Testimony
Of
UIL Holdings Corporation
Re:
House Bill 5544 - AN ACT CONCERNING STORM PREPARATION AND EMERGENCY RESPONSE.

Legislative Office Building
March 20, 2012

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee. My name is Richard Reed and I am Vice President - Engineering and Project Excellence for The United Illuminating Company. I want to thank you for this opportunity to provide testimony on **House Bill 5544, AN ACT CONCERNING STORM PREPARATION AND EMERGENCY RESPONSE.**

As you well know, the state of Connecticut was hit by two major storms during the summer and fall of 2011. The impact on the state's residents and, in particular, electric customers is well documented. UI has been a willing and involved participant to help determine the best way to prepare, plan and respond to future events of this or even larger magnitude.

House Bill 5544 prescribes what the Public Utilities Regulatory Authority (PURA) must consider, review, investigate and include in its establishment of standards for acceptable performance by electric distribution companies in an emergency and to prevent, minimize and restore long term service outages or disruptions during such emergency. The provisions of Section 1, (b)(1) through (b)(10) are somewhat duplicative as many of the concepts and suggestions are already under the review by PURA in Docket No. 11-09-09. Some of the concepts have already been adopted or are in the process of being adopted by UI for future

weather emergencies in response to the two 2011 storms. We are also concerned that the bill goes too far in requiring PURA to establish standards for restoration priorities, reciprocal aid from outside the state and restoration for at-risk and vulnerable customers. In addition, the bill seeks PURA to investigate areas over which is already exercises its jurisdiction during rate proceedings, such as staffing requirements and executive compensation. In addition, the bill is severely punitive with respect to these two last issues in seeking to not only penalize executives of company by reducing their compensation if the company failed to achieve the standards establishes herewith but also imposing a penalty on the company not to exceed 2.5% of its distribution revenues for non-compliance with the standards.

The Company agrees that the PURA is the appropriate entity, with the expertise, experience and procedures in place to determine, measure and ensure adherence to standards designed to evaluate a utility's performance for both pre-storm planning and post-storm response.

Performance standards, however, must be fair and based on actual empirical data and achievable based on actual conditions associated with the severity and magnitude of storms and their damage. This approach should also be utility-specific, based on the individual Company's geography and unique service territory characteristics.

As the Company testified to both this Committee in a public forum following the summer storm and the Governor's Two Storm panel, some of the lessons learned during Tropical Storm Irene were put into place and used during the historic October storm. UI instituted improvements to its work processes regarding emergency preparedness and have worked to enhance

communications between the Company, our fellow telecommunications and cable utility companies, our municipal partners and the State Division of Emergency Management and Homeland Security. UI has also put in place dedicated programs for both short- and long-term solutions and improvements to support preparedness, damage assessment, communications and response.

It is important to recognize that UI already operates within guidelines and standards – namely its Emergency Preparedness Plan (Plan) that is filed with PURA and forwarded to appropriate state agencies and the legislature. The Plan sets forth both restoration performance that the Company strives to achieve in relation to the magnitude of a given weather event as well as the functions and activities that Company personnel execute in order to plan for and respond to events based upon their severity. Activities undertaken pursuant to the Plan ensure proper planning and staffing (both from within the Company and from contractors and out-of state utilities), effective communication, safe response as well as continuous plan improvement. A fair and effective way to evaluate a utility's performance during major storms is already in place through the PURA-approved Emergency Preparedness Plan.

Lastly, the Company, along with many others, including the proponents of this bill, shares the belief that improving the resiliency of the existing electric distribution system, including enhanced tree trimming, removal of hazard trees, and having emergency generation at selected sites, may be a better and more cost-effective way to harden the system. UI suggests that PURA or the Department of Energy and Environment Protection (DEEP) evaluate the range of benefits

and costs associated with potential micro grid solutions and select the best option to pilot, especially one that does not greatly impact customer rates.

Again, thank you for the opportunity to offer testimony on **House Bill 5544 - AN ACT CONCERNING STORM PREPARATION AND EMERGENCY RESPONSE.** I'll try to answer any questions you may have.