

**TESTIMONY OF
THE UNITED ILLUMINATING COMPANY**

Before the Energy and Technology Committee

RE:

RAISED BILL 5365-- An Act Concerning Electric Distribution Companies- Section 6

Legislative Office Building

March 4 , 2010

Good afternoon, Senator Fonfara, Representative Nardello, and members of the Energy and Technology Committee. My name is Joseph Thomas and I am Vice President of Client Fulfillment at The United Illuminating Company ("UI"). I am here today to provide UI's comments regarding **RAISED HOUSE BILL 5365 An Act Concerning Electric Distribution Companies Section 6—Electric Supplier Direct Billing**

Since 2000 UI has provided supplier enrollment, bill calculation and bill presentment services to customers regardless of whether the customers procure their energy supply from UI or from alternate suppliers. The current direct billing regulations enable suppliers to perform these services for customers with a maximum demand of not less than 100 kilowatts or for those customers who choose to receive a bill directly from a supplier. Currently UI has 83 rates, which support 76% of all residential and commercial accounts within our billing system. There are 37 alternate suppliers offering services within UI's territory .to approximately 77,000 accounts, which represent 24% of the total accounts billed within the UI system. Suppliers direct bill 6,000 of these 77,000 accounts, and UI bills 71,000 accounts for the suppliers,

UI has supported providing billing service for suppliers on the premise that each supplier would have a reasonable number of rates, generally similar to the number of UI rates. Now, however, suppliers have requested a significant number of rates. At the present time, at suppliers' request UI has 13,000 separate, discrete supplier rates within our billing system. Each time a supplier decides to change rate design or pricing, UI needs to change the form of billing configuration, testing and audit compliance to assure that the integrity and accuracy of the billing system is maintained.

There is a significant cost associated with these continual changes to reflect changing supplier rates. The cost to support supplier enrollment, billing and bill presentment are today borne by customers through the UI's Generation Services Charge (GSC). Yet this charge is only paid by customers who choose to procure their power through UI's standard offer. As a result, customers who choose to purchase power from UI are

paying a higher GSC in order to support the billing for customers who do not pay the GSC at all. Put another way, the price paid by customers who purchase power from alternate suppliers does not reflect the entire cost of providing the services related to generation – such as the testing and implementation of rates and overall supplier management.

Since 2000, the market has evolved, and all stakeholders have gained enough experience, to the point that suppliers should be able to perform their own billing service. This would result in proper allocation of billing costs and ultimately create a fair and equitable market for all customers. While billing would change, UI would continue to provide suppliers with other administrative services necessary to enable customer enrollment and switching, and would provide access to meter data to enable suppliers to bill and support their customers.

For these reasons The United Illuminating Company supports section 6 of **RAISED HOUSE BILL 5365 An Act Concerning Electric Distribution Companies, relating to supplier direct billing.**

Thank you for the opportunity to appear before you today. I will try to answer any questions you may have.