

Testimony
of
THE UNITED ILLUMINATING COMPANY
before the
ENERGY AND TECHNOLOGY COMMITTEE

Re
RAISED BILL No. 5818

**AN ACT CONCERNING THE SUMMER SAVER REWARDS
PROGRAM**

LEGISLATIVE OFFICE BUILDING

HARTFORD, CT

March 7, 2008

Good morning Senator Fonfara, Representative Fontana, and members of the Energy and Technology Committee. My name is Roddy Diotalevi and I am the Senior Director of Sales and Business Development at The United Illuminating Company (“UI”).

I am here today to testify on **Raised Bill 5818 – AN ACT CONCERNING THE SUMMER SAVER REWARDS PROGRAM**. This bill proposes to continue this program which provides incentives to customers for reducing their usage over the previous summer period and fund it from the system benefits charge on customer bills.

UI supports of the intent of this bill insofar as it promotes general awareness and encourages conservation and load management activities amongst customers. Last year UI, along with CL&P, participated in a proceeding at the Department of Public Utility Control to design, market, and implement a Summer Saver Rewards (“SSR”) program as enacted by the legislature. There were many good aspects of that program and there were some that we believe can be improved upon to increase customer satisfaction, and the overall benefit to cost ratio of the SSR program. At the end of the Program, UI engaged an independent consultant to conduct a detailed customer study to provide additional insight of customer participation and reaction to the program. UI would share the customer study with the Committee if requested.

Based on UI’s experience with the Summer 2007 program and after reviewing the findings of the customer study, we recommend the following:

1. That any future Program be limited to Residential customers only.
 - a. Data from The Customer Study shows that approximately 28% of Commercial Customers took no action to lower their energy consumption. UI believes that this would eliminate a large portion of the costs of the program (totaling over \$20M) due to free-ridership.

2. Require that customers "self-enroll" in the program to minimize free-ridership.
 - a. In questions involving actions taken to lower energy consumption, a higher percentage of self-enrolled customers consistently took actions v. those that were automatically enrolled.

This bill also includes two new additions to the SSR program. UI believes the provision to incent municipalities with the highest per capita reduction in energy use, although a good idea, would tend to add significant costs to the program. UI estimates that these municipal incentives may total over \$1M within our service territory. These additional and unnecessary incentive payments will reduce the benefits cost ratio and will need to be paid for by all ratepayers.

The bill (Line 74) directs the DPUC to designate a retail commodity supplier to offer a free nights program June 15 through September 15 from 8:00 pm to 6:00 am. UI opposes this for a number of reasons. First, the time period specified does not align with current off-peak rates or customer billing cycles and therefore the UI's current metering system can not capture the appropriate load data without costly modifications. UI believes that a better way to address peak demand is for customers to shift usage to off peak hours by utilizing UI's residential time-of-use rates (Rate RT). Rate design could modify "Free nights" to mean that certain components of a customer's bill, such as FMCC and SBC

charges for example, be set to zero during the summer period for all off-peak hours of UI's residential time-of-use rate (Rate RT). UI proposes shifting all of these billing components to on-peak hours only. Recovering these charges during on-peak hours would increase the incentive for customers to use energy off-peak and thereby reduce peak demand.

Thank you for your time, I will be happy to answer any questions.