

THE ENERGY & TECHNOLOGY COMMITTEE

SENATE BILL 504: AAC NATURAL GAS CONSUMER CHOICE

March 3, 2008

TESTIMONY OF THE

DEPARTMENT OF PUBLIC UTILITY CONTROL

COMMISSIONER ANNE GEORGE

The Department of Public Utility Control (DPUC) recognizes the benefits that can be achieved with a competitive model for natural gas. Since 1994, the DPUC has unbundled gas service for commercial and industrial (C&I) customers. The DPUC has issued numerous decisions relating to different aspects of natural gas unbundling. Each of these decisions has been guided by the desire to create a well-functioning competitive environment that provides safe and reliable service at the lowest possible cost to society.

On May 10, 2006, the DPUC issued a Decision in Docket No. 05-05-10, DPUC Consolidated Investigation to Complete Connecticut's Unbundling of Gas Service to Commercial and Industrial Customers. The agency established this case to decide Supplier of Last Resort (SOLR) responsibility, capacity release options and shifted costs, which were three of the most critical issues remaining in the complex transition to natural gas deregulation. In the 2006 Decision, the DPUC ordered the implementation of a mandatory capacity release program to promote competition and established a framework to eliminate shifted costs. The DPUC also determined that the local distribution companies should continue to meet 100% of the SOLR requirements. The agency in crafting this decision balanced fostering competition against maintaining a high degree of reliable natural gas service while protecting the public interest.

In addition, the DPUC's Docket No. 06-04-04, DPUC Review of Cost Allocation Issues Related to Natural Gas Transportation Services resolved the remaining issues related to the unbundling of natural gas transportation services for C&I customers. This final Decision was issued on September 5, 2007.

The issues that the DPUC and the parties have wrestled with during the transition to unbundling for C&I customers have been numerous and very complex. While the agency sees the value in expanding unbundling to residential customers, the DPUC urges the Committee to carefully consider the potential issues and the resources necessary to examine the impact of such an expansion.

There are numerous statutes, regulations, DPUC Decisions and case law concerning the local distribution companies' provision of residential service. These include universal service goals, obligation to serve, slamming, billing disputes, service termination protocols, hardship identification and assistance, energy assistance, and winter moratorium rules that predominately apply to residential customers. The extent to which they may or may not apply to

residential customers supplied gas by third-party suppliers is indeterminable without evaluation and possible amendment.

The DPUC appreciates this opportunity to provide testimony on its experience with natural gas unbundling for C&I customers and looks forward to working with the Committee to resolve the important issues related to the expansion of competitive services to residential customers.