

**Testimony of John Humphries
Before the Energy and Technology Committee**

*In Support of SB570, An Act Concerning Electric Savings And Fixed Bill Fees,
and related bills capping the fixed charge for customers of electric distribution companies*

*Submitted by
John Humphries, Organizer; CT Roundtable on Climate and Jobs
February 24, 2015*

Senator Paul Doyle, Representative Lonnie Reed, and distinguished members of the committee:

I am writing to support passage of legislation that would lower and cap the fixed charge for electric service for residential customers at \$10 per month and for small business customers at \$25 per month. Connecticut's residential customers now pay the highest (\$19.25/month; Eversource) and second highest (\$17.25/month; UI) monthly fixed charge for any major electric utility in the region. Eversource's Connecticut small business customers have seen fixed charges jump nearly 80% since 2007 (increasing from about \$25/month to \$44.50/month).

The CT Roundtable on Climate and Jobs is a partnership between the Interreligious Eco-Justice Network (IREJN) and the CT AFL-CIO. Since 2012, we have been strengthening the collaboration among the state's labor, religious and environmental communities, moving beyond the "jobs vs. environment" frame to advocate more effectively for public policies that both protect the climate and create good jobs here in Connecticut.

We have been advocating for lowering and capping the fixed customer distribution charge since last fall, even before PURA's approval of increased charges in the rate case for Eversource (then CL&P). Our legislative fact sheet outlining the proposal to lower and cap fixed charges (attached) now lists 30+ endorsing organizations, including labor, religious, and small business groups.

Since the State of Connecticut guarantees electric distribution companies a monopoly in their service area, the Public Utilities Regulatory Authority (PURA) is charged with ensuring that they operate in the public interest.

Requiring PURA to lower and cap fixed charges would serve the public interest:

- it would reduce the undue burden on low-income and low-consumption customers, restoring control over their electricity bills by reducing the proportion of fixed cost;
- it would restore higher monthly savings to customers who invest in energy efficiency and renewables, which are critical elements of a comprehensive climate protection plan; and
- it would encourage the expansion of a clean energy sector that provides green jobs for workers right here in Connecticut.

Lowering and capping the fixed charges also supports the state's long-established policy goals:

- increasing energy efficiency and conservation;
- expanding the proportion of our electricity that comes from renewable sources; and
- reducing emissions of carbon dioxide.

Electric customers support those policy goals with tens of millions of dollars each year through the programs of EnergizeCT. And those goals are more than just good public policy; they are necessary steps toward a climate-safe economy – one which will provide good jobs in a thriving clean energy sector.

In last year's rate case, CL&P's arguments admitted – with surprising candor – that the requested fixed charge increase sought to reverse the downward trend in revenue resulting from energy efficiency and distributed generation. **Fixed charges were not meant to be used to offset reduced demand.** The fixed charge for electricity service was originally intended to cover only the cost of customer access to the power grid – in other words, the cost of the meter, the line drop, and the related billing and metering services. For that reason, the fixed charge for residential customers has historically been in the \$5 to \$10 range, not only in Connecticut, but in most parts of the country. With the increasing success of energy efficiency and rooftop solar, utilities have attempted to expand the scope of the fixed charge to cover more and more of their basic grid infrastructure costs.

While increasing the fixed charges punishes efficient customers, lowering and capping fixed charges for residents and small businesses will not harm the utilities. A cap on fixed charges could be revenue neutral for the electric distribution companies in Connecticut, if designed appropriately. Regulators could simply set a higher volumetric rate for distribution costs, leaving overall electricity costs the same. The state's major electric utilities would still receive the total revenue that regulators determine is necessary to upgrade, operate, and maintain the power grid. Decoupling also ensures that the utilities receive their allowed annual revenue. All that changes with a fixed charge cap is that electricity pricing will now be fully supportive of state energy policy and consumer energy needs.

The Roundtable supports efforts to modernize the grid and overhaul the business model for the utilities. However, **bringing fixed charges under control does not need to wait for more comprehensive reforms.** The modern power grid should maximize consumer control over energy generation, consumption and costs, enabling them to make beneficial energy decisions, whether that means investing in efficient appliances, installing insulation, or installing rooftop solar. High fixed charges interfere with this objective by reducing control over costs. By lowering and capping fixed charges right now, we will give all consumers, including the most vulnerable, a real chance to benefit fully from the rapid advances in technology and planning that are already modernizing and decarbonizing the power grid.

