State of Connecticut

Office of Consumer Counsel

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Consumer Counsel

The Joint Committee on Government Administration and Elections

March 16, 2009

S.B. 840, AAC The Elimination Of The Office Of Consumer Counsel, The Office Of The Healthcare Advocate, The Office Of Ombudsman For Property Rights And Certain Legislative Commissions

Testimony of Mary J. Healey, Consumer Counsel

Thank you Senator Slossberg, Representative Spallone and members of the Government Administration and Elections Committee for this opportunity to speak in defense of the Office of Consumer Counsel.

The Office of Consumer Counsel (OCC) opposes S.B. 840, *AAC The Elimination Of The Office Of Consumer Counsel, The Office Of The Healthcare Advocate, The Office Of Ombudsman For Property Rights And Certain Legislative Commissions.*

UTILITY RATEPAYERS NEED A STRONG, INDEPENDENT VOICE NOW MORE THAN EVER.

The OCC recognizes that the state is experiencing trying economic times, that the governor has a central role in balancing the budget, and that drastic measures are necessary to accomplish that goal. That said, the elimination of the state's watchdog advocate for consumers of utility services is bad public policy particularly in a depressed economy when the state's residents pay the highest electric rates in the continental United States. Now is the time for more advocacy and vigilance on behalf of residents, not for removing that vital protection from reduced service quality and higher rates.

OCC'S RESULTS PROVIDE RATEPAYERS EXTRAORDINARY RETURNS ON THEIR INVESTMENT.

The OCC, observant of the Legislature's promotion of results-based accounting practices, has been creating a scorecard of our goals and accomplishments for a number of years now and that scorecard demonstrates the fact that over the past sic years, the OCC's advocacy in rate cases has led to over $4 billion in savings for utility ratepayers. (copy attached)

OCC DOES NOT COST THE STATE/ IT IS A REVENUE PRODUCER.

Of equal importance is the fact that scrapping this independent state advocate, a party in every utility case heard by the DPUC, does not help balance the budget since the OCC is not even funded by the state. **The OCC is directly funded by the people we serve** through the Consumer Counsel Fund. Not one penny comes from the General Fund or taxes. Thus, the OCC's expenses have NO fiscal impact on the state budget and eliminating OCC will have absolutely NO positive effect on the state budget.

If the OCC were eliminated, the budget for the agency will likewise be reduced to zero, and thus the assessment made upon the utilities for its expenses would also be zero. Thus, there will be no funds to "sweep" into the General Fund from the Consumer Counsel Fund. In fact, in terms of public policy and fiscal management, eliminating the OCC would actually harm the budget since the OCC actually "transfers" over $600,000 in ratepayer funds annually into the General Fund through payments for services such as human resources and computer support rendered to the OCC by other state agencies. Therefore, eliminating the OCC causes a net loss to the General Fund!

THE ATTORNEY GENERAL STATES THEIR OFFICE DOES NOT POSSESS OCC'S EXPERTISE.

This bill and the governor's proposal attempt to shift the duties of the OCC to the office of Attorney General Richard Blumenthal, but AG Blumenthal has repeatedly stated before legislative committees and in the press that his office isn't equipped to cover the role performed by the OCC. The AG's Office is primarily composed of lawyers and lacks the financial analysts employed by the OCC that perform rigorous financial examination and present detailed testimony in the multibillion dollar utility rate cases that are the heart of the regulatory functions that result in the rates paid by Connecticut consumers. Additionally, the broad scope of the AG's duties precludes his office from developing the necessary assets for utility advocacy, while the OCC already focuses like a laser solely on utility issues and utility rates.

Attorney General Blumenthal has stated that the OCC is a vital partner in the joint efforts made by us both to counterbalance the considerable legal, economic, and political firepower of the shareholder-owned utilities, power generators and others. By removing the OCC, obviously a central player in that equation, the governor's proposal would tip the balance of power in favor of those utilities, power generators and others at the expense of ratepayers, who are so vulnerable to higher energy costs.

LEGISLATIVE PROGRAM REVIEW CONCLUDED OCC SERVES A SEPARATE AND DISTINCT FUNCTION FROM THE ATTORNEY GENERAL.

In 1997, the Legislative Program Review and Investigations Committee conducted a lengthy and detailed examination of the responsibilities of the AG, OCC, and the consumer unit of the DPUC. The OCC has appended relevant excerpts from that Report to this Testimony and has placed a copy of the complete report on its website, at: http://www.ct.gov/occ/site/default.asp

The conclusion of the Report was "**the program review committee does not recommend that the OCC be merged into the Office of the Attorney General.**" (at 49)

The OCC believes that the Program Review Committee's thorough review and significant conclusions on the different utility consumer efforts of the OCC and AG remain sound. The OCC, with its focus entirely devoted to utility issues and rates, provides the vital advocacy that utility consumers deserve in this dismal economic climate to receive the maximum benefits possible.

The OCC agrees with the Program Review Committee that the existing ratepayer funding of "an independent state agency [that] acts as the advocate for consumer interests in all matters which may affect Connecticut consumers with respect to public service companies" should continue in place. (Conn. Gen. Stat. § 16-2a)

OCC ASSISTS LEGISLATORS AND PUBLIC OFFICIALS ON ENERGY AND TECHNOLOGY ISSUES.

In a recent press conference held in support of OCC, many legislators spoke in support of OCC including the Co-Chair of the Energy and Technology Committee, Representative Nardello, emphasizing the value of OCC's ratepayer perspective on pending bills and other energy policy issues.

The OCC accordingly asks the members of this Committee to take the same position as the Program Review Committee and oppose passage of the sections designed to eliminate the OCC in S.B. 840.

OFFICE OF CONSUMER COUNSEL

SCORECARDS

July 2003 to February 2009

Total Estimated Savings = $4.5 Billion

Quantification of Ratepayer Savings
Due to OCC Advocacy

Scorecard of Cases with Final Decisions
Decisions Issued 1/1/06 -2/9/09 (or impacting rates effective 1/1/06 and therafter)

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Water						
Hazardville Water Co. Rate Case Limited reopener	04-09-06RE01	8/21/2006				$75,000 in savings from estimate in rate case.
Avon Water Rate Case	05-10-12					$100,000 in adjustments
Ellington Acres Rate Case	05-08-17					$10,000 in savings
Birmingham Utilities Rate Case	06-05-10	11/28/06	Increase of $1.8 million	$842,853	$1.17 million increase	$630,000 in savings
Connecticut Water Rate Case	06-07-08	1/16/07	Revised App: $15.99 million	Settlement - Yr 1 = $7.1 million, Step $3.8 million effective 4/1/08	approved settlement	Yr.1 = $7.9 million Yr. 2 = $4.1 million
Jewett City Water Rate Case	06-09-03	2/16/2007	$233,588	Settlement: $140,760	approved settlement	$92,828 in savings
Valley Water Rate Case	06-10-07	3/30/2007	$677,407	$245,150	$418,723	$258,684 in savings
Woodruff Court Apartments/ Taymill partners	06-05-16	2/6/2008	OCC filed petition against Woodruff Court Apts/Taymill for rebilling for water service	OCC alledged it was illegal to rebill for water to tenants without submetering.	Settlement reached Taymill would return payments and stop this.	$300,000 annually for all Taymill properties. Good precedent against landlords that rebill for water or other utility service.
Aquarion Rate Case	07-05-19	12/12/2007	$32 million in rate relief	$8.5 million	$19.3 million	$12.7 million in savings
Water Infrastructure and Conservation Adjustment	07-09-09	Legislation Passed 6/2007 DPUC Decision 4/23/2008	DPUC Docket started fall 2007	OCC spearheaded legislative initiative that resulted in a fair process for incenting water companies to replace aging infrastructure, and central in docket that sets up criteria and monitoring process going	Dpuc requires criteria and planning process for prioritizing projects that are eligible. Incremental expenditures required to get a plan approved.	Legislation limited eligible areas of capital expenditures & capped associated rate increases to 7.5% for the surcharge. Will save millions of $ in rates.
Connecticut Water Rate Case (Phase In and Limited reopner)	06-07-08PH02	3/28/2008	$7.06 million rate increase proposed associated with phase-in and 2007 plant adds.	OCC recommended $750,000 in adjustments to property taxes, depreciation & plant.	$6.7 million increase for phased-in rate increase.	$345,000 in savings
United Water Rate Case	07-05-44	4/16/2008	Originally filing proposed a $1.38 million or 42%. Amended filing requested $1.54 million.	OCC entered settlement with UWC for $966,350 or 29.8% increase. First rate case in 17 years.	DPUC approved settlement	$577,000 in savings.

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Torrington Water Rate Case	08-03-19	8/13/2008	$1,285,482 rate increase proposed	OCC recommended numerous adjustments: ROE, Capital Structure, property tax & weather normalization for a rate increase of $424,334	$664,874 Rate increase	Savings of $620,608 OCC appealed decision on ROE, rate of return and property tax issues.
Heritage Village Water Co. Special user rate for Southbury Training School	08-05-19	10/15/2008	Special Contract and CIAC from Southbury Training School to hook-up to service system & plant rebuild	OCC got involved in negotiations to assure that ratepayers are protected from the contract	Approved contract	Ratepayers have avoided capital costs of $2.25 million
WICA Infrastructure Assessment Report - Aquarion Water	06-06-21WI01	12/17/08	Aquarion filed a listing of proposed WICA projects and inventory of system	OCC raised concerns over lack of economic cost/benefit analysis and classification of programatic projects as WICA eligible.	Approved WICA projects but required cost benefits analysis be filed and removed programatic items from WICA	Revenue requirement savings of approx. $1.75 million for years 2008-2010.
Connecticut Water Company Merger with Ellington Acres	08-08-15	12/24/2008	CWC to purchase neighboring utility, which will provide a more financially solvent and improved operations, as well as future cost savings	OCC supported acquisition and proposed accounting treatment as it will save costs that exceed purchase price	Approved by DPUC	Approx. $750,000 of net savings above purchase price
Gas						
PGA	04-10-01		Yankee Gas requested recovery of $10 million of unbilled revenue error.	OCC opposed recovery until a detail review is completed.	DPUC rejected recovery of costs prior to mgt audit	Decision on $10 million in recoveries delayed until audit results
Supplemental Supply Costs Gas Unbundling	05-05-10				DPUC rejects including uncollectibles and other non-gas costs in PGA	$5-8 million
CNG	06-03-04PH01	3/14/2007	$37 million bill increase	Settlement: $24.3 million, $15.5 million net	$25.6 million, $14.4 Million net bill increase	$22.6 million net savings annually, 2 yr. stay out
SCG	05-03-17PH01	12/28/2005	$39.2 million bill increase	$23.7 million - Settlement	$26.7 million in modified settlement	$12.5 million savings annually 2 1/2 year stay out
Yankee Gas	06-12-02PH01	6/29/07	$71.9 million bill increase $37.2 million net	Settlement: $39.3 million, $19.4 million net after mitigation	Modified settlement: $42 million, $22.1 net	$30 million in savings
PGA	04-10-01re01 040401	6/11/2008	Yankee Gas requested recovery of $6 million of unbilled revenue error.	OCC recommended that adjustments be validated for accuracy	DPUC rejected recovery of out of period costs as retroactive ratemaking	$6 million in adjustments

