



**September 8, 2020  
Testimony of AARP Connecticut  
LCO 3916  
Energy and Technology Committee**

On behalf of AARP Connecticut and our nearly 600,000 members, we hereby submit this testimony to the Energy and Technology Committee. We support and applaud the committee's move to develop solutions to address the July 1, 2020 rate increases and recent utility storm responses. Many of our members were without power after the Tropical Storm Isaias. This posed severe hardships for some. We welcome a dialogue on ensuring the utility response is better in the future.

Sections 1-4 of the bill deal with developing performance-based regulation. AARP has many concerns with the quick move to performance-based regulation (PBR) or similar incentives mechanisms that could have the unintended consequences of increasing rates even higher. This complicated alternative to "cost of service" regulation may have intuitive appeal, but the complications have proven to be expensive for consumers.

There are many issues that can arise with this alternative "rate of return" regulation. It could undermine the comprehensive review of utility costs and prudence of investment decisions. The formulas and rate changes could be made in isolation without regard to overall costs and are unlikely to result in just and reasonable rates. This type of regulation creates unintended results in which utilities pursue strategies to maximize their revenues under the alternative ratemaking rather than through actual improvements in overall service and reliability.

AARP appreciates the intention of the committee's proposal but we urge the legislation be amended to allow for targeted incentives for meeting affordability and reliability goals, not a wholesale replacement of traditional regulation.

AARP fully supports section 5 of the bill. This section calls for a PURA docket to consider the implementation of an interim rate decrease and low-income rates. Many of our members are on low or fixed incomes. The COVID-19 pandemic has caused many of those members who need to work to become un/under-employed. With among the highest electricity rates in the United States, Connecticut electricity consumers were already in a challenging position. AARP has long supported finding a meaningful way to create a low-income rate in Connecticut.

We also support sections 11 and 12 of the legislation that will provide for credits on bills for outages that last more than 72 hours and additional credits for medicine and food lost during outages lasting more than 72 hours.

We strongly support sections 15, 17 and 18 of the legislation reforming the third-party electric supplier market. This includes full disclosure of all terms and conditions, eliminating the 50-dollar termination fees, ending assignment of customers, and requiring agents of such marketers to abide by the same rules as the marketers themselves. In addition, we support provisions requiring full disclosure of the rate paid and better disclosure of the amount of renewables contained in the product offered. AARP worked closely with the PURA and the committee on these provisions of the bill.

We also support section 16 of the bill that requires a DEEP study on alternatives to wholesale markets. ISO New England has been a mixed blessing for the state. Connecticut is already forced to pick up part of the cost of new transmission in other states. FERC oversight has been very generous to utility returns—much higher than the average returns allowed by state regulators—and this has significantly raised energy costs that consumers are forced to pay.

Requiring customers to pay subsidies for out-of-state generation like the Mystic power plant in Massachusetts is a costly proposition that did not receive thorough stakeholder review. Ironically, it has been clear from PURA investigation 20-01-01 and the Energy and Technology Committee's review of the recent rate increases that the power purchasing agreement with the Dominion Millstone nuclear power plant has had a negative impact on rates. The Committee should find ways to mitigate that, so like the Mystic plant, all five states in ISO New England market being served by the plant should bear the burden of any agreement with Millstone, if one is needed at all.

AARP does not support exiting the ISO New England capacity market and creating a state procurement process. AARP is convinced that this “solution” might make worse any problems that exist now. ISO New England already has a market monitor to ensure there is no abuse of market power by the generators. Generators compete in five states to serve load the most economically. Setting up a new state bureaucracy in Connecticut alone to procure capacity would raise costs to consumers. That is why the Governor of Illinois just came out against a similar proposal (and the state Chamber found the alternative plan could cost over \$400 million a year in increased costs).

We urge that the study focus on affordability and reliability.

We take no position on the provisions of this bill where we are silent in our testimony. Since Connecticut rates are already among the highest electricity rates in the country, we urge the Legislature to proceed with caution before enacting changes that make a bad situation worse. Connecticut should review the rate impacts in other states that have created similar requirements.

Point of Contact:

John Erlingheuser, AARP CT  
jerlingheuser@aarp.org

AARP Connecticut  
21 Oak Street, Suite 104  
Hartford, CT 06106  
[www.AARP.org/CT](http://www.AARP.org/CT)