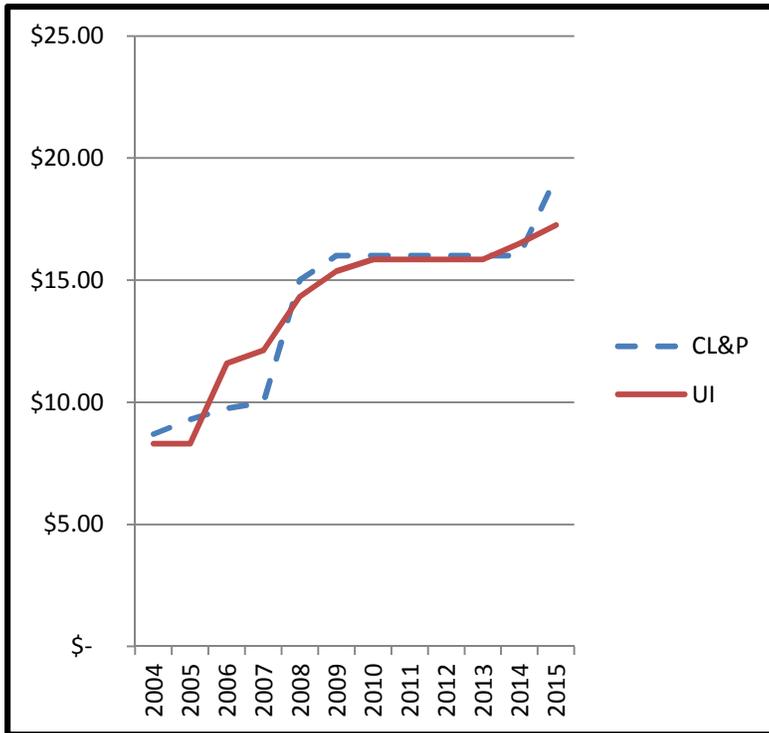
I urge lawmakers to pass legislation during the current session that lowers and caps monthly fixed distribution charges for both residential customers and small business customers. It is good public policy that is consistent with the state's energy and climate change mitigation goals; it will support the continued growth of a green jobs economy; and it rewards – rather than punishes – customers who do the right thing through conservation, efficiency and conversion to renewables.

Thank you for your consideration.

Sincerely,
John W. Humphries
14 Tremont Street
Hartford, CT 06105
860-216-7972

CT Needs to Lower and Cap High Fixed Charges for Electricity

Residential and small business customers need relief now. Fixed charges for electric service have risen dramatically over the last decade. Fixed charges are flat monthly rates that the customer must pay just to have access to electricity. For residential customers, fixed charges have increased by more than four times the rate of inflation – to the highest (Eversource/CL&P, \$19.25/month) and second highest (UI, \$17.25/month) in New England for any major electric utility.



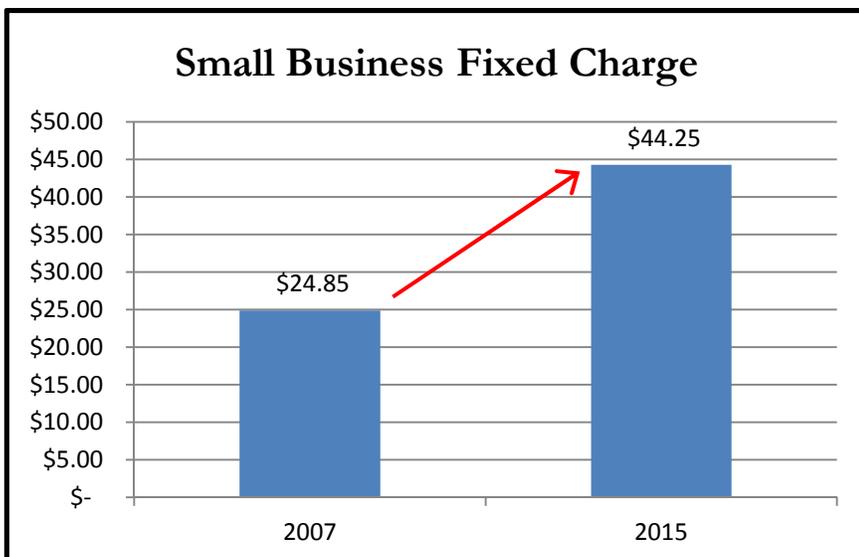
Residential Fixed Charge Continues to Rise