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
CNG Overearnings Docket	08-06-10	8/6/2008	CNG was called in by DPUC because it had triggered the overearnings docket by exceeding its allowed ROE by > 100 basis points for 6 consecutive months.	OCC advocated an interim rate reduction of $15.1 million	DPUC approved $15.1 million rate reduction through bill credits	$15.1 million in savings
CNG Overearnings Docket	08-07-10	11/19/2008	SCG was called in by DPUC because it had triggered the overearnings docket by exceeding its allowed ROE by > 100 basis points for 6 consecutive months.	OCC advocated an interim rate reduction of $15.5 million	DPUC approved $15.5 million rate reduction through bill credits	$15.5 million in savings
COURT						
CL&P Sale of Hydro Assets					Upheld DPUC Decision	$125 million of remaining benefits
SNET Reserve Defeciency					Settled/Withdrew Appeal	$40 million annualy
OCC v. AT&T	OCC successfully appealed DPUC Docket No. 05-06-12 in federal court and reversed the DPUC's decision, thereby affording Connecticut ratepayers with the protections offered to cable subscribers under federal law					

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Electric						
LICAP Settlement	FERC		Original annual cost estimate was $500 million to $1 billion	Settlement: equates to payments of $350 million by Connecticut	FERC Approved	Savings of at least $200 million annually
CL&P TSO	03-07-01re05 03-07-02re08	12/28/2005	Large increase in GSC due to new procurement	Proposed rate mitigation using of excess GSC and CTA recoveries	rate mitigation through continuation of $108 million CTA credit and $40 million new credit	$148 million in rate mitigation
Generic Decoupling Investigation	.05-09-09	1/18/2006	Electric & Gas companies lukewarm on decoupling	OCC opposed all decoupling mechanisms.	DPUC rejected requiring decoupling.	2006 savings - Retrospective Bills would have beem higher by approx. $60 million in 2007 if full decoupling was implemented.
United Illuminating Rate Case	05-06-04	1/27/2006	2006:$39.8 million, 2007: $3.6 million, 2008: $12.5 million, 2009: $8.6 million	$-2.4 million(2006); $-3.7 million (2007); $0.1 million (2008) $5.2 million (2009)	2006:$`14.3 million, 2007: $4.3 million, 2008: $10.3 million, 2009: $6.7 million	2006:$25.5 million; 2007 $24.8 million; 2008 27 million; 2009 $29 million
Dominion Retail/LEVCO	06-03-12	6/13/2007	0	Settlement with Dominion, AG & OCC: $507,000 refund + $200,000 fine	Approved settlement	$507,000
Enron RMR	ER 06-118	RC Approved 1/06		Settlement with NRG, AG, DPUC & OCC		Over $8 million in savings from Company proposal
CL&P Rate Case	07-07-01	1/28/2008	2008: $189 million 2009: $22 million	2008: $50.6 million	2008: $78 million 2009: $20 million	Savings of approximately $250 Million over two-year rate plan
Project 150 Docket	07-04-27	01/30/08	Total over market cost of $764 million if all eleven projects were approved.	OCC recommends that only those projects with a limited cost impact to ratepayers and which provide co[benefits to the generation of Class I renewable power	DPUC rejected three large fuel cell projects.	DPUC estimated savings of $651 million over fifteen years.
Transmission Adjustment Clause	07-06-01		CL&P & UI requested true-ups	OCC proposed changes to the process including: Atleast semi-annual contested cases; sales by class be reviewed	Adjusted Transmission rates for reduced FERC ROE allowance.	$14.6 million savings
United Illuminating rate Case	05-06-04 RE05	Jun-08	UI requested a reopening of its rate case to set up negotiating sessions to discuss a limited reopener of its rate plan	OCC opposed reopening and potential settlement with CIEC	DPUC rejected proposed settlement and closed docket	No additional CTA deferrals or fund transfers. Saved at least $25 million in annual deferrals over 2 1/2 years

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
United Illuminating Rate Case	08-07-04	2/4/09	UI's updated Application would have effectively raised rates by $51.4 million in 2009 & an incremental $29.7 million in 2010.	OCC proposed a rate decrease $11.2 million rate reduction for 2009 and a $5.6 million rate increase for 2010.	DPUC approved a rate increase of $6.1 million for 2009 and a tentative $25.3 million in 2010.	This represents a $45.3 million reduction in 2009 and a $56.9 million reduction below 2010. savings of $102 million total.
TELECOMMUNICATIONS						
BWG Audit of SNET Affiliate Transactions	07-03-01	Case pending	Company took position that investigation and hearings were unnecessary.	OCC initiated investigation into management audit that revealed about $1 billion in questionable charges	Mgt Audit is complete, DPUC ordered hearings be held.	Pending
				TOTAL RATEPAYER SAVINGS APPROXIMATELY $2.5 BILLION		

Scorecard of Cases with Final Decisions
Issued 7/1/04 through 2/15/06

Legislative Activities

Issue	Bill No.	Bill passed	Legislature's Proposal	OCC Recommendation	Legislation Allowed	Ratepayer Savings
Standard Service Procurement Fee	PA 03-6, 6/30/03 Special Session and PA 03-1 of 9/8/03 Special Session	6/03	Divert Funds to provide budget relief. $220 million fiscal years 2004 and 2005.	Opposed continuation of current fee paid to electric distribution companies for procurement of TSO. support such action.	Diverted $192 million, but created a securitization mechanism that kept funds going. Had the impact of reducing programs due to interest & principal payments rather than eliminating programs.	While ratepayers will pay debt costs associated with this raid, programs totalling about $58 million annually in 2004 & 2005 and $68 million in 2006-2010 were saved.

Court Proceedings

Issue	Court	Decision Date	Company Position	OCC Recommendation	Court Decision	Ratepayer Savings
SNET/SBC Work Stoppage	CT Supreme Court	6/21/05	SBC had appealed the prior Court's decisions. Company claimed they were not overearning therefore their profits were not unreasonable.	OCC argued that the statute in question was a consumer protection statute, not a rate-setting one, enacted to match revenues during a strike to any decline in service. During the strike profits rose and service quality decreased.	The Court held that the OCC was correct, that consumers are entitled to refunds totaling $2.8 million Due to the rate of strikes at SBC, it is obvious that by avoiding labor costs during a strike, while holding consumer rates at current levels, utilities have pocketed unreasonable profits.	Ratepayers receive a credit of $2.8 million.

Water Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Rural Water Rate Case - Reopening	03-09-04RE01	1/25/06	Rural Water requested a technical meeting with the DPUC and OCC to discuss a limited rate application filing under CGS § 16-32c.	After the technical meeting, OCC and Rural entered a Settlement Agreement that would allow the Company an increase in rates of of 7.3% or $34,377 annually. Pursuant to CGS 16-32c, the rate increase was limited to purchase water, electricity, water treatment and testing, and property tax expenses.	DPUC approved Settlement as filed.	Approximately $15,000 from original request, plus one-year rate stay-out.
Crystal Water Rate Case	05-07-08	12/28/05	Crystal Water filed requested a rate increase of $768,659, or approximately 27.25% above existing levels.	OCC recommended adjustments to ROE, rent, compensation and pension expenses. OCC also recommended changes to the proposed rate design.	DPUC approved an overall increase of $603,999, or approximately 21.36%.	Savings of over $164,000 annually.
Hazardville Water Rate Increase	04-09-06	3/4/05	On September 15, 2004 HWC filed for a rate increase of $623,786 or 23.16% over existing rates. HWC revised the proposed rate increase to $551,169 or approximately 20.475%	OCC recommended adjustments reducing the necessary rate increase by $293,967, to $257,202. Adjustments recommended include: reductions to payroll and benefits, inflation, insurance, outside services, depreciation, and ROE. If adopted the rate increase would be reduce to approximately 9.6%.	DPUC approved an overall rate increase of $401,673, or approximately 14.91% above present rates.	Savings of over $225,000

Aquarion Water Rate Increase	On March 31, 2004, Aquarion requested a revenue increase of $16.1 million, or 13.94% over present rates	OCC determined that the Company's rates should be reduced by approximately $4 million rather than increased. OCC proposed adjustments to Aquarion's ROE, a decrease in O&M expenses, depreciation expense and the immediate recognition of land sale benefits.	DPUC ordered the Company to reduce rates by approximately $2.4 million.	Savings of $18.5 million annually

