy Business, GDF Suez Energy, Glacial Energy, Gulf Oil, Integrys, Noble, People’s Power, Reliant, and TransCanada. There are 13 complaints not matched to Suppliers or matched to Suppliers that do not bill through CL&P and UI, including: Community, Energy Choice, Energy New England, Patriot, So. Connecticut Gas, and United Energy Partners. Eight Suppliers with fewer than 500 customers had no complaints during the time period and are combined in the table, including: Integrys, Glacial, Direct Energy Business, Amerada Hess, GDF Suez, Noble, Reliant, and TransCanada. [↑](#footnote-ref-23)
24. When specific age references were given, they exceeded 70 and often were above 80. [↑](#footnote-ref-24)
25. Conn. Gen. Stat. § 16-245o(g)(7) states: “No contract for electric generation services by an electric Supplier shall require a residential customer to pay any fee for termination or early cancellation of a contract in excess of (A) one hundred dollars; or (B) twice the estimated bill for energy services for an average month, whichever is less, provided when an electric Supplier offers a contract, it provides the residential customer an estimate of such customer's average monthly bill.” [↑](#footnote-ref-25)
26. We were provided 20 files, in a PDF format, and each file is numbered “1” through “20.” Throughout our testimony we cite to individual complaints by referring to the file number and to the location of the individual complaint with the “PDF” file. For example, “PDF 14-26” refers to the 26th residential consumer complaint that can be found in the 14th PDF file. [↑](#footnote-ref-26)
27. PDF 7-4. [↑](#footnote-ref-27)
28. *See, e.g.,* PDF 2-39. The customer noticed that the electric bill was extremely high and immediately switched to a different Supplier and then after the switch, the customer received “daily phone calls from Public Power trying to force me into cancelling my switch away from them.” Customer says: “this is abusive.” [↑](#footnote-ref-28)
29. PDF 19-9 (which is reproduced in Exhibit 3). [↑](#footnote-ref-29)
30. For example, a customer thought s/he was slammed, and it was recorded as such on the intake form; but since the details of the complaint indicated that the customer had agreed to buy the Supplier’s service, we did not classify the complaint as “slamming.” *See, e.g.*, PDF 11-2. [↑](#footnote-ref-30)
31. PDF 15-24. [↑](#footnote-ref-31)
32. This table excludes Suppliers for which no complaints were recorded in this category. [↑](#footnote-ref-32)
33. This table excludes Suppliers for which no complaints were recorded in this category. [↑](#footnote-ref-33)
34. Sometimes the description of the complaint indicates that a Supplier intends to give a credit as a result of the consumer complaint but if there is not a value recorded in the credit field, a credit is not recorded. [↑](#footnote-ref-34)
35. PDF 7-6.

 [↑](#footnote-ref-35)
36. PDF 7-30.  [↑](#footnote-ref-36)
37. *See* Table 1, above, which shows the following rankings based on absolute quantities of consumer complaints Starion (1st); Public Power and Utility (2nd); North American Power & Gas (3rd); Direct Energy (4th); and Clearview (5th). The other three Suppliers for which there is evidence of door-to-door sales include Constellation (10th); Palmco (12th); and Energy Plus (15th). [↑](#footnote-ref-37)
38. Responses of Direct Energy, North American Power and Gas, Public Power, and Starion to OCC-44. [↑](#footnote-ref-38)
39. *See, e.g.*, PDF 7-14, which includes the following text: “1. Very High generation rates $.189. 2. Not informing the customer about these enormous rate changes. 3. Not providing any details on terms and condition of service or plan. On Nov. 2012, a salesperson from Starion energy came to our house and said that we could save moner (sic) by switching frmo (sic) CL&P to Starion He said that everything will remain same.” [↑](#footnote-ref-39)
40. We did not analyze other customer classes. [↑](#footnote-ref-40)
41. CL&P responses to OCC-006 & OCC-007. Data as of January 7, 2014. [↑](#footnote-ref-41)
