



**Testimony
Of
John Bilda
General Manager
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Before the Energy and Technology Committee
March 5, 2013**

As the General Manager of Norwich Public Utilities (NPU), I am writing in opposition to SB-945, An Act Concerning The Payment Of Security Deposits To Municipal Utilities Furnishing Electric, Gas, and Water Service. As you may be aware, Norwich Public Utilities is the only four (4) service municipal utility company in the State of Connecticut, offering electric, gas, water and wastewater services to our community.

In its current form, SB-945 requires municipal utilities to develop a plan to return security deposits of commercial and industrial customers in a timely manner. It further requires each utility to review the plan on an annual basis. I believe that NPU is uniquely positioned to offer guidance on this issue since we are a four (4) service utility.

After reviewing this legislation, it appears to be unnecessary as it applies to municipal utilities. Municipal utilities have developed and maintained a proven reputation of providing service at a very favorable rate, while, at the same time providing excellent customer service. An example of this commitment to our customers would be our response to the recent fall and winter storms. We have continually outperformed larger utilities in restoration time and service to our customers.

History has shown it is necessary to require a security deposit and retain this deposit in the event that a business closes and the owner defaults on their balance owed to the utility. These security deposits ensure that the rest of our customers are not adversely impacted. Monies not collected from one set of customers inevitably raise the rates for all other customers. Further, given the small size of municipal utilities, it is very difficult to absorb losses from large commercial and industrial customers.

For municipal energy providers to maintain their business model of low energy rates and quality service, it is necessary to protect the interest of all customers by adopting and/or maintaining a security deposit policy to meet the needs of its service territory.

In conclusion, the municipal utility system has worked extremely well, and municipal utilities have consistently demonstrated a commitment to equitable and just treatment of their customers. We respectfully request the legislature to allow municipal utilities to continue to do so at a local level.