Electric Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
UI Rate Case - (Pension Reopening) Reconsideration	01-10-10RE04	8/11/2004	UI reached a settlement with PRO for $10.5 million annually. DPUC allowed $5.2 million annually.	$0, request is illegal (single-issue ratemaking) OCC Appealed Decision to Court.	DPUC reversed its Decision agreeing with OCC that allowing the expense was between rate cases was not consistent with prior DPUC precedence.	$5.3 million annually. Decision in effect for just under 1 1/2 years. Total savings $7.5 million.
DPUC Investigation into CL&P's Streetlighting	04-01-01	6/30/05	DPUC initiated a proceeding to review all aspects of CL&P's streetlighting service. There have been problems for over two decades with the acounting and billing of this service. This case was initiated to resolve these issues.	OCC supported DPUC efforts to resolve the accounting issues (plant accounting and resulting inventory of plant vintages) and billing errors made to municipalities.	DPUC required CL&P pay refunds as far back as 1986 for billing errors. DPUC ordered 7.3% rate reduction to Streetlighting Rate#116.	Approx. $7-10 million in savings to municipalities. CL&P has appealed claiming statute of limitaions on refund period.
CL&P rate case - Reconsideration	03-07-02RE01	8/04/2004	CL&P requested reconsideration of portions of DPUC December 2003 Decision. Issues relate to: 1) a claimed pension regulatory asset; 2) streetlighting refunds; 3) Income tax; 4) incentive compensation; and 5) rent to Rocky River Realty. Total $38 million over 4 years.	OCC initially opposed entire request. Position later modified to oppose pension due to overrecovery of pension costs of $130 million during same timeframe of claimed deferral. OCC also continued to oppose increase in rent paid to NU affiliate Rocky River Realty as effectively created an unregulated profit center paid by ratepayers.	DPUC allowed CL&P $32 million, which it Net Present Valued down to $23.8 million. DPUC allowed CL&P to retain this amount from CTA overcollection.	Real savings of $6 million DPUC NPV calculation effectively saves $16 million. OCC believes DPUC Decision is illegal & has appealed the reopened case to CT Supreme Court.
CL&P Energy Adjustment Clause - Standard Market Design Costs	03-04-07	8/25/2004	CL&P had been collecting funds from ratepayers since May 2003 for a potential liability related to SMD costs; as of 12/31/01 the balance is approx. $145 million. These funds were reserved for possible payment to SOS providers.	OCC participated in settlement negotiations with DPUC, AG, CL&P and SO suppliers. Settlement filed in March 2004. FERC approved Settlement June 28, 2004.	Settlement before DPUC returns $83.4 million to ratepayers over September - December 2004 period.	$83.4 million savings to CL&P ratepayers.
CL&P Transitional Standard Offer 2005 TSO Rates	03-07-01RE04	12/22/04	CL&P requested an increase of 16.7% or $430.7 million to set 2005 TSO rates FMCCs and Energy Adjustment Clause charges as of January 1, 2005. CL&P proposed an average overall 2005 rate of 12.584 cents/kWh an increase of 1.802 cents/kWh over current 2004 rates.	OCC proposed adjustments of $139.3 million reducing the 2005 TSO increase to $291.4 million or from 16.7% to 11.3% above current levels. OCC also recommended changes to the TSO procurement process and rate design methodolody used to allocate the increase.	DPUC made various adjustments to CL&P's request, using excess CTA, and SBC revenues to reduce the rate increase. DPUC differed from OCC in applying overcollections beginning in May 2005 vs. applying 1/1/05.	Ratepayer savings of approx. $97 million in 2005.
DPUC investigation into the financial impact of long-term contracts on electric distr companies	05-07-18	12/28/05	Pursuant to Section 12(l) of Public Act 05-01, June Special Session, DPUC initiated a proceeding to review the use of debt equivalence charges into capacity contracts. CL&P claimed that these contracts will have real costs and financial impacts for debt imputed on them by rating agencies.	OCC disagreed with the premise that an electric distribution company's financial condition will be impaired by entering into long-term capacity contracts pursuant to PA 05-01 because that Act provides a statutory recovery mechanism for recovery of associated capacity payments made to generators.	DPUC agreed with OCC's position in full.	While exact magnitude of savings depends on use of long-term capacity contracts, estimated minimum savings annually is over $10 million.
CL&P Transitional Standard Offer 2006 TSO Rates	03-07-01RE05	12/28/05	Absent the use of current bill credits, CL&P's rates would increase by approx. $827 million as of 1/1/06. CL&P	To soften the impact of high heating costs, OCC suggested an accelerated use of bill credits to minimize the rate increases during the winter	DPUC reduced the impact of the rate increase by using excess 2005 CTA and forecasted 2006 overecoveries.	Ratepayer savings of approx. $148 million in 2006. Use of $40 million credit

			proposed an average overall 2006 rate of 15.994 cents/kWh an increase of 2.82 cents/kWh over current rates.	months. OCC also recommended levels. OCC also recommended changes to the rate design methodology used to allocate the rate increase.	Based on a more rapid use of excess revenues DPUC limited rate increase to 17.5% effective 1/1/06 and an additional 4.9% effective 4/1/06.	Jan 1 - March 31, 2006 Continuation of $108 million credit for CY 2006.
UI Rate Case	05-06-04	1/27/06	UI proposed a multi-year rate plan with annual incremental rate increases of: $39.8 million (2006); $3.6 milion (2007); $12.5 million (2008) and $8.6 million (2009). UI requested an ROE of 11.5%, included additional expenses for new employees (linemen and administrative positions) as well as for a new Central Facility campus.	OCC opposed the multi-year rate plan, and, instead, proposed setting revenue requirements for a single rate year. If the DPUC were to set rates four years, OCC recommended rate reductions of $2.4 million and $3.7 million in 2006 and 2007, and rate increases of $115,000 and $5.2 million in 2008 and 2009. Major issues where OCC advocated adjustments include ROE, capital structure, long-term interest rates, Central Facility campus, and employee levels.	DPUC approved annual distribution rate increases of: $14.3 million for 2006, and $4.3 million in 2007, $10.3 million in 2008, and $6.7 million in 2009 The 2006 increase will be mitigated by a $15 million projected 2006 FMCC over-recoveries.	2006 savings $25.5 million 2007 savings $24.75 million 2008 savings $27 million 2009 savings $29 million

Gas Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Southern Connecticut Gas Rate Case	05-03-17PH01	12/28/2005	SCG's Application requested $36 million in rate relief. Revised request to $39.2 million. First rate case since that approved in January 2000. Major issues relate to deferred hardship account write-offs, uncollectibles, claimed merger synergies, LNG contract, ROE, and working capital	The Settlement proposed a rate increase of approx. $25 million. Major issues resolved include past merger synergies, ROE, uncollectibles, amortization of deferred hardship costs. Rate stay out two years.	DPUC Decision approved a $26.7 million rate increase. Modified settlement for issues pertaining to use of excess IS margin and hardship grant program funding.	Over $12.5 million in annual ratepayer savings. Requires SCG enter into a full requirements contract for the LNG plant at cost-of-service rates.
SCG Rates - Disposition of Funds	93-09-09RE05	5/25/2005	Originally SCG proposed using funds repaid from Bridgeport Economic Dev. Initiative loan program to support new economic development programs in SCG's service territory. Approx. $1.1 million in funds available.	OCC disagreed with SCG's position, stating that the BEDI program concluded in 1999 and reallocating funds violated past DPUC order. Subsequently, OCC/SCG reached Settlement where a one-time $150,000 grant was made was paid to the Workplace, remainning $950,000 went to pay down deferred hardship programs.	DPUC adopted Settlement.	$950,000 savings to SCG ratepayers, in avoided future payments.
Yankee Gas - Petition to Reopen	04-06-01	12/23/05	12/09/05 Yankee requested a reopener of its rate case to seek a $12.4 million interim rate relief. Company claims reduced sales level & higher inventory costs have impacted ROE.	OCC opposed limited reopener to request interim rate relief. Request was outside a section 16-19 rate case and not consistent with past DPUC procedure.	DPUC rejected Yankee's motion.	$12.4 million in annual savings
CNG and SCG Merger Enabled Gas Cost Savings (MEGS)	99-04-18RE04 99-09-03RE09	2/23/05	Based on prior DPUC Decisions that allowed CNG & SCG to seek MEGS the companies' requested the rention of 50% of claimed savings. Companies requested payment through the PGA of over $25 million for shareholders share of savings that have already been credited to customers during 2000-2005.	OCC was historically opposing MEGS found savings associated with the BP Alliance contract and off-system sales. OCC entered into a settlement with SCG, CNG and the Prosecutorial Division of the DPUC for $4.3 million of total MEGS for CNG and SCG.	DPUC approved settlement	Savings of over $20 million over original request.

Yankee Gas Rate Application	04-06-01	12/8/04	Yankee's original rate application would have increased rates by $26.5 million, or 7.2% above test year levels (calendar year 2003)	OCC, PRO and Yankee Gas rentered into a settlement agreement that increased distribution rates by 9.4% above prior leveles. The Settlement contains an earnings-sharing mechanism that shares excess profits equally between ratepayers and shareholders, should Yankee earn above the allowed ROE of 9.90%.	Pursuant to the Settlement Agreement, the DPUC approved a rate increase effective 1/1/05, of $14.028 million or 4.1% relative to total bills.	Annual ratepayer savings of $12.5 million. Rate stay-out period until provision freezes distribution rates to June 2007.
Southern Connecticut Gas Exogenous Costs	03-11-20	10/27/04	SCG requested recovery of increased costs that are claimed to result from exogenous events that are negatively impacting its financial integrity. They include: Personal property tax, CCBT, bad debt expense, deferred 3-way payment plan, & pension & retiree health care expenses. Total recovery requested $20 million.	No rate increase is warranted under the IRP's exogenous cost provisions, the rate plan and existing base rates should remain intact.	DPUC found that the Company has not demonstrated that the requirements of the Rate Stay-Out Commitment entitle SCG to petition for traditional rate relief pursuant to Conn. Gen. Stat. § 16-19.	Savings of $20 million
Yankee Gas Rate Case - Infrastructure Expansion Rate Mechanism	01-05-19RE05	8/4/04	On October 1, 2003, Yankee filed its 2003 proposed IERM reconciliation.	On April 27, 2004 Yankee and OCC reached a settlement regarding the issues relating to Yankee's IERM filing. The Settlement was amended on 6/15/04 and 7/21/04. This resolved the ratemaking treatment of $30 million in IERM related capital expenditures in a manner that is favorable to ratepayers.	The DPUC approved the Settlement Agreement as filed. With the approval of the Settlement the IERM program would no longer exist, ending administrative and regulatory burdens and litigation costs.	Reduced revenue requirements on $20,317,904 of IERM related capital expenditures that reduces rates by $617,385 annually for the next eight years (total of $5 million.) Customers to receive a $2.9 million refund for 2004 and 2005 heating seasons.

FERC Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
NRG RMR Contract	ER06-118	Approved 1/06.	Company filed an application for a Reliability Must Run contract rate with FERC.	OCC participated in settlement negotiations with DPUC, CMEEC, NRG and AG. Settlement filed in December 2005.	This settlement reduces the potential exposure that ratepayers will have regarding these costs. Under the settlement, NRG will receive approximately $8 million less in annual revenues than that would result from the Company's rate filing with FERC.	

