



**Testimony of Connecticut Fund for the Environment
Before the Committee on Energy and Technology**

In support of

S.B. No. 570, AN ACT CONCERNING ELECTRIC SAVINGS AND FIXED BILL FEES

Submitted by Shannon Smyth
Energy & Environment Attorney
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Connecticut Fund for the Environment (CFE) is a non-profit environmental organization with over 5,500 members statewide. The mission of CFE, and its bi-state program Save the Sound, is to protect and improve the land, air, and water of Connecticut and Long Island Sound. We use legal and scientific expertise and bring people together to achieve results that benefit our environment for current and future generations.

Dear Senator Doyle, Representative Reed, and members of the Committee on Energy and Technology:

Connecticut Fund for the Environment (CFE) submits this testimony in support of Proposed S.B. No. 570, An Act Concerning Electric Savings and Fixed Bill Fees. We also support similar bills that would cap the electric distribution companies' fixed charges. Capping the fixed charge for residential and small business customers would encourage energy efficiency and conservation, save consumers money, and promote Connecticut's clean energy policies. CFE supports capping the residential fixed charge at \$10 or less per billing cycle, and the fixed charge for small businesses at \$25 or less per billing cycle. These caps should be implemented during the next rate cases for the state's electric distribution companies.

Eversource Energy (formerly Connecticut Light & Power) and United Illuminating, the state's electric distribution companies, impose exceptionally high fixed charges on Connecticut residents and small businesses. Eversource Energy has the highest residential fixed charge of any major electric utility in the region, at \$19.25 per month, while United Illuminating has the second highest residential fixed charge, at \$17.25 per month. In contrast, most other major electric utility companies in New England have residential fixed charges of only \$5-10. The fixed charge for small businesses in Connecticut is also onerous, at \$44.25 for Eversource Energy customers (which represents nearly an 80% increase from the fixed rate in 2007).

Connecticut should cap the fixed charges on residential and small business customers because the existing charges unfairly penalize consumers who use less electricity, including the elderly and persons on low or fixed incomes, and discourage energy efficiency. When the fixed charge is set at a higher amount, it diminishes customers' ability to lower their electric bills by

using less electricity. This is especially problematic because Connecticut has the highest electric rates in the continental United States, and many people already struggle to pay their bills. Having a high fixed charge also discourages energy efficiency, because consumers have little incentive to lower their electricity usage when doing so will not reduce their bills significantly.

Connecticut has been a leader in energy efficiency, and state policy also favors the development of clean, renewable energy. Having high fixed charges contravenes these clean energy policies. For example, few residents or businesses will invest in weatherization, efficient appliances, or solar panels if their investment will not pay off. To encourage energy efficiency and the development of renewable energy, Connecticut should cap fixed charges. This would be consistent with our state's energy policy, encourage energy efficiency and renewables, and help Connecticut residents and businesses exercise more control over their electric bills.

Moreover, capping fixed charges would not harm the electric utilities' ability to recover their costs. The utilities will be able to recover their allowed revenue through the volumetric, or per kilowatt hour, distribution charge, which should be increased to make up the difference in lower fixed charges. That will ensure that the electric distribution companies can recover their costs, while also sending an appropriate economic signal to state residents and businesses that investing in energy efficiency and renewables is not only environmentally beneficial and consistent with Connecticut energy policies, but also cost-effective.

Thank you for your time and consideration in this matter.

Respectfully submitted,

/s/ Shannon Smyth
Shannon Smyth
Energy & Environment Attorney
Connecticut Fund for the Environment
ssmyth@ctenvironment.org
Tel: (203) 787-0646 ext. 122
Fax: (203) 787-0246