

**STATEMENT OF
THE UNITED ILLUMINATING COMPANY**

RE:

HB6304 – AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS

BEFORE THE ENERGY & TECHNOLOGY COMMITTEE

LEGISLATIVE OFFICE BUILDING

FEBRUARY 3, 2009

Senator Fonfara, Representative Nardello, members of the Energy and Technology Committee. The United Illuminating Company submits these comments on proposed **House Bill 6304 – AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS.**

The Bill makes certain municipal facilities eligible to receive Standard Service electric service as opposed to Last Resort Service. While the Company has no objection to this provision, it should be noted that this eligibility, while providing a more stable electric rate for these facilities, may not always be the least expensive. As an example, for the January 2009 through March 2009 period, UI's Last Resort Service generation price is lower than its Standard Service generation price.

The provision of the proposed bill that requires the designated municipal customers to remain on standard service for a minimum six month period is unnecessary. Currently, there is no "minimum stay" provision for either Standard Service or Last Resort Service. To implement a minimum stay for these customers will increase the administrative costs and potentially cost the customers more by being unable to switch to an alternative electric supplier if a favorable offer is available.

Since the intent of this bill appears to be looking for ways to reduce the electric bills of these municipalities, the committee may want to consider eliminating the gross earnings tax that these municipal facilities currently pay on a portion of their electric bills. The tax is not a separate line item on the bill. It is built into the rates paid by all customers, except customers in the industrial class.