TOTAL ESTIMATED RATEPAYER SAVINGS = $1.15 BILLION

Quantification of Ratepayer Savings
Due to OCC Advocacy

Scorecard of Cases with Final Decisions
Issued 7/1/03 through 6/30/04

Legislative Activities

Issue	Bill No.	Bill passed	Legislature's Proposal	OCC Recommendation	Legislation Allowed	Ratepayer Savings
Raid of C&LM and Clean Energy Funds	PA 03-6, 6/30/03 Special Session and PA 03-1 of 9/8/03 Special Session Securitization addressed in DPUC Dkt # 03-09-08	6/03	Divert Funds to provide budget relief. $220 million fiscal years 2004 and 2005.	Opposed diversion of funds. Viewed securitization as better than eliminating the fund, but did not support such action.	Diverted $192 million, but created a securitization mechanism that kept funds going. Had the impact of reducing programs due to interest & principal payments rather than eliminating programs.	While ratepayers will pay debt costs associated with this raid, programs totalling about $58 million annually in 2004 & 2005 and $68 million in 2006-2010 were saved.

Water Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Valley Water Rate Application	02-09-12PH02	3/3/2004	Settlement with OCC allowed Valley the ability to reopen case for 2003 capital projects. Settlement limited rate increase to 9.2% above Phase I levels.	Phase I Settlement allowed Valley a limited reopener for certain projects to be completed early 2004. Projects now complete and in-service.	$270,260 or 9.2% Increase	$20,617 savings caused by Settlement's limit on rate relief.
Birmingham Utilities Rate Case	03-02-07	8/7/2003	BU requested a rate increase $1,576,183 or 34.5% above test year levels. The major force behind the rate application is an increase in utility plant. Rate base has uncreased from $8.1 million to $13.4 million since the Company's 1995 rate case.	OCC recommended adjustments that would reduce the overall are increase to $1,117,322 or 24.5%. OCC recommended adjustments on ROE, proposed capital structure, supp. Pensions, corporate expense allocations, officers salaries, rate case expense, conference expenses and non-revenue water.	Increase of $1,264,178 or 27.74% Average residential bill increase from $77.91 to $ 98.59 per quarter.	Saved about $312,000 annually below requested amount.
Aquarion - CWIP	04-02-17	4/21/04	Aquarion requested advanced determination of eligibility of an upgrade to the Stamford Treatment Plant for a CWIP surcharge. Beginning the 4th Qtr of 2004 the rates for Western division customers would increase associated with capital expenditures. At the end of construction the surcharge was to total approx. 54% of current rates.	OCC questioned if a plant upgrade qualified for a CWIP surcharge.	The Department declined to issue an advance determination that the proposed Facilities qualify for CWIP. Company was allowed to re-file in 45 days.	Company's proposal would have effectively raised the average annual residential bill from the current $238 to $384 in 3rd Qtr 2007. Estimated savings annually: 2004: $275,000 2005: $2.85 million 2006: $5.66 million 2007: $7.48 million

Electric Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
UI Rate Case - Pension Reopening	01-10-10RE03	2/18/2004	UI again sought $15.5 million increase for pension & PBOP. Reached a Settlement with PRO for $10.5 million annually.	$0, request is illegal (single-issue ratemaking) No change is warranted	$5.2 million based on UI's 12/31/03 financial report.	$10.3 million annually below requested amount, $5.3 million below Settlement. OCC has appealed this case.
DPUC Determination of CL&P's Standard Offer - Hydroelectric Facilities Intercompany Liability	99-03-36RE07	9/10/2003	CL&P petitioned the DPUC to reopen and modify two previous Decisions to adjust the ratemaking approved for the sale of CL&P's hydroelectric units to NGC. CL&P sought to adjust the ratemaking treatment and to remove the rate base credit for the intercompany liability associated with the gain on the sale to NGC.	No changed conditions; no error of law, prior Decision should remain unchanged.	Agreed with OCC's position. DPUC found there were no changed conditions and no ratemaking error. Prior Decisions which set forth the ratemaking, tax and accounting issues related to the sale shall remain unchanged. CL&P's request for adjustments in those areas is denied.	Approx. $35 million in savings for 2003-2004.
CL&P rate case	03-07-02	12/17/03	Annual rate increases as follows: 2004: $133.6 million 2005:+$23.12 mil. ($156.68 cum.) 2006:+$23.98 mil. ($180.66 Cum.) 2007:+$24.06 mil ($204.72 cum) Total of $675.6 million cumulative	Per OCC's reply brief: 2004: -$7.16 million 2005:$0.63 mil. (-$6.53 cum.) 2006:+$11.06 mil. ($4.53 Cum.) 2007:+$15.09 mil ($19.62 cum) Total of $10.5 million cumulative	DPUC allowed CL&P to use excess GSC revenues of $120 million to reduce annual revenue requirements by $30 million. Allowed rate increases after use of excess GSC are as follows: 2004: -$1.9 million 2005:$25.1 mil. ($23.2 cum.) 2006:+$11.9 mil. ($35.1 Cum.) 2007:+$7 mil ($19.62 cum) Total of $98.5 million cumulative	Even including use of excess GSC which OCC did not advocate, total savings of approx. $457 million over four years. Company has appealed, DPUC has reopened case.
CL&P Transitional Standard Offer	03-07-01	12/19/03	CL&P requested an increase of 11% of bundled rates excluding Federally Mandated Congestion Charges (FMCC). This represents the maximum amount allowed by the TSO Legislation, with any excess recoverable by an Energy Adjustment Clause (EAC). The Generation Service Charge (GSC) should be the residual component with the excess recovered through the EAC.	Base rates should exclude FAC/GUAC/EAC in-place as of 12/31/96. The requirements for a new EAC not met in current case. FMCC's need to be firmly defined. Bundled rates, excluding FMCC, can not exceed rates base rates of 12/31/96. Therefore, no residual is allowable.	DPUC made various adjustments to CL&P's request, using excess CTA, SBC and GSC (retail adder) revenues to reduce overall rate increases. Increases of 7.1% excluding FMCC was the overall result.	Ratepayer savings of approx. $250 million for the four-year TSO period. Other than FMCC issue, OCC was pleased with the overall result.

Gas Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Yankee Gas Special Contract - NEGASCO	03-09-12	3/25/2004	Yankee's Application requested approval of a proposed Firm Tarnsportation, Construction and Interconnection Service Agreement between Yankee and NEGASCO. After the Draft Decision, OCC entered into a Settlement with Yankee and NEGASCO.	The Settlement extended the deadline for regulatory approval and project's ISD. Modifications to the Agreement include adding an annua revenue requirement to support costs of the existing distribution system. ratepayers would be held harmless if the contract is not extended. No IERM treatment for project.	The Department adopted the Settlement.	$600,000 in additional revenues/ratepayer savings. $50,0000 savings annually for no IERM treatment. (Total savings of approx $1.6 million over contract.)

Semi-Annual PGA	02-10-01	5/17/2004	DPUC Staff's review of CNG & SCG's gas purchase transactions should that these 2 LDC's did not follow the Southern methodology when allocating the lowest cost gas supply to firm ratepayers. CNG & SCG do not follow the Southern methodology for off-system sales transctions. Yankee does follow the Southern methodology.	OCC disagreed with SCG & CNG's interpretation of the Southern methodology. Their interpretation costs ratepayers approx. $3 million.	DPUC adopted PGA factors for all three LDC's. DPUC did order a generic docket to investigate the appropriateness of the Southern Methodology.	$0 currently. OCC filed a Petition for reconsideration; DPUC the petition.

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Gas Unbundling	97-07-11RE01	6/2/2004	3rd Year of Original Settlement reached between LDCs, marketers and OCC as a means to phaseout the subsidy of shifted capacity costs paid by firm ratepayers to the benefit of transportation customers.	Settlement calls for a four year phase out of the shifted cost subsidy as follows: Phase 1 (yr1) has a $0.30/mcf transition charge, Phase 2/yr. 2 has a $0.34/mcf transition charge, Phase 3 will eliminate two-thirds of the net shifted capacity costs and Phase 4 will eliminate 100% of net shifted capacity costs on a going forward basis. The shifted cost subsidy is approximately $25 million.	DPUC adopts Year 3 Settlement Continuation of $0.34 per Mcf transition surcharge, Yr. 2 tariff changes such as TRS, BAL, and STB. Capacity release of 8,000 Dth per day of longhaul capacity by Yankee to reduce net shifted costs.	For Year 3, approx. $20 million in shifted costs savings.
Application of CNG and SCG for the Recovery of Security Costs	03-06-17		Companies requested recovery of increased security costs that resulted after the 9/11 terrorist attacks. Recovery mechanism requested was a bill surcharge of costs incurred as well as projected to be incurred through 2005.	OCC opposed recovery between rate cases. Proposed deferral of costs until next rate case.	Agreed with OCC.	CNG: $427,026 annually SCG: $188,021 annually

FERC Proceedings

Docket Name	Docket No.	Decision Date	Company Proposal	OCC Recommendation	Allowed	Ratepayer Savings
Standard Market Design (SMD) settlement	EL03-135-000 EL03-135-001	Pending Settlement of March 2004	CL&P had been collecting funds from ratepayers since May 2003 for a potential liability related to SMD costs, as of 12/31/01 the balance is approx. $145 million. These funds were reserved for possible payment to SOS providers. Depending on the FERC ruling, ratepayers could have been deemed liable for all SMD related costs, including the aforementioned $145 million and an additional $40 million that was to be collected in January and February 2004.	OCC participated in settlement negotiations with DPUC, CL&P and SO suppliers. Settlement filed in March 2004.	This settlement reduces the potential exposure that ratepayers will have regarding these costs. Under the settlement, CL&P will pay (out of ratepayer collected funds) about $82 million to SO suppliers. Excess funds of $63 million dollars ($145 million collected - $82 million paid to suppliers) that have been collected by CL&P will be returned to customers under a methodology to be determined by the DPUC. Moreover, ratepayers will retain the additional nearly $40 million that could have been collected by CL&P pending the outcome at FERC. Under the worst-case scenario, ratepayers would have been responsible for all $185 million dollars of SMD related costs; the settlement limits the cost to ratepayers to $82 million dollars.	

