

Statement of UIL Holdings Corporation

Raised S.B. 110 – AN ACT CONCERNING FRAUD PREVENTION IN CONNECTICUT'S UTILITY TERMINATION PROTECTION PROGRAMS

ENERGY & TECHNOLOGY COMMITTEE

Legislative Office Building

February 20, 2014

The UIL Holdings Corporation, the holding company for two gas (Connecticut Natural Gas and Southern Connecticut Gas) and one electric (The United Illuminating Company) utility distribution companies located in the state, would like to offer comments on **Raised S.B. 110 – AN ACT CONCERNING FRAUD PREVENTION IN CONNECTICUT'S UTILITY TERMINATION PROTECTION PROGRAMS**

UIL supports Raised Bill SB 110.

The Bill proposes enhanced language to existing law for the protection against termination of service for non-payment for medically coded customers. The bill includes a means test and clearer definitions of life threatening condition and serious illness. Although the intent of the current law was to protect from termination customers with life-threatening or serious illness medical conditions and who *lack the means to make payments on their delinquent balances*, that has not always been the case. The reality has been that some with sufficient financial resources choose not to pay their utility bills and are presently protected from disconnection year-round. In addition, some are approved for life-threatening year-round protection even when the medical device has a battery back-up.

The statutory winter moratorium protects all hardship customers from termination of service from November 1 to May 1. During this six month period delinquent accounts significantly increase. Many hardship customers simply stop making payments for utility service and redirect financial resources to other services that are not protected from termination. Those with a medical certificate for a life threatening condition stop paying year-round.

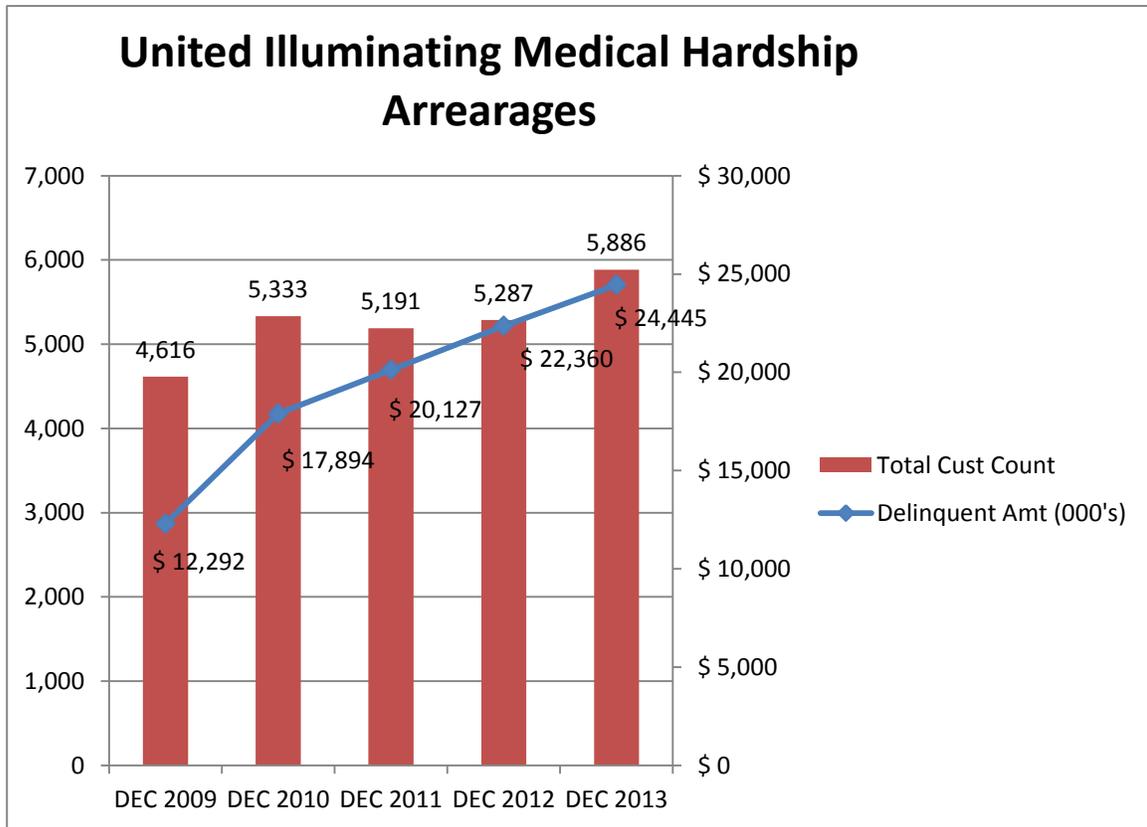
We understand that many customers are struggling to meet their financial obligations. Hardship and non-hardship utility customers alike are being impacted by the economy. UI, SCG and CNG understand these challenges and continue to work with customers on ways to reduce energy costs and reduce outstanding balances. Hardship customers are eligible for matching payment programs where their payments, including any Energy Assistance payments, are matched dollar for dollar by the companies. We provide information on weatherization and conservation programs and encourage electric customers to consider alternate electric suppliers and time of day rates that may help customers manage usage and lower their monthly bills. We also continue to work with all customers on affordable payment arrangements to help maintain service in and out of the moratorium season.

UIL's operating companies have seen a significant increase in delinquencies associated with hardship customers. Unfortunately many customers do not make payments during the moratorium season. Once the moratorium period is over, customers are faced with large outstanding balances. Customers struggle to make payments on these large delinquent balances over the next six month period (May through October) to avoid termination of service. Many will see their utility service disconnected for ignoring utility notices to make reasonable payment arrangements to maintain services. However, once the moratorium begins again in November, these customers will have their services restored as required by law and will again stop making payments and the cycle continues. As of December 31, 2013 UI had over 22,000 hardship accounts with delinquent balances of approximately \$33 million. The companies, CNG/SCG, have a total of 37,000 hardship accounts with approximately \$44 million in arrears. Uncollectible risks continue to increase and the increased cost will be shared by all ratepayers.

This bill would help protect customers who don't have the means or battery back-ups for medical equipment while allowing utilities to disconnect service for non-payment where an ill customer does have the means to pay for utility service, as established in the bill. In addition, the bill clarifies the language on what truly is life-sustaining equipment. This legislation will help mitigate uncollectible risks while still protecting hardship customers that current statutes intended to protect.

In summary, UIL is in full support of protection from termination of service for life threatening and serious medical conditions when a customer does not have the means to pay. We are also in support that clarification is needed for life-sustaining equipment and SB 110 does just that. Where there isn't a battery backup we agree that it would be a life threatening situation if electric service is terminated. However, where there is battery backup and financial means to pay, the customer should not be protected from termination and should work with utilities to pay for utility services.

Below is a five year history of United Illuminating's medical hardship counts and delinquent balances.



If you have additional questions, please contact Carlos Vázquez, UIL Senior Director of Government Relations at (203) 521-2455 or Al Carbone, UIL Government Relations Professional at (203) 671-4421.