



**TESTIMONY OF
CONNECTICUT NATURAL GAS CORPORATION AND
THE SOUTHERN CONNECTICUT GAS COMPANY**

H.B. No. 6127 AN ACT CONCERNING UTILITY DEPOSITS FOR BUSINESS CUSTOMERS

Good morning Senator Fonfara and Representative Nardello and members of the committee, my name is James McNally and I am Director of Customer Services for the Connecticut Natural Gas Corporation (CNG) and The Southern Connecticut Gas Company (SCG). I appreciate the opportunity to submit testimony to you today on Raised Bill No. 6127 An Act Concerning Utility Deposits For Business Customers.

Security deposits are an important tool that all utility companies use to protect our good-paying customers from bearing the burden from those customers who do not to pay.

Unlike many other suppliers that require payment before goods or services are delivered, CNG and SCG bill their customers in arrears. Because business customers can accrue a substantial bill before any action can be taken, all other customers are protected by the current regulations allowing a deposit that is calculated on maximum usage for 90 days.

According to the Small Business Administration, two-thirds of new businesses survive for at least two years, and only 44 percent survive at least four years. The monthly figures released by the Connecticut Secretary of the State's Office shows that in 2008, some 13,456 businesses filed paperwork to dissolve their company. Without proper security deposits each one of these business failures is a potential bad debt that must be borne by our other customers in the form of rate increases.

The current regulations governing security deposits are working as designed to protect all customers and are an important tool in the management of bad debt for the utilities. Therefore, we oppose raised bill 6127.

In conclusion, I would like to express our appreciation for the opportunity to comment on this bill and are available for any questions you may have.

Thank you for your consideration