

**OFFICE OF CONSUMER COUNSEL  
FISCAL YEAR 2011 ANNUAL REPORT  
UPDATED JANUARY, 2012**

*At a Glance*

**Agency - Office of Consumer Counsel  
Consumer Counsel – ELIN SWANSON KATZ  
Established - 1975  
Statutory Authority - Conn. Gen. Stat. Sec. 16-2a  
Central Office - Ten Franklin Square, New Britain, CT 06051  
Number of employees - 13  
Recurring operating expenses - \$ 3,237,137**

**Mission**

The Office of Consumer Counsel (“OCC”) speaks for Connecticut’s utility ratepayers. The OCC was created in 1975 as an independent voice for utility customers, and as an advocate, does not directly administer programs. The OCC supports the State of Connecticut’s Results-Based Accountability process by carefully identifying our constituency and recording the quantity, delivery, and quality of the services we provide utility consumers across the state [see OCC’s Scorecard at [www.ct.gov/occ](http://www.ct.gov/occ), which tallies the effect of OCC’s advocacy for consumers in utility proceedings in all forums. The OCC’s mission is to advocate for consumer interests in all matters which may affect Connecticut consumers with respect to public utility companies, electric suppliers, gas companies, water companies and telecommunications providers. Particularly in legislative and regional forums, the OCC often collaborates with others to achieve beneficial policies for consumers, including by coordinating with other state agencies and at times with industry participants.

**Statutory Responsibility**

The OCC’s statutory responsibilities include appearing and participating in state and federal regulatory and judicial proceedings in which the interests of Connecticut utility consumers may be involved, or in which matters affecting utility services rendered or to be rendered in this state may be involved. The OCC is a statutory party to dockets before the Public Utilities Regulatory Authority (“PURA”), formerly known as the Department of Public Utility Control (“DPUC”), and shall participate in such proceedings to the extent it deems necessary. The OCC may appeal a decision, order, or authorization in any contested case to which it is a party. In addition to representing ratepayer interests before the PURA, the OCC actively participates in proceedings before the Department of Energy and Environmental Protection (“DEEP”), the Federal Energy Regulatory Commission (“FERC”), and the Federal Communications Commission (“FCC”), as well as state and federal courts, and promotes the interests of ratepayers at the Connecticut legislature.

**Public Service**

OCC contributes to heightened public awareness of problems and issues faced by utility consumers in Connecticut, and promotes efficient, reliable, and reasonably priced utility service. To accomplish these ends, OCC participates in public forums such as DEEP and PURA hearings, court cases, publishes a quarterly newsletter, and maintains current consumer-interest information on its website. The activities of the OCC benefit the utility ratepayers of Connecticut and contribute to the creation of beneficial, forward-looking energy, telecommunications, and water policies and laws.

**Improvements/Achievements 2011-2012**

Approximately \$300 million dollars in direct savings to Connecticut ratepayers was achieved in the 2010-2011 fiscal year through OCC’s advocacy in the diverse forums in which it has appeared for 37 years. Recently, OCC has had major involvement in ongoing storm outage investigations this year and has been involved with a host of other issues that impact Connecticut ratepayers, including utility prices, quality of customer service, and assisting with the implementation of several provisions in Public Act 11-80, a major piece of legislation that affects Connecticut’s energy future in myriad ways.

A few examples of OCC's advocacy in the past twelve months in the proceedings summarized below:

