



Electric Bill/Rate Components

In recent months the Office of Consumer Counsel (OCC) has received numerous inquiries from the general public and government officials on the different components of the electric bill. OCC has heard the public concern and confusion over increased electric bills during early 2018, and hence we are providing a description of the electric charges on the monthly residential bill as of January 1, 2018.

The charges are divided into two sections:

Supplier Services and ***Delivery Services***

Supplier Services includes the **Generation Services Charge**. This is the charge for the actual electricity or kilowatt hours that you use and is measured in kilowatt hours (kWh) per month.. This charge is different depending on whether you are with a retail electric supplier or “Standard Service.” This is the only portion of your bill where you have a choice of how much you pay based on which company you select. Standard Service is the default service for electricity provided to you by your electric distribution company (Eversource or United Illuminating) if you do not opt to purchase your electricity from a retail electric supplier. The rates for standard service change on January 1 and July 1 each year. The electricity sold through Standard Service is purchased or “procured” by the electric distribution companies, overseen by the State Procurement Manager and staff and consultants from PURA and the OCC.

Supply charges may also include **Bypassable Federally Mandated Congestion Charges (FMCC)** (Also called FMCC-Generation). “Bypassable” FMCCs are charges that customers may avoid by selecting a retail energy supplier rather than receiving service through the electric companies’ Standard Service rates. They are characterized as “energy-related” and include charges from the Independent System Operator-New England (ISO-NE), costs related to congestion on the transmission system, and certain financial instruments meant to offset those costs.

Delivery Services are supplied by the electric company you have always had - either Eversource or the United Illuminating Company (UI). There are many charges included under Delivery Services and you do not have a choice of how much you have to pay. No matter which Retail

Electric Supplier you choose, Eversource or UI still will deliver your electricity, send you a bill each month, and ensure that your lights stay on.

The charges you pay for Delivery Services include:

1. **Transmission Charge** - The price for delivery of electricity over high voltage power lines from the generation company to the distribution company. These charges are regulated by the Federal Energy Regulatory Commission. Delivery charges have increased significantly since Connecticut restructured its electric industry. In the last fifteen years, there have been billions of dollars spent on transmission lines throughout New England. The investment in transmission has been generally necessary to move power from generating stations located in Connecticut, other New England states, and imported from out of the region including power from Canada. Transmission charges are made up of local (CT only) charges as well as regional charges, which are charges from all of New England. (Currently: Eversource Rate 1, Transmission is 2.714¢ per kWh for Rate 1; 2.511¢ per kWh for Rate 5; UI Rate R, Transmission (Summer) 3.15¢ per kWh, (Winter) 2.52¢ per kWh.)
2. **Customer Service Charge (Distribution)** - The monthly fixed charge covers costs related to customer billing, meter reading, customer service and the service line. The amount of the service charge varies by the type and size of customer, with larger customers paying higher monthly service charges. Rate 5 electric heat requires a large service line to handle the larger load and usage of an electric heat customer. (Currently Eversource charges \$19.25 per month for Rate 1; \$23.75 for Rate 5; UI \$10.04 for Rate R). It is expected that the Customer Service Charge for both Eversource and UI will be reduced significantly during 2018, pending Public Utilities Regulatory Authority approval in each Company's most recent rate case docket.
3. **Distribution Charge** - The price for delivery of electricity using the local wires, transformers, substations, and other equipment used to deliver electricity to end-use consumers from the high voltage transmission lines. As of December 31, 2017, Eversource has approximately \$4.5 Billion invested in its Connecticut distribution system; UI's distribution system has approximately \$1.3 Billion in its distribution system. (Currently: Eversource Distribution rate is 3.467¢ per kWh for Rate 1; 3.05¢ per kWh for Rate 5; UI Rate R, Distribution 9.6373¢ per kWh.)
4. **Combined Public Benefits (CPB) Charge** - The CPB charge on electric bills combines three separate charges: (a) Systems Benefit Charge, (b) Renewable Energy Investment Charge, and (c) Conservation and Load Management (C&LM) Charge.
 - a) **Systems Benefits Charge (SBC)** - The cost of the cost of public education, hardship programs and other societal costs. The SBC varies by electric company over time. Currently, it is 0.339 cent per kWh for Eversource (formerly known as Connecticut Light and Power or CL&P) and 0.4762 cent for United Illuminating (UI). The SBC will produce approximately \$66.7 million for Eversource and \$28.1 million for UI. The primary uses of the SBC are paying electric company costs associated with hardship customers and

