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 **OFFICE OF CONSUMER COUNSEL**

 NEWS RELEASE

######  **Acting Consumer Counsel Richard E. Sobolewski**

###### **FOR IMMEDIATE RELEASE**

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|  **ACTING CONSUMER COUNSEL RICHARD E. SOBOLEWSKI ANNOUNCES RELEASE OF ANALYSIS DEMONSTRATING ONGOING FINANCIAL HARM OF LEGACY VARIABLE RATE CONTRACTS TO CONNECTICUT RATEPAYERS** ***New Variable Rate Contracts Have Been Illegal Since 2015 Yet Legacy Customers Are Still Disproportionately Overpaying For Basic Electric Service*****NEW BRITAIN, Conn. (March 10, 2020)** – Acting Consumer Counsel Richard E. Sobolewski announced today the release of an [analysis](https://portal.ct.gov/-/media/OCC/Variable-Rate-OCC-Fact-Sheet---March-2020.pdf) by the Office of Consumer Counsel (OCC) of legacy variable rate contracts in Connecticut’s deregulated third-party electric supply market. The analysis demonstrates that in recent months an overwhelming majority of those electric customers still on variable rate contracts are paying well over the utility standard service rate for electric supply and that such overpayments constitute a significant portion of overpayments to third-party suppliers overall. OCC’s analysis demonstrates that in January 2020, 18,878 third-party supplier customers in the Eversource service territory were still on legacy variable rate contracts and overpaid for service in that month by $600,882. Likewise, in December 2019, 5,805 third-party supplier customers in the United Illuminating service territory were still on legacy variable rate contracts and overpaid for service in that month by $259,986. In 2015, the Connecticut General Assembly passed Public Act 15-90, which banned third-party suppliers from entering into new residential contracts with a variable rate for electric generation services effective October 1, 2015. Variable rate contracts—in which a customer’s supply rate fluctuates from month to month based on market prices—had engendered a public outcry following the Polar Vortex, during which variable rates spiked and caused exceptionally high electric bills for the customers of third-party suppliers on such contracts. The Public Act permitted existing variable rate contracts to continue uninterrupted until their expiration. Many contracts, however, contain auto-renewal clauses that have allowed them to endure—variable rates intact—to the present, with over 20,000 Connecticut consumers still facing the same harms that the General Assembly illegalized nearly five years ago. “It is astounding that so many customers of third-party suppliers are still on variable rate contracts,” said Acting Consumer Counsel Sobolewski, “and at such unfavorable terms. Our analysis shows that 19 out of 20 variable rate customers and 99 out of 100 variable rate customers were paying above the standard service rate for Eversource and United Illuminating, respectively. OCC urges all customers to review the supply summary portion of their electric bill to determine whether they are on a legacy variable rate, especially those customers who receive electronic billing or have their bills automatically withdrawn from their bank account.” OCC’s analysis, performed by its Economist John R. Viglione, was based on variable rate data recently obtained and publicly available in Public Utilities Regulatory Authority (PURA) Docket No. 18-04-25, which is exploring Connecticut’s pronounced rise in uncollectible accounts and associated factors. “The data make clear how those customers on legacy variable rate contracts shoulder a heavier burden when it comes to overpayments,” said Viglione, “Only 7.54% of third-party supplier customers in Eversource territory are on variable rates yet this sliver of customers account for a walloping 44.19% of all overpayments. In United Illuminating territory, only 6.71% of third-party supplier customers are on variable rates and these customers make up 16.33% of all overpayments.” Ultimately, high variable rates contribute to uncollectible accounts, which in turn impact the general class of all electric ratepayers. Members of the public with questions regarding legacy variable rate contracts are encouraged to contact OCC by phone at 860-827-2900 or via e-mail at occ.info@ct.gov. Likewise, consumers with specific complaints regarding a legacy variable rate contract may contact PURA by calling 1-800-382-4568 (toll free within Connecticut); 1-860-827-2622 (outside Connecticut); or TDD 860-827-2837. Acting Consumer Counsel Sobolewski thanked his staff involved in this matter, especially Economist John R. Viglione, Utilities Examiner Dave Thompson, and Attorney Andrew W. Minikowski.  |
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*The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for consumers on issues relating to electricity, natural gas, water, and telecommunications. For more information, visit* [*www.ct.gov/occ*](http://www.ct.gov/occ)*.*