- OCC continued to advocate at PURA and in the courts that PURA should review the pending merger of Northeast Utilities ("NU") (the parent holding company of Connecticut utilities Connecticut Light and Power Company and Yankee Gas) and Massachusetts-based utility holding company NStar to make sure that the merger will be in the best interests of the State of Connecticut. This long effort bore fruit in January, 2012, when OCC argued to PURA that the Massachusetts review of the same transaction was likely to impact matters within Connecticut's traditional jurisdiction over such matters as utility emergency planning and the use of the electric distribution and transmission systems. Based in part on these new circumstances identified by OCC, PURA opened a proceeding to review the NU-NStar merger, and OCC is participating actively in this proceeding. Among other things, OCC will seek to ensure that customer service quality is not impaired by the merger and that savings resulting from the merger will be shared equitably between the utilities and customers.
- OCC is using its own staff and a team of consultants to analyze the issues in the proceeding opened by PURA regarding the outage restoration from the two 2011 major storms, Tropical Storm Irene and the October Nor'easter snowstorm. OCC has asked hundreds of questions of various utilities to determine why the outages were so severe, why restoration efforts were lengthy, and why communications with towns and customers were at times inaccurate or incomplete, and what improvements we can make to prepare for future events. OCC is examining the age of utility infrastructure, vegetation management, emergency response plans and outage restoration priorities, availability of line and tree crews, communications procedures and systems, coordination among utilities, the potential need for a third-party utility pole administrator, and many other issues.
- OCC staff worked cooperatively with staff of DEEP and the Connecticut Clean Energy Finance and Investment Authority (formerly known as the "Clean Energy Fund") to select 10 megawatts of new projects that will deliver emissions-free electricity. The winning projects were two major solar electric projects of 5 megawatts each, to be located in Somers and East Lyme, Connecticut.
- OCC worked cooperatively as part of a coalition of regional utility regulators and consumer advocates to reach a settlement of the FERC proceeding where Tennessee Gas Pipeline sought increased rates. The Northeast and other regions receive natural gas through the Tennessee Gas Pipeline and the rates charged for use of the pipeline are passed on in part to Connecticut Natural Gas customers. The settlement was more than \$100 million below Tennessee Gas Pipeline's original proposal and contained favorable terms that provided advantages for this region and shifts some risks of underutilization of the pipeline to the company.
- In January of 2011, the Yankee Gas Company filed an application to increase its distribution rates by over \$32 million in July 2011 and \$13 million in July 2012. OCC argued that instead of a rate increase, Yankee's rates actually should be decreased by \$5.38 million in Rate Year 1 and increased by \$659,000 above current levels in Rate Year 2. The former DPUC, now PURA, accepted many of OCC's recommended adjustments to Yankee's request, and decreased the Company's allowed return on equity to 8.83%, resulting in a decision OCC believes is fair and reasonable.

In the legal arena:

- Connecticut Natural Gas ("CNG") and The Southern Connecticut Gas Company ("SCG") filed appeals in 2009 of the rate decisions issued by the DPUC. In 2011, those appeals were taken up by the Connecticut Supreme Court. After the filing of briefs, The United Illuminating Company ("UI") purchased CNG and SCG from their former corporate parent, Iberdrola. OCC and CNG/SCG, with UI as the new corporate parent, began settlement talks to determine whether the outstanding rate case litigation might be amicably resolved after almost two years and multiple court actions. Last year OCC, CNG and SCG reached a proposed settlement that would result in numerous benefits for the companies and their customers in the nature of a "fresh start." Among other things, under the

proposed resolution the rate increase for present rates would not be substantially higher than would have occurred under the former DPUC's 2009 rulings, while the costs and risks of litigation would be eliminated for all parties. In early August, 2011 the new PURA approved the parties' settlement agreement.

- OCC reached a court settlement with AT&T regarding its underperformance on out-of-service repair time. In March of 2011, the former DPUC issued a final decision on a petition brought by OCC contesting AT&T's underperformance with regard to a service repair standard requiring 90% of landlines to be repaired within a 24-hour period. The DPUC imposed a fine of \$745,000 on AT&T, a reduction of the original proposed fine of \$1,120,000. AT&T appealed the DPUC's decision to the Superior Court. OCC intervened in AT&T's appeal. Ultimately OCC and AT&T reached a proposed settlement in which AT&T would make a voluntary payment of \$525,000 to the State of Connecticut and a \$5,000 monthly payment if the DPUC determined that the company is still out of compliance with the service repair standard in any given month. The settlement agreement was approved by the DPUC/PURA in early August, 2011. OCC agrees with the PURA's statement in its final decision that the settlement agreement resolves the Appeal while providing an incentive to the Company to meet the out of service standard and improve its service quality, which clearly is in the public interest.

On the legislative front:

- The General Assembly passed a major energy bill, Public Act 11-80 ("P.A."), combining the Department of Environmental Protection ("DEP") and the Department of Public Utility Control ("DPUC") and bringing all energy and environmental policy under one agency, DEEP. The DPUC, now renamed the Public Utilities Regulatory Authority ("PURA"), has three directors instead of five commissioners as the regulatory decision makers. OCC retained its independent status under the new law, with a consumer counsel still appointed by the Governor and confirmed by the legislature. This new public act contains numerous changes to energy policy and future practices, summarized in OCC's summer 2011 newsletter, which can be read on the OCC website at <http://www.ct.gov/occ>.
- At the end of the spring session, the Legislature, supported by the Governor, eliminated a much-maligned tax on electric ratepayers that had been passed to balance the 2010 budget. The line item of the electricity bill that would have been used to charge ratepayers is called the "competitive transition assessment" or "CTA," and the tax was often referred to as the "CTA tax." The CTA line item had once been a large item on the electricity bill but had decreased in recent years. The tax would have reversed this trend and vastly increased CTA charges for an additional eight years. The tax was designed to be in the form of bonds issued by the State that would have been paid back through charges on electricity bills for that length of time. Costs of the tax to ratepayers were estimated as close to one billion dollars. OCC opposed this tax. Its elimination was the right thing to do for all Connecticut energy consumers and will help achieve the State's economic development goals.

