

Energy and Technology Committee JOINT FAVORABLE REPORT

Bill No.: HB-5181

AN ACT REQUIRING THE PUBLIC UTILITIES REGULATORY AUTHORITY TO

Title: STUDY THE CREATION OF A NEW RATE CLASS FOR GAS COMPANIES.

Vote Date: 3/19/2019

Vote Action: Joint Favorable

PH Date: 2/21/2019

File No.: 389

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SPONSORS OF BILL:

Energy and Technology Committee

CO-SPONSORS OF BILL:

Rep. Arthur J. O'Neill, 69th Dist.

Rep. Tami Zawistowski, 61st Dist.

Sen. Eric C. Berthel, 32nd Dist.

Rep. Mitch Bolinsky, 106th Dist.

REASONS FOR BILL:

Certain nonprofit institutions have made complaints that the current “demand fee” method for calculating additional charges on gas bills is leading to inflated bills and they sought exemption from this charge through legislation. The bill was ultimately drafted with substitute language asking that the Public Utilities Regulatory Agency (PURA) could study the creation of a new rate class for these specific types of nonprofits that exclude them from the demand fees. The rate class would take into consideration that certain nonprofits only operate one to two days a week or in a very limited amount per year.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Elin Katz – Office of Consumer Counsel \(OCC\)](#): The OCC is in opposition to this proposal because they feel the importance of demand fee charging created by the Public Utility Regulatory Authority (PURA) in the rate classes helps build out the infrastructure necessary to support peak demand for the whole grid. They state that excluding certain institutions from this fee will force those that are still paying to have to pick up the absence and OCC does not support decoupling in this manner. OCC states they understand that the demand fee may seem unfair for institutions that only reach that peak that demand one or two days a week but

it is necessary to support the whole system. OCC also states that removing these fees could also result in higher alternative fees which could cost the same in the end thus negating the exemption.

NATURE AND SOURCES OF SUPPORT:

[Michael Bloom – Jewish Federation Association of Connecticut \(JFACT\)](#): The JFACT feels the proposed bill should move forward to allow for places of worship to be omitted from the "demand fee". They state that the bill will help free up scarce resources on the budgets of these types of nonprofit organizations.

Joined by:

[Rabbi Eric Polokoff](#)

[Jack Brooks – Center Congregational Church of Meriden](#): The Church feels that certain demand fees can be acceptable for large scale profit-making associations but these same fees are inappropriate for places of worship that often only operate on the weekends. The Church states that they should not be charged for building capacity into the utility system and it puts undue pressure on their tight budgets. They feel the added money would help them better serve the community.

Joined by:

[Anne LaMonica – Connecticut Catholic Public Affairs Conference](#)

[Gerald LaPlante - First Church of Christ, Congregational in Suffield](#) – LaPlante added that in an effort to save money they converted the church to natural gas in 2013 but now their utilities are higher than ever because of the demand fee.

[Bridget Fidler – First Church of Christ, Congregational, UCC, Suffield, CT](#): Fidler feels the demand fees imposed onto places of worship are inappropriate due to the fact these costs remove money that can be allocated to enrich the community. Fidler believes religious institutions could better support their congregations and the local community surrounding them if the burden of demand fees was removed from the way they are billed. She states in 2018 they paid \$6500 in demand fees alone.

[Richard R. Hill](#): Hill feels the demand fees placed upon places of worship are inappropriate and can burden the organization's ability to support its local community. Hill argues that places of worship are not commercial institutions and do not collect profit therefore should be exempt from these charges so they can better serve those in need.

[Walter L. Pitman – The United Church of Christ, Southbury](#): The Church supports the proposed bill which will exempt them the demand rates currently placed on non-profits and places of worship. Pitman states the Church entered an audit process which showed changing from oil to natural gas would save money and in turn use the saved capital to better serve the patrons and surrounding residents of the community. Pitman states that when the energy switch consultation was made, there was no notice of the demand fee placed on natural gas for their organization. The Church applied for a hearing before PURA to discuss these fees and the decision was made the Church fell into the categories that demand fees applied to. The Church requests the bill move forward to remove the demand fees and allow the institution to use the saved costs to help with assistance in the community.

[United Church of Christ, Southbury](#): The Church submits a recommended language change that will exclude certain organizations from the demand fees. The modifications provide definitions regarding a "Covered Facility" and the operations that go on within these facilities. The Church states that whatever the final language is, it must be clear and concise to allow the exceptions to take effect efficiently.

NATURE AND SOURCES OF OPPOSITION:

[Patrick McDonnell – UIL Holdings Corporation](#): UIL is in opposition to this proposal because they feel it is unfair for a select number of natural gas customers, specifically houses of worship, to be excluded from this charge. They feel it is inappropriate to single out this specific group of nonprofit institutions. UIL agrees with PURA's decisions in terms of utility distribution and the setting of the rates of natural gas. UIL states that PURA should be the only authority in charge of deciding the rate terms and mandating select discounts given to specific organizations.

[Vincent Pace – Eversource](#): Eversource is in opposition to the proposed bill due to fact Eversource feels the organizations in question should not be allowed to be exempt from the utility fees. Eversource states the demand fees are in place to provide the gas companies in Connecticut to function and continue to supply natural gas to customers. Eversource believes the proposed rate omissions would transfer the costs onto other natural gas users, including other commercial users and see issues with proper enforcement in how the current language is drafted.

Reported by: Ethan J. Meskill

Date: 3/27/19