

Testimony of
UIL HOLDINGS CORPORATION
Before the Energy and Technology Committee

**RAISED BILL 332 - AN ACT CONCERNING UTILITY SERVICE TERMINATION
AND THE APPOINTMENT OF A RECEIVER**

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee. My name is Laura Gonzalez and I am Director of Credit and Collections at United Illuminating (UI). UI, The Southern Connecticut Gas Company (SCG) and Connecticut Natural Gas Corporation (CNG) are operating companies of UIL Holding Corporation (UIL).

UIL, on behalf of its operating companies, appreciate this opportunity to offer comments in strong support of Senate Bill 332.

Section 1 of this Bill allows utilities to disconnect service to non-hardship residential accounts on Fridays for non-payment when utilities are open on Saturday to accept payment and to serve customers or when the Connecticut Public Utilities Regulatory Authorities (PURA) determines there are sufficient remote payment centers open on Saturdays for customers to make payments. The Bill also requires utilities effecting the termination on a Friday to accept non-cash payments from customers seeking to prevent the disconnection. Given the multitude of payment methods and service options available to customers it is unnecessary to prohibit disconnection on Fridays.

The ability to disconnect on Fridays will increase collection efforts and reduce outstanding balances and uncollectible expenses overall. Mitigating rising uncollectible expenses benefits all

customers. Utilities must make effective use of staff and maximize opportunities to disconnect service when customers fail to pay their energy bills or when they do not contact their utility to make a payment arrangement or request financial assistance. Under current law, this task must be done in 4 business days as opposed to the traditional work week of Monday to Friday.

UI, SCG and CNG customers have a number of payment options available to pay their utility bills.

These options include:

- Authorized payment agents in many locations within our service areas,
- Payment on company websites and over the phone, and
- Payment using debit and credit cards.

Utilities will not be permitted to terminate hardship customers on Fridays under this act.

However, the six month winter moratorium period, aimed at protecting hardship customers from disconnection, also results in large arrearages for customers who fail to make payments during the moratorium period.

As of year-end 2011, approximately 63,000 of 325,000 UI non-hardship customers are in a delinquent status, with arrearages of almost \$15 million. At SCG/CNG, 53,000 non-hardship customers are in a delinquent status, with arrearages of about \$30.8 million. UIL's operating companies work with customers to establish affordable payment arrangements to keep their utility service. We have ongoing communications campaigns aimed at reducing overall energy costs including information on weatherization and conservation programs.

The payment arrangement option is available to all customers, hardship and non-hardship, that may be having difficulty in making timely payments. All of our companies take a number of

steps to ensure that customers receive ample notification to avoid disconnection of service. UI, SCG and CNG encourage payment and not termination of service. However, given the large arrearages and the burden uncollectible risks place on all other customers, sometimes termination of service is the only alternative.

The prohibition on Friday disconnections eliminates 20% of all work days from the utilities' time and resource availability for disconnections. This is unnecessarily restrictive in today's world of real time electronic and telephone transactions. Customers now have the ability to pay their bills 24 hours per day/7 days per week/365 days per year. They also have the ability to make payments or payment arrangements with assistance from representatives in the call centers Monday through Saturday to schedule reconnection of service. Given the variety of ways customers can make payment utilities should be permitted to disconnect service to non-hardship customers on Fridays thereby reducing uncollectable risk and expenses borne by all customers.

We are also in strong support of Section 2 which would enable nursing and convalescent homes to be subject to receivership of resident care fees for the payment of delinquent utility service. Currently Connecticut General Statutes Section 16-262f permits public utility companies to obtain a statutory rent receivership in cases where utilities are prohibited from terminating utility service under Connecticut General Statutes Section 16-262e(a). Connecticut General Statutes Section 16-262e (a) provides that utility service shall not be terminated in cases where service is provided to certain residential dwellings whose occupants or residents are not responsible for the utility bills and who cannot for reasons of practicality put the accounts in their own name. A customer with a delinquent account may own a building that only has one meter service multiple occupants or residents of that building. The utilities most often are faced with

this situation when serving apartment buildings but it is just as typical in a nursing or convalescent home. While utility companies are not statutorily prohibited from terminating utility service to these facilities, we are concerned about the impact termination of service would have on the vulnerable residents living in these facilities.

When a nursing or convalescent home has a high unpaid utility bill it creates an untenable situation for the utilities from a collections standpoint, and eventually would translate to higher rates for customers. The impracticality of terminating utility service to nursing and convalescent homes results in the utilities continuing to provide service while the homes run up large unpaid bills. The utility can and do pursue collection actions for the unpaid balance, however, it is often difficult to collect on a judgment. Utilities find secured creditors have priority liens on real estate and other assets leaving the utilities to compete with other secured and unsecured creditors for little to no cash or other assets. Unpaid invoice balances continue to increase during the collection process as the utility continues to supply service to the delinquent customer and the utilities are left with no realistic recourse to collect on the continued service. As of the end of 2011 there are 56 nursing or convalescent homes in the companies' service areas with \$780,000 delinquent to UI. The top ten nursing and convalescent homes are \$515,000 in arrears to SCG and CNG.

We support the Bill's reasonable solution to this collections problem. The Bill would allow convalescent and nursing homes to avoid termination of service and provides for a utility rent receiverships under Section 16-262f. The utilities would receive a remedy for nonpayment that would secure a method of payment. This approach will result in a more responsible payment of utility bills by nursing and convalescent homes, and will reduce the delinquent receivables and bad debt write-offs associated with these utility accounts. In conclusion UIL Holdings

Corporation and its operating Companies are in strong support of **RAISED BILL 332 - AN ACT CONCERNING UTILITY SERVICE TERMINATION AND THE APPOINTMENT OF A RECEIVER** and urge the Committee to give the bill a Joint Favorable Report.

Thank you for this opportunity and I will try to answer any questions you may have.