Total Estimated Ratepayer Savings: $850 million

State of Connecticut

Office of Consumer Counsel

Mary J. Healey
Consumer Counsel

The Joint Committee on Government Administration and Elections

March 16, 2009

S.B. 840, AAC The Elimination Of The Office Of Consumer Counsel, The Office Of The Healthcare Advocate, The Office Of Ombudsman For Property Rights And Certain Legislative Commissions

Testimony of Mary J. Healey, Consumer Counsel

Appendix

Excerpts from the Legislative Program Review and Investigations Committee, 1997

In 1997, the Legislative Program Review and Investigations Committee conducted a lengthy and detailed examination of the responsibilities of the AG, OCC, and the consumer unit of the DPUC, and declared in its January 22, 1997 Report:

> The Committee concludes that OCC exerts a positive influence for consumers, and should continue. (1)

Also, the DPUC witnesses stated to the Committee that:

> [T]the [OCC] enhances the DPUC's work, resulting in decisions that better reflect the public interest....The Department has been the beneficiary of the services of the independent Office of Consumer Counsel for over 20 years. The OCC has unstintingly represented ratepayer interests... (31)

The Report of the Committee also noted that the DPUC functions as a quasi-judicial body and thus essentially cannot advocate to itself, finding that the DPUC depends upon the parties to do so, and the only statutory party to all DPUC dockets is the OCC. (39) Indeed, in most cases, the OCC is the only party other than an individual public utility and thus is the only expert voice offered in opposition to the utility's evidence.

The Committee expressly addressed and answered the question of whether the functions of the OCC should be relocated to the AG's office. Issues that argued against such a move included the use of staff for non-utility consumer issues, and the politicization of the office, since the governor and attorney general are constitutional officers individually facing elections. (48-49) This last was seen as especially important since the independence of the Consumer Counsel "establishes a political accountability balance" in which the OCC is itself accountable for its actions.

The Committee found that "technical proficiencies of OCC work could be diluted" if the importance of utility consumers is "not recognized" and given the priority that the OCC places upon that singular issue. (49) In contrast to the myriad of issues confronting the AG, the OCC is dedicated solely to the task of advocating for utility consumers and has devoted its full attention to this issue for over thirty years.

The Committee held that while there is an obvious "subject matter overlap" between the OCC and AG, the differences between the OCC and the AG in scope of responsibility and available resources "create a presumption against duplication." (50) This presumption, the Committee found, "is strengthened by the belief that the more complete the record is in terms of different ideas and information presented, DPUC's decision making process is enhanced." (50)

The conclusion of the Report was: "the program review committee does not recommend that the OCC be merged into the Office of the Attorney General." (49)

The OCC believes that the Program Review Committee's thorough review and significant conclusions on the different utility consumer efforts of the OCC and AG remain sound. The OCC, with its focus entirely devoted to utility issues and rates, provides the vital advocacy that utility consumers deserve in this dismal economic climate to receive the maximum benefits possible.

Accordingly, the OCC agrees with the Program Review Committee that the existing ratepayer funding of "an independent state agency [that] acts as the advocate for consumer interests in all matters which may affect Connecticut consumers with respect to public service companies" should continue in place. (CGS § 16-2a)

****

A copy of the full report January 22, 1997 report issued by the Legislative Program Review and Investigations Committee can be found at:
http://www.ct.gov/occ/site/default.asp

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AQUARION
Water Company

February 18, 2009

Statement Regarding the Office of the Consumer Counsel

We understand that these are difficult financial times; however, these tough times are when citizens need consumer advocates the most.

The Office of Consumer Counsel is recognized as an agency providing a valuable service advocating for all Connecticut's utilities' ratepayers. The OCC plays a vital role in protecting the interests of the ratepayers before the DPUC and other government entities and ensures that the consumers' interests are well considered during utility proceedings before the State.

This need is not met anywhere else in government. The cost and expenses of this office are provided for by ratepayers of the companies regulated by the DPUC.

Eliminating this agency would be a loss to a fair and impartial system for reviewing ratepayer proceedings.

Bruce T. Silverstone

Bruce T. Silverstone

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United Way

Statement in Support of Maintaining an Office of Consumer Counsel (OCC)

February 19, 2009

Prepared by Shirley Bergert[1]

Since OCC's creation by the legislature in 1975, I have been practicing law in Connecticut. This agency has a proven track record of effectiveness on behalf of all classes of utility consumers. Connecticut cannot afford its loss.

OCC is entirely utility customer/ratepayer funded with a budget of approximately $3 million. This relatively modest budget will not make a real dent in the budget deficit, but it will leave consumers unprotected if the funds are taken for the deficit.

Connecticut has both regulated utilities (CL&P, UI, CNG, SCG and Yankee Gas) and numerous municipal electric companies. Customers of the regulated utilities fund OCC. These regulated utilities have significantly higher customer bills than the municipal utilities. The proposal to take ratepayer funding which supports OCC will leave ratepayers unprotected in proceedings involving higher cost utilities, while imposing no obligation on customers of lower cost municipal utilities to contribute towards the budget deficit. It is essentially a hidden tax but isn't imposed equitably on all utility customers, only those with the highest bills.

OCC is the only consistent source of expert testimony on behalf of consumers in proceedings before the Department of Public Utility Control (DPUC) to determine utility rates. Its staff includes lawyers, financial specialists and accountants knowledgeable and experienced regarding utility regulation. There is no equivalent elsewhere in the state to protect consumers. OCC is often the entity that brings customer service issues to

[1] Shirley Bergert represents low income utility and energy consumers, previously worked as a hearing officer for the CT Department of Public Utility Control, and serves: as the residential representative on the Energy Conservation Management Board overseeing the expenditure of ratepayer conservation funds in Connecticut Energy Efficiency Fund (Conn. Gen. Stat. § 16-245m); as the low income representative on the Fuel Oil Conservation Board (Conn. Gen. Stat. § 16a-22*l*); on the Low Income Energy Advisory Board (Conn. Gen. Stat. § 16a-41b); and on the Advisory Board of the Institute for Sustainable Energy at Eastern Connecticut State University.

light and forces them to be addressed by petitioning the DPUC for remedial action.

Under administrative law, the opportunity to present evidence to a decision-making body, such as the DPUC, is only in the first instance at the hearings. The DPUC must make its decision based on the evidence before it. If an unbalanced decision is made by the DPUC because it had inadequate evidence before it, this cannot be corrected in a court appeal. The court will rely on the evidence developed in the DPUC hearings. It is critical that OCC be there to present evidence at the DPUC hearings.

If OCC is disbanded and later recreated, it will take years to build the level of expertise and capacity to again reach the current level of capability and effectiveness. Thus, there will be a gap in ratepayer representation, but also a longer-term effect regarding capability and effectiveness.

All classes of customers lose if OCC is not there, but large enterprises such as manufacturers and larger businesses have organizations, funding and staff to pursue their interests. Small business and residential customers do not have a consistent voice in DPUC proceedings without OCC and therefore are more vulnerable to the loss of OCC than larger businesses.

The state legislature has created three important ratepayer fund purposes: OCC to protect consumers; the CT Energy Efficiency Fund which makes highly cost-effective conservation investments, and the CT Clean Energy Fund which focuses on renewable energy. These are not funded with tax dollars and the funding should not be treated as available to meet liabilities which should be funded by taxes. Rather, the legislature has structured expenditure of utility customer funding to address important public policy issues. In an economic downturn, the need for the investments reflected in these funds increase in importance. They should be protected, for the well-being of the state and its residents.

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ConnecticutWater

Statement of Connecticut Water Company
Regarding the Office of Consumer Counsel
February 19, 2009

Connecticut Water Company supports retaining the Office of Consumer Counsel (OCC). In our experience, the OCC has effectively balanced its role as a ratepayer advocate while, at the same time, recognizing the legitimate business interests of our company.

We have great respect for the staff of OCC who thoroughly research and investigate the voluminous information provided in rate case applications or other DPUC proceedings.

We believe the OCC provides an important service to ratepayers, utility companies, and the people of the State of Connecticut.

For Information Contact:

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February 13, 2009

FEB 17 2009

Representative Vicki Orsini Nardello
Legislative Office Building
Room 4040
Hartford, CT 06106-1591

Dear Representative Nardello,

This letter is to add to your support of not allowing the state to eliminate the Office of Consumer Counsel.

Clover Corporation is a family business that was stared in Connecticut 32 years ago as a distributor of heating and air conditioning equipment. A good part of our business involves gas air conditioning equipment, which is in competition with the electric companies ---- CL&P and U.I. A large majority of the conservation funds are directed towards electric products and a very small amount towards gas products.

When there is a gas program available, the electric companies are involved and there always seems to be some problem or delay. In one case our request to the ECMB and their consultants, who obtain information from the electric company representatives on the ECMB, have still not fully answered a request made in May 2008.

Rich Stevens, Vice Chairman of the ECMB and Principal Utilities Finance Specialist of the OCC intervened and some of the request was supplied. Mary Healey of the OCC was also very helpful. If it weren't for the efforts of the OCC, I doubt if I would have received any information. My request was being ignored because it had to do with a gas product.

Without the OCC there will not be an agency that is knowledgeable enough to require, and capable enough to evaluate, all the information about energy issues and at the same time offer a sense of some control of the electric utilities. This is needed for Connecticut small businesses and Connecticut residents.

If there is more information or examples that would be helpful I will help.

Cordially Yours

Henry J. Cullinane
President

BCC: Mary Healy & Rich Stevens

TR's State NewsWire . . . with TRINSIGHT(R) 02/06/09

CONNECTICUT -- Governor proposes eliminating OCC in cost-cutting effort

The state's self-funded Office of Consumer Counsel was among 23 agencies and commissions Gov. M. Jodi Rell (R.) proposed eliminating Wednesday as part of her $17.5 billion budget for the next fiscal year.

The OCC's costs are not paid by taxpayers but by the ratepayers of the companies regulated by the Department of Public Utility Control. Under the governor's proposal, that money, estimated in the millions, would be used instead to close the state's budget deficit.

Citing an unprecedented fiscal crisis, Gov. Rell on Wednesday called for a "smaller, more affordable, more responsive" state government.

"It starts with fewer state agencies," she said in her budget address. "...All serve worthy purposes on paper, but all have functions largely duplicated by regular state agencies. In times of plenty they are helpful. In times such as these, they are unaffordable. Families are making do with less -- so can we."

If approved by the Legislature, starting July 1, the attorney general would assume the responsibilities of the OCC. Officially, the attorney general's office would constitute the "successor agency" to the OCC in accordance with sections 4-38d and 4-39 of the Connecticut general statutes.

As stated in a bill introduced yesterday, SB 840, the attorney general would act as an advocate for consumer interests in all matters affecting phone customers in the state. As the OCC does currently, the attorney general would participate in all regulatory or judicial proceedings, federal or state, in which the interests of Connecticut consumers are involved.

The attorney general's office would be a party to contested cases before the Department of Public Utility Control and would be able to appeal from DPUC decisions and orders.

