



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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Testimony in Support of

HB 5469: An Act Concerning Corporate Deposits for Municipal Utilities

Energy & Technology Committee

February 10, 2015

Senator Doyle, Representative Reed, Senator Larson, Representative Demicco, Senator Formica, Representative Ackert and distinguished members of the energy & Technology committee.

I come before you today to address predatory practices that are engaged in by some of our municipal utilities.

Most municipal electric charge companies three months security deposit, which they state is based on the usage of the previous tenant; the amount collected is equal to the three highest bills over the previous year. A company's credit worthiness, history or proposed use of the space is not taken into account. These deposits are indefinite, only returned when the business closes. Unlike other public utilities which require only one month deposit and then return those monies once a payment history has been established.

Certain municipal utilities retain these deposits even if it has been shown that the three highest monthly bills do not equal the amount of the initial deposit collected. There is no mechanism for relief for these small businesses. These practices rob new business of much needed working capital at their most vulnerable time. In addition, a security deposit should only represent the amount a utility would be "out of pocket" if the business fails to pay, not internal customer service fees, and other charges.

It is a shame that other predatory practices by certain municipal electric are not being taken into account.

HB 4569 simply seeks to have municipal utilities come in-line with other public utilities. Both UI and CL&P charge one month security deposit returned after one year of demonstrated credit worthiness.

These deposit practices represent an unfair burden on small business affecting their cash flow and start up costs. Certain municipal electrics have many polices that are unfair to local businesses and these are not subject to this bill; maybe they should also be considered. I am available to answer any questions you may have.



David Rutiglano  
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