



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL

Testimony of Kevin M. DelGobbo
Chairman of the Department of Public Utility Control

The Appropriations Committee

February 23, 2011

Good morning Senator Harp, Representative Walker, Ranking members Senator Kane and Representative Minor and members of the Appropriations Committee. My name is Kevin M. DelGobbo, Chairman of the Department of Public Utility Control (DPUC). I appreciate the opportunity to address the Committee today. I was appointed as a Commissioner in January 2009 and became Chairman of the DPUC in July of that year. With me today is William Palomba, our Executive Director and Peter O'Neil, the DPUC's Fiscal Administrative Manager. I am here to discuss the Governor's FY 2011-12 Budget and also would like to highlight some of the more significant activities at the Department over the last year.

The DPUC has the statutory obligation to regulate to varying degrees the rates and services of Connecticut's investor-owned cable television, telecommunications, water, electric and gas utility companies. In the industries that are still wholly regulated, the Department must balance the public's right to safe adequate and reliable utility service at reasonable rates with the provider's right to a reasonable return on its investment. This represents more than \$5 billion in annual regulated revenues. The Department also monitors and enforces compliance over competitive utility services to promote equity among the competitors while customers reap the price and quality benefits of competition and are protected from unfair business practices. The Department has oversight responsibilities for over \$3 billion in unregulated market revenues. The DPUC also serves as an agent of the Federal Gas Pipeline Safety Program and is tasked with management of various state initiatives such as Call Before You Dig (CBYD). The Department also has undertaken or participated in initiatives such as: KLEEN Investigation Panel, Storm Outages Investigation and Electric Vehicles Infrastructure Council over the past year.

Our agency receives no monies from General Fund revenues, but rather is funded by assessments of the utility companies we regulate. The DPUC has a proposed appropriation of \$20,056,159.00 and a total of 115 authorized positions. Staffing levels at the agency have significantly decreased in the recent past, declining from an authorized position count of 163 in 2000 to the present 115.

The Department continues working diligently with a current caseload of over 200 open dockets. In 2010, the Department conducted over 153 hearings and technical meetings. Over the course of 2010, our Consumer Unit handled over 52,424 consumer calls and responded to over 1,741 letters and emails. Also, over the course of this past year the

DPUC has also adopted the Integrated Resource Plan (IRP) for 2010, which consisted of 6 days of hearings and over 3,000 pages of documents being filed and analyzed by our technical staff. This docket required the Department to review the energy and capacity requirements for the state as laid out in a plan submitted by the electric distribution companies and further reviewed by the Connecticut Energy Advisory Board (CEAB).

In addition to our regulatory and adjudicatory roles, the Department is also increasingly involved with matters before the Federal Communications Commission, (FCC) the Federal Energy Regulatory Commission (FERC) and ISO-New England (ISO-NE). This involves significant interaction and coordination with our sister state agencies organized by the New England Conference of Public Utility Commissioners (NECPUC). This involvement is necessary and crucial given the policies and programs that are mandated by FERC and implemented by ISO-NE that have short and long-term implications for our ratepayers.

Furthermore, the Department continues to receive rate cases which reflect the current economic climate. The Department in 2010 issued Water Infrastructure Conservation Adjustment (WICA) decisions as well as conducted water rate cases for Aquarion Water Company and the Connecticut Water Company. Currently, United Water Connecticut Incorporated is before the Department seeking an adjustment. Several of the gas companies have also been before the Department for their rate reviews in 2010 and presently the DPUC in March will begin the hearing process with the Yankee Gas Company of their rate review. Also this year the DPUC conducted an investigative inquiry of public service companies' rate of return on equity component (ROE). The intent of this proceeding was to establish the formulation of a uniform ROE methodology for all the regulated utilities. This week, the DPUC is rendering its decision in its review of the Competitive Electric Supplier Market.

The Department continues to annually review the proposed budgets and programs of the Conservation and Load Management Fund, the Connecticut Clean Energy Fund and the Energy Efficiency Fund. Lastly, the Department has been undertaking an ongoing review and updating of its policies, manuals and website, is providing for increased training of its staff and has conducted an internal assessment of its organizational structure. These measures have all been taken with an eye towards improving our effectiveness in fulfilling our mission and protecting Connecticut ratepayers.

At this time I would be happy to respond to any questions that you may have.