Consumer Counsel Mary Healey issued a three-page statement Wednesday questioning the real intent behind cutting the OCC.

"If this action is an attempt to reach and apply funds dedicated to benefit the ratepayers of our utilities to satisfy other obligations of the state, it is wrong; it is detrimental to the best interests of our ratepayers at a time when they most need independent representation; and it should be rejected," Ms. Healey said.

COMMUNICATIONS DAILY FRIDAY, FEBRUARY 20, 2009

Independence is Key

Connecticut Consumer Counsel Squares Off Against Governor

Connecticut's Office of Consumer Counsel, set to lose its independence under Gov. Jodi Rell's proposed budget, isn't going quietly. At a news conference Thursday, officials of the office accused Rell of being pennywise But pound-foolish. The office's yearly budget of more than $3 million is "completely ratepayer funded" and doesn't figure at all in the state budget, the office said. "In the last five years the OCC has saved ratepayers over $2.5 billion in major rate cases and other dockets," it said. The office also said it channels about $600,000 in ratepayer contributions into the general fund yearly.

The counsel also works to get fair deals for ratepayers, said the office, created in 1975 to run under the governor's office. Rell's proposed budget would fold its function into the state Attorney General's Office. The proposal to put Connecticut's consumer counsel beneath its AG "is among a number of proposals by Gov. Rell to streamline state government and control costs," spokesman Jeff Beckham said. Since ratepayers pay for the office, the assumption is that once the counsel's duties fall to the AG, ratepayers no longer would have to contribute, Beckham told us. But Attorney General Richard Blumenthal has said his office can't do what the Office of Consumer Counsel does. Blumenthal contrasted the OCC's 16-member staff, made up mostly of financial analysts, with his two person staff for such work. And if ratepayers don't contribute to the cost of representing consumers, Connecticut taxpayers will have to absorb the expense, which cancels out the tax cuts that Rell's budget proposal presumes, said a representative of Blumenthal's office.

Steps such as Rell's raise questions about power relations between consumers and utilities, said NASUCA President David Springe of the Kansas Citizens' Utility Ratepayer Board. Springe told us it's more important than ever for consumers to have an independent voice speaking for them regarding utilities. His agency's spending authority is on the chopping block as Kansas legislators cut expenses. "The changes being proposed would cut our spending authority but keep on collecting those ratepayer contributions and funnel that money elsewhere into the general fund," Springe said. "That would amount to a backhanded tax. It's short-sighted, and it says that we're okay with consumers paying for utilities to have lawyers and lobbyists but not to have a lawyer and lobbyist looking out for them at the state level. "The value of the Connecticut counsel has been challenged before. In the mid-1990s concern about redundancy among the state's official consumer advocates -- the counsel, the Attorney General and a Department of Utility Control unit assigned ad hoc to pursue particular cases -- led legislators to study them. They concluded there was no overlap. The consumer counsel "enhances the DPUC's work, resulting in decisions that better reflect the public interest," the Legislative Program Review and Investigations Committee said in a 1997 report. Connecticut's official consumer advocates "augment one another," a lawyer with the Consumer Counsel told us.

"Some states' independent consumer offices have disappeared," the lawyer said. "But that's happened in

Rell: No Need For Watchdogs, We Have AG

By
Mark Pazniokas
on February 6, 2009 6:30 AM | Permalink | Comments (0)

One twist of Republican Gov. M. Jodi Rell's bid to eliminate the state's independent watchdog agencies is her argument that Democratic Attorney General Richard Blumenthal's staff can pretty much do it all.

In an interview to be aired tonight on Connecticut Public Television's On The Record, Rell offers the AG as a substitute for the child advocate, Jeanne Millstein. Previously, she said the AG can handle utility rate challenges brought by the consumer counsel.

"It is a watchdog agency, the AG's office," Rell said. "And that's really what the child advocate does."

Rell also is trying to eliminate the state's health-care advocate, Kevin Lembo, who has been engaged in a policy dispute over the Rell administration's Charter Oak health program.

"As far as the health care advocate, once again, we have the Department of Public Health. We have OHCA, the Office of Health Care Access. All of these things are already being monitored," Rell said. "Do you need an extra individual?"

OHCA does not perform an ombudsman function, and the advocate's office most frequently intercedes on health insurance issues, not quality issues that the DPH might take up.

The interview is available online. It will air tonight at 8:30 and be repeated Sunday at 10 a.m. and Monday at 11:30 p.m.

Rell did not dispute the notion that her budget was delivered with a built-in deficit, as Democrats said Wednesday.

"When our budget was put together, it was put together based on the numbers that were available to us," she said. "And we have been updating them since October, November, December. The most recent budget shortfall numbers literally came out on Monday."

Rell did not embrace the shortfall projections of the non-partisan Office of Fiscal Analysis, but she said it is no secret that the state's revenue picture is getting worse.

"Those new numbers are a reflection of more continuing downtown in the economy," she said.

Rell did embrace another criticism of her budget: that it is larded with one-time revenue that is going to be a big problem for some governor in three years.

"I think this important for the people to know: My budget is built using some one-time revenue. I am not ashamed of it," she said. "We have very few choices as to what we have available to us."

I asked after the taping if she would offer the legislature a revised, balanced bbudget once her own budget office calculates a new shortfall estimate.

Courant.com

RATEPAYER ADVOCATE IN JEOPARDY

Some Officials Oppose Eliminating State Consumer Counsel's Office

By LYNN DOAN

The Hartford Courant

February 5, 2009

The state's Office of Consumer Counsel was among 23 agencies and commissions Gov. M. Jodi Rell proposed eliminating in her budget address Wednesday, but the ratepayer-funded agency that represents utility customers got a strong defense from several prominent state officials.

Under the governor's proposal, several million dollars collected annually from utility customers to pay for the office's operations would instead be used to close the state's budget deficit.

Rell's budget director, Robert Genuario, said the office's duties are duplicated elsewhere.

"You already have [the state Department of Public Utility Control] and an attorney general who gets very involved in rate cases," Genuario said.

Attorney General Richard Blumenthal, however, defended the office. Although he said he was certain his office could adequately represent utility ratepayers, Blumenthal said he would "have tremendous regret if the Office of Consumer Counsel were to simply disappear."

"We really form a team to fight the armies of hired guns that utilities mount against us," he said. "The consumer counsel's staff has specialized and expert professionals that are critically important resources for the attorneys in my office."

Consumer Counsel Mary Healey issued a three-page statement Wednesday describing Rell's proposal to eliminate her office as "detrimental to the best interests of our ratepayers at a time when they most need independent representation.

The New Haven Register (nhregister.com), Serving New Haven, CT

Opinion

EDITORIAL: Budget ax swings at wrong agencies

Wednesday, February 25, 2009 5:19 AM EST

Among the state agencies that would get the ax under Gov. M. Jodi Rell's proposed budget are two that should survive. One is the Office of Consumer Counsel, which represents the interests of customers of regulated utilities. The other is the Office of the Healthcare Advocate, which takes up the causes of patients in coverage disputes with insurance companies.

Neither has a large budget in comparison with projections of the state's budget deficit for the next two years, which are as high as $8.6 billion. The Office of Consumer Counsel has a budget of $3 million, the health care advocate, $1 million.

More importantly, the elimination of the two agencies would yield no budget savings. The consumer counsel's budget is paid by the utilities. The health care advocate's budget comes from the insurance companies.

Elimination of the agencies would be a setback for consumers. The Office of Consumer Counsel was a strong opponent of a recent rate increase sought by United Illuminating Co. that was rejected by the state Department of Public Utility Control. The health care advocate has helped 7,500 patients since 2005.

The state's budget cutters may believe they can keep the industry fees even if the two agencies are eliminated. After the cuts were announced, a spokesman for the governor contended that the insurance money that pays for the health care advocate belongs to the state. However, Kevin Lembo, the health care advocate, says the money can only go back as a credit to the insurance industry. The point has been conceded by an official with the state budget office, who offered that if the money were returned to the insurance companies, it might result in a drop in customers' insurance premiums.

During a 2003 budget crunch, the state did take money from the consumer counsel for use in its general operating budget. However, the money was returned in 2007 because it was improperly taken, according to Mary J. Healey, the consumer counsel.

There is no reason to eliminate these agencies. They cost taxpayers nothing and play an important role in protecting consumers. They should be taken off the governor's budget hit list.

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courant.com/business/custom/consumer/hcu-consumerrally-0219,0,723610.story

Courant.com

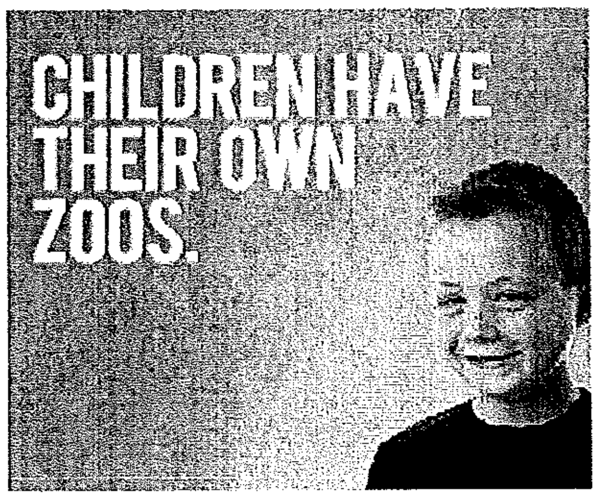
Politicians, Activists Rally To Save Office Of Consumer Counsel

By LYNN DOAN

The Hartford Courant

5:50 PM EST, February 19, 2009

State politicians and activists rallied on Thursday in an attempt to save the Office of Consumer Counsel, one of 23 agencies and commissions the governor has proposed to eliminate to close the budget deficit.



High-profile state officials -- including Attorney General Richard Blumenthal and state Rep. Vickie Nardello, D-Prospect, the co-chairwoman of the legislature's energy and technology committee -- touted the ratepayer-funded consumer counsel's office as the "most knowledgeable advocate" for utility customers. The agency is responsible for representing utility customers in cases that come before state regulators.

Gov. M. Jodi Rell is proposing to do away with the agency, arguing that the attorney general already fights for ratepayers. According to the governor's proposed budget, $4 million from the consumer counsel's fund -- which is collected through a charge on utility ratepayers' bills -- would instead be used to close the state's budget deficit over the next three fiscal years.

The move would also provide some relief to utility customers, who pay about $3 million a year to keep the agency running, Rell's office said.

