

TESTIMONY OF
RICHARD A. SODERMAN
ON BEHALF OF
THE CONNECTICUT LIGHT AND POWER COMPANY and
YANKEE GAS SERVICES COMPANY

March 7, 2008

Good morning. My name is Richard Soderman and I am Director of Legislative Policy and Strategy for Northeast Utilities, here on behalf of The Connecticut Light and Power Company and Yankee Gas Services Company. We appreciate the opportunity to speak to you today about the complex energy challenges now facing Connecticut, and to provide comments on Raised Bill Nos. 573, 5786, 587, 5789, 5813, 5815, 5817, 5818 and 5819. To facilitate your review of my written testimony, I have put my comments on each bill on a separate page.

1. Raised S. B. Bill No. 573 (AAC Electricity Market Reforms)

This bill requires three actions:

- A reduction to the fixed price period from one year to six months for a "Qualified electric offer" from a competitive electric supplier to be communicated upon customer calls to electric distribution companies.
- A reduction in the standards for the switching of residential customers to competitive supply by removing the third party verification process in current law.

- A study by the DPUC of permitting municipalities to form aggregation compacts allowing them to offer regional energy efficiency programs (like the Cape Light Compact).

We believe that all three of these provisions are not in the best interests of Connecticut ratepayers, and CL&P opposes all three provisions. First, there is no proven benefit for reducing the offer period from a one year period to six months. Keep in mind that competitive suppliers can offer potential customers any length of service they want, this provision addresses what alternative supplier information our customer service personnel have to provide when a customer calls in. In fact, this proposal would expose customers to more risk and less predictability over what their prices would be. One of the reasons that customers seek competitive supplies is to enhance their ability to obtain known rates for an extended period of time compared to the shorter time frames for standard service supply. This provision would be counter to that customer desire, and therefore, it should be rejected.

Second, the proposal to weaken slamming restrictions reduces customer protections. The current process is in place to protect customers, and this proposal appears to weaken customer protection, perhaps solely to enhance the profitability of competitive suppliers. Neither is a reason to change current practice.

Third, the proposed bill calls for a study of municipal aggregation. Even though this is a study only, it would expend valuable agency and energy efficiency participant efforts reploting ground previously analyzed. Numerous studies demonstrate that the programs developed by CL&P and UI, in conjunction with the CT Energy Efficiency Fund, have proven to be the best in the nation. Every year

since 2000, Connecticut has received numerous awards and recognition for excellence in its energy efficiency programs by other state and federal agencies, including the U.S. Environmental Protection Agency, U.S. Department of Energy, and the Connecticut Quality Improvement Award Partnership. In 2007, in the annual nationwide *State Energy Efficiency Scorecard* compiled by the American Council for an Energy Efficient Economy, Connecticut was ranked number one (tied with Vermont and California) for excellence in our conservation and load management programs. Furthermore, a recent study conducted by GDS Associates on behalf of CEAB to review existing energy efficiency program delivery structure and to evaluate it against alternative delivery mechanisms concluded that the existing delivery structure should be maintained.

Ultimately, this study would divert the attention away from implementing programs that actually help customers. Equally important, we believe the premise of the proposed study would lead to inefficiencies and inconsistencies in program design and delivery because potentially 169 cities and towns could be in charge of their own programs. Given how well Connecticut's energy conservation programs are operated, we think the DPUC's and other parties' time can be better spent than on this proposed study.

2. Raised H. B. Bill No. 5786 (AAC Low-Income Heating Assistance)

This bill requires CAP agencies to begin accepting applications for low income energy assistance by September 1 and provides funding for programs at \$5.7 million for the next fiscal year.

CL&P/YGS supports programs that assist low income customers to pay their energy bills. During 2007, we donated \$250,000 to Operation Fuel, and we have extensive programs to help customers become better equipped to manage their energy costs. As such, we strongly support this bill.

3. Raised S. B. Bill No. 587 (AAC Electric and Gas Conservation Incentives)

This bill requires the DPUC to accelerate electric rate design changes and to implement gas rate design changes to recover more revenues through fixed charges (rate design decoupling), by December 31, 2009. In implementing this requirement, the DPUC must consider impacts on low-income customers, and it must also consider impacts on gas company return on investment.

CL&P/YGS have supported and continue to support the decoupling of earnings from sales levels, primarily because, absent decoupling, the lost sales are a disincentive to implement energy efficiency programs. In CL&P's last rate proceeding, the DPUC adopted rate design changes that made progress in reducing the amount of distribution charges recovered in variable charges and increased recoveries in fixed charges. However, there is still some remaining vulnerability to sales fluctuations, especially related to residential and small customer rates.