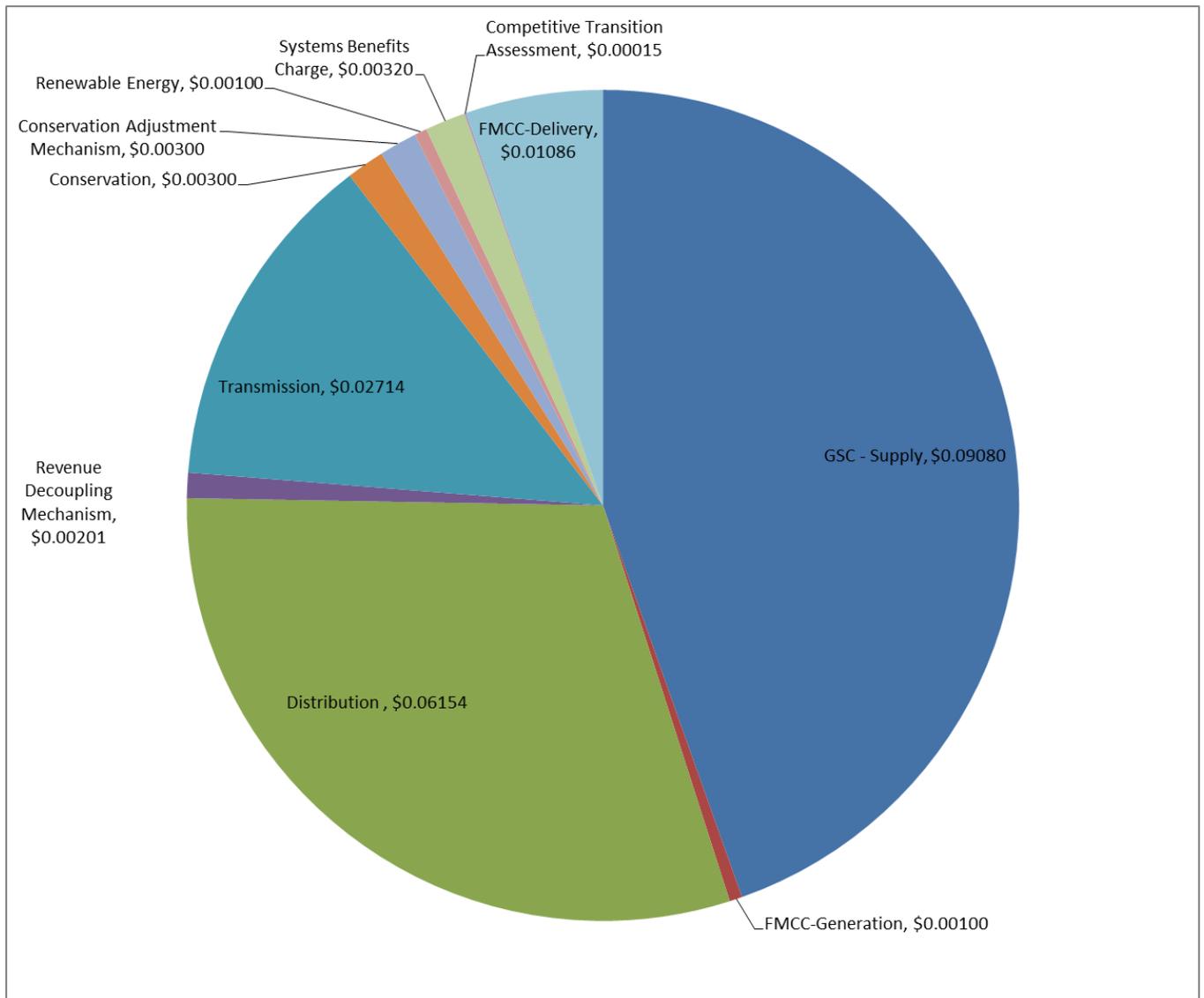
providing a program that matches payments made by customers with arrearages that further reduces the amount they owe. Because most of these charges are related to residential consumers (as opposed to businesses), the residential SBC charges is higher than to commercial and industrial consumers. (Currently: Eversource Rate 1& 5, SBC rate is 0.621¢ per kWh; 5; UI Rate R, SBC is 0.542¢ per kWh.)

- b) **Renewable Energy Investment Charge** - The payments to the Renewable Energy Investment Fund, which promotes the growth, development and sale of renewable energy sources. The renewables charge is a 0.1 cent per kWh charge to support renewable energy programs. It is the primary funding source for the Connecticut Clean Energy Fund, administered by the Connecticut Green Bank. Among other things, the Clean Energy Fund supports programs that provide incentives for residential, commercial, and industrial renewable energy programs.
- c) **Conservation and Load Management (C&LM) Charge** - The charge of 0.3 cent per kWh charge to support energy efficiency programs. The C&LM Charge has also been increased by an additional 0.3 cent per kWh through the Conservation Adjustment Mechanism (CAM). The C&LM Charge brings in approximately \$160 million annually to fund conservation and energy efficiency programs.

- 5. **Competitive Transition Assessment (CTA)** – Originally, the CTA covered the electric distribution company's stranded generation costs that were still on the company's books at the time of restructuring. While some assets were sold for above book value, other items were sold below book value. The majority of these costs were recovered by 2011 for CL&P and 2013 for UI. Currently, the remaining charges and credits vary year to year and are associated with long-term purchased power contracts that remain from the 1980's-90's from cogeneration facilities that generated electricity and useful heat commonly used in large industrial process plants and trash to energy facilities.
- 6. **Non-Bypassable Federally Mandated Congestion Charge (NBFMCC)** - (Also called FMCC-Delivery) By law, NBFMCCs are collected on electricity bills to cover certain costs approved by the Federal Energy Regulatory Commission (FERC) and various costs approved by the Public Utility Regulatory Authority (PURA) (CGS § 16- 1(35)). PURA reviews such charges to ensure that the electric companies recover no more (or less) than their costs. NBFMCCs capture costs that cannot be avoided if a customer chooses a retail electric supplier. These costs are sometimes characterized as "reliability related". Non-bypassable NBFMCCs include costs associated with ISO-NE, costs to avoid congestion on the transmission system, renewable energy incentives and other initiatives required by state law. (For 2018, Eversource NBFMCC rate is 1.077¢ per kWh for Rate 1; 0.996¢ per kWh for Rate 5; UI Rate R, NBFMCC (Summer) is 1.3736¢ per kWh, NBFMCC (Winter) is 1.0989¢ per kWh.)

EVERSOURCE, RESIDENTIAL RATE 1 BILLING COMPONENTS, JANUARY 2018

(All in Rate 1, includes Supply and Delivery, Monthly Customer Charge Included in Distribution Rate, 20.4 ¢ per kWh)



UNITED ILLUMINATING, RESIDENTIAL RATE R BILLING COMPONENTS, JANUARY 2018

(All in Rate R, includes Supply and Delivery, Monthly Customer Charge Included in Distribution Rate, 25.9 ¢ per kWh)

