

Legal Assistance Resource Center

❖ of Connecticut, Inc. ❖

363 Main Street, Suite 301 ❖ Hartford, Connecticut 06106
phone (860) 616-4472 ❖ cell (860) 836-6355 ❖ RPodolsky@LARCC.org

S.B. 570 -- Capping of fixed customer charge

Testimony of Raphael L. Podolsky

Energy and Technology Committee public hearing -- February 24, 2015

Recommended Committee action: APPROVAL OF THE BILL WITH A \$10 CAP

S.B. 570, S.B. 574, H.B. 5281, H.B. 5402, and H.B. 6014 would all cap the residential fixed customer charge. We support the concept of capping and recommend that, under all the circumstances, the most reasonable cap should be \$10 per month.

Fixed charges are flat monthly fees that electricity customers pay to have access to electricity. Because they are not based on the amount of electricity used, they have the greatest adverse impact on low users of electricity, who are often seniors or low-income households, since they shift costs away from usage-based billing. High fixed charges are also a disincentive to conservation. Fixed charges have historically been low, with the primary revenue source for electricity providers coming from actual usage charges. In the past ten years, however, both CL&P's (Eversource) and UI's residential fixed charge has more than doubled, to \$19.25 and \$17.25, respectively, and there seems to be a strong movement in Connecticut toward incorporating more costs into the fixed charge. In contrast, N Star fixed charges in Massachusetts are under \$7 per month, and California has a \$10 cap.

In the last rate proceeding, Eversource's analysis claimed to support a fixed charge of almost \$35 per month. In the absence of legislative action, it is likely that the fixed customer charge is likely to continue to rise disproportionately.