

Written Testimony of
UIL HOLDINGS CORPORATION
Energy and Technology Committee
Legislative Office Building – March 7, 2013
Proposed House Bill 5796 AN ACT CONCERNING GAS COMPANY DEPOSITS

Senator Duff and Representative Reed, UIL Holdings Corporation (UIL), the corporate parent company of The United Illuminating Company (UI), The Southern Connecticut Gas Company (SCG) and Connecticut Natural Gas Corporation (CNG), submits the following comments regarding **Proposed House Bill 5796 AN ACT CONCERNING GAS COMPANY DEPOSITS**.

UIL and its operating companies, UI, SCG and CNG (the companies) oppose **Proposed House Bill 5796**. The bill proposes to reduce utility company security deposits for non-residential customers from forty-five days to thirty days in order to alleviate challenges faced by new small business owners. In June 2010, legislation was adopted (Public Act 10-19) that required utilities to reduce the ninety day maximum deposit for non-residential customers to the current forty-five days. The companies were concerned that the number of days used to calculate a deposit was cut in half in 2010 yet we are here again for a further reduction. The economic climate in the State has not improved significantly since 2010 and neither has the uncollectible risks assumed by the companies which are eventually borne by other rate payers.

UI, SCG and CNG testified in 2010 that a security deposit helps mitigate that uncollectible risk. This still applies today. The companies also testified that they work with customers who are not able to make the full upfront payment and will In addition, the

companies also consider good payment history at another property within the service territory or from another utility outside of the service territory to consider waiving the deposit altogether. Companies should be allowed to show flexibility as warranted on a case-by-case basis and still provide a certain level of risk mitigation while also protecting other ratepayers. On December 15, 2010, The Department of Public Utility Control (now Public Utility Regulatory Authority) under Docket # 10-06-29 found that utilities were determining and refunding non-residential deposits in compliance with applicable statutes and regulations.

UIL and its operating companies are supportive of the growth and survival of the small businesses that we serve and their positive impact on the State's economy. However, we must also ensure that there is a reasonable level of protection for other ratepayers in the event of default and uncollectible expenses. For this reason we oppose any further reduction of the security deposit required to establish an account for non-residential customers as contemplated in **Proposed House Bill 5796 AN ACT CONCERNING GAS COMPANY DEPOSITS.**

If you have additional questions or wish to discuss these comments further, please contact Carlos Vazquez, UIL's Senior Director of Government Relations at (203) 521-2455, or Al Carbone, UIL's Government Relations Professional, at (203) 671-4421.