As I previously indicated, we believe that decoupling restores the relationship between sales and earnings that existed prior to implementing energy efficiency programs. These programs cause utilities' earnings to be lower than if such programs were not implemented. As a result, we argue that it is inaccurate to require the DPUC to adjust a gas company's ROE to reflect implementation of decoupling, since the ROE was never raised for gas (or electric) companies when energy efficiency programs were implemented. Therefore, the return adjustment provision should be removed from the proposed bill.

4. Raised H. B. Bill No. 5789 (AAC Municipal Aggregation)

This bill would allow a municipality, under rules set by the DPUC, to form a "municipal aggregation unit" to buy power for customers within the municipality who opt into the group. Competitive suppliers who might serve such customers must include provisions in their bids for the implementation of smart meters. Under the bill, electric distribution companies must provide detailed customer information to the Aggregation Unit, with the DPUC to determine how to prevent release of individual customer information. Customers who sign up can cancel a contract within 60 days.

CL&P believes that this bill is unnecessary because it authorizes municipalities to do what they can do today under current law. For example, subdivision (31) of subsection (a) of section 16-1 of the 2008 supplement to the general statutes provides that a municipality can be an "electric aggregator", which in turn can gather together electric customers for the purpose of negotiating the purchase of generation services from an electric supplier.

CL&P also points out to the committee that, as drafted, the bill would force electric distribution companies to disclose confidential customer information for all customers in a municipality, whether they opted in or not. This provision goes beyond the current protections customers receive and also excludes any process for a customer to indicate they do not want any information shared with a municipality. Further, such information could be obtained by parties under Freedom of Information requests. With growing concern over an individual's right to identity security, this would place in jeopardy that information. There is no clear understanding of whether there is any board, employees or how anyone would or could be held responsible for

failure to properly protect information. Further, as drafted, the bill would preclude any enforcement of existing customer switching verification processes.

Municipalities can aggregate load under current law if they so choose. This bill exposes customers to greater risks concerning identity security and theft, and it should not be approved.

5. Raised H. B. Bill No. 5813 (AAC Utility Escheats)

This bill establishes a pilot program in which 50 percent of escheats funds received, up to \$200,000, shall be distributed to Operation Fuel for the next fiscal year.

Operation Fuel is a private, non-profit organization that provides emergency energy assistance to Connecticut residents in need who are not eligible to receive state or federal assistance. Operation Fuel arranges for energy assistance, up to \$400 per household, for residents who are experiencing a temporary crisis and would otherwise be without heat. In 2006, Operation Fuel distributed \$860,000 in emergency energy assistance to 3,000 Connecticut households.

In 2007, CL&P donated \$250,000 to this program, and its employees actively participated in various fundraisers. We also participated in a public awareness campaign, sponsored by CL&P and WFSB-TV, Channel 3, to garner financial support for Operation Fuel.

This bill is modeled on similar laws in New Jersey and New Hampshire. It would take 50 percent of the abandoned utility deposits and refunds and provide them to Operation Fuel. We estimate that CL&P alone generates approximately \$200,000 in abandoned funds annually.

CL&P supports this bill and hopes that the pilot program is successful and can be continued into the future.

6. Raised H. B. Bill No. 5815 (AAC the Mission of the DPUC)

This bill proposes various revisions to current laws under which the DPUC regulates public service companies. These provisions include:

- Inclusion of a mission statement for the Public Utilities Control Authority,
- Establishment of additional notification rules for the DPUC in certain cases that may have a cost impact on ratepayers,
- A requirement that the DPUC report on which public service companies have rates higher than the national average, and that modifies the principles the DPUC must consider in its decisions,
- A requirement for the DPUC to open a docket when it receives 10 complaints of a similar nature regarding a public service company.

Mission Statement: We believe that the mission of the DPUC is already appropriately defined in section 16-19e, and that it incorporates the theme of regulation consistent with the public interest. To the extent that it is desired to add the provision "consistent with the public interest", it would best be placed within subdivision (3) of section (a) of section 16-19e. With regard to the revision to 16-19e to add that the DPUC would also, in addition to regulating public service companies, "supervise" their operations and internal workings, we believe that is an inappropriate incursion of the state into a private entity, and should be deleted.

