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Office of The Attorney General
State of Connecticut

September 12, 2006

Mrs. Louise E. Rickard
Acting Executive Secretary
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

Re: DPUC Docket No. 06-01-08PH01, DPUC Development and Review of Standard Service and Supplier of Last Resort Service

Dear Mrs. Rickard:

I write to urge again immediate public disclosure of the electric supply bids already accepted by DPUC. The public has a right to know who will be supplying them electricity and how much they will be paying to keep their lights on. Consumers have a right and need to know what their rates will be -- especially if they are rising -- as soon as possible in advance of receiving bills, so they can plan and prepare. They also deserve full disclosure so critical scrutiny and opposition can be brought to bear.

The September 5, 2006 request of the Connecticut Light and Power Company ("CL&P" or "Company") to conduct a second standard service solicitation prior to the end of this year should not delay such disclosure. According to CL&P, this second solicitation will enable it to purchase power in different market time frames -- a practice known as "laddering" supply contracts. On September 11, 2006, the Department granted CL&P's request but required the company to complete its procurement in adequate time for the DPUC to establish new rates "not later than December 1, 2006."

As this office has stated previously, all electricity supply bids that have been accepted by the Department should be immediately disclosed to the public. This office strongly supports the concept of laddering electric supply contracts as a means of providing price stability and a hedge against the risks associated with changing market prices. However, there is no reason that laddering contracts should delay the release of prices of essential energy procurement contract information.

The immediate public release of customers' standard service rates is contemplated by law. Conn. Gen. Stat. § 16-244c(c)(2) explicitly states that "[n]ot later than October 1, 2006 . . . the Department of Public Utility Control shall establish the standard service price for such customers . . . ." (Emphasis added). The clear intent of the October 1, 2006 deadline in § 16-244c(c)(2) was twofold. First, this deadline was established to enable and encourage competitive electric suppliers to enter the market and compete with the distribution companies' standard service. Second, it was to allow customers to evaluate their rates and make necessary arrangements to shop for a competitive supplier, invest in conservation measures that may become cost-effective if their rates increase or make changes in their budgets to accommodate higher energy costs.

There is no legal justification for keeping secret the results of bids that have been accepted. The electric distribution companies have asserted that the bids should be protected from public view as commercial or financial information pursuant to Conn. Gen. Stat. § 1-210(b)(5)(B). But, this subsection applies to "[c]ommercial or financial information given in confidence, not required by statute." (Emphasis added). No electric supplier is required to submit a bid, but accepted bids are the basis for the companies' rates and are clearly a matter of public record. Conn. Gen. Stat. §16-19. Furthermore, Conn. Gen. Stat. § 16-244c(c)(5) requires the electric distribution companies to "submit an overview of all bids together with a joint recommendation to the department as to the preferred bidders." No statute keeps information on accepted bids confidential or concealed from public view.

The laddering of standard service supply contracts provides no basis for delaying release of those bids that have already been accepted by the DPUC. The Department has previously stated that the release of bids that have been accepted could somehow increase the price of future bids. The laddering of electricity supply contract necessarily requires that there will always be additional procurements in the future. Under the DPUC's approach, Connecticut's electric customers may never see the results of any procurement, even after the bids are accepted, because there may always be another round of procurement bids.

According to the Department's latest ruling, customers can expect to be told on December 1, 2006, only one month before new electric rates are put into effect, whether their new rates will increase. This clearly undermines the legislative direction that rates be made public in advance of their implementation to allow consumers to prepare and plan for increased expenses and energy conservation measures or to shop for alternate suppliers.

The idea that accepted bids must remain hidden from public view is not shared by any other state agency in any competitive procurement by the state for goods and

services. Instead, open bidding allows a competitive market to provide the lowest cost products for Connecticut taxpayers. The secrecy surrounding the electric supply bidding indicates quite clearly that the wholesale electricity market is not sufficiently competitive to yield fair results on successive bids. The Department should fully realize that keeping bids secret only will sustain that present anti-competitive and anti-consumer market structure and will not result in reduced electricity prices for consumers.

Very truly yours,

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By: _____

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cc: Service list