



## **UI Applies for a Rate Increase**

The United Illuminating Company (“UI”) has applied to increase its distribution rates by a total of \$95 million over two years beginning on January 1, 2014. UI seeks \$67 million in year one and the remaining balance of \$26 million in year two. While UI’s notice to customers mentions an overall bill increase of 8.4% effective January 1, 2014 and an incremental 3.1% the second year, UI’s rate application is designed to raise distribution rates by 24.4% on January 1, 2014 and an additional 9.7% in year two. UI’s proposed rate increase is timed to take effect once the Competitive Transition Assessment (“CTA”) fee expires at the end of 2013. The rate increase sought by UI is designed to be approximately equivalent to the value of the CTA fee, so as to avoid a noticeable increase in rates.

UI maintains that the major storms of 2011 and 2012 catalyzed its need for additional revenues to replace its aging infrastructure, maintain reliability, harden its delivery system for extreme weather events, and to meet its public service obligations. In that vein, UI stated it has expended more than \$50 million to operate and maintain its distribution system since 2009 as a result of such major storms.

UI’s proposal includes a request to increase its allowed return on equity (“ROE”) to 10.25% because it claims it needs to attract capital to make investments in its allowed distribution infrastructure. In its last rate case, UI was allowed a ROE of 8.75%. On February 22, 2013, UI made a compliance filing showing the earned ROE for its distribution business was 10.34% for the year of 2012. Thus, UI is earning far above its allowed ROE, and the Office of Consumer Counsel (“OCC”) believes, UI should not have trouble attracting capital for infrastructure investment without the increase.

The OCC is an automatic party to these proceedings. OCC will represent ratepayers’ interests in hearings held in this matter. OCC will post its testimony and recommendations in this docket in future OCC website updates.