

**TESTIMONY OF**  
**UIL Holdings Corporation**  
**Before the Energy and Technology Committee**  
**On**  
**PHB 6017 AN ACT CONCERNING DEPOSITS AND RECONNECTION FEES**  
**CHARGED BY UTILITY COMPANIES**  
**Legislative Office Building**  
**February 17, 2010**

Good afternoon Senator Fonfara, Representative Nardello, and members of the Energy and Technology Committee. My name is Laura Gonzalez and I am the Director of Collections at The United Illuminating Company (“UI”). With me is James McNally, Director of Customer Services at The Southern Connecticut Gas Company and Connecticut Natural Gas Corporation (SCG/CNG). We are here today to offer UIL Holdings Corporation’s (UIL) comments regarding **Proposed HB 6017, AN ACT CONCERNING DEPOSITS AND RECONNECTION FEES CHARGED BY UTILITY COMPANIES.**

UIL Holdings Corporation and its affiliated companies, UI, SCG and CNG, oppose PHB 6017. The bill proposes that utility companies be prohibited from charging security deposits which are authorized in state statute and by regulation. The Bill would also prohibit reconnection fees to customers that have been disconnected for non-payment. Security deposits are authorized by state statutes and reconnection fees are authorized in rate proceedings by the DPUC. Security deposits are an important credit and collections tool that utility companies use to protect all of our ratepayers from bearing the burden of bad debt from customers who cannot or do not pay their

utility bills. Security deposits are intended to encourage customers to continue making regular payments and, importantly, working with the utility companies to meet their obligations. Reconnections fees partially offset the actual costs of reestablishing electric or gas service.

Unlike many other suppliers that require payment before goods or services are delivered, UI, SCG and CNG bill their customers in arrears. Under current statutes and regulations, customers receive service for many weeks before service is subject to termination. UIL's operating companies have seen a dramatic increase in delinquencies that could lead to termination of service. However, we continue to work with customers to establish affordable payment arrangements to keep their service on. In addition, we provide customers information regarding weatherization and conservation programs, we encourage customers to consider alternate electric suppliers and electric time of day rates which aim to help customers reduce their overall energy costs. Finally, we promote matching payment programs that help hardship customers reduce outstanding balances. Termination of service is a last resort that is available to the companies when all other efforts have failed.

UIL's operating companies take a number of steps to ensure that customers receive ample notification to avoid disconnection of service and the resulting reconnection fees. Customers receive Reminder Notices and Shut Off Notices. UI customers also receive an additional letter and phone call prior to the scheduled termination date. These are all attempts to avoid the service disconnect. These are additional costs resulting from the delinquencies. These costs are already borne by other rate payers

who although may be struggling to pay their own bills but are making payments or payment arrangements prior to disconnection of service. It is not fair to all other customers to absorb the costs of the reconnection fees for customers who fail to take appropriate action. The reconnection fee includes vehicle and labor costs that are directly related to the customer who ignored all our attempts to reach them and who failed to make a payment or a payment arrangement. If a customer chooses to ignore his or her responsibility to meet this financial obligation then the customer should also accept the consequences of that decision.

UI, SCG and CNG do not wish to terminate service. That is why we continually communicate with customers about the delinquent status of their accounts and offer reasonable arrangements to pay down their balances and keep utility service on. It is important to point out that the fees for service reconnection also serve as deterrents. Without these fees, non-paying customers could simply choose to be shut off before making payment on a monthly basis. Finally, these fees are approved by the Department of Public Utility Control in rate proceedings and are based on actual costs of the reconnection process. If the companies are required to eliminate this fee the revenue requirements would increase which could then increase rates for all customers, including hardship customers who can least afford an increase.

As we all know business failures do occur, and security deposits serve to mitigate the impact of uncollectible risk. The legislature has already moved to reduce non-residential deposits from a maximum of 3 months highest usage to 1 ½ months highest usage pursuant to Public Act 10-190 (effective June 9, 2010). The security deposit

may be waived based on a good pay-habit history at another property within the service territory or proof of credit worthiness from another utility.

Thank you for the opportunity to appear before you today. Jim and I will be happy to address any questions you may have.