Notification Rules: As written, the additional notification rules would create conflicts or duplication of existing rules. If the intent was to allow a period of time between when the DPUC issues a decision in proceedings that represent new programs and when those programs are implemented, then the proposed legislation should specify this in a

way that does not interfere or conflict with existing notice rules or efficient regulatory processes.

Higher than Average Rates: With regard to reporting on when public service companies have higher than average rates, and revising the regulatory principles that apply to them, we note that the reason why Connecticut is at the top of the national list today is due to power supply costs, and not due to delivery functions. If a company were found to have above average rates, then the principles related to economic development and support of higher cost renewable energy would be deemphasized. We understand and agree with the sentiment behind this provision. However, we think your focus should be broader. Thus, as you ponder enacting various legislative policies, we ask that you be careful and mindful of customer impacts before implementing public policies funded through electric rates. The proposed provision would provide only marginal help in this regard.

Customer Complaints: With regard to a requirement for a hearing when 10 similar complaints are received, we note that that limit is too small to indicate a significant trend in service levels, especially for companies like CL&P that have over 1 million customers. For example, a single incident could cause 10 complaints. We have all learned from mistakes that have been made, and we have all taken steps to improve both service and review processes. We oppose this provision.

7. Raised H. B. Bill No. 5817 (AAC Resource Recovery Facilities)

The provisions of this bill include:

- Making resource recovery facilities (that are not quasi-public, regional or municipal authorities) public service companies and subjecting tipping fees to the DPUC's regulation.
 - Distributed generation facilities added at their sites would be eligible for \$450/kw for base load or combined heat and power plants and \$250/kw for peaking.
- Entitles resource recovery facilities to 10-15 year purchase power contracts with electric distribution companies at negotiated prices.
 - DPUC to approve contracts if net benefits to electric consumers,
 - DPUC to consider value of electricity provided, and benefits of renewable resource, indigenous fuel, price stability, location, and reduction in landfill waste.
- Establishes an integrated energy purchasing and efficiency pilot program for 5 years that will be offered to seniors, low income customers and government entities that will be managed by CMEEC.
 - CMEEC can enter into contracts with eligible resource recovery facilities, with up to \$100 million in state backed tax exempt financing to support prepayment of energy services or other uses to lower rates.
 - Costs of this program are to be recovered through FMCCs of electric distribution companies.

CL&P does not believe that it is appropriate to have electric customers subsidize the operation of resource recovery facilities, especially

privately-owned ones, and to the extent that the criteria established for a power purchase contract results in above market costs, CL&P opposes that provision. We are currently paying over market costs for some resource recovery facilities entered into in the 1980s, and we do not wish to repeat such unfortunate commitments that burden our customers. To the extent that a resource recovery facility can provide cheaper energy for our customers, we will buy it. This proposed legislation suggests that we may be forced to enter into long term contracts that will further raise rates. If this bill progresses, then perhaps consideration should be given to require competitive suppliers to purchase some of the output from such a resource recovery facility.

The proposed bill also provides incentives for resource recovery plant investment in other types of generation located on site. While it is not clear as drafted, these incentives should not be paid for by electric distribution companies or their customers.

Finally, the proposed bill creates a special position for CMEEC in setting up a pilot program for aggregating certain customer load and providing conservation programs. We oppose this provision for several reasons:

- The proposed management of conservation programs by a third party would interfere with programs already provided by us and the CT Energy Efficiency Fund. This will result in duplication and inefficiencies and should not be permitted. You may recall that municipals resisted funding the state's conservation programs until required by law.
- Second, pilot uses state supported financing to fund CMEEC's incursion into the competitive retail market (up to \$100 million). This will distort markets and subsidize a single player with state-backed funds, and it should not be permitted.

- Third, the costs of CMEEC's programs would be paid for by customers of electric distribution companies through FMCCs. This will raise electric rates to support a third party's profits and should not be permitted.

These provisions of the bill are not in the public interest and they should be deleted.

8. Raised H. B. Bill No. 5818 (AAC Summer Saver Rewards Program)

This bill proposes three initiatives:

- Reinstatement of the Summer Saver Awards program for Summer, 2008.
- Incentives for municipalities to promote the Summer Saver program to residential customers by offering credits equal to 25%, 15% and 10 percent of the generation charge for the three municipalities that achieve the greatest per capita savings,
- Designation by the DPUC of a retail commodity supplier that shall offer a free nights program to allow any customer who requests and receives a TOU rate and applicable meter technology to get free electricity between 8pm and 6am from June 15 to Sept 15, 2008.

