



Town of Wallingford, Connecticut

PUBLIC UTILITIES COMMISSION
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492
TELEPHONE 203-294-2263
FAX 203-294-2267

MEMORANDUM

TO: Senator Duff, Representative Reed and the Members of the Energy and Technology Committee

FROM: Robert N. Beaumont, Chairman – Public Utilities Commission

DATE: March 5, 2013

SUBJECT: SB 945 – AN ACT CONCERNING THE PAYMENT OF SECURITY DEPOSITS TO MUNICIPAL UTILITIES FURNISHING ELECTRIC, GAS OR WATER SERVICE

On behalf of the Town of Wallingford Department of Public Utilities - Electric Division ("WED") I am writing in opposition to SB 945, An Act Concerning the Payment of Security Deposits to Municipal Utilities Furnishing Electric, Gas, Or Water Service.

The legislation, as drafted, requires municipal utilities to develop a plan to return security deposits of commercial and industrial customers in a timely manner and to review the plan on an annual basis. We believe that these requirements would seriously undermine the prudent financial management of Connecticut's municipal electric utilities and would therefore threaten our mission to provide safe and reliable electric service to our customers at competitive rates with excellent customer service.

We have learned through our many years of experience that the failure to put in place adequate surety for one set of customers inevitably puts at risk our goal of providing the lowest practicable rates for all customers. Given the size of the municipal utilities, it is very difficult to absorb losses from large commercial and industrial customers.

The municipal model for managing and overseeing electric utilities has worked well for many years, to the benefit of the customers of the municipal systems. The local control of these utilities helps ensure equitable and just treatment of all customers. We offer as an example the local governance and oversight provisions of the Wallingford Town Charter:

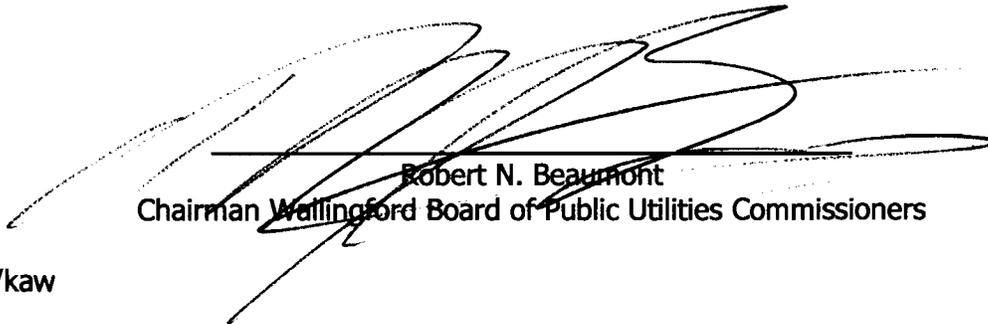
- The members of the Wallingford Board of Public Utilities Commissioners (the "PUC") are appointed by the Mayor and confirmed by the Town Council.

- The annual budget for the Department is approved by the Mayor and the Town Council. Any changes to the budget during the fiscal year, such as transfers among budget accounts or amendments to the budget to fund additional activities from retained earnings, require approval by the PUC and the Town Council.
- The Town Council may exercise oversight of the actions of the PUC through a super-majority veto, within fifteen days of any action by the PUC.

These Charter requirements, combined with those contained in Chapter 101 of the Connecticut General Statutes, ensure that the governance, rate-setting and day-to-day functions of the WED are carried out in a transparent manner and that the WED is fully accountable to the customers that we serve.

For the reasons outlined above, we believe that the municipal electric utility model is a viable means to deliver safe reliable service to our customers at the lowest practicable cost. We also believe that additional state regulation of Connecticut's municipal electric utilities, such as those proposed in SB 945 would bring no additional value to the residents and businesses that we serve.

Thank you for your consideration of our request to ensure that Senate Bill 945 does not go forward with the language discussed above.



Robert N. Beaumont
Chairman Wallingford Board of Public Utilities Commissioners

GA/kaw

Enclosures

c: Mayor Dickinson
PUC

Legislative/SB 945 letter 3 5 13