OCC continued its participation in utility-related organizations, committees and boards, where it serves as a respected voice for ratepayers among state, regional and national policymakers and industry professionals:

- Appointed by statute in 2005 as a member of the Low Income Energy Advisory Board ("LIEAB"), OCC participated once again over the past year, analyzing utility policies and procedures on arrearage forgiveness and working to ensure that community action agencies have the necessary procedures in place to process applications for energy assistance. OCC took part in LIEAB's annual recommendations to the Office of Policy and Management ("OPM") and the Department of Social Services ("DSS") on energy issues which impact low-income ratepayers.
- The OCC continues to be a member of the Energy Efficiency Board ("EEB"), which oversees the Connecticut Energy Efficiency Fund ("CEEF"). Currently the participating member of the OCC has the role of "First Vice-chair." OCC served on the board of the Clean Energy Finance and Investment Authority ("CEFIA"), which was restructured by P. A. 11-80. Another significant change made by P.A. 11-80 was the removal of the utilities from voting on the EEB. While the utility companies are

still board members, the 14 previous voting members have been reduced to 9. PURA will continue to oversee the CEEF and CEFIA budgets and the implementation of their respective plans.

- The OCC also serves on the board of The Institute for Sustainable Energy (“ISE”), through its affiliation with the ECMB. The ISE is located at Eastern Connecticut State University; established in 2001, its mission is to identify, develop and implement the means for achieving a sustainable energy future for Connecticut.
- OCC continues its active membership in the Connecticut Energy Advisory Board (“CEAB”), which is being reorganized as a result of P.A. 11-80. CEAB’s major initiatives for 2011 included preparation of an Integrated Resource Plan (“IRP”) which was approved by the former DPUC. For more details on CEAB’s accomplishments this year, visit their website at: <http://www.ctenergy.org> .
- The OCC is an active participant with both the Independent System Operator of New England (“ISO-NE”) and the New England Power Pool (“NEPOOL”). The OCC sits on the NEPOOL Participants Committee (“NPC”), as well as the ISO-NE/NEPOOL associated committees such as the Demand Response Working Group, Budget and Finance, Transmission, Marketing and the NEPOOL Audit Management Subcommittee (“NAMS”). The OCC advocates for a variety of Connecticut ratepayer concerns among these various groups and committees either in person, by teleconference, or by proxy.
- The OCC continues to focus on the issues presented by broadband access and usage rates in Connecticut, especially in light of the millions of dollars potentially available through the federal broadband stimulus funding program. The OCC serves as “program manager” of the federally-funded broadband projects to develop a database of Internet availability across Connecticut and is spearheading the development of a 5-year strategic plan for improving the state’s use of Internet services. The federal grant totals \$1.8 million: \$1.3 for database development and \$500,000 for the strategic plan. The effort includes development of a strategic plan for statewide initiatives to collect and analyze detailed market data concerning use and demand for broadband service in order to identify implementation methods.
- The OCC has been a central player in recent dynamic developments concerning the management and use of the public rights of way, a fundamental issue in the telecommunications world, and particularly in the future enhancement of broadband use by Connecticut residents and businesses. For instance, the OCC has been a member of an industry and regulator working group, which includes utility pole owners and third party attachers, including the state’s municipalities, charged by the PURA with resolving common issues related to the use and management of utility poles throughout the state. This group has finalized agreements on a host of critical issues pertaining to making access to utility poles fair and at reasonable prices.

#### **Information Reported as Required by State Statute**

The Office of Consumer Counsel’s Affirmative Action Biennial Plan was approved by the Commission on Human Rights and Opportunities on April 14, 2010. OCC continues its strong commitment to the policies, principles and practices that promote equal employment opportunity in contracts, programs and agency policies, including affirmative action. The agency has developed and implemented hiring and contracting goals to maintain its diversified work force. All OCC policies and procedures are consistent with state and federal reporting procedures.