CL&P offers the following comments on these three provisions.

Summer Saver 2008: While we would prefer if 2008 were designated as a period to analyze and refine the program and target 2009 for reintroduction, CL&P is prepared to implement the Summer Saver Awards program for the upcoming Summer if this program is reauthorized. Of course, to go forward this Summer, time is of the essence for developing and implementing the necessary communications and administrative activities that the program requires.

Let me report to you on last year's experience. During 2007, CL&P implemented the Summer Saver Awards program under the review of the DPUC. While customer enrollment was not ultimately required, about 35,000 customers were enrolled initially, and slightly more than

one-half of them received credits under the program. About 212,000 customers were not eligible to participate for various reasons, including not being a customer at the same location for both periods. Of the remaining customers, 290,000 received credits and 670,000 did not receive credits. The cost of this program was about \$17 million for credits given, and about \$2 million for marketing and other program costs, for a total of \$19 million. The top payment to one account was \$250,000. About \$1 million of the credits applied to the top 20 accounts (average \$50,000 each), another \$1 million of the credits were paid to the next 90 accounts (\$11,000 each), and another \$1 million of credits were paid to the next 500 accounts (\$5,000 each).

These costs are being spread among all customers through the Systems Benefits Charge. Attached to this testimony is a copy of the report we filed with the DPUC on the program, which includes recommendations for improving the program (note that the credit amount in that report was calculated prior to final reconciliations, which increased the amount to \$17 million).

We continue to believe that the requirement for a customer to enroll in the program is essential to assure that we find customers that actually take part in energy efficiency measures and to reduce the number of free riders. We also believe that it is important to verify the benefits of the program, and we suggest that the proposed bill include a requirement that the ECMB analyze the program results for 2007 so that we will have available later this year the results of that review to inform future legislative action. Finally, we incur a significant amount of internal costs associated with the program, including higher employee and vendor costs and lost distribution revenues, which is completely incremental to normal business and the full amount of

these costs should be allowed recovery. The proposed bill should be amended to provide for this full recovery.

Municipal Incentive: We have determined that we can implement the incentive program for municipalities to promote Summer Savers. The difficulty is that we do not have full information about which accounts are municipal accounts. This would suggest that a municipal enrollment requirement should be required for this effort. In any case, the proposed bill should indicate that the municipality should be required to provide the appropriate account information.

Free Nights Program: If the goal of this proposed provision is to cause implementation of time of use rates, we believe that more effective ways of accomplishing this task are available, such as direct incentives. While not as rapid as some might desire, the schedule adopted for such rate implementation represents perhaps the best schedule that is achievable. CL&P cannot support the Free Nights program for this purpose at this time because we are unable to reconcile how the program creates a sufficient amount of benefits to offset the costs of providing free electricity certain hours. Unlike communications businesses, in the electric industry there are actual and substantial incremental costs of providing service during off peak periods. However, if this provision is enacted as drafted, we suggest that several aspects of the proposal be modified.

First, we suggest that the definition of "electricity used" be clearly identified as the generation services charge only, and it should not include other charges.

Second, we ask that the entity designated the retail commodity supplier for the program must internalize the full cost recovery of the

program in its power supply offering and pricing, and that no subsidies of the program by electric distribution companies and their customers is permitted.

Third, we suggest that the DPUC be authorized to prevent customers from being able to "game" the system, that is, get a free-rider benefit without actually having to change usage (e.g. street or area lighting).

Fourth, the "free" hours period is different from the structure of time of use rates, thereby creating an inconsistency for data collection. This will require significant manual intervention and cost in the billing process.

For the committee's information, we note that all customers above 350 kw are already on time of use rates. As the bill is drafted, they would not be eligible for this program. We serve approximately 100,000 small general service customers and about 1.1 million residential customers who do not take service on time of use rates.

We offer the following example to illustrate the rate design that might be offered by the retail commodity supplier.

	<u>8pm to 6am</u>	<u>6am to 8pm</u>	<u>Cost/Bill 1000kwhs</u>
1) Customer usage before program	10%	90%	\$117
2) Customer usage during program	50%	50%	
3) Cost of electricity	9 c/kwh	12 c/kwh	
4) Price for usage before program	9 c/kwh	12 c/kwh	\$117
5) Price during program (w/load shift)	0 c/kwh	21 c/kwh	\$117
6) Price during program (w/o load shift)	0 c/kwh	21 c/kwh	\$189

As shown, a rate (not cost based) could be designed to remain revenue neutral (line 5), but if customers fail to shift the load, then they would be exposed to substantially higher bills (line 6, above). In addition, the designated retail commodity provider would have difficulty in designing the rate because, in order to balance overall revenues and costs, they would have to predict what level of load shift would occur. Because the underlying power cost for "free hours" is substantial, there is a high risk that there will be either a great gain or great loss, which ultimately would further distort the offered pricing (for example, the rate design might assume that virtually all the load would be shifted to the free hours, thereby making the on peak price very high).