"As well as to streamline government and to reduce costs to the public during this extraordinary economic downturn, this is an area where we thought we could make some savings," said Jeffrey Beckham, a spokesman for the state Office of Policy and Management.

The Day

close window

Rell's motive for shutting out watchdogs questioned

Rell's motive for shutting out watchdogs questioned

By Ted Mann

Published on 2/7/2009 in Home »State »State Main Photo

Hartford - When Gov. M. Jodi Rell this week proposed to shutter a slew of state watchdog agencies, including some whose closure wouldn't even help the state reduce its growing budget deficit, many at the Capitol posed the same question: Was this payback?

The governor, citing a two-year budget deficit that legislative analysts peg at $8 billion to $10 billion, proposed to sharply curtail the number of state agencies and commissions, closing or eliminating 23 such bodies that she said were duplicating the work of other offices or were simply unaffordable in bad times.

But the move would also displace a number of public officials and agencies who have occasionally clashed with or embarrassed the Rell administration, including Child Advocate Jeanne F. Milstein, who has uncovered problems at the Department of Children and Families, and Healthcare Advocate Kevin P. Lembo, who has clashed with state officials on health program reform.

"I have heard it from so many legislators that they're really just stunned that the governor would do this, and a lot of them have suggested this is just political payback and a way to silence a critic," said Ellen Andrews, a member of the advisory board that unanimously recommended Lembo for nomination to a second four-year term late last year.

"If he does his job right, then he's going to be critical," said Andrews, who works for the nonprofit Connecticut Health Policy Project, and has been allied with Lembo in his criticism of the governor's Charter Oak Health Plan and changes to state Medicaid programs. "To silence that voice is irresponsible. It's irresponsible policy-making."

In interviews and briefings since the budget was unveiled, Rell representatives and budget advisers have vigorously disputed the suggestion that anyone was targeted for opposing the governor's policies.

"Kevin is a dedicated public servant and has done a fine job," said a Rell spokesman, Rich Harris. "This is a budget matter, and that is all."

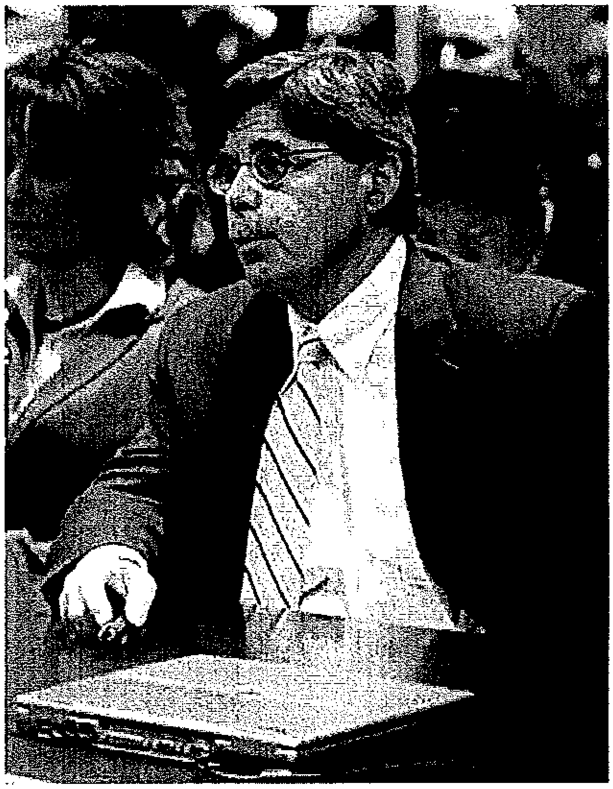
In a briefing for reporters shortly before Rell's address on Wednesday, Robert L. Genuario, the governor's budget chief, defended the elimination of Lembo's office. "We think that consolidations and eliminations are the way to go," he said. "We think we need to reduce the overall structure of government."

Some of the agencies and commissions Rell would close are already defending their relevance to legislators.

"We have a child-welfare agency on the brink of federal receivership," said Milstein, whose position would be absorbed into the Attorney General's office and her investigative staff eliminated. "What this move does by stripping us of our authority is send us back to the Dark Ages. There is a dark curtain around the executive branch and DCF. We will go back to the days when children died in state care and no one knew why."

"If we are such relics, why is there still a wage disparity?" said Theresa Younger, the executive director of the Permanent Commission on the Status of Women, which would be eliminated, along with its $1.1 million annual budget and 10 staff members. "Why do we still hear from women about sexual harassment? Why in this day and age are women still penalized? Why's there still a glass ceiling?"

And then there are the offices of the Healthcare Advocate and Consumer Counsel. The proposed closure of the agencies won't even help cut spending from the state's bottom line. The health care office's roughly $1 million annual budget comes



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Gov. Rell's Truly Bold Budget

State Shake-Up • The governor is not letting this crisis go to waste

February 5, 2009

'Never allow a crisis to go to waste," White House chief of staff Rahm Emanuel is fond of saying. The like-minded Gov. M. Jodi Rell is using the state's financial crisis to shake up the status quo in Connecticut government.

On Wednesday, Mrs. Rell unveiled a two-year budget that dissolves many agencies and commissions and consolidates others, while adding innovative programs that will encourage the regional sharing of services and equipment. Though some proposals wander off-course, Mrs. Rell is headed in the right direction.

The state's rapidly declining revenues leave her no choice but to overhaul and cut. And many of the proposed reorganizations are long overdue, though some, such as the elimination of the Office of the Consumer Counsel, make less sense. That watchdog of utilities has saved ratepayers millions of dollars; its costs are paid not by state taxpayers but by ratepayers.

But the governor's budget does less damage than feared to cities and towns and public education. It avoids raising taxes but instead raises fees and relies on $275 million in concessions from state unions — no small assumption — and $2 billion in hoped-for federal stimulus aid.

Though many taxpayers will be grateful, the governor may come to rue her no-tax pledge if the economic storm worsens. Revenues from a boost in the gas tax, for example — supported by the MetroHartford Alliance business group — would help pay for much-needed rail service.

The budget also contains intriguing ideas, such as a Connecticut Conservation Corps to clean state parks and beaches. Mrs. Rell's surprise proposal for a "Middle College System" that would merge vocational-technical high schools with community colleges deserves debate. Some may see it as dumbing down the colleges and turning them into job-training centers.

However, The Courant enthusiastically supports Mrs. Rell's provision of $50 million in

Business

Advocates push feds on execs' pay

Saturday, February 14, 2009 7:17 AM EST

By Luther Turmelle, North Bureau Chief

Connecticut officials are stepping up efforts to have the Federal Energy Regulatory Commission re-examine their request for a review of ISO-New England's budget, in particular the compensation of its executives.

State Attorney General Richard Blumenthal and Consumer Counsel Mary J. Healey called on FERC officials Friday to reconsider the request they made in December to reduce the pay of the top executives of the Massachusetts-based power grid operator.

Blumenthal and Healey's call for the federal regulatory agency to reconsider its position comes three weeks after a new acting chairman was named to lead FERC and a little more than a week after President Barack Obama criticized the compensation of some private sector executives.

"The reason we're doing this now, quite bluntly, is that we have a new president who has denounced excessive compensation as an outrage," Blumenthal said.

Healey said, "ISO executives should not be immune from the cost-cutting that is necessarily taking place in today's economy."

"As a 'nonprofit' company with relatively few risks, the executives of ISO should not receive salaries and bonuses in the several hundreds of thousands or even $1 million per year," she said. "The public pays these salaries and is suffering from an economic downturn."

Blumenthal and Healey in early December asked FERC to hold hearings that would allow them to contest ISO-NE's 2009 budget request. That budget calls for consumers to pay nearly $100 million in salaries, executive compensation and lobbying costs.

FERC officials rejected that request Dec. 31 and Blumenthal filed a formal rehearing request with FERC at the end of January. Barbara Connors, a FERC spokeswoman, said agency officals have not yet responded to Blumenthal's request for a rehearing.

Marcia Blomberg, an ISO-NE spokeswoman, said Friday that officials of the grid operator were pleased by FERC's Dec. 31 decision.

"Our budget costs the average New England consumer 65 cents a month," Blomberg said. "Our budget is developed in an open and inclusive process that involves collaboration with all stakeholders, including state regulators and consumer advocates."

Blumenthal said Connecticut's homeowners and businesses have seen rates increase more than 100 percent since 2004, due

Journal Inquirer.com
NORTH-CENTRAL CONNECTICUT'S HOMETOWN NEWSPAPER

Harlan Levy

Counsel could be a casualty

Print Page

By Harlan Levy
HLevy@Journalinquirer.com
Published: Thursday, February 12, 2009 2:08 PM EST

Last week, Gov. M. Jodi Rell proposed eliminating the state Office of Consumer Counsel and giving its functions to the attorney general.

That would impact the $3.1 million a year that the state's 1.6 million utility ratepayers fork over to foot the total cost. To no one's surprise, the consumer counsel, lawyer Mary Healy, didn't go for it. Neither did Attorney General Richard Blumenthal.

Healey heads a staff of 16, including six technical people who do finance, rate design, and accounting reviews, four lawyers, a paralegal, a consumer information person, and three other support staff.

CONSUMER DIARY

"There are other consumer groups out there that perform the watchdog functions," says Jeffrey Beckham, the Office of Policy and Management's undersecretary for legislative affairs. "Everybody in Connecticut knows that the attorney general is quite a watchdog in his own right. The AG will be as vigilant as she was. And the (Department of Public Utility Control) is expected to be a fair and honest broker acting in a quasi-judicial way to make sure consumers' interests are balanced against utilities to get a reasonable rate of return, so consumers are not without protection."

Beckham adds, "We don't think the public is losing anything by this particular move."

Healey begs to differ, contending that the consumer counsel plays an essential role in protecting ratepayers from negative results of utility-related actions, in part because the attorney general has only two lawyers assigned to do utility advocacy work before the DPUC but no technical staff.

"We have two lawyers working on utility issues, so we would need many more," Blumenthal says. However, he says, "We will make do with less, but the consumer counsel's office has very significant expertise and experience along with specialized and expert professionals who are critically important resources for my attorneys."

Bechkam responds, "They can easily bring someone on board."

Blumenthal questions who would pay for the additional resources and personnel that might well be required for his office.

"It would probably have to come from the taxpayers, and there's a possibility the state might pay more for it elsewhere," he says. "So there's at least the distinct possibility that there are no savings but even costs to eliminate the

Hartford Business.com

EDITORIAL

Hands Off, Gov

02/23/09

Granted, we live in trying economic times. And granted, state revenues are in free fall and the state will need to take drastic action to balance the budget.

