



August 8, 2002

Honorable James M. McGuire
Counsel to the Governor
State Capitol - Room 225
Albany New York 12224

Re: S.6778-B (Wright) "The Energy Consumer Protection Act of 2002"

Dear Mr. McGuire:

On behalf of AARP and its 2.5 million members in New York, we are writing to request that Governor Pataki sign the "Energy Consumer Protection Act of 2002" into law. This legislation is an AARP legislative priority for 2002. The bill would apply all of the consumer protections existing under the Home Energy Fair Practices Act to residential energy customers when they switch from their public utility to private energy service companies.

Under Governor Pataki's energy deregulation policy, New York State has "restructured" the energy market to allow consumers to purchase power from retail suppliers known as energy service companies (ESCOs). The New York State Public Service Commission and the public utilities, in a concerted effort, are encouraging people to purchase their power from ESCOs. However, when individuals decide to buy their electric or gas from an ESCO, they do not have the same statutory consumer protections and rights guaranteed under the State's Home Energy Fair Practice Act of 1981 (HEFPA).

Protections and rights under HEFPA include: being offered budget plans; not requiring a deposit or prepayments for service connection; settling billing disputes and complaints through the Public Service Commission; and capping late fees. In addition, the consumer has the right to continue service, despite owing money, through a deferred payment agreement. HEFPA also provides consumer protection for continued service to persons experiencing medical emergencies and for the elderly, blind or disabled. These rights currently do not exist in the Governor's energy deregulation policy when a person switches to an ESCO.

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Earlier this year, AARP released a survey showing overwhelming support among New York State residents 50 years and older for energy consumer protection legislation. Below are two pertinent survey results:

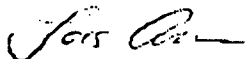
- 85% of those surveyed believe it is important for citizens to have the same consumer protection "rights" when they contract with a private energy company for their gas and/or electric services as they had with their public utility.
- 83% of those surveyed would support legislation to provide residents with the same consumer protections regardless of whether they contract with a private energy company or public utility for service.

Older New Yorkers are particularly vulnerable to rapid increases in energy costs, devoting a higher percentage of total spending to residential energy. While restructuring may allow people to shop around for better rates to avoid these rapid increases, they may unknowingly lose consumer protections to which they have become accustomed when they switch to an ESCO.

AARP believes the legislation appropriately applies HEFPA to ESCOs and no additional statutory changes are necessary to achieve this policy goal. The Public Service Commission will be responsible for developing regulations to implement the law. We believe in this process. Any concerns interested parties might have, should be addressed by the Commission in the development of these regulations.

AARP strongly recommends that the Energy Consumer Protection Act of 2002 be signed into law without any changes. This legislation is both needed and timely with future marketing efforts targeted at consumers to get them to switch to ESCOs for their commodity service. If the legislation is signed as currently drafted, AARP will be able to advise its members of the potential savings under Governor Pataki's deregulation policy by seeking lower energy costs from ESCOs. However, this can only be done knowing that when individuals switch to an ESCO for service, they will be guaranteed the same rights and protections under the law.

Sincerely,



Lois Aronstein
AARP New York State Director



Yash Aggarwal
AARP New York State President