



# STATE OF CONNECTICUT

## DEPARTMENT OF PUBLIC UTILITY CONTROL

### THE ENERGY & TECHNOLOGY COMMITTEE

#### House Bill 5365: AAC ELECTRIC DISTRIBUTION COMPANIES

March 4, 2010

#### TESTIMONY OF CHAIRMAN KEVIN DELGOBBO

Since this bill is a collection of nonexclusive concepts, the Department of Public Utility Control (Department) will explain its opinion as it addresses each individual section of House Bill No. 5365. Senate Bill No. 5365 would provide for the following:

**Section 1** and **Section 2** of the bill permit electric distribution companies (EDCs) to construct, purchase, own or operate generation facilities for Class I, or Class II renewable energy sources and to recover the costs through rates. While the Department is concerned about ratepayers bearing all the risks for these new statutorily authorized investments, it does not believe such a proposal is necessarily ill thought. However, the Department would recommend that this section include language which prescribes this initiative to opportunities during such times when there is a defined need for more energy/capacity resources or to meet renewable energy requirements. The EDC's should compete with other generators through a competitive bidding process approved by the Department. Finally all costs must be prudent and recovery approved by the Department.

The bill requires that recovery of generation costs from Section 1 and 2 through a non bypassable charge. The Department believes that 100% of all prudent costs be recovered but the Department should be given flexibility to determine the charge. It may be appropriate to use this power to meet standard offer obligations in the future. If so it would be appropriate to recover these costs through the generation service charge, which is a bypassable charge. This charge is tried-up and the EDC's would be allowed full recovery of their costs.

**Section 3** amends Conn. Gen. Stat. § 16-243v to eliminate the prohibition against allowing EDCs to participate in the Electric Efficiency Partners Program. This proposal is also discussed in SB 324 to which the Department testified that it does not oppose such a shift in policy.

Subsection (a) would allow funding "high efficiency gas and oil boilers. The Department does not believe electric ratepayers should pay for gas and oil conservation measures. This will increase electric rates and provide no benefit to electric customers. If policy makers would like to do gas and oil conservation then require the gas and oil companies to pay for it.

The Department does appreciate this sections new language in subsection (d) and (e) which would require additional information for any project supported by ratepayer funds and welcomes a proceeding to review compliance and monitoring data.

**Section 5** of the bill amends Conn. Gen. Stat. § 16-245m to allow EDCs to make additional investments in Conservation and Load Management Programs as long as it is approved by the ECMB and to rate-base any such investments. The Department reiterates its longstanding support and ratepayer value for these programs. However, it must again remind policy makers of the additional costs that this provision might add to ratepayers' bills over and above the existing conservation charges they currently pay. Notwithstanding this caution, the Department appreciates that some additional investments could prove to have ratepayer value. This specific issue will be considered by the Department during the 2010 Integrated Resource Plan (IRP) Docket this Spring. The Department believes it already has the authority to increase spending through the IPR Docket and can consider such if they are cost beneficial and in the interest of ratepayers.

**Section 6** of the bill amends Conn. Gen. Stat. § 16-245d and releases EDC's from any direct billing requirement regarding the services of electric suppliers and establishes a billing format all electric suppliers must conform to. The Department **strongly opposes** this section and urges the Committee to strike this section from the bill. It is the Department's view that such a provision would effectively eviscerate the retail market that exists in this state. As we are all aware, this market has grown dramatically over the course of the last year and Connecticut consumers have themselves made such a choice that they believed brought value to them. If policy makers wish to eliminate retail choice in Connecticut that is a legitimate discussion to undertake. However, the Department strongly believes that such a discussion should be a full and independent evaluation of retail choice and not the result of a seemingly innocuous provision such as this.

**Section 7** of the bill amends Conn. Gen. Stat. § 16-262c statutory prohibition of terminating nonresidential and residential utility accounts for delinquency on Fridays when payment centers are open on Saturdays and utility employees sent to disconnect a customer are able to receive noncash to avoid terminations. The DPUC has several specific concerns with Section 7 of the bill:

1. The language which addresses the determination of whether an "adequate" number of remote payment centers are open on Saturday should be expanded to include a provision that the utility company itself not only be open on Saturday, but that it also have staff and facility(ies) available on Saturday to accept payment, so that any affected customer might avoid any fees associated with a "remote" payment.
2. The Department also notes that the proposal is silent as to whether the utility company will be required to immediately restore service on a Friday, Saturday, Sunday, or holiday, following payment on a terminated account.

3. In order for the Department to make an informed decision on whether the effected customers are being adequately protected, we would have to see and evaluate specific data regarding the number of terminations that are scheduled to take place on any given Friday, as well as the specific number and breakdown of personnel that the company is proposing to have available to take payments, restore service or to make any of the other arraignments that are currently afforded to customers Monday thru Thursday. The Department would also want to review and evaluate the cost/benefits analysis and impact that was prepared by the proponents of the bill to support the changes that are being proposed.

The section regarding at-the-door collections to stave off a service termination is an interesting concept, in that it would give an affected customer a "last chance" to make a payment. However, as worded, the proposal does not require the terminating utility to attempt to make a "last chance" collections effort. Further, would these employees out in the field also have the authority to establish payment arrangements, accept partial payments and have all the same duties and authority that the company's internal collection staff and management have? The Department also questions what the availability of doctors will be on a Friday afternoon or a Saturday to issue or update a medical certificate documenting a life-threatening or serious illness claim raised by the customer who is about to be terminated?

The statutes prohibiting termination of residential service on Friday's has been in place for many years. During that time, this Department is not aware of any utility company witnesses asserting, during the course of any of the recent dockets conducted, that if they could terminate residential service on Fridays, they would be in a much better position concerning their uncollectible accounts.

The DPUC is acutely sensitive to the current economic and employment hardships (which are unprecedented) that many consumers struggle with daily. Customers are already being seriously challenged to stay current with all their bills, including those involving utility service. The Department asks members of this Committee to ponder whether this proposed Section 7 would ease or exacerbate the challenges those consumers currently face?

The Department thanks the Committee for this opportunity to testify and will answer any questions members may have.

