



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL

THE ENERGY & TECHNOLOGY COMMITTEE

House Bill 6017: AAC DEPOSITS AND RECONNECTION FEES
CHARGED BY UTILITY COMPANIES

February 17, 2011

TESTIMONY OF THE DEPARTMENT OF PUBLIC UTILITY CONTROL

The Department of Public Utility Control, (Department) appreciates the opportunity to comment on House Bill No. 6017. House Bill No. 6017 would prohibit electric distribution companies, (EDCs) such as Connecticut Light & Power, (CL&P) United Illuminating, (UI) and gas companies such as Connecticut Natural Gas, (CNG) Southern Connecticut Gas, (SCG) and Yankee Gas from a) charging a reconnection fee, or b) requiring a security deposit, from a customer "shut off" for non-payment of bills once the customer makes full payment on the account.

The purpose of security deposits is, as the name implies, to provide some measure of security against the possibility of default by a customer who has not proved creditworthy. A customer who allows his/her account to fall into arrears and, after multiple required notices, fails to make payment or payment arrangements on the account leading eventually to a shut-off for non-payment, would appear to present the type of credit risk security deposits are intended to provide a shield to the company's other paying customers. Uncollectible expenses such as those that arise from non-paying customers are typically recovered (at least in part) from the balance of the company's ratepayers. In 2010, EDCs reported to the Department uncollectibles in the amount of \$83 million (\$51 million in hardship cases). While EDCs and gas companies do not always require a deposit under such circumstances, the right to require a deposit is one tool such companies may employ to protect the balance of customers from absorbing - via higher rates - uncollectible expenses caused by non-payers.

Similarly, reconnection fees allow utilities to recover a portion of the expenses (field technician, truck roll) incurred in disconnecting and reconnecting utility service to customers who fail to pay or make payment arrangements. Reconnection fees vary. CL&P typically charges \$35 dollars. CNG charges \$20 dollars for the first disconnection/reconnection, but \$45 dollars if it has to disconnect/reconnect within 12 months thereafter. As currently structured, reconnection fees directly assign to the cost causer (the non-paying customer) some portion of the costs the utility incurs only as a result of the customer's non-payment. The alternative is that the balance of the company's customers assume those costs via higher future prices for the service (gas or electricity) provided.

The Department thanks the Committee for this opportunity to provide testimony and looks forward to working with the Committee on this matter.