Eversource/CL&P's residential charge – up 121% (2004 to now)

UI's residential charge – up 107% (2004 to now)

(cumulative inflation only 25% over same period)

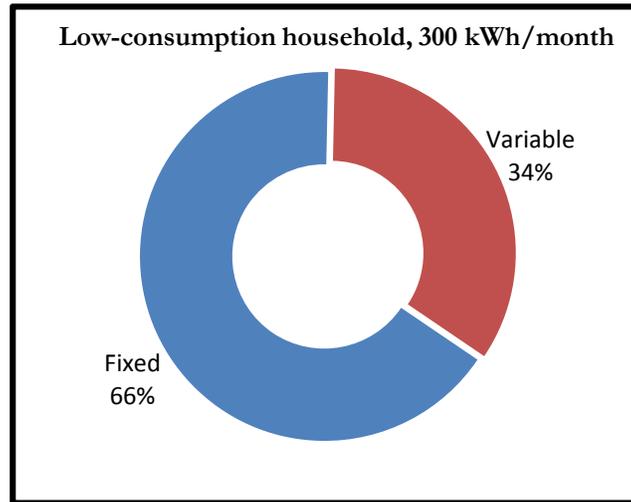
Small business customers also need relief from high fixed charges. For example, since 2007, Eversource/CL&P's small general electric service customers – often small businesses – have seen their fixed monthly charges jump by 78% in just a little over seven years, as charted below. These increased fixed charges are unsustainable.



High fixed charges also hurt progress on energy efficiency and clean energy. They fall hardest on those customers that use the least electricity, they devalue efficiency and renewables investments, and they reduce the ability of consumers to control their energy costs. CT can do better – by lowering and capping residential and small business fixed charges.

(MORE ON BACK)

High fixed charges take away residential consumers' control over their energy costs – especially efficient users, those on limited incomes, seniors, and households with rooftop solar. The effect on an Eversource residential customer who consumes less electricity is unfair. Most of that customer's distribution costs will be unavoidable due to a high fixed charge.



What is the solution to high fixed charges? Lower and cap the fixed charge for residential customers at \$10 per month and the fixed charge for small businesses at \$25 per month for both electric distribution utilities.

Supporting Organizations (as of 2/24/15)

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| Acadia Center | Environment Connecticut |
| CT Roundtable on Climate & Jobs | Environmental Energy Solutions |
| CT AFL-CIO | Fight the Hike |
| Interreligious Eco-Justice Network | Grand Ave. Special Services District (New Haven) |
| City of Bridgeport | Healthy City/Healthy Climate Challenge |
| City of Hartford | The Institute for Sustainable Energy at Eastern Connecticut State University |
| City of New Haven | IBEW Local 420 |
| Clean Water Action Connecticut | Labor Network for Sustainability |
| Connecticut Alliance for Retired Americans | Naugatuck Valley Project |
| Connecticut Center for a New Economy | New Haven/Leon Sister City Project |
| Connecticut Citizen Action Group | PACE (Peoples Action for Clean Energy) |
| Connecticut Coalition for Environmental Justice | Portland Clean Energy Task Force |
| Connecticut Conference, United Church of Christ | SEIU Connecticut State Council |
| Connecticut Fund for the Environment | Sierra Club - Connecticut Chapter |
| CT Alliance for Basic Human Needs | Spanish American Merchants Association |
| CT State Council of Machinists | Union Energy Alliance |
| Enviro Energy Connections | United Auto Workers - Region 9A |

Prepared by Acadia Center and CT Roundtable on Climate & Jobs

For more information:

Bill Dornbos, (860) 246-7121 x202, wdornbos@acadiacenter.org
 John Humphries (860) 216-7972, john.humphries1664@gmail.com