



**Connecticut  
Light & Power**

The Northeast Utilities System



The Northeast Utilities System

**TESTIMONY OF RICHARD A. SODERMAN  
THE CONNECTICUT LIGHT AND POWER COMPANY  
and YANKEE GAS SERVICES COMPANY**

**Energy and Technology Committee  
February 17, 2011**

***Re: Proposed H.B. No. 5962, LCO No. 1724, AN ACT PROMOTING THE USE OF IN-STATE  
SUBCONTRACTORS BY ELECTRIC DISTRIBUTION COMPANIES***

Good afternoon. My name is Richard Soderman, and I am Director of Legislative Policy and Strategy for Northeast Utilities Service Company, appearing on behalf of the Connecticut Light and Power Company and Yankee Gas Services Company.

This bill would require electric distribution companies to use in-state subcontractors on all projects if a qualified in-state subcontractor is available and the cost of using such in-state subcontractor is equal to or less than the cost of using an out-of-state contractor.

CL&P opposes this bill because it will interfere with the most effective construction and maintenance of the electric system. The legislation does not clearly define what "qualified" is, and we are concerned that this could be interpreted as meaning that we would be obligated to hire a subcontractor that met some minimum qualification. For example, an electrician licensed in the state, who may typically do work at low voltages may not be the most appropriate person to be working on energized high voltage transmission lines. CL&P needs to make decisions based on safety and quality, not just cost. This should be the highest priority for a public service company such as ours.

Our electric distribution and transmission work is highly specialized and we seek to find the most skilled and qualified contractors, regardless of where they are based. As a practical matter, many of the primary contractors that we retain use in-state subcontractors and pay into local union



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benefit costs. However, this proposal would add administrative costs, ultimately raising electric rates.

This bill represents an inappropriate intrusion into the normal operations of a private entity. Extending this proposed bill more generally, the implication is that Connecticut wants to put a fence around economic activity. This is tantamount to suggesting that the state, and financial, insurance, service and other private companies located in the state only hire residents. What would happen to several of our more important and large employers if the products and services they sell had markets in other states closed to them? Does Connecticut require that state employees' pension funds be only invested in Connecticut companies?

This protectionist approach clearly indicates that Connecticut seeks to become even more unfriendly to businesses. It appears to be contrary to the notion of free and open commerce, because it explicitly favors in-state resources to the detriment of out-of-state resources.

We oppose this bill.

Thank you for the opportunity to comment on this proposed legislation,