



STATE OF CONNECTICUT

NEWS RELEASE

Consumer Counsel Elin Swanson Katz

FOR IMMEDIATE RELEASE

Contact: Elin Swanson Katz

Elin.Katz@ct.gov

(860) 827-2901

CONSUMER COUNSEL ELIN SWANSON KATZ RELEASES REPORT SHOWING THAT HARDSHIP CUSTOMERS PAY MORE FOR ELECTRICITY WITH THIRD-PARTY SUPPLIERS

*Hardship Customers in Low-Income and Minority Communities
Are More Likely to Receive Third-Party Electric Supply and Pay More For Electricity*

NEW BRITAIN, Conn. (February 27, 2019) Connecticut’s “hardship” electric customers—those consumers who are identified as medically vulnerable or facing significant financial hardship—paid approximately \$7.2 million more to purchase electricity from third-party electric suppliers than if they purchased utility standard service. That is one of the conclusions of a [report](#) released today by Consumer Counsel Elin Swanson Katz that examined the impact of third-party electric suppliers on these vulnerable customers during a 24-month study period (October 2016-September 2018). The report finds that hardship customers experience an average annual net loss of \$143 per hardship household.

“\$143 is a lot of money for many consumers who struggle to make ends meet. They derived no benefit from this extra electric cost, but rather just overpaid for electricity. They clearly would have been better off on the ‘standard service’ option available from our electric companies, Eversource and United Illuminating,” Consumer Counsel Katz said.

Consumer Counsel Katz filed the study, authored by her economic consultant Susan M. Baldwin, in Public Utilities Regulatory Authority (PURA) Docket No. 18-06-02. In this docket, per legislative authorization, PURA is examining whether to place hardship electric customers on utility standard service. Hardship electric customers generally include those with a documented financial hardship, a certified medical protection, or those who receive public assistance.

Consumer Counsel Katz remarked on the scope and depth of the study, saying she is confident in its conclusions. “My team, in concert with our team of economic experts, has pored over voluminous data showing what some of the state’s most vulnerable folks actually paid for their electric service,” she said. “Our report shows that hardship customers, particularly in the poorest parts of our state, pay a high premium over utility standard service for their electricity with third-party suppliers. The legislature paved a clear path forward for this important issue to be studied. Our report shows significant financial harm to hardship customers, leading to no other remedy than that hardship customers be placed on standard service.”

Consumer Counsel Katz believes the standard offer is a less expensive and more transparent option for hardship customers. The standard offer rates of Eversource and United Illuminating are set through an open and competitive process that is overseen by several state agencies, including a state Procurement Manager, and includes no mark-up or profit for the utilities. There is one price for every consumer, and it only changes twice a year, on January 1 and July 1.

Consumer Counsel Katz's report further finds that during September 2018, 35 percent of hardship customers purchased electricity from third-party suppliers, as opposed to 27 percent of non-hardship customers. Using U.S. Census data, the report finds that in some of Connecticut's poorest areas—such as communities in Waterbury, Bridgeport, and Hartford—approximately 50 percent of hardship customers purchase their electricity from third-party suppliers and on average pay up to 2 cents more per kilowatt hour over utility standard service to do so. Likewise, hardship customers living in communities with high percentages of minority populations disproportionately participate in the third-party electric supply market, and pay high premiums to do so.

“This isn't just about hardship customers,” Katz said. “This impacts every electric consumer. The suppliers sell their accounts receivable—the money that customers owe—to Eversource and United Illuminating for approximately 99 cents on the dollar pursuant to state procedure. So if suppliers target those customers who are least able to pay for high electric rates, the rest of us serve as a backstop and pay any uncollected amounts. It's outrageous that we're subsidizing these extra energy costs.”

Similar findings have been made in Massachusetts, where a March 2018 [report](#) issued by the Massachusetts Attorney General found that low-income customers make up a disproportionately large share of the third-party residential electric supply market in Massachusetts, and pay especially high prices. That report also found that from July 2015 through June 2017, residential Massachusetts customers who purchased their electricity from third-party suppliers paid an aggregate \$176.8 million more than if they received electric supply from their utility company.

Earlier this month OCC [released](#) its finding that from 2015 through 2018, all Connecticut consumers using third-party electric suppliers paid an estimated \$200 million more than consumers on electric utility standard service. In addition, there is currently legislation proposed in both [Massachusetts](#) and [New York](#) to prohibit third-party suppliers from entering into new contracts with residential customers, and Katz has asked for such legislation in Connecticut.

Members of the public wishing to provide public comment are encouraged to contact PURA at: Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, CT 06051, or via e-mail at pura.executivesecretary@ct.gov, referencing Docket No. 18-06-02. Consumers may also contact PURA by calling 1-800-382-4586 (toll free within Connecticut); 1-860-827-2622 (outside Connecticut); or TDD 860-827-2837.

Consumer Counsel Katz thanked her staff involved in the study, especially Attorney Lauren Henault Bidra, Attorney Andrew W. Minikowski, Rate Specialist Taren O'Connor, and Economist John Viglione.

###