42. UI responses to OCC-16 & OCC-17. Data for time period December 2013 - January 2014 (specifically, billing cycle 8 for December 2013 through billing cycle 7 of January 2014). [↑](#footnote-ref-42)
43. “The Winter Moratorium is the time period from November 1 through May 1 when customers who are deemed a ‘hardship case’ (because of income or illness) cannot have their utility service terminated if they lack the financial ability to pay their entire bill for gas or electric service. The customer is required to apply to [his EDC] with proof of hardship, at which time if the requirements are met the customer's account is put into protected status.” Public Utilities Regulatory Authority, Consumer Services – Frequently Asked Questions, <<http://www.ct.gov/pura/cwp/view.asp?a=3352&q=404054>>. “Connecticut state law mandates that no electric or gas company shall terminate or refuse to reinstate residential electric or gas service where the customer lacks the financial resources to pay his or her entire account and for which customer or member of a customer's household the termination or failure to reinstate service would create a life-threatening situation.” <<http://www.ct.gov/pura/cwp/view.asp?a=3352&q=405212&puraNav=|>>. “If you heat with either gas or electricity and apply and qualify for hardship status you will be assured of electric and gas service during the winter moratorium. The winter moratorium runs from November 1 to May 1. The utility company, in all likelihood, will encourage you to enter into a payment plan and to apply for energy assistance. If you qualify, the gas or electric company may match all, or part of any payments made on your account.” *Id.* [↑](#footnote-ref-43)
44. Source: CL&P Response to OCC-06 & OCC-07. Data as of January 4, 2014. [↑](#footnote-ref-44)
45. Regarding assistance, CL&P states: “Assistance is defined as programs that directly affect the low-income customer’s financial obligations to CL&P and contribute towards eliminating the arrearages on their CL&P account. CL&P offers two distinct assistance programs to it’s [sic] low income customers; the Matching Payment Program and the Nustart program. Low-income customers can also apply for the Contingency Heating Assistance Program (CHAP) thru the state’s social agencies.” CL&P Response to OCC-006. [↑](#footnote-ref-45)
46. Regarding hardship, CL&P states: “Accounts with [hardship] identifier are protected during Winter Moratorium.” Medical Hardship are accounts protected “due to certified medical conditions in the household. This is used for both Serious Medical and Life Threatening Medical.” Hardship also includes accounts enrolled in CL&P’s low-income programs. CL&P Response to OCC-010. [↑](#footnote-ref-46)
47. Source: CL&P confidential attachment to OCC-001. [↑](#footnote-ref-47)
48. CL&P confidential attachment to OCC-001. [↑](#footnote-ref-48)
49. CL&P confidential attachment to OCC-001. We dropped four customers from our analysis who are coded as having a Supplier price of 0. CL&P does not address this in its response, but UI indicated that price of 0.0 is used to “signify that a customer is direct billed by the Supplier. UI has no knowledge of the price billed by the Supplier.” See UI response to AD-002. This is a good assumption in CL&P’s case. Furthermore, the elimination of 3 customers from a pool of over 440,000 has no impact on my conclusions regarding weighted average price and the market in general. Indeed, the weighted average price is the same with or without those data points. [↑](#footnote-ref-49)
50. Source: Calculations based on data from CL&P confidential attachment to OCC-01. [↑](#footnote-ref-50)
51. Source: CL&P response to OCC-009. [↑](#footnote-ref-51)
52. UI response to OCC-13, Attachment 1 & Attachment 3. Data encompasses billing cycles 8-17 in 2013 and 1-7 in 2014 (*i.e.,* roughly mid-December 2013 through roughly mid-January 2014). [↑](#footnote-ref-52)
53. Source: UI Response to OCC-16, Attachment 1 and OCC-17, Attachment 1. Data for time period Cycle 08 of December 2013 through Cycle 7 of January 2014. [↑](#footnote-ref-53)
