

**Testimony**  
**of**  
**UIL Holdings Corporation**  
**Re:**  
**Raised Bill No. 451**  
**AN ACT CONCERNING THE ESTABLISHMENT OF A HEATING AND**  
**BOILER REPLACEMENT PROGRAM**

**Legislative Office Building**  
**March 20, 2012**

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee. My name is Bob Alessio and I am the President of the Southern Connecticut Gas Company and Connecticut Natural Gas Corporation (SCG/CNG).. I'm here today to provide testimony on **Raised Bill 451, AN ACT CONCERNING THE ESTABLISHMENT OF A HEATING AND BOILER REPLACEMENT PRORAM**

UIL strongly supports this raised bill as a means to lower the cost of energy to the state's residents by assisting residential electric customers replace their older, less efficient heating apparatus and consequently managing their home heating costs. The furnace or boiler replacement program accomplishes this through the provisions of the Bill that remove the barriers that customers encounter when deciding to upgrade their home heating system. The largest impediment is cost. A heating system replacement or conversion ranges from \$4,500 to \$8,000 depending on size, efficiency rating, and installation. Allowing homeowners to finance 80% of this cost of a qualifying conversion on a principal-only basis through a monthly charge on their electric bill would minimize, if not eliminate this barrier.

The Bill requires that the projected cost savings resulting from the heating system replacement shall be greater than the total cost of financing the project. This hurdle will not be an issue for homeowners as the potential savings have never been more promising than now, especially for those customers who replace their heating systems with natural gas. Natural gas prices are too low to ignore and the State can no longer afford to be fuel neutral. The equivalent cost of natural gas is now less than half the price of home heating oil or propane. This relationship has been evident for the some time, and is widely expected to continue for many years into the future. A typical single family home that consumes 1,000 gallons of heating oil can realize substantial savings by converting to natural gas. Annual savings are well over \$2000 per year and financing of the new heating equipment costs, as proposed in this Bill, can produce an immediate monthly positive cash flow for the customer with no out of pocket costs.

Furthermore, a provision in the Bill requires that the efficiency rating of the replacement furnace or boiler must meet or exceed federal Energy Star standards. This is consistent with the State's energy policy to deliver cost effective solutions for customers and

increased system efficiency associated with the furnace conversion can contribute an additional \$75-\$150 in annual savings to the homeowner.

In summary, UIL Holdings Corporation strongly supports Raised Bill 451 - **AN ACT CONCERNING THE ESTABLISHMENT OF A HEATING AND BOILER REPLACEMENT PROGRAM**. The Bill will provide immediate benefits to homeowners and result in direct consumer savings through reduced heating costs, increased jobs for CT's HVAC vendors, and increase of disposable income that can flow back into the CT economy.

Thank you for the opportunity to appear before you this afternoon and I'll try to answer any questions you may have. You may also direct your questions concerning these comments to Carlos Vazquez, UIL's Senior Director of Government Relations, at (203) 499-2825 or 203-521-2455.