



STATE OF CONNECTICUT
NEWS RELEASE

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**CONSUMER COUNSEL KATZ URGES REDUCTION IN CUSTOMER CHARGES
FOR MOST CL&P CUSTOMERS, AND CALLS SCOPE AND MAGNITUDE OF CL&P
RATE HIKE “UNJUST AND UNREASONABLE”**

(October 6, 2014– New Britain) Consumer Counsel Elin Swanson Katz joined Governor Dannel P. Malloy, U.S. Senator Richard Blumenthal, Connecticut AARP, and energy efficiency advocates, religious leaders, and small businesses in opposing Connecticut Light & Power’s (CL&P) request to raise its flat rate customer charge on residential users, churches and schools, and small businesses.

“CL&P’s continued push for massive increases in the customer service charge for homeowners, small businesses, churches, and schools – increases that if granted would make their customer service charges the highest in New England and some of the highest in the country – is deeply troubling. There has been a tremendous public outcry against these proposed increases from federal, state, and elected officials; from the business community; from advocates for the environment and the elderly; and most significantly, from hundreds of individual citizens who took the time to come speak at a public hearing or to file a comment in the proceeding before the Public Utilities Regulatory Authority (PURA),” Consumer Counsel Katz said. “CL&P’s rates must be ‘just and reasonable’ under applicable law. The level of opposition to CL&P’s attempt to shift the burden of its rate increase disproportionately to low-use consumers is unprecedented. The testimony about how hard these charges hit the wallets of low-income customers and some

of our most vulnerable citizens, as well as the testimony on the negative impacts on some of the most important state environmental policies, demonstrate that, if implemented, CL&P’s rates will be unjust and unreasonable.”

The Consumer Counsel’s comments came on the heels of the Office of Consumer Counsel’s brief filed last Friday with PURA, urging PURA to reject CL&P’s Rate Application filed on June 9, 2014, seeking distribution rate increases of \$231.6 million (25.6% over current rates). The OCC recommended that the increase be reduced to \$108.6 million. Contained in the original rate request were approximately \$115 million of items previously approved by PURA for storm cost recovery (\$89.5 million) and system resiliency expenditures (\$25.3 million).

The OCC requested the following reductions in the customer charges:

		<u>Fixed Monthly Customer Charge</u>		
			CL&P	OCC
		<u>Current</u>	<u>Proposed</u>	<u>Proposed</u>
Residential	Rate 1	\$ 16.00	\$ 25.50	\$ 11.50
Small Business	Rates 27 & 30	\$ 38.50	\$ 55.00	\$ 20.90
Church & School	Rate 40	\$ 47.50	\$ 70.00	\$ 23.47

OCC also recommended a return on equity (ROE) of 8.90% instead of the 10.20% sought by the Company. OCC recommended a further 35 basis point reduction in CL&P’s ROE as an imprudence penalty for its storm performance in 2011 and 2012 as set forth in the final decision in Docket No. 11-09-09.

“Although the storms are fortunately a few years behind us now, we cannot forget the hardships our citizens suffered during the outages, hardships that were exacerbated by CL&P’s actions during that time period,” Katz said. “While we recognize that the company has made major improvements in its storm response practices since that time, there still needs to be a penalty imposed for the deficiencies of 2011 and 2012 – a penalty that saves consumers money.”

Other major areas of adjustment include depreciation, payroll, incentive compensation, employee healthcare expenses; retirement benefits, rate case expense, capital expenditures, working capital and miscellaneous revenues.

“CL&P has more than 1.2 million customers in 149 communities in Connecticut, making it the state’s largest electric utility company by far,” the Consumer Counsel said. “Its rates touch virtually every citizen in the state in some manner. Because CL&P is a regulated monopoly, it is incumbent on all of us to ensure that the process for setting CL&P’s rates is fair and transparent, and the results are just and reasonable for all of its customers. We look forward to a PURA decision on those terms.”

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The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for all utility ratepayers. OCC seeks to ensure just and reasonable rates and reliable utility service for customers of Connecticut’s electric, gas, telephone, and water utilities and reasonable protection for cable television customers. For more information, visit www.ct.gov/occ.