54. Calculations from data provided in Attachment 1 to OCC-13. Confidential Attachment 2 to OCC-13 provides every Supplier price that was charged in a billing period and the number of customers for any given price for each Supplier, individually. We discuss that in more detail below. [↑](#footnote-ref-54)
55. UI response to OCC-016. [↑](#footnote-ref-55)
56. There are 17 meter reading cycles in a month (UI response to OCC-012) and the time period for the data encompasses Cycle 8 in December 2013 through Cycle 7 of January 2014. Therefore, we calculate that there are ten billing cycles at the lower UI rate and 7 cycles at the higher UI rate during the month for which we analyze the data. We calculate a weighted average standard rate for UI by giving the December rate a weight of 10 and the January rate a weight of 7. [↑](#footnote-ref-56)
57. UI response to OCC-13, Attachment 1. There is no information on rates for 211 customers. [↑](#footnote-ref-57)
58. UI response to OCC-16, Confidential Attachment 2. [↑](#footnote-ref-58)
59. The source for the data in the table is UI response to OCC-16, Confidential Attachment 2. [↑](#footnote-ref-59)
60. CL&P’s data response did not provide comparable information (*i.e.,* by Supplier). CL&P response to OCC-006. It might be useful for Supplier oversight purposes for PURA to direct CL&P to track comparable information. [↑](#footnote-ref-60)
61. Source: UI response to OCC-013, Confidential Attachment 2. The \* denotes the fact that there is no weighted average because UI does not have the rates for those Suppliers and customers. [↑](#footnote-ref-61)
62. *See, e.g.*, http://www.energizect.com/compare-energy-suppliers/compare-supplier-options. [↑](#footnote-ref-62)
63. Ten customers pay seven different rates that are lower than 6.3 cents. We consider these to be outliers. The total number of customers for which we examined pricing was over 440,000. [↑](#footnote-ref-63)
64. The number of customers using alternative supplies in CL&P’s territory (449,027) and UI’s territory (137,021) is multiplied by the monthly dollar difference amounts. [↑](#footnote-ref-64)
65. This table includes Suppliers with over 350 customers. [↑](#footnote-ref-65)
66. <<http://www.energychoicematters.com/stories/20120718a.html>> [↑](#footnote-ref-66)
67. Available at [www.energizect.com](http://www.energizect.com). [↑](#footnote-ref-67)
68. Conn. Gen. Stat. § 16-245o(i)-(j), emphasis (underlining) supplied. Under Section 16-241, the Authority can impose a civil penalty of up to $10,000 per violation, provided further that “[e]ach distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in case of a continued violation, each day thereof shall be deemed a separate offense.” [↑](#footnote-ref-68)
69. *See* Table 2, above, which summarizes the complaint rate for all Suppliers (including those Suppliers for which there were no complaints). [↑](#footnote-ref-69)
70. *DPUC Review of the Current Status of the Competitive Supplier and Aggregator Market in Connecticut and Marketing Practices and Conduct of Participants in that Market*, Former DPUC Docket No. 10-06-24, Decision,

Mar. 16, 2011 (Appendix A, “Guidelines for Marketing and Sales Practices for Electric Suppliers and Aggregators”). This is how the DPUC characterizes these “guidelines” in the ordering clauses to that decision: “Specifically, the Department instituted a ‘Guidelines for Marketing and Sales Practices for Electric Suppliers and Aggregators’ to provide better guidance to market participants, and improved safeguards for consumers. The Guidelines clarify rules on prohibited conduct such as the unauthorized transfer of customer accounts, deceptive sales and marketing practices, as well as detailing requirements for customer service enrollment such as a written contract or receipt.” *Id.* at 36. [↑](#footnote-ref-70)
71. PURA also has broad general authority to “adopt regulations, in accordance with the provisions of chapter 54, to include, but not be limited to, abusive switching practices, solicitations and renewals by electric Suppliers.” Conn. Gen. Stat. section 16-245o(k). [↑](#footnote-ref-71)