



CT Roundtable on Climate & Jobs



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United Illuminating Rate Case Doesn't Pass the "Sniff Test"

Two years ago, the CT Roundtable on Climate and Jobs helped organize a coalition of more than 30 groups to advocate for legislation halting runaway increases in the monthly fixed charges for Connecticut's residential electric customers. Connecticut's ratepayers face much higher fixed charges than customers of any other major utility in the region. State legislators recognized the need for change, and they passed a law in June 2015 clearly limiting what costs can be included in the fixed charge.

In September, the Roundtable gathered endorsements from more than 30 organizations (bit.ly/UI-letter9-16) and 150 individuals — from more than 50 Connecticut towns (bit.ly/RTstatement9-16prn) — in calling upon the Public Utilities Regulatory Authority (PURA) to enforce the new law when considering the increased rates and charges proposed by United Illuminating. We supported expert testimony from the Office of Consumer Counsel concluding that UI's fixed charge should be reduced by more than half. We encouraged PURA to "conduct a rigorous review of United Illuminating's cost claims, calculations, and methodology to ensure that all costs outside the scope of state law have been removed from the residential fixed charge."

PURA's draft decision, issued on November 23, 2016, failed to set a fixed charge for residential customers, allowing UI to file evidence regarding the fixed charge AFTER the final decision on the rate case. A follow-up notice issued on December 6, 2016, announced the plan to defer the effective date of a new fixed charge until February 1, 2017, one month after all other rates go into effect on January 1, 2017.

John Humphries, organizer for the CT Roundtable on Climate and Jobs, responded to this proposed approach for determining UI's fixed charge and rates:

"This process outlined for determining the residential fixed charge does not pass the 'sniff test.'

"Rates cannot be set independent of the fixed charge since the combination of the two income streams must add up to the utility's guaranteed revenue. If all the per kWh rates are established for January 1st, that will effectively define the fixed charge - at least within a narrow range - required to achieve the total revenue, rendering any further deliberation on the utility's cost claims essentially moot.

“In 2015, CT’s lawmakers said ‘enough is enough’ and passed legislation intended to dramatically reduce the fixed charge. They entrusted PURA with the responsibility of conducting a rigorous review of the utilities’ costs and determining a fixed charge that meets the requirements prescribed in statute.

“PURA should abandon the unorthodox rate-setting process set forth in the draft decision and subsequent notice. It should either:

- 1) defer the effective date of both the fixed charge and all other rates until they can be established simultaneously, following further evidentiary proceedings focused on the fixed charge; or
- 2) determine the appropriate fixed charge based on the evidence already presented. Wherever UI has failed to prove actual eligible costs under the new law, those claimed costs must be excluded from the final calculation of the fixed charge.

“Rather than allowing United Illuminating to circumvent the public scrutiny provided by the rate case, PURA needs to uphold its responsibility to ensure that the utility operates in the public interest and to reduce the fixed charge, as required by statute.”

Reducing the fixed charge to satisfy the law will also serve the public interest:

- it will give residential consumers greater control over their energy costs by making a greater proportion of the bill directly tied to energy use;
- it will relieve an undue burden on low-income residents, most of whom use less energy than the average customer and would therefore see a reduction in their monthly bill;
- it will enhance the incentives for energy efficiency and rooftop solar, which are critical elements of the state’s plan for achieving its climate goals; and
- it will encourage the expansion of a clean energy sector that provides green jobs for workers right here in Connecticut.

*Launched in June 2012, the **Connecticut Roundtable on Climate and Jobs** (www.CTClimateandJobs.org) seeks to strengthen collaboration among Connecticut’s labor, environmental, and religious groups in advocating for public policies that address urgent concerns about climate change while creating good-paying jobs right here in our state.*

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