9. Raised H. B. Bill No. 5819 (AAC Energy Relief and Assistance)

This bill as drafted has four primary provisions:

- Creation of a Connecticut Energy Authority, which would procure least cost supply-side and demand-side resources for all customers who elect such service, construct and operate generation, and sell electricity at cost to electric distribution companies and municipal electric utilities and COOPs.
- Authorization of the DPUC to issue RFPs for demand response and efficiency and new, expanded or repowered cost of service generation to address deficiencies identified in a resource plan, with electric distribution companies able to participate.
- Requirement that standard service to be set as annual prices, but allows DPUC to adjust more frequently.
- Requirement that electric distribution companies file proposals to establish principles and standards for bilateral contracts for standard service supply, including full requirements, individual supply components, physical or financial hedges and to manage supply on a real time basis.

As CL&P has testified in previous years, we continue to believe that the roles designated for the power authority and the RFPs for resources are better accomplished by electric distribution companies under the regulation of the DPUC as opposed to being undertaken by government entities.

We support the provisions in the proposed bill regarding modifications to the standard service pricing and procurement processes because we

believe these will provide lower, more stable prices for customers who choose this service.

We also support the provisions of section 7 of the proposed bill that provides for the DPUC to issue RFPs for cost of service based generation. Included in the potential respondents to the RFP are electric distribution companies. We believe that our presence in this process will provide lower costs to customers either because competitive proposals will bid lower than they otherwise would, or that we are able to provide proposals that are lower cost than competitive suppliers. Either way, customers win.

Thank you for the opportunity to present testimony at this hearing.



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January 9, 2008

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

RE: Docket No. 07-06-21, DPUC Review of UI and CL&P Summer Electric Conservation Incentive Program

Dear Ms. Rickard:

The Connecticut Light and Power Company ("CL&P") is in receipt of the Department of Public Utility Control's ("Department") December 21, 2007 request for an evaluation of the Summer Saver Rewards Program ("the Program"), approved by the Department in its June 22, 2007 decision in this docket.

Although CL&P believed that the Program was an interesting idea worth exploring in a working group setting, there was little time to fully discuss and develop the Program. Section 119 of Public Act 07-242 contemplated a program whereby customers' electricity consumption during the period of June 2007 through August 2007 would be compared to electricity consumption during the same months in 2006. However, Public Act 07-242 was not signed into law until June 2007. CL&P, the United Illuminating Company (the "Companies"), and the Department had very little time to develop a quality program that could provide results in 2007. Given this backdrop, it is difficult to fully gauge the effectiveness of the Program. CL&P offers the Department the following input on the Program in response to the Department's questions.

1) total number of customers that were deemed ineligible

Accounts not eligible to participate	212,100
Enrolled accounts not receiving a credit	17,236
Accounts not enrolled not receiving a credit	670,116

2) the total number of customers that received a credit

	Enrolled Number of Accounts	Not Enrolled Number of Accounts
Accounts receiving 10% credit	4,567	88,760
Accounts receiving 15% credit	3,825	62,260
Accounts receiving 20% credit	9,749	135,342
Total	18,141	286,362

3) the total amount of the credit

Credits for accounts enrolled	\$789,148
Credits for accounts not enrolled	\$13,021,093
Total credit	\$13,810,241

4) impact on sales

5) impact on system demand

CL&P was unable to detect any notable usage patterns that may have been directly influenced by the Program. While the Program was in effect, CL&P noticed that about 25% of its customers increased their usage by more than 10%, and 25% decreased usage by more than 10%. The remaining 50% of CL&P's customer's had 2007 usage that was within 10% (either higher or lower) of their usage in 2006.

6) ways to modify or improve the program

7) problematic aspects of the program

As CL&P has stated throughout this proceeding, CL&P believes that eligible customers should have been required to enroll in the Program to qualify for a credit. CL&P believes that customers should have to demonstrate a conscious effort to reduce consumption in order to receive a credit. Given that enrollment was not required, CL&P expects that there to be customers who did not make an effort to reduce consumption, yet received a credit because their usage was down from the previous year for an unrelated reason, such as a vacation.

8) the marketing strategies that were employed for the 2007 program

CL&P's marketing campaign was an aggressive combination of radio, print, and direct mail. Per the Department's direction, the marketing campaign was based on the "Determine Your Own Energy Future" campaign, a general awareness campaign undertaken by the Connecticut Energy Efficiency Fund. The Companies received approval for the marketing campaign on July 9, 2007 and began production of radio and print advertisements. Print ads were placed in all Connecticut newspapers on July 15, 2007 and radio advertisements ran on air commencing on July 16, 2007. Postcards were mailed to all customers beginning the first week of August 2007.

In addition, the Companies developed an enrollment form per Governor M. Jodi Rell's request to be used at the Pilot Pen Tournament which ran from August 17 - 27, 2007. CL&P also distributed enrollment forms at trade shows, home shows, and reached out to large customers through CL&P's Account Executives. The total CL&P cost of the marketing campaign was approximately \$1.53 million.

9) marketing strategies that should be used for future programs

10) recommendations as to conducting a similar program in the future

Please see CL&P's concluding comments. CL&P believes that the Program should be studied thoroughly, perhaps through a working group process, before consideration is given to a future program. The following issues should be considered:

- the overall cost and effectiveness of the Program, including the net impact on all Connecticut's electric consumers;
- whether the Program conflicts with or complements existing conservation and energy efficiency programs;
- the methodology for calculating the refund (i.e., basing the program on average kWh for the three "summer" months since bill prorating was not easily understood by all customers);
- whether enrollment should be required to minimize the number of "free riders" (i.e., those customers who received a credit even though they did not take active measures to reduce their energy consumption);
- exploring the likelihood of achieving peak savings through such a Program;
- for those customers with interval meters, consider basing the Program on peak days rather than average summer energy use;
- soliciting the input of the Energy Conservation Management Board ("ECMB"); and,
- developing a Web site to automate the enrollment process and to offer customers assistance and energy saving tips.

11) customer reaction

Generally speaking, CL&P has not noticed significant customer reaction to the Program. However, customers have not been formally surveyed. The following is some anecdotal information that the Company has about the Program:

- Some customers were very enthusiastic about the Program and took active steps to conserve.
- Several customers were upset about not getting a credit because their reduction in energy consumption fell short of the required 10% threshold.

- Several customers voiced displeasure about not receiving (more) advanced notice to enroll in the Program.
- There was confusion among customers about the amount of their credit. Some customers were expecting the credit to be based on the entire rate (not just the generation piece). Other customers thought their credit was going to be based on one year of energy use. At the same time, some customers were pleasantly surprised to receive a credit because they did not enroll in the Program.
- The prorating of bills was difficult for some customers to understand.
- Lastly, CL&P received a complaint from a customer who had undertaken energy efficiency measures in 2006, and was therefore unlikely to reduce consumption further by 10% in 2007.

12) successful aspects of the program

13) whether the program was beneficial

CL&P believes that the Program did raise awareness of energy efficiency and conservation. However, a thorough cost/benefit and public policy evaluation of the Program is necessary to gauge additional successful aspects of the Program.

14) administrative cost

CL&P has not quantified the internal administrative costs of the Program. These administrative costs were not tracked separately from the ongoing day-to-day costs but the Company notes that certain areas devoted considerable resources, e.g., man-hours, computer time, to implement the Program.

15) marketing cost

CL&P incurred expenses of approximately \$2 million for media advertising and other Summer Savers Program-related costs.

16) other cost

CL&P calculates that it incurred lost distribution revenues of \$4.5 million based on the 301,198 customers who received a credit for participating in the Program.

Lastly, CL&P is concerned with the potential negative financial impact on customers of implementing such a Program in the future. Before undertaking such a program in 2008, CL&P urges the legislature and the Department to consider fully studying the results of the 2007 Program, including its impact on CL&P's customers. If a program is to be considered for 2008, CL&P recommends an ECMB working group should be established to study all aspects of the 2007 Program, including its cost effectiveness. It is only through this type of thorough analysis

that we will be able to gauge whether continuation of the Program is in the best interests of Connecticut's electric consumers.

If you have any questions in connection with this matter, please do not hesitate to contact me at (860) 665-5513.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Gibelli". The signature is written in a cursive style with some loops and flourishes.

Stephen Gibelli

cc: Service List