

The Appropriations Committee

February 9, 2009

Testimony in Support of Preserving the  
Office of Consumer Counsel

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Thank you Co-Chairs, Representative Geragosian and Senator Harp, ranking members and all members of the Appropriations Committee for your invitation to speak to you tonight.

I also want to thank Chairman Geragosian for his supportive words on National Public Radio last week regarding the OCC.

**Governor's Proposal to Eliminate OCC Unwarranted and Troubling**

When the work and the results of the OCC are examined in the context of its status as a wholly independent agency, funded by the utility ratepayers it serves, the proposal in the Governor's budget package to eliminate our agency is both unwarranted and deeply troubling.

This is especially true in the current economic climate in this state.

**OCC is Not a General Fund Expense**

The costs and expenses of the OCC are funded from assessments of the gross receipts of public utility companies, paid by the ratepayers of those utilities.

This means that OCC is not an expense item on the state's budget.

In fact, the OCC "transfers" over \$600,000 in ratepayer funds annually for various services of other state agencies to the General Fund.

This raises the question, “Why, if the OCC is not an expense item of the state’s budget, is the elimination of the OCC being proposed for budget and cost -saving purposes?”

### **Ratepayers Need their Independent Advocate Now More Than Ever**

The only way that eliminating the OCC helps the State’s budget shortfall is if the State expropriates the ratepayers money, takes away its independent advocate and farms certain OCC’s responsibilities among other state agencies who are responsible to multiple constituencies.

At a time when energy and other utility costs have become a major portion of residential and business budgets, we view the taking of the ratepayers’ money and the elimination of their independent advocate in order to pay other state expenses as an outrage.

We hope you do too.

The millions of ratepayers, who are being hurt every day by the current financial collapse, now more than ever, need their independent advocate fighting to hold the line on spiraling energy and other utility rates and increasing degradation in customer service.

### **OCC Has a Consistent Record of Success for Ratepayers**

OCC has been tracking its successes using a results based accountability approach since 2001.

Our annual scorecard demonstrates that over the last five years, OCC has delivered savings of \$2.5 billion to ratepayers through our advocacy in rate cases at the Department of Public Utility Control as well as in other forums like the courts or on the federal level at the Federal Energy Regulatory Commission and the Federal Communications Commission.

To name just a few accomplishments:

- OCC was an instrumental party in forging the Forward Capacity Market settlement at FERC, which has saved and will save the ratepayers hundreds of millions of dollars when compared to ISO-New England's Locational Installed Capacity ("LICAP") market proposal.
- United Illuminating Rate Case requested \$51.4 million for 2009. The decision allowed \$6.13 million, a reduction of \$46.3 million and a reduction of \$970,000 below the rates approved in the multi-year rate plan that covered annual distribution rate changes for 2006-2009. OCC was the only party other than the company that presented expert testimony. Without OCC, the record would not have been balanced, and many of the alternative ratemaking proposals adopted by the DPUC would not have been presented.
- Southern Connecticut Gas Overearnings Final Decision dated August 6, 2008, SCG exceeded their allowed return on equity by more than 100 basis points for six consecutive months. OCC advocated for and the DPUC approved an interim rate decrease of \$15.1 million.
- Connecticut Natural Gas Corporation Final Decision dated October 24, 2008, CNG exceeded their allowed return by more than 100 basis points for six consecutive months. OCC advocated for and the DPUC approved an interim rate decrease of \$15.5 million.

OCC has consistently pushed to hold the utilities accountable for the rates they receive from the ratepayers by not being susceptible to competing pressures or interests.

### **Assigning AG Duties of OCC Raises Conflict Issues**

The Attorney General regularly represents the State in contested legal matters. The interests of the ratepayers of the regulated utility companies are not always aligned with the interests of the State.

Bill No. 840 is a clear example of how the interests of the State can differ from the interests of the ratepayers.

The State has budget difficulties; it wants to take the ratepayers' money to solve those budget difficulties.

This taking would in reality be a tax paid by utility ratepayers.

### **Time Tested Rationale for an Independent Advocate for Ratepayers**

Over thirty years ago, the Legislature recognized that ratepayers need an independent advocate with funding separate from the General Fund; someone solely charged to look out for their interests without conflict of interest or competing agenda.

This is why OCC is not required to report or take direction from the Governor or anyone else in state government.

This is why in 1997, the Legislative Program Review and Investigations Committee, after an extensive review of OCC, AG and DPUC, concluded that OCC should remain separate and independent. (See Full 1997 Legislative Program Review Report, at <http://www.ct.gov/occ/site/default.asp>.)

OCC represents each of you and your constituents who pay for utility services provided by our regulated utility companies.

We are regularly outspent and outmanned when we challenge attempts to allocate increasing costs to ratepayers.

But our track record is excellent.

We have highly specialized professionals who have a passion for the cause they serve.

The ratepayers receive extraordinary value for the dollars they invest in the OCC.

The ratepayers not only have a right to expect that independent dedication and excellent return on investment for the money they pay, but in today's difficult financial climate, they need it now more than ever.

**Please Support Preserving OCC as the Ratepayers' Independent Advocate**

In conclusion, I ask the Appropriations Committee to please step forward to protect the utility ratepayers from this unlawful taking of their funds, to prevent the elimination of the OCC that you established long ago to be their independent and strong advocate, and to ensure that the ratepayers' dollars continue to be used to provide the ratepayers with an independent advocate who serves only their interests.

Thank you.

Attachment:  
Appendix to the OCC Testimony to the Appropriations Committee