But that's no excuse for Gov. M. Jodi Rell's misguided plan to scrap independent watchdogs over the utility and insurance industries — offices that aren't even funded by the state or answerable to her.

The Office of Consumer Counsel, headed by Mary J. Healey, advocates on behalf of utility ratepayers in cases heard by the state Department of Public Utility Control. Rate-paying consumers and businesses fund her office's $3 million annual budget, and they have received extraordinary returns. Over the past five years, Healey told legislators recently, her office's advocacy in rate cases led to $2.5 billion in savings for utility ratepayers. She has the documentation to prove it.

Likewise, the $1 million budget for the office of Healthcare Advocate Kevin Lembo is covered by insurance companies. He addresses consumer complaints against those insurers, and his office has won widespread praise.

The two watchdogs are funded directly by the people they serve, and they have strong track records. Tampering with their duties and their funding in the name of addressing a fiscal crisis is downright dishonest.

Rell proposes to shift the duties of the consumer counsel to the office of Attorney General Richard Blumenthal, but Blumenthal doesn't want the job.

He says Healey's office is a vital partner in efforts to counterbalance the considerable legal, economic and political firepower of utilities that work tirelessly to raise rates on behalf of their shareholders. Blumenthal doesn't have the staff to fill in the gap, and he's the first to admit it.

In a typical rate case, a utility makes an argument before the DPUC for rates based, among other things, a "fair rate of return" on investment for the utility. Setting a return rate is a DPUC judgment call. The utility tries hard to influence that call by hiring expert witnesses.

The Office of Consumer Counsel conducts its own economic analyses and hires

Independence is Key

Connecticut Consumer Counsel Squares Off Against Governor

Connecticut's Office of Consumer Counsel, set to lose its independence under Gov. Jodi Rell's proposed budget, isn't going quietly. At a news conference Thursday, officials of the office accused Rell of being pennywise
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Steps such as Rell's raise questions about power relations between consumers and utilities, said NASUCA

The ADVOCATE

Lawmaker estimates minimal savings with watchdog cut

Critics protest Rell's budget proposal to eliminate watchdog groups

By Brian Lockhart
Staff Writer

Posted: 02/20/2009 07:52:03 AM EST

HARTFORD – Two dollars a year.

That's what state Rep. Vickie Nardello, D-Prospect, estimates utility companies might return to ratepayers if they no longer had to fund the Office of Consumer Counsel's $3 million budget.

Nardello, co-chairwoman of the legislature's Energy and Technology Committee, organized a news conference Thursday to save the office, which serves as an independent watchdog for residents grappling with their utility providers, from being cut from the state budget.

Republican Gov. M. Jodi Rell, in her two-year budget proposal, recommended eliminating 10 watchdog agencies and commissions to help address Connecticut's budget deficit.

But critics say targeting Consumer Counsel Mary Healey and her staff makes no sense because the office is not part of the state's general fund.

Instead, the office is paid for by assessments levied on utility companies' gross receipts.

"This proposal . . . is unworthy of serious debate or consideration," state Attorney General Richard Blumenthal, a Democrat, said Thursday, arguing it would be "a gift to an industry that has more than enough done for it in the state of Connecticut and the nation."

The Rell administration has since acknowledged eliminating the consumer counsel, along with the Office of the Healthcare Advocate, which is funded by insurance company fees, has nothing to do with the deficit.

Rell and her budget staff have instead said the offices' duties could be picked up by other departments, and the utilities and insurers could pass the savings on to customers through cuts, respectively, in electric rates and premiums.

But Nardello on Thursday said that if Healey's $3 million budget is divided among the state's 1.5 million ratepayers, the best those customers could expect is $2 in annual utility bill savings.

And according to Healey, that money is dwarfed by the $2.5 billion she estimates her office has saved ratepayers over the last five years.

Jeffrey Beckham, spokesman for the governor's budget department, dismissed the criticism, saying ratepayers would be glad to see any decrease in bills.

"You can play games with math like that," Beckham said. "But by that logic, you'll never cut anything."

But Frank Panzarella, a spokesman for ratepayer group Fight the Hike, defended Healey and her staff Thursday, saying the office is essential to helping the average person navigate proposals for rate increases and other utility initiatives.

"Without groups like a consumer counsel, who know all the legalese . . . consumers would be in no way able to understand the nuances," Panzarella said.

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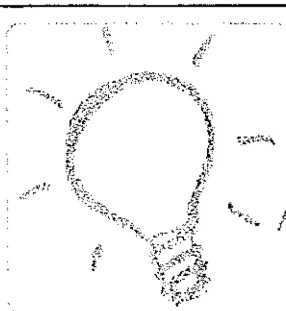

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CONSUMER COUNSEL FACING THE AX

State's Utility Watchdogs Push Back

By LYNN DOAN
ldoan@courant.com

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"We really form a team to fight the armies of hired guns that utilities mount against us," he said. "The consumer counsel's staff has specialized and expert professionals that are critically important resources for the attorneys in my office."

Consumer Counsel Mary Healey issued a three-page statement Wednesday describing Rell's proposal to eliminate her office as "detrimental to the best interests of our ratepayers at a time when they most need independent representation.

"If this action is an attempt to reach and apply funds dedicated to benefit the ratepayers of our utilities to satisfy other obligations of the state, it is wrong."

Frank Panzarella, a member of Fight the Hike, a Connecticut group that favors electricity rate reform, described Rell's proposal to get rid of the consumer counsel as "incredibly irresponsible."

"If anything, they should be more heavily funded to protect consumers," he said. "The attorney general works very closely with the information that comes from the Office of Consumer Counsel. But to say he could do it by himself, with the multitude of issues he has to cover, is kind of lame."

State Rep. Vickie Nardello, D-Prospect, said that using consumer counsel money to help close the state's budget gap places an unfair burden on utility ratepayers.

"The fact that this money would be used for a different purpose, to me means it's a hidden tax," said Nardello, co-chairwoman of the legislature's energy and technology committee.

Who's down with OCC? Yeah, you know me!

By Colin McEnroe on February 14, 2009 8:49 AM | Permalink | Comments (9)

One thing we learned in recent days about M. Jodi Rell and her Cheneyesque chuef of staff M. Lisa Moody is that they dislike watchdogs. Rell's proposed budget is nothing less that a pogrom against watchdogs and a rebuke to the very idea of independent oversight. In several cases, she has sought to eliminate offices and programs that are not even funded by tax dollars, so that her budget-making processs looks like a thinly veiled political payback operation.

The most celebrated case is thart of Kevin Lembo, the health care watchdog who dared to yip at the governor's Charter Oak plan. Not only is Lembo's office -- which is not paid for by taxpayers but from a special fund into which insurance companies pay -- blown to smithereens in the budget proposal, but the governor has also passively failed to renominate Lembo while the job still exists.

The process was repeated with the state Office of Consumer Counsel, which oversees the state's utilities on behalf of us ratepayers. I'm less aware of any specific beef between Rellmoody and counsel Mary Healey. But the argument for getting rid of the office -- that there are other officials who can pick up the slack -- is sneaky and slippery. In each of these watchdog cases, Rell is getting rid of an office with with dual functions, and the second of those functions is keeping *the administration honest*. Rellmoody doesn't like that kind of thing. (Remember, Rellmoody created a special internal ethics watchdog and then took her to the pound the minute she barked at anybody.) The Consumer Counsel can actualy sue the the DPUC -- the executive branch agency that supposedly regulates utilities -- on our behalf. The consumer counsel is funded out of a surcharge to ratepayers. If the office goes away and you think you will get the surcharge back in the form of a reduction in your utility bill, I have a catch basin on I-84 I'd like to sell you. If you think you *should* get that money back, you can contact the OCC except *whoops!*

Healey immediately made the case that OCC saved ratepayers $30 million on the natural gas side and $46 million on the electrical side in the last year alone and that over the last five years, she has helped fight of $2.5 billion in rate hikes, more than justifying her office's total budget of $3.1 million, none of it from tax dollars. In fact, the OCC takes a portion of its budget -- generated from utility payments -- and dumps it into an "indirect overhead" account which writes down the cost of having an executive branch. Who knows what the Rellmoody administration does with that money, but they'd lose it -- $240,000 -- much more than they're bragging about saving on trumpets and subscriptions to Bridgeport Living.

Last on the Rellmoody wish list is downsizing and limiting the work of the state Child Advocate, the watchdog for DCF, the state agency that oversees a kind of sprawling decades-long drama that is basically "Nicholas Nickleby" without a happy ending. It's hard to imagine how things could possibly get worse

By Jen Cooper on February 14, 2009 4:29 PM

I certainly hope your column is on this tomorrow. As Czarina writes, you pulled the picture together.

I was lamenting the individual cuts (Jeanne Milstein's group??? NO!) but had not yet thought about the tone of the cuts when viewed in the aggregate. But now I see. Yuck.

By Richard on February 14, 2009 10:26 PM

CT has a 22% to 25% shortfall in the 2009-2011 budget years.

Where do the cuts from? Every column I'm reading is taking a NIMBY approach.

Does Rell raise taxes in a recession? Does she do the traditional layoffs of up to 20% of the Union jobs after futzing round with smaller line items like the Commissions?

Some suggest deficit spending (and changing the laws). Somehow knowing that we'd still be paying off the 1982 recession through Treasury notes or other 30-year vehicles to finance debt doesn't thrill me. The deficit spending thing won't happen.

So it's either raise taxes in a recession or layoffs and downsizing government services.

By bdbd on February 15, 2009 11:04 AM

I just don't get why Rell is popular. OK, she seems nice, she reminds us of June Cleaver or Donna Reed or some other comfortable mother figure, she wears colorful large scarves, and she hasn't been thrown into the slammer while holding office. But come on, Connecticut is the wealthiest state, and its citizenry is among the best educated and most sophisticated, in the nation. Connecticut has in the past, and ought to be again, a leader in all sorts of areas, governmental and otherwise. Instead, we have mediocrity. We can do much, much better.

By Gloria on February 15, 2009 4:30 PM

The Governor also wants to "suspend" collective batgaining for municipal employees for 2 years. How does that save the STATE money? I'm a teacher and I'd like to know what I did to piss off the Governor. She put no money for mentoring new teachers in the budget; the old BEST program is gone, but no dollars for what is supposed to replace it. But we want more, more, more from our schools.....