



STATE OF CONNECTICUT

NEWS RELEASE

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CONSUMER COUNSEL ELIN SWANSON KATZ ANNOUNCES SETTLEMENT AGREEMENT SLASHING YANKEE GAS'S REQUESTED RATE INCREASE BY 65%

NEW BRITAIN, Conn. (September 5, 2018) Consumer Counsel Elin Swanson Katz announced that the Office of Consumer Counsel (OCC), along with the designated Prosecutorial Staff (Pro) of the Public Utilities Regulatory Authority (PURA), have entered into a Settlement Agreement with Yankee Gas Services Company d/b/a Eversource Energy (Yankee Gas) regarding Yankee Gas's Application to PURA to increase its existing distribution rates in a three-year rate plan. The [Settlement Agreement](#), filed with PURA on September 5, 2018, is subject to PURA review and approval.

“When Yankee Gas filed its Application proposing a \$49 million distribution rate increase in just the first year of a three-year proposal – a 9.2% increase just in 2019 for the average Yankee Gas consumer – we and many other stakeholders were very concerned. If granted, Yankee Gas customers would have seen a dramatic increase in their bills, creating a potential ‘rate shock’ and a financial hardship for Connecticut consumers. I am thus very pleased that we were able to negotiate a proposed settlement that reduces that first year request from \$49 million to \$1.4 million. The Settlement also achieves an overall reduction of \$55.8 million from Yankee Gas's requested three-year rate plan, including a 65% reduction to Yankee Gas's overall request,” Consumer Counsel Katz said. “While we of course don't celebrate any rate increase, I am incredibly proud of the work done by my team, in concert with Pro and other stakeholders, to drastically reduce the size of the rate increase. If approved by PURA, this marginal rate increase would meet Yankee's needs to provide safe and reliable service to its customers, but minimizes the impact on consumers' distribution bills.”

Consumer Counsel Katz noted that some increase in rates is necessitated by law to pay for the substantial investments that Yankee Gas has made, and will continue to make, in new gas pipelines and other system improvements designed to increase the reliability and resiliency of its natural gas infrastructure, including over \$500 million of investment already spent, but not included in rates. In addition, it has been seven years since Yankee Gas's last rate increase. She thanked the staff of Yankee Gas for their hard work and dedication in reaching this compromise.

The Settlement Agreement provides for new rates effective November 15, 2018 and it establishes revenue requirements that are markedly reduced from the Application. Yankee Gas’s Application proposes an increase in revenues of \$49 million for the first rate year, or approximately 9.2% over currently authorized overall revenues. The Settlement Agreement provides for an increase in revenues of \$1.4 million for the first rate year, or approximately 0.3% over currently authorized overall revenues.

OCC and the Prosecutorial Staff of PURA also achieved a material reduction to the incremental increases sought by Yankee Gas for years two and three of the three-year rate plan. The following table illustrates the substantial reductions in the Settlement Agreement to the distribution rate relief originally requested in Yankee Gas’s Application:

Distribution Rate Increase	Rate Year 1	Rate Year 2	Rate Year 3
Request in Original Application	\$49 million	\$21 million	\$16 million
Bill Impact (increase on total bills)	9.2%	3.7%	2.9%
Revised Request in Settlement	\$1.4 million	\$15.8 million	\$13 million
Bill Impact (increase on total bills)	0.3%	2.9%	2.3%

The Settlement Agreement includes reductions to rate base, operations and maintenance expense, depreciation and amortizations, return on equity, and uncollectibles expense. The Settlement Agreement also returns 100% of savings resulting from the recent federal tax law change to Yankee Gas customers. The effect of the three-year rate plan on specific rate classes and individual customer bills will be determined by PURA in the rate design and cost of service phase of the proceeding, which has been excluded from this Settlement Agreement.

PURA has docketed Yankee Gas’s Application as Docket No. 18-05-10, in which docket it will consider the Settlement Agreement. Those Yankee Gas customers wishing to comment in writing on the proposed three-year rate plan or Settlement Agreement are encouraged to contact PURA at: Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, CT 06051, or via e-mail at pura.executivesecretary@ct.gov, referencing Docket No. 18-05-10.

Yankee Gas serves approximately 232,000 gas customers throughout 73 cities and towns in its Connecticut service territory.

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The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for consumers on issues relating to electricity, natural gas, water, and telecommunications. For more information, visit www.ct.gov/occ.