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TESTIMONY OF  
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ON BEHALF OF  
THE CONNECTICUT LIGHT AND POWER COMPANY and  
YANKEE GAS SERVICES COMPANY

February 26, 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. 118, 188, 5326 and 5328.

As you consider our testimony today, we also ask that you keep in mind that CL&P and Yankee Gas have a long and distinguished history of serving Connecticut customers reliably and effectively. We are keenly aware of the pressure on our customers from the significant rise in rates, mostly caused by electric generation costs – the amount charged by power plants in the competitive market that we do not control. That is why we have invested \$2.5 billion in the Connecticut economy through transmission and distribution improvements. In its first year of operations, the new Bethel-to-Norwalk transmission line produced a \$150-million reduction in congestion-related expenses, and that has already lowered power supply rates for customers. The reliability of CL&P's electric delivery system was very good last year, and provided service to our customers 99.98% of the time. Our customers also benefited from our nationally-recognized, award-winning Conservation & Load Management programs developed in

conjunction with the Connecticut Energy Efficiency Fund by using energy more efficiently and lowering their bills, saving over time about \$4 for every \$1 spent. We completed an LNG storage facility that enables us to more reliably and more economically serve our gas customers with local supply. And we are striving to continuously improve our service levels—using new technologies, and also learning from our mistakes, so that we can fully serve our customers' needs. We have opened a new, state-of-the-art customer service center, and, unlike the trend followed by many businesses, the center, and its 500 jobs, is located here, in Windsor. I invite legislators to take a tour of our new center so that you can learn about what goes into providing customer service.

For us, customer service extends beyond the business of energy. We invest in the communities we serve including grants from our shareholder-funded NU foundation – a \$25-million endowment through which we donated millions to Connecticut charities and institutions. Our employees also donate and raise millions for charities, big and small, and volunteer their time to a diverse set of organizations.

These and other actions demonstrate that our companies are committed to serving Connecticut—I hope that you would agree that we are, in many ways, the home team, and that we take the public in public utility seriously.

As part of our responsibility, we try to be a resource to the legislature so that you can make the best, most informed decisions regarding

energy issues. Turning now to today's list of raised bills, we offer the following comments.

**1. Raised H.B. No. 5328 (AAC Utility Customer Service)**

The purpose of this bill is to replace the Department as the regulatory oversight entity for certain customer complaints, as is now provided in current law, and to replace it with the Office of Consumer Counsel. The specific complaints that would effectuate this oversight are circumstances in which a company unreasonably fails or refused to furnish adequate service at reasonable rates, and in which no other remedies exist. While we can appreciate the desire to place the Consumer Counsel in a more prominent role in the resolution of such complaints, especially for services that may today receive less oversight, the way that this bill is drafted could in fact confuse rather than clarify regulatory oversight for electric and gas utilities and their customers. For example, electric and gas utilities are highly regulated by the Department, and the Consumer Counsel actively participates as an advocate for customers in proceedings that affect their operations. As a result, the proposed bill would create a conflict of interest for the Consumer Counsel, in that it is statutorily required to advocate for customers and now would also be required to issue orders, set rates, etc. in an impartial manner potentially for those same customers. It would seem impractical to structure a regulatory system in which one entity would be both advocate and judge. Further, it would create jurisdictional conflicts between the judgments of two agencies on common matters, such as the definition of "adequate service" and "reasonable rates." As such, we do not support the bill as drafted.

**2. Raised S.B. No. 188 (AAC Certain Electric Utility Powers and Investments)**

The first second of this bill would authorize electric distribution companies to rate base conservation program costs and to recover them through a conservation charge. In effect, this provision would allow for a more rapid increase in program spending with a ramp up in customer rates over a period of time. CL&P supports this concept, but we suggest some minor changes in order to assure that rate base treatment conforms with financial accounting and reporting standards. Specifically, we ask that the bill indicate that future recovery of such costs is clear and unambiguous, and that the period of time over which recovery is provided is relatively short. With these modifications, CL&P supports section (1) of the proposed bill at this time.

**3. Raised H.B. No. 5326 (AAC Municipal Electric Costs)**

This bill provides for school districts and municipalities to have available to them electricity under standard service rates from an electric distribution company. Today, if such customers have a demand that exceeds 500 kilowatts, the service available to them from electric distribution companies is last resort service. Last resort service prices are high and volatile because previous laws have set procurement rules that make supply arrangements unattractive. In fact, the vast majority of customers (88 percent of load) who are eligible for last resort service have already left this service and are taking competitive supply. However, we recognize that schools and municipalities may have unique load and budget characteristics that may

not be conducive to competitive supply or to respond to the volatile nature of last resort service and we support the proposed bill.

Thank